MINNESOTA HOUSING

MEETINGS SCHEDULED FOR NOVEMBER

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, NOVEMBER 16, 2017

Finance and Audit Committee Meeting
Mille Lacs Conference Room- Fourth Floor
12:30 p.m.

Regular Board Meeting
Lake Superior Conference Room- Fourth Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, November 16, 2017.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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MINNESOTA HOUSING

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AGENDA
Minnesota Housing Board Meeting
Thursday November 16, 2017
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of October 19, 2017
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**
6. **Consent Agenda**
   A. (page 11) Community Fix Up Loan (CFUL) Program , Center for Energy & Environment
   B. (page 13) Increase in Housing Trust Fund Operating Subsidy Grant -Grotto Place, St Paul D#3052
   C. (page 17) Increase Funding and Extend Housing Trust Fund Rental Assistance Grant Period for Hearth Connection
   D. (page 21) 2018 Meeting Schedule
7. **Action Items**
   A. (page 23) Resolution Authorizing the Issuance and Sale of conduit Multifamily Revenue Bonds, Series 2017A, and a conduit Multifamily Revenue Note, Series 2017B, for a multifamily housing preservation project in Robbinsdale and New Hope, Minnesota (Reprise/Amorce II project)
   B. (page 119) Approval, two resolutions authorizing Residential Housing Finance Bonds, 2017 Series DEF.
   C. (page 317) Approval, Single Family Single Family Mortgage Program Servicing Manual Amendments
8. **Discussion Items**
   A. (page 321) The Margaret A. Cargill Philanthropies (MACP) Building Systems to Prevent and End Youth Homelessness Project Concept
   B. (page 327) HUD RFP for Performance Based Contract Administration of Section 8 Project Based Rental Contracts
   C. (page 331) 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report
9. **Information Items**
   A. (page 339) Post-Sale Report, State Appropriation Bonds (Housing Infrastructure) 2017 Series A
10. **Other Business**
    None.
11. **Adjournment**

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Draft MINUTES

Minnesota Housing Finance Agency Board Meeting
Thursday October 19, 2017
10:00 am
400 Wabasha Street N, St. Paul, MN 55102

1. **Call to Order.**
   Chair John DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 10:03 a.m.

2. **Roll Call.**
   Members Present: John DeCramer, Joe Johnson, Craig Klausing, Terri Thao, Ramona Advani (for Rebecca Otto and Stephanie Klinzing. Damaris Hollingsworth joined the meeting after roll call was taken. Rebecca Otto joined the meeting after roll call, replacing Ramona Advani.
   Minnesota Housing staff present: Tal Anderson, Ryan Baumtrog, Nick Boettcher, Laura Bolstad, Dan Boomhower, Sara Bunn, Wes Butler, Kevin Carpenter, Mary Catherine, Chuck Commerford, Adam Connell, Jessica Deegan, Matthew Dieveney, Suzanne Dilla, Allison Ehlert, Rachel Franco, Shannon Gerving, Liz Hanson, Anne Heitlinger, Anna Heitz, Summer Jefferson, Karen Johnson, Margaret Kaplan, Mary Beth Kehrwald, Kasey Kier, Barbara Kochevar, Ben Landwehr, Tresa Larkin, Debbi Larson. Diana Lund, Nira Ly, Paul Marzynski, Eric Mattson, Leighann McKenzie, Ellie Miller, Katie Moore, Tom O'Hern, John Patterson, Kirby Pittman, Devon Pohlman, Caryn Polito, William Price, Paula Rindels, Megan Ryan, Danielle Salus, Megan Sanders, David Schluchter, Nancy Slattsveen, Rick Smith, Barb Sporlein, Julie Tarlizzo, Eric Thiewes, Mary Tingerthal, Katie Topinka, Ted Tulashie, Que Vang, Elaine Vollbrecht, Karin Wilbricht, and Darlene Zangara.
   Others Present: Laura Janke, RBC Capital Markets; Anne Mavity, Minnesota Housing Partnership.

3. **Agenda Review.**
   Chair DeCramer indicated that there was one change to the agenda, items 7.B and 7.C swapped order on the agenda. Additional handouts were provided at the meeting: Updated 2017 Multifamily Non-Recommended Applications (replacing pages 107-109 of packet), updated Multifamily spreadsheet (replacing pages 55-56 of packet), and the 2017 Consolidated RFP Funding Selection Review Power Point.
   Also, if time permits, he requested time to have Karin Wilbricht present the Multifamily Portal power point presentation she recently gave at the NCSHA Annual Conference. It would be added as a Discussion Item.

4. **Approval of the Minutes.**
   A. **Regular Meeting of September 28, 2017**
   Motion: Craig Klausing moved the approval of the minutes. Seconded by Terri Thao. Motion carries 7-0.
5. **Reports.**

A. **Chair**
None.

B. **Commissioner**
Commissioner Tingerthal shared the following with the board:

- Office is still a work in progress. Staff is getting settled in to our space. Tours are available if board members were not at the last meeting. One of the many positive aspects of the space is that staff have more opportunities to interact with each other. It is expected that Walgreens and the parking ramp will open in early November.
- Several staff recently attended the NCSHA Annual Conference in Denver. The Agency was the recipient of three awards. Awards were received for the Multifamily Remodel, Multifamily Customer Portal, and the Supportive Housing Step Down Project. If time permits, Karin Wilbricht will share her Multifamily Customer Portal NCSHA presentation and we plan to share the Step Down Project presentation at a future board meeting.
- A reminder that the RFP Award Announcement Press Conference will take place at the Ain Dah Yung Center today at 1:00 p.m.

Staff Introductions:

- Ben Landwehr introduced Rico Passley, Operational Risk Management Group, Single Family Division.
- Darlene Zangara introduced Mary Catherine, Staff Interpreter, Olmstead Implementation Office.
- Julie Tarlizzo introduced Liz Hanson, Legal Technician, Multifamily Division.

C. **Committee**.
None.

6. **Consent Agenda**
   A. Community Fix Up Loan (CFUL) Program , Center for Energy & Environment
   Motion: Craig Klausing moved the approval Community Fix Up Loan (CFUL) Program, Center for Energy & Environment. Seconded by Stephanie Klinzing. Terri Thao abstained. Motion carries 6-0.
   Motion: Ramona Advani moved approval of Consent Agenda items 6 B**.**- 6.E. Seconded by Joe Johnson. Motion carries 7-0.

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7. Action Items

A. 2017 Consolidated Request for Proposals

Kasey Kier and Wes Butler reviewed the 2017 Consolidated RFP Funding Selection Review presentation that was handed out to the board at today's meeting. The presentation provided an overview of the 2017 selections. Kasey and Wes turned the presentation over to Single Family and Multifamily Staff to present on their respective requests for approval.

B. Single Family Selections, Community Homeownership Impact Fund

Single Family staff Nira Ly, Nick Boettcher, Nancy Slattsveen and LeAnne McKenzie presented to the board the request for approval of the Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection and Funding Committee Recommendations. Staff shared stories from a few of the projects selected for funding.

Chair DeCramer opened up the discussion. Auditor Otto inquired about modular homes, asking if the project includes a 24% reduction in cost for construction and materials. Ms. Ly indicated that yes, on average there is a 24% cost reduction.

Damaris Hollingsworth indicated she may have a conflict of interest with the Dayton's Bluff project.

Motion: Terri Thao moved approval Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection and Funding Committee with the exception of the Dayton's Bluff Neighborhood Housing Services Project. Seconded by Joe Johnson. Motion carries 7-0.
Motion: Stephanie Klinzing moved approval of Dayton's Bluff Neighborhood Housing Services Project. Seconded by Auditor Otto. Damaris Hollingsworth abstained. Motion carries 6-0.

C. Multifamily Selections, Amortizing and Deferred Loan, and 2018 Housing Tax Credits

Devon Pohlman, Caryn Polito and Danielle Salus presented to the board the request for approvals related to the 2017 Multifamily Consolidated Request for Proposals (RFP). Ms. Pohlman indicated that she is representing our collective multifamily development partners throughout the state as well as our funding partners Greater Minnesota Housing Fund, Metropolitan Council and the Minnesota Department of Employment and Economic Development (DEED). Prior to the presentation, Ms. Pohlman thanked Diana Lund, Multifamily Manager, for her leadership.

Chair DeCramer opened the discussion. Craig Klausing inquired about the Dorothy Day award, and asked if it was related to phase one or phase two of the project. Ms. Pohlman indicated that in July the board approved an early award of Housing Infrastructure Bond proceeds for the project. The information included in today's packet is a summary of what was previously approved for Dorothy Day, but it is not included in the resolution. Mr. Klausing also inquired about the Minnetonka Project, and the fact that mass transit is not currently available. He asked if the funding is at risk if transit is not available. Ms. Pohlman indicated that there is no risk to the funding.

Commissioner Tingerthal reviewed each of the resolutions presented to the board for approval. There are five resolutions that cover the many different aspects of the Multifamily funding.

Chair DeCramer inquired if there were any questions prior to moving forward with the board resolutions. Stephanie Klinzing inquired about the per development cap waivers on Harvest View Place and Rosa Place. She asked if the Rosa Place expansion in Mankato had anything to do with Destination Rochester Project. Ms. Pohlman indicated that both projects are being selected and they involve the same developer. Ms. Klinzing also inquired if the Agency is taking into consideration the recent natural disasters and all of the new construction in Multifamly. She asked if staff has talked about the possibility of shortages and cost of materials going up and if staff is taking that into consideration when allocating our funding. Ms. Pohlman indicated that staff is very mindful of the cost of projects, and want to close most projects within 12 months, using a tightly managed process.

Motion: Joe Johnson moved Resolution Approving Selection and Commitment of Projects for Deferred Financing and Authorizing the Closing of Loans Related to the Following Programs: Economic Development and Housing Challenge (EDHC), Preservation Affordable Rental Investment Fund (PARIF), National Housing Trust Fund (NHTF)
Seconded by Damaris Hollingsworth. Motion carries 7-0.

Motion: Stephanie Klinzing moved Resolution Approving Allocation of and Granting Waivers Related to Federal Low Income Housing Tax Credits for Calendar Year 2018 to Certain Qualified Low Income Housing Buildings. Seconded by Terri Thao. Motion carries 7-0.

Motion: Craig Klausing moved Resolution Approving Selection and Commitment Section 811 Project-Based Rental Assistance Grants. Seconded by Stephanie Klinzing. Motion carries 7-0.

Motion: Damaris Hollingsworth moved Resolution Approving Selections Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) Programs. Seconded by Stephanie Klinzing. Motion carries 7-0.

Motion: Joe Johnson moved Resolution Approving Reservation of Estimated Tax –Exempt Private Activity Bond Volume Cap Sufficient to Qualify Loans for 4% Low Income Housing Tax Credits. Seconded by Craig Klausing. Motion carries 7-0.

D. Approval, Workforce Housing Development Program Guide

Devon Pohlman and Katie Moore presented the board with the request for approval of the Workforce Housing Development Program Guide. Staff provided the board with background information on the program, which is new to Minnesota Housing.

Chair DeCramer opened up the discussion. Craig Klausing inquired about the preference for market rate housing and what projects were funded by DEED, which had previously administered the program. Ms. Pohlman indicated that DEED funded a variety of projects throughout the state and typically funded three to five projects in a funding round. Commissioner Tingerthal shared that when the program was at DEED, they were prohibited from putting funds into projects that included any affordable resources. Regarding a question

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about how a project with mixed income levels might be forthcoming, Commissioner Tingerthal shared that the intention is to time this so that the grants will be awarded under the Workplace Housing Program in March of next year and, if a project that does want to do a mixed income project gets an award from this program, they can then bring the grant with them to our Multifamily RFP in June as matching funds.

Mr. Klausing inquired about the definition of workforce housing, asking if it is defined in the program. He asked how we define workforce housing and asked who the applicants for this program are. Ms. Pohlman provided Mr. Klausing with information related to his inquiries.

Chair DeCramer inquired about the selection process, and why the preference is for more of the market rate units in a housing development. Ms. Pohlman indicated that the statute has a required preference for a higher percentage of market rate units and, as the staff works to design our scoring criteria, we are building in clear preferences.
Motion: Terri Thao moved Approval, Workforce Housing Development Program Guide. Seconded by Joe Johnson. Motion carries 7-0.

E. Approval, Revisions to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide

Anne Heitlinger and David Schluchter presented to the board the request of approval of revisions to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide. At the August board meeting, POHP program staff notified the Board of a revised process for applications, selection and post-selection processing. The attached guide reflects those changes. Staff noted that there are only eight chapters in the guide and that the Compliance for Minority and Women Business Enterprise (MBE/WBE) goals will be addressed with each individual application.

Chair DeCramer opened the discussion. Terri Thao inquired about the demand for the program. Commissioner Tingerthal shared that this program was made possible by the $10 million general obligation bond authorization that was included in the 2017 Capital Investment Bill.

Motion: Auditor Otto moved Approval, Revisions to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide. Seconded by Terri Thao. Motion carries 7-0.

F. Concept Approval, Limited Partner Buy-Out Loan

Tresa Larkin and Kevin Carpenter presented to the board the request for concept approval of a new Multifamily loan product to be used by owners of affordable rental properties to buy out the interests of exiting investor limited partners in low-income housing tax credit projects.

Chair DeCramer opened the discussion. Chair DeCramer inquired about the loan product and asked how it allows us to get us into a first lien position. Ms. Larkin replied that the loans we anticipate using this product for have existing first mortgage loans with us, so they could be potentially refinancing away from us using a bridge loan from a bank.

Motion: Craig Klausing moved Concept Approval – Limited Partner Buy-Out Loans. Seconded by Joe Johnson. Motion carries 7-0.

8. Discussion Items

A. Multifamily Customer Portal Presentation

Karin Wilbricht shared with the board an overview of her Multifamily Customer Portal presentation she recently gave at the NCSHA Annual Conference.

9. Information Items

A. Post Sale Report on HFB 2017 Series GH

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 12:10 p.m.

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John DeCramer
Chair

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MINNESOTA HOUSING

Board Agenda Item: 6.A
Date: 11/16/2017

Item: Community Fix Up Loan Program, Center for Energy and Environment

Staff Contact(s):
Shannon Gerving, 651.296.3724, shannon.gerving@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests board approval for a Center for Energy and Environment (CEE) Community Fix Up Loan (CFUL) Program initiative described in the attached Initiative Detail. The CFUL Program accepts initiative proposals from participating Fix Up Loan Program lenders and their community partners on an ongoing basis for activities that address home improvement needs with a resulting community impact.

Fiscal Impact:
The program uses Pool 2 funds; as such, Agency policy dictates that loans should carry an interest rate commensurate with the risk. By using the "buy-down" funds from Brooklyn Center to supplement the 3% interest rate, the Agency earns an appropriate return. Action requested in this report is consistent with the program terms described in the plan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Initiative Detail

Background:
The following recommendation for the CEE CFUL initiative meets the guidelines for participation contained within the Program Concept. Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal to access funds under the CFUL Program. The threshold indicators include:

- Confirmation that the initiative fits within the Program Concept;
- The strength of partnership;
- Leverage and/or value-added features;
- A focused marketing plan; and
- Budget counseling, if required.

Initiative Detail:
CEE, in partnership with the City of Brooklyn Center, is requesting approval of a CFUL initiative for discount rate write-downs in Brooklyn Center. The City of Brooklyn Center will provide $25,000 in leveraged funds to write-down interest rates to 3%. The initiative will address borrowers with low equity positions and the community need for access to affordable credit to maintain and improve Brooklyn Center's aging housing stock. The CFUL will be available to households that meet Minnesota Housing home improvement program income limits, currently $104,000. Agency recommends approving the CEE CFUL initiative.

Region	Estimated Demand	
	# Loans	Loan Volume
Metro	10	$ 250,000

MINNESOTA HOUSING

Board Agenda Item: 6.B
Date: 11/16/2017

Item: Increase in Housing Trust Fund Operating Subsidy Grant
- Grotto Place, St Paul D#3052

Staff Contact(s):
Vicki Farden, 651.296.8125, vicki.farden@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Request Type:
☒ Approval
☐ Motion
☒ Resolution
☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Staff is requesting the approval of an amendment increasing the Operating Subsidy grant for Grotto Place, a supportive housing development for households experiencing homelessness, in the amount of $73,000 to address health and safety repair needs.

Fiscal Impact:
None

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

Background
Grotto Place is a supportive housing property that was previously owned by Christian Restoration Services and had a Housing Trust Fund (HTF) Operating Subsidy (OS) Grant in the amount of $22,000 from Minnesota Housing. On August 28, 2015, ownership of the property and assumption of the HTF OS Grant was transferred to PHM-Supportive LLC (PHM).

Since PHM took ownership of the property, which is managed by Premier Management, they have improved operations and eliminated the need for the HTF OS Grant to pay for revenue shortfalls and tenant service coordination. Asset management staff has monitored the property performance for the last two years and finds the property has stabilized and is operating at a level which no longer requires a need for the OS Grant. However, the owner has identified some capital needs for repairs and deferred maintenance of the property. The owner requested to use HTF OS Grant funds to cover the costs of the repairs, which is an allowable activity with the HTF OS Grant. Both Asset Management staff and the HTF OS program manager are supportive of this request to ensure sustainability for this critical supportive housing development.

The owner submitted a work scope for necessary health and safety repairs, which was verified by an inspection of the property by a Minnesota Housing staff architect. The funds needed for Grotto Place repairs exceed the current grant balance. Therefore, staff recommends increasing HTF OS Grant funds for Grotto Place by $73,000 to cover the full cost of repairs. Current uncommitted Housing Trust Fund resources will be allocated to fund the OS Grant increase.

D#	Property Name	Current Funding Source	Original Grant Award	Grant Balance	Repair Funds Needed	Grant Amount Change	Funding Source for Amendment
3052	Grotto Place	Housing Trust Fund (HTF)	$ 22,000	$ 22,000	$ 95,000	$ 73,000	Uncommitted HTF

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA XX-XX

RESOLUTION APPROVING AN INCREASE TO HOUSING TRUST FUND (HTF) OPERATING SUBSIDY GRANT FOR GROTTO PLACE, ST PAUL D#3052

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received a request to amend the Operating Subsidy grant for Grotto Place, a property owned by PHM-SUPPORTIVE LLC (PHM), serving individuals who are low income and long-term homeless; and

WHEREAS, PHM has requested that Minnesota Housing increase the Housing Trust Fund Operating Subsidy grant for Grotto Place to cover the costs of repairs and deferred maintenance; and

WHEREAS, Agency staff has reviewed the request and determined that it is in compliance with the Agency's rules, regulations and policies; that such funds are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the amendment will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to amend and increase the HTF Operating Subsidy grant to PHM by $73,000, subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The increased grant funds shall be used for the costs of Agency-approved repairs and deferred maintenance for Grotto Place.

2. The closing of the grant amendment shall occur no later than twelve months from the adoption date of this Resolution.

3. The grantee and other parties shall execute all such documents relating to the grant amendment as the Agency, in its sole discretion, deems necessary.

Adopted this 16th day of November 2017

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 6.C
Date: 11/16/2017

Item: Increase Funding and Extend Housing Trust Fund Rental Assistance Grant Period for Hearth Connection

Staff Contact(s):
Vicki Farden, 651.296.8125, vicki.farden@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Request Type:

☒ Approval
☐ Motion
☒ Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Staff is requesting approval of a resolution to provide $250,000 in additional funding for the Step Down Rental Assistance Pilot Program ("Step Down Pilot") to Hearth Connection and to extend the expiration date of the grant from December 31, 2017 to September 30, 2019. The additional funding will maintain housing stability for persons receiving the rental assistance and the extension will align the grant expiration date with the biennial funding cycle for Housing Trust Fund rental assistance grants.

Fiscal Impact:
Funds to increase this grant are available from the Housing Trust Fund and as a grant, there is no fiscal impact to the Agency's financial condition.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

Background
Housing developments with 100 percent supportive housing units offer affordable rents and intensive wrap around services and front desk security, and are intended to serve people experiencing homelessness who have multiple barriers to achieving housing stability. These developments require deeply subsidized capital investments and have high operating and service budgets. It is critical to target these valuable cost intensive units to people who most need this level of support.

As a testament to the success of this supportive housing model, data from Minnesota Housing's annual survey of supportive housing providers indicated that approximately 25 percent of current residents no longer need the significant level of services provided at the sites, but remain in the high cost units primarily because they cannot afford housing in the private market. This is an inefficient use of scarce resources and delays these households' journey to independence. At the same time, there is also a long waiting list of households who need the level of support provided at these sites.

The Step Down Pilot was initiated by staff in 2015 to test a model in the metro area to help households move from these units with high service levels and make them available for households that need a significant level of support. Minnesota Housing partnered with Hearth Connection to implement the pilot. Hearth Connection is an intermediary housing organization that coordinates rental assistance and service funding for multiple service provider partners, and also has experienced evaluation staff.

The purpose of the Step Down Pilot is to:

- Develop processes to identify households living in site-based settings who no longer need a high level of services
- Transition these households into scattered-site units by providing rental assistance and access to low-intensity supportive services
- Open the site-based units to high need households on the supportive housing waitlist

To fund the Step Down Pilot, Minnesota Housing provided $300,000 from the Housing Trust Fund (HTF) for up to two years of rental assistance for 23 households. The Department of Human Services (DHS) provided $222,000 from the Long-Term Homelessness Supportive Services Grant to fund housing navigation, transition and ongoing services as needed. The pilot also includes an evaluation component to assess the process development, effectiveness and replicability.

The HTF Rental Assistance (RA) Grant started in January 2016, but implementation of the Step Down Pilot was postponed by more than six months due to a delay in executing the service funding agreement with DHS. Now fully underway, the pilot program has transitioned 22 of the 23 households into new housing. The current grant term ends on December 31, 2017. To continue providing housing stability to these households, staff recommends extending the grant to September 30, 2019 to align with the biennial funding cycle for HTF RA Grants, and estimates $250,000 is needed for rental assistance for the 21 month extension period. Housing Trust Fund resources have been budgeted to fund the increase.

Modification of Step Down Pilot Grant						
Grantee	**Number of Households**	**Initial Award**	**Initial Grant Term**	**Modified Grant Term**	**Additional Funding to Extend Grant**	**Modified Funding Amount**
Hearth Connection	23	$ 300,000	1/1/2016-12/31/2017	1/1/2016-9/30/2019	$ 250,000	$ 550,000

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA XX-XX

RESOLUTION APPROVING AMOUNT INCREASE AND EXTENSION OF GRANT TERM TO HEARTH CONNECTION UNDER THE STEP DOWN RENTAL ASSISTANCE PROGRAM

WHEREAS, Agency staff wishes to amend the Step Down Rental Assistance grant to Hearth Connection to increase funding by $250,000 and extend the grant term to September 30, 2019 to align with the biennial funding cycle for Housing Trust Fund Rental Assistance ("HTF RA") grants; and

WHEREAS, Agency staff has determined that its request is in compliance with the Agency's rules, regulations and policies; and that the amendment will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board authorizes Agency staff to increase the HTF RA grant to Hearth Connection for the Step Down Rental Assistance Program by $250,000 and extend the term of the grant to September 30, 2019, subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The increased grant funds shall be from the HTF grant funds.

2. The increased grant funds shall be used for tenant-based rental subsidies for Step Down Rental Assistance Program participants.

3. Execution of the grant amendment shall occur no later than twelve months from the adoption date of this Resolution.

4. The grantee and other parties shall execute all such documents relating to the grant amendment as the Agency, in its sole discretion, deems necessary.

Adopted this 16th day of November 2017

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 6.D
Date: 11/16/2017

Item: 2018 Meeting Schedule

Staff Contact(s):
Rachel Franco, 651.296.2172, rachel.franco@state.mn.us
Mary Tingerthal, 651.296.5738, mary.tingerthal@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution

☒ No Action Needed
☐ Discussion
☒ Information

Summary of Request:
Staff requests approval of the 2018 meeting schedule. Committee and special meetings will be scheduled as needed and in consultation with board members.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Meeting schedule

All meetings are on Thursdays and will begin at 1:00 p.m. unless otherwise noted.

2018 Schedule of Minnesota Housing Board Meetings

January 25

February 22

March 22

April 26

May 24

June 21

July 26

August 30 *(one week later to accommodate audit completion)*

September 27

October 18 (*morning meeting for RFP selections*)

November 15 *(one week early due to Thanksgiving Holiday)*

December 20 *(one week early due to Christmas Holiday)*

MINNESOTA HOUSING

Board Agenda Item: 7.A
Date:11/16/17

Item: Resolution Authorizing the Issuance and Sale of conduit Multifamily Revenue Bonds, Series 2017A, and a conduit Multifamily Revenue Note, Series 2017B, for a multifamily housing preservation project in Robbinsdale and New Hope, Minnesota (Reprise/Amorce II project).

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting authorization to issue, and publically offer for sale, a long-term conduit tax-exempt revenue bond, in an amount not to exceed $5,400,000, and to issue, and privately place, a conduit short-term tax-exempt revenue note, in an amount not to exceed $2,800,000, to finance the acquisition, rehabilitation and equipping of two multi-family rental housing development projects that will preserve units with federal rental assistance: 45 units located at the Bridgeway project in Robbinsdale, Minnesota, and 41 units at the Park Acres project in New Hope, Minnesota.

Fiscal Impact:
The Agency will earn conduit fees for each issuance, both at issuance and as long as the bonds or the note are outstanding.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Resolution
- Preliminary Official Statement Series 2017A

RESOLUTION NO. MHFA 17-038

RESOLUTION RELATING TO MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2017A (AMORCE II LIMITED PARTNERSHIP PROJECT) AND MULTIFAMILY HOUSING REVENUE NOTE, SERIES 2017B (AMORCE II LIMITED PARTNERSHIP PROJECT); AUTHORIZING THE ISSUANCE AND SALE THEREOF

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY (the "Agency"), as follows:

Section 1. Recitals.

1.01. Authority. The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Section 462A.08 thereof, as amended (the "Act"), to issue bonds and notes from time to time for the purpose of financing the costs of acquisition, construction, rehabilitation and equipping of residential housing for occupancy by persons and families of low and moderate income that qualifies for, and will be utilized so as to obtain the benefits of, low-income housing credits under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and other purposes authorized by the Act.

1.02. Purpose. It is now determined to be necessary and desirable to provide for the issuance of limited obligation revenue bonds and a limited obligation revenue note (respectively, the "2017A Bonds" and the "2017B Note"), in separate series, to finance the cost of the acquisition, rehabilitation, and equipping of two multifamily rental housing development projects (together, the "Project"), each as described in Exhibit A, and to pay costs of issuance of the 2017A Bonds and the 2017B Note and related costs. The two developments in the Project will be known as Bridgeway (Robbinsdale) and Park Acres (New Hope), respectively.

1.03. 2017A Bonds, 2017A Indenture, and 2017A Financing Agreement. The 2017A Bonds will be issued pursuant to a Trust Indenture (the "2017A Indenture") between the Agency and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to the terms of the Financing Agreement (the "2017A Financing Agreement") between the borrower (the "Borrower"), as identified in Exhibit A hereto, the Trustee, the Agency and Dougherty Mortgage LLC (the "Lender"), the Borrower will agree to obtain a mortgage loan (the "2017A Mortgage Loan") from the Lender and the Lender will agree to deposit the proceeds of 2017A Mortgage Loan with the Trustee to secure the repayment of 2017A Bonds until the delivery to the Trustee of the Guaranteed Mortgage Pass-Through Certificate (the "Fannie Mae Pass-Through Certificate") with respect to the 2017A Mortgage Loan, to be issued to and registered in the name of the Trustee by Federal National Mortgage Association ("Fannie Mae").

Pursuant to the 2017A Indenture, the Agency will assign its interest in the 2017A Financing Agreement to the Trustee to provide for (1) the deposit of the proceeds of the 2017A Mortgage Loan with the Trustee and (2) the issuance of the Fannie Mae Pass-Through Certificate in order to secure the full and prompt payment of the principal of and interest on the 2017A Bonds.

The 2017A Bonds will be special, limited obligations of the Agency payable solely from and secured by the amounts deposited with the Trustee and the payments to be made by Fannie Mae pursuant to the Fannie Mae Pass-Through Certificate delivered pursuant to the 2017A Indenture and other pledged revenues pursuant to the 2017A Indenture and will not constitute or give rise to a pecuniary liability of the Agency, the State of Minnesota (the "State") or any political subdivision thereof or be a general obligation of the Agency or constitute a debt or loan of the credit of the State or any political subdivision thereof.

1.04. 2017B Note, 2017B Loan Agreement. Pursuant to the terms of a Loan Agreement (the "2017B Loan Agreement") between the Agency and the Borrower, the Agency has agreed to make a loan to the Borrower with proceeds of the 2017B Note and the Borrower has agreed to the repayment of the sums borrowed pursuant thereto.

The 2017B Note will be a special, limited obligation of the Agency payable solely from and secured by repayments made by the Borrower under the 2017B Loan Agreement and assigned to the 2017B Lender (as defined in Section 1.06 below) pursuant to a Pledge Agreement (the "2017B Pledge Agreement) between the Agency and the 2017B Lender, and will not constitute or give rise to a pecuniary liability of the Agency, the State or any political subdivision thereof or be a general obligation of the Agency or constitute a debt or loan of the credit of the State or any political subdivision thereof.

1.05. Public Hearing. The Agency conducted a public hearing, duly noticed, on June 8, 2017, on the proposal that the Agency issue the 2017A Bonds and 2017B Note and to finance the costs of the Project on behalf of the Borrower, as required by Section 147(f) of the Code. All parties who appeared at the hearing were given an opportunity to express their views with respect to the proposals and interested persons were given the opportunity to submit written comments to the Agency prior to the date of the hearing.

1.06. Sale of the 2017A Bonds and 2017B Note. The 2017A Bonds may be offered for sale by negotiating for the sale of the 2017A Bonds to Dougherty & Company LLC, as underwriter (the "2017A Underwriter") in a public offering pursuant to a preliminary official statement (the "Preliminary Official Statement") and a bond purchase agreement (the "Bond Purchase Agreement"). The 2017B Note will be sold in a direct placement with Bridgewater Bank, as purchaser of the 2017B Note (the "2017B Lender"), pursuant to the terms of (1) a Note Purchase Agreement between the Borrower and the 2017B Lender and (2) the 2017B Loan Agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement, containing information relating to the Agency, the 2017A Indenture, the 2017A Financing Agreement, a Bond Regulatory Agreement (the "Bond Regulatory Agreement") between the Issuer, the Borrower and the Trustee, the Project, and the 2017A Bonds. Any of the Chairman, Vice-Chairman, the Commissioner, the Chief Financial Officer or the Director of Finance (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the 2017A Bonds.

The Agency is authorized to issue and sell (a) the 2017A Bonds to the 2017A Underwriter and (b) the 2017B Note to the 2017B Lender, each at a price equal to the principal

amount thereof pursuant to terms to be approved by an Authorized Officer and the Borrower and subject to parameters set forth in Section 4 hereof and in the Agreement and Indemnification, dated May 8, 2017, made by the Borrower for the benefit of the Agency.

1.07. Documentation—2017A Bonds. Draft forms of the following documents (collectively, the "Agency Bond Documents") relating to the 2017A Bonds have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency and its agents and representatives:

(a) A proposed form of the 2017A Bonds;

(b) A proposed form of the 2017A Indenture;

(c) A proposed form of the 2017A Financing Agreement;

(d) A proposed form of the Bond Purchase Agreement (2017A);

(e) A proposed form of the Bond Regulatory Agreement, to ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code and to ensure compliance with certain restrictions imposed by the Agency; and

(f) A proposed form of the Guaranty to be given by Lori Boisclair to the Agency to secure the payment of the annual fee of the Agency with respect to the 2017A Bonds.

1.08. Documentation—2017B Note. Draft forms of the following documents (collectively, the "Agency Note Documents") relating to the 2017B Note have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency and its agents and representatives:

(a) A proposed form of the 2017B Loan Agreement;

(b) A proposed form of the 2017B Note;

(c) A proposed form of the 2017B Note Purchase Agreement;

(d) A proposed form of the Pledge Agreement; and

(e) A proposed form of the Note Regulatory Agreement, between the Agency and the Borrower, to ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code and to ensure compliance with certain restrictions imposed by the Agency.

Section 2. Authorization of the 2017A Bonds and 2017B Note; Approval of the Agency Bond Documents and Agency Note Documents.

(a) To provide sufficient funds to be used and expended for the purposes set forth in Section 1.01, it is now determined to be necessary to issue (i) the 2017A Bonds that are designated as the "Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project)," and (ii) the 2017B Note that is designated as "Multifamily Housing Revenue Note, Series 2017B (Amorce II Limited Partnership Project)." The Agency is hereby authorized to issue and sell the 2017A Bonds and the 2017B Note to provide funds to be used to finance the Project and pay costs of issuance of the 2017A Bonds and the 2017B Note and related costs, to assign its interest in the 2017A Financing Agreement to the Trustee and to assign its interest in the 2017B Loan Agreement to the 2017B Lender pursuant to the Pledge Agreement.

(b) The form of the 2017A Bonds and the 2017B Note, the Agency Bond Documents and the Agency Note Documents, the provisions of which are incorporated herein by reference, are hereby approved, with such revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same, which approval will be conclusively evidenced by execution of the Agency Bond Documents and the Agency Note Documents by an Authorized Officer. Copies of all the documents will be delivered, filed or recorded as provided therein.

(c) An Authorized Officer is hereby authorized and directed to execute and deliver the Agency Bond Documents and the Agency Note Documents and any consents or documents necessary in connection with the 2017A Bonds and the 2017B Note and any other documents as are deemed necessary or appropriate by Kutak Rock LLP, bond counsel to the Agency ("Bond Counsel"), in connection with the issuance, sale, and delivery of the 2017A Bonds and the 2017B Note, including various certificates of the Agency, Information Returns for Tax Exempt Private Activity Bond Issues, Form 8038, and an endorsement of the Agency to the tax certificate to be delivered by the Borrower. An Authorized Officer is also authorized and directed to execute any other instruments as may be required to give effect to the transactions herein contemplated.

(d) The 2017A Bonds and the interest thereon (i) will be payable solely from the revenues pledged therefor under the 2017A Financing Agreement, funds held under the 2017A Indenture and payments to be made by Fannie Mae with respect to the Fannie Mae Pass-Through Certificate, (ii) will not be a debt of the State within the meaning of any constitutional or statutory limitation; (iii) will not be nor give rise to a pecuniary liability of the State or a charge against its general credit or taxing powers; (iv) will not be a charge, lien, or encumbrance, legal or equitable, upon any property of the State other than the Agency's interest in the 2017A Financing Agreement; and (v) will not be a general or moral obligation of the State.

(e) The 2017B Note and the interest thereon (i) will be payable solely from the revenues pledged therefor under the 2017B Loan Agreement and the 2017B Pledge Agreement; (ii) will not be a debt of the State within the meaning of any constitutional or statutory limitation; (iii) will not be nor give rise to a pecuniary liability of the State or a

charge against its general credit or taxing powers; (iv) will not be a charge, lien, or encumbrance, legal or equitable, upon any property of the State other than the Agency's interest in the 2017B Loan Agreement; and (v) will not be a general or moral obligation of the State.

Section 3. Terms of 2017A Bonds and 2017B Note. The 2017A Bonds will be issued in a principal amount not to exceed $5,400,000 and the 2017B Note will be issued in a principal amount not to exceed $2,800,000.

The 2017A Bonds will be issued, in the form and upon the terms set forth in the 2017A Bonds, the 2017A Indenture and the 2017A Financing Agreement, which terms are incorporated herein and made a part hereof; provided, however, that the interest rate on the 2017A Bonds will be as set forth in the final form of the 2017A Bonds, to be approved, executed, and delivered by an Authorized Officer, as set forth in Section 4 hereof, which approval will be conclusively evidenced by that execution and delivery.

The 2017B Note will be issued, in the form and upon the terms set forth in the 2017B Note and 2017B Loan Agreement, which terms are incorporated herein and made a part hereof; provided, however, that the interest rate on the 2017B Note will be as set forth in the final form of the 2017B Note, to be approved, executed, and delivered by an Authorized Officer, as set forth in Section 4 hereof, which approval will be conclusively evidenced by that execution and delivery.

Any Authorized Officer is authorized to approve the final terms and conditions of the 2017A Bonds and the 2017B Note, the approval to be evidenced by the execution and delivery of the 2017A Bonds and the 2017B Note as set forth in Section 4 hereof.

Section 4. Preparation and Execution. The 2017A Bonds and the 2017B Note will be prepared in substantially the respective forms now on file, subject to Section 3 hereof, and will be executed by the manual or facsimile signature of the Chairman or Vice-Chairman, attested by the manual (in the case of the 2017B Note) or facsimile signature of the Commissioner, and, in the case of the 2017A Bonds, authenticated by manual signature of the Trustee. The Trustee is hereby appointed as the paying agent and registrar of the 2017A Bonds; the registrar of the 2017B Note is the 2017B Lender.

Section 5. General Tax Covenant. The Agency recognizes the obligation to comply with the provisions of the Code regarding the exclusion of interest from federal gross income of the interest on the 2017A Bonds and the 2017B Note, and will cause the Borrower to covenant in the 2017A Financing Agreement, the 2017B Loan Agreement, the Bond Regulatory Agreement and the Note Regulatory Agreement that it will not take, or permit or cause to be taken, any action that would adversely affect the exclusion of interest (other than interest on the related 2017A Bond or 2017B Note for a period during which the 2017A Bonds or the 2017B Note is held by a "substantial user" of any facility financed with the proceeds of the 2017A Bonds or the 2017B Note or a "related person" as the terms are used in Section 147(a) or any successor provision of the Code), and will take or cause to be taken any action necessary to maintain the exclusion from gross income and, if it should fail to take or permit, or cause to be taken, as appropriate, any such

action, the Agency will use its best efforts to take all lawful actions necessary to rescind or correct the actions or omissions promptly upon having knowledge thereof.

Section 6. Reimbursement.

(a) The United States Department of the Treasury has promulgated regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the Agency or the Borrower for project expenditures paid prior to the date of issuance of the bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the Agency adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within 18 months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

(b) To the extent any portion of the proceeds of the 2017A Bonds or the 2017B Note will be applied to expenditures with respect to the Project, the Agency reasonably expects to reimburse the Borrower for the expenditures made for costs of that Project from the proceeds of the 2017A Bonds or the 2017B Note after the date of payment of all or a portion of the expenditures. All reimbursed expenditures must be capital expenditures, a cost of issuance of the 2017A Bonds and the 2017B Note, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations made by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the 2017A Bonds and the 2017B Note, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimis" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to either of the developments in the Project to be reimbursed with the proceeds of the 2017A Bonds and the 2017B Note have been made by the Borrower more than 60 days before January 5, 2017, the date of execution by the Agency of a declaration of intent to reimburse.

(c) Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis, or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside) to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the 2017A Bonds and the 2017B Note, other than pursuant to the issuance of that 2017A Bonds and the 2017B Note. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as it exists or is reasonably foreseeable on the date hereof.

Section 7. Authentication of Proceedings. The Chairman, Vice-Chairman, Commissioner, Chief Financial Officer and Director of Finance and other officers of the Agency are authorized and directed to furnish to the Borrower, the Lender, the Trustee, the 2017B Lender and Bond Counsel certified copies of all proceedings and records of the Agency relating to the 2017A Bonds and the 2017B Note, and any other affidavits and certificates as may be required to show the facts relating to the legality and validity of the 2017A Bonds and the 2017B Note as the facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all the certified copies, certificates and affidavits, including any heretofore furnished, will constitute representations of the Agency as to the truth of all statements of fact contained therein.

Section 8. Limitations of the Agency's Obligations. Notwithstanding anything contained in the 2017A Bonds, the 2017B Note, or the Agency Bond Documents or the Agency Note Documents, none of the 2017A Bonds or the 2017B Note will be a general obligation or debt of the Agency within the meaning of any constitutional or statutory limitation, nor be payable from or constitute a charge, lien or encumbrance, legal or equitable, upon any funds or any property of the Agency other than the revenues specifically pledged to the payment thereof pursuant to the Agency Bond Documents and the Agency Note Documents, and no holder of a 2017A Bond or 2017B Note will ever have the right to enforce payment thereof against any property of the Agency other than those rights and interests of the Agency that have been pledged to the payment thereof pursuant to the Agency Bond Documents or the Agency Note Documents. The agreement of the Agency to perform the covenants and other provisions contained in this resolution or the 2017A Bonds, the 2017B Note, the Agency Bond Documents or the Agency Note Documents will be subject at all times to the availability of the revenues furnished by the Borrower sufficient to pay all costs of the performance or the enforcement thereof, and the Agency will not be subject to any personal or pecuniary liability thereon.

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Adopted by the Minnesota Housing Finance Agency this 16th day of November, 2017

By:_____
Chairman

Attest:_____
Commissioner

[Signature page to Resolution No. MHFA 17-038]

EXHIBIT A

DESCRIPTION OF BORROWER AND PROJECT

Borrower	Name	Location	Number of Units
Amorce II Limited Partnership	Bridgeway (Robbinsdale)	Robbinsdale, MN	45
Amorce II Limited Partnership	Park Acres (New Hope)	New Hope, MN	41

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Bonds may not be sold, nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY ONLY

RATING: Moody's: "Aaa"
(See "RATING" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not a specific preference item or included in adjusted current earnings of corporations for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is not includable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes and is not an item of tax preference for purposes of the Minnesota alternative minimum taxes imposed on individuals and corporations. For a more complete description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

$5,392,000*
MINNESOTA HOUSING FINANCE AGENCY
MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2017A
(AMORCE II LIMITED PARTNERSHIP PROJECT)

Maturity Date: December 1, 2033*; Final Payment Date: December 27, 2033*; Interest Rate: __%; Price: ___%; CUSIP No.: _____†

Dated Date: November 1, 2017*

The above-captioned bonds (the "Bonds") will be issued under the provisions of an Indenture of Trust dated as of November 1, 2017 (the "Indenture") between the Minnesota Housing Finance Agency (the "Issuer") and U.S. Bank National Association, a national banking association, as trustee for the Bonds (the "Trustee"). The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in the denomination of $1.00 or any integral multiple thereof. Interest on and principal of the Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive physical delivery of bond certificates. The Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. Any purchaser as a beneficial owner of a Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bond.

The Bonds are being issued by the Issuer to finance a portion of the cost of the acquisition and rehabilitation of a scattered site, multifamily rental housing facility consisting of two separate developments totaling 86 units (the "Project"), and pay certain additional costs related thereto. See "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

Upon the issuance of the Bonds, Bond proceeds in an amount equal to the interest thereon to January 26, 2018* (the "Initial Mandatory Redemption Date") (together with accrued interest, if any) will be deposited to the Collateral Security Interest Account under the Indenture, and the balance of the Bond proceeds will be deposited into the Proceeds Fund. Pursuant to the terms of a Financing Agreement dated as of November 1, 2017 (the "Financing Agreement") among the Issuer, the Trustee, the Borrower (as defined below) and the Lender (as defined below), Bond proceeds deposited into the Proceeds Fund will (i) be used to pay or reimburse the Borrower for payment of certain costs of the Project or (ii) will be deposited to a Rehabilitation Account of the Proceeds Fund and used as directed by the Lender for rehabilitation of the Project. Bond proceeds (other than amounts deposited to the Collateral Security Interest Account, and premium, if any, deposited to the Collateral Security Principal Account) shall not be part of the Trust Estate securing repayment of the Bonds.

The Bonds will initially be collateralized by (i) the deposit into the Collateral Security Principal Account of the Collateral Security Fund under the Indenture of the proceeds of a first mortgage loan (the "Mortgage Loan") to be made by Dougherty Mortgage LLC (the "Lender") to Amorce II Limited Partnership, a Minnesota limited partnership (the "Borrower"), and fully funded in an amount equal to the original principal amount of the Bonds on the date of issuance of the Bonds, and (ii) the deposit to the Collateral Security Interest Account of the Collateral Security Fund of Bond proceeds in an amount sufficient to pay the interest on the Bonds to the Initial Mandatory Redemption Date. Upon the satisfaction of certain conditions described herein as set forth in the Indenture, the Trustee will use moneys on deposit in the Collateral Security Fund to acquire a Guaranteed Mortgage Pass-Through Certificate (the "Pass-Through Certificate"), backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae.

It is expected that the Pass-Through Certificate will be acquired by the Trustee prior to December 27, 2017* (the "First Payment Date"), and in any event prior to the Initial Mandatory Redemption Date, unless such Purchase Date (as defined herein) is extended as provided in the Indenture. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date. "Payment Date" means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date on which a payment of principal, interest, and/or premium, if any, is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date. After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund.

If the Pass-Through Certificate is not acquired by the Trustee prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the Bonds will be redeemed at a redemption price of par (the "Original Issue Price") plus interest accrued on the Bonds to the Initial Mandatory Redemption Date (as such date may be extended under the Indenture) from moneys on deposit in the Collateral Security Fund under the Indenture.

The Bonds are subject to mandatory redemption at the times and in the events set forth in the Indenture and described herein.

NOTWITHSTANDING ANYTHING CONTAINED IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF MINNESOTA (THE "STATE") OR ANY POLITICAL CORPORATION OR SUBDIVISION OR ANY AGENCY THEREOF. THE BONDS DO NOT CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION ON THE PART OF THE STATE, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF, OTHER THAN THE ISSUER TO THE LIMITED EXTENT THEREIN PROVIDED, AND EACH SUCH ENTITY IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS. THE ISSUER HAS NO TAXING POWER.

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS AND THE RELATED FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE (AS DEFINED HEREIN). THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

The Bonds are offered when, as and if issued and received by the Underwriter, and subject to the delivery of the approving legal opinion of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, DLA Piper LLP (US). Certain legal matters will be passed upon for the Borrower by its Counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota. Dougherty & Company LLC will serve as Underwriter ("Underwriter"). Certain legal matters will be passed upon for the Underwriter by its Counsel, Norris George & Ostrow PLLC, Washington, D.C. It is expected that the Bonds will be available for delivery in New York, New York through the facilities of DTC on or about _____ __, 2017.

DOUGHERTY & COMPANY LLC

Dated: _____ __, 2017

*Preliminary; subject to change.

†CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the owners of the Bonds. Neither the State nor the Issuer is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or the Pass-Through Certificate or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Issuer, the Borrower, Fannie Mae or the Underwriter to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the Issuer; Fannie Mae; the Borrower (in the case of information contained herein relating to the Borrower, the Mortgage Loan and the Project); and other sources which are believed to be reliable. Such information herein is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, Fannie Mae or the Borrower, since the date hereof.

The information set forth herein relating to the Issuer under the headings "THE ISSUER" and "NO LITIGATION – The Issuer" has been obtained from the Issuer. The Issuer has not reviewed or approved any information in this Official Statement except the information relating to the Issuer under the foregoing headings. The Issuer assumes no responsibility for the accuracy or completeness of any other information in this Official Statement. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof. The Issuer has not and will not agree to provide any annual financial statements or other credit information of the Issuer to investors on a periodic basis.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Fannie Mae has not provided or approved any information in this Official Statement except with respect to information under the caption "FANNIE MAE" and APPENDIX H – "FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE." Fannie Mae has not provided or approved the information under the caption "SUMMARY OF THE PASS-THROUGH CERTIFICATE ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN," except for the information set forth in the last three sentences of the first paragraph thereof and takes no responsibility for any other information contained in this Official Statement, and makes no representation as to the contents of this Official Statement. Without limiting the foregoing, Fannie Mae makes no representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to delivering the Pass-Through Certificate described herein to the Trustee.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

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MINNESOTA HOUSING FINANCE AGENCY

$5,392,000*
MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2017A
(AMORCE II LIMITED PARTNERSHIP PROJECT)

This Official Statement (including the cover page, the inside cover page and appendices) provides certain information concerning the Issuer in connection with the sale of $5,392,000* in aggregate principal amount of its Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project) (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Minnesota Statutes, Chapter 462A, as amended (the "Act"), and pursuant to an Indenture of Trust, dated as of November 1, 2017 (the "Indenture") between the Minnesota Housing Finance Agency (the "Issuer") and U.S. Bank National Association, as Trustee (the "Trustee"). Pursuant to the Indenture, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein. Certain defined terms used herein are set forth in APPENDIX A hereto.

SUMMARY OF THE BONDS

This summary highlights information contained elsewhere in this Official Statement. As a summary, it speaks in general terms without giving details or discussing any exceptions. Before buying any issuance of bonds, you should have the information necessary to make a fully informed investment decision. For that, you must read this Official Statement in its entirety (and any documents to which we refer you in this Official Statement).

The Issuer…… The Issuer is a public body corporate and politic of the State, duly organized and existing under the laws of the State of Minnesota (the "State"). The Issuer is empowered pursuant to the Act to issue its bonds for the purposes, among others, of financing the acquisition, construction and equipping of multifamily residential rental projects.

Limited Obligations…… **Notwithstanding anything contained in the Indenture to the contrary, any obligation which the Issuer may incur under the Indenture or under any instrument executed in connection therewith which shall entail the expenditure of money shall not be a general obligation of the Issuer but shall be a special limited obligation payable solely from the Trust Estate.**

The Bonds shall constitute a valid claim of the respective holders thereof against the Trust Estate, which is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds and which shall be utilized for no other purpose, except as expressly authorized in the Indenture. The Bonds do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the State or any political corporation or subdivision or any agency thereof. The Bonds do not create in any manner a debt, liability or obligation on the part of the State, or any political subdivision or any agency thereof, other than the Issuer to the limited extent therein provided, and each such entity is prohibited by the act from making any payments with respect to the Bonds. The Issuer has no taxing power.

The Borrower……. Amorce II Limited Partnership, a Minnesota limited partnership (the "Borrower"). The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project.

The Project……. The Project is a scattered site, multifamily rental housing facility consisting of two separate developments. The Bridgeway Apartments consist of 45 units

* Preliminary; subject to change.

and are located at 3755 Hubbard Avenue in Robbinsdale, Minnesota (the "Bridgeway Project") and the Park Acres Apartments consist of 41 units and are located at 8007 Bass Lake Road in New Hope, Minnesota (the "Park Acres Project," and together with the Bridgeway Project, the "Project"). In total, the Project will contain 86 units located across six buildings.

The Bonds, the Mortgage Loan and the Pass-Through Certificate……

The Bonds will be issued under the provisions of the Indenture dated as of November 1, 2017 between the Issuer and the Trustee. The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in the denomination of $1.00 or any integral multiple thereof.

The Bonds are being issued by the Issuer to finance a portion of the cost of the acquisition and rehabilitation of the Project and pay certain additional costs related thereto.

Upon the issuance of the Bonds, Bond proceeds in an amount equal to the interest thereon to the Initial Mandatory Redemption Date (together with accrued interest, if any) will be deposited to the Collateral Security Interest Account of the Collateral Security Fund under the Indenture, and the balance of the Bond proceeds will be deposited into the Proceeds Fund. Pursuant to the terms of a Financing Agreement dated as of November 1, 2017 (the "Financing Agreement") among the Issuer, the Trustee, the Borrower and Dougherty Mortgage LLC (the "Lender"), Bond proceeds deposited into the Proceeds Fund will (i) be used to pay or reimburse the Borrower for payment of certain costs of the Project or (ii) will be deposited to a Rehabilitation Account of the Proceeds Fund and used as directed by the Lender for rehabilitation of the Project. Bond proceeds (other than amounts deposited to the Collateral Security Interest Account, and premium, if any, deposited to the Collateral Security Principal Account) shall not be part of the Trust Estate securing repayment of the Bonds.

The Bonds will initially be collateralized, in part, by the deposit into the Collateral Security Principal Account of the Collateral Security Fund under the Indenture of the proceeds of a first mortgage loan (the "Mortgage Loan") to be made by the Lender to the Borrower and fully funded in an amount equal to the original principal amount of the Bonds on the date of issuance of the Bonds. The Bonds will be further collateralized by the deposit to the Collateral Security Interest Account of the Collateral Security Fund of Bond proceeds in an amount sufficient to pay the interest on the Bonds to January 26, 2018* (the "Initial Mandatory Redemption Date"). The Trustee will use moneys on deposit in the Collateral Security Fund to acquire a Guaranteed Mortgage Pass-Through Certificate (the "Pass-Through Certificate"), backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae, upon satisfaction of the conditions set forth in the Indenture and upon satisfaction of the conditions precedent to the issuance of the Pass-Through Certificate and compliance with the commitment between Fannie Mae and the Lender.

It is anticipated that the conditions to the issuance of the Pass-Through Certificate will be satisfied and that the Pass-Through Certificate will be available for acquisition by the Trustee prior to December 27, 2017* (the "First Payment Date"), and in any event prior to the Initial Mandatory Redemption Date, unless such Purchase Date (as defined herein) is extended as provided in the Indenture. Payments of principal and interest on the Bonds

* Preliminary; subject to change.

	will initially be payable from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate, if issued, will be passed through to Bondholders on each Payment Date (as defined below – see "Bond Payment Dates").
Extraordinary Redemption For Failure to Purchase Pass-Through Certificate……	If the Pass-Through Certificate is not acquired by the Trustee prior to the Initial Mandatory Redemption Date (as such date may be extended pursuant to the Indenture) the Bonds will be redeemed at a redemption price of par (the "Original Issue Price"), plus interest accrued on the Bonds to the Initial Mandatory Redemption Date (as such date may be extended under the Indenture), from moneys on deposit in the Collateral Security Fund under the Indenture.
Bond Payment Dates……..	Payment Date (on the Bonds) means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date principal, interest, or premium, if any, payment is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued on the Mortgage Loan and the Pass-Through Certificate at the Pass-Through Rate during the preceding calendar month. For example, if the Pass-Through Certificate is acquired by the Trustee prior to the First Payment Date (December 27, 2017*), then on such date the Bondholders will receive a payment of interest on the Bonds in an amount equal to the interest at the Pass-Through Rate which is equal to the interest rate on the Bonds, which accrued on the Bonds during the month of November 2017*. Except as otherwise described herein with respect to certain payments prior to the Purchase Date, the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the Pass-Through Certificate one Business Day after their receipt by the Trustee. There shall be no further accrual of interest from the Maturity Date (December 1, 2033*) to the final Payment Date on the Bonds (December 27, 2033*). After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund. Because of this lag in payment of principal and interest inherent in the payment terms of the Pass-Through Certificate and the one (additional) Business Day (as defined in the Indenture) lag in payment inherent in the Bonds, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.
Interest Payments on the Bonds……..	Prior to the Purchase Date and in the month the Purchase Date occurs, interest payments on the Bonds will equal accrued interest on the Bonds to the next Payment Date. After the month in which the Purchase Date occurs, interest payments on the Bonds will equal interest payments received by the Trustee on each Distribution Date (as defined herein) for the Pass-Through

* Preliminary; subject to change.

Certificate, which is expected to commence on January 25, 2018*. Although interest accrues on the Pass-Through Certificate during a calendar month, as described above, Fannie Mae will not distribute interest to the Trustee as certificateholder until the Distribution Date in the following calendar month. Interest on the Bonds shall be calculated on an "Actual/360" basis. "Actual/360" means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Principal Payments on the Bonds……...

Prior to the Purchase Date and in the month the Purchase Date occurs, principal payments on the Bonds will equal the amount set forth in the Mortgage Loan amortization schedule on the first day of the month in which such Payment Date occurs. After the month in which the Purchase Date occurs, principal payments on the Bonds will equal principal payments received by the Trustee on the Pass-Through Certificate on each Distribution Date for the Pass-Through Certificate. The final principal payment on the Pass-Through Certificate will occur on December 26, 2033*, which principal payment will pass through to the registered owners of the Bonds on December 27, 2033*.

Regularly scheduled payments of principal (and interest) on the Mortgage Loan will be passed through monthly on the Pass-Through Certificate. Unscheduled principal payments on the Mortgage Loan also will be passed through on the Pass-Through Certificate, and the Bonds, including a portion of any prepayment premium due to yield or fee maintenance on the Mortgage Loan from a voluntary prepayment prior to August 31, 2033*.

Effective Yield on Bonds Lower Than Interest Rate on Pass-Through Certificate…….

As stated above, because of the lag in payments of interest and principal inherent in the Pass-Through Certificate and the one (additional) Business Day (as defined in the Indenture) lag in payment inherent in the Bonds, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.

Tax Exemption……...

On the date of delivery of the Bonds, Kutak Rock LLP, Bond Counsel to the Issuer, will deliver their opinion that, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. Additionally, the opinion will state that Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item or included in adjusted current earnings of corporations for purposes of the federal alternative minimum tax. Bond Counsel will also be of the opinion that under existing laws of the State of Minnesota, interest on the Bonds is not includable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes and is not an item of tax preference for purposes of the Minnesota alternative minimum taxes imposed on individuals and corporations. For a more complete description of such opinion of Bond Counsel, see "TAX MATTERS" herein.

* Preliminary; subject to change.

Limited Role of Fannie Mae

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS AND THE RELATED FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

SUMMARY OF THE PASS-THROUGH CERTIFICATE
ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN

The information below is a summary of the terms of the Pass-Through Certificate which is anticipated to be issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds if and to the extent the conditions relating to the issuance and acquisition of the Pass-Through Certificate set forth in the commitment between Fannie Mae and the Lender, and the conditions to acquisition of the Pass-Through Certificate by the Trustee set forth in the Indenture, are satisfied within the time permitted in the Indenture. As described elsewhere herein, the Mortgage Loan will have been made by the Lender on the date of issuance of the Bonds, but the Pass-Through Certificate will not have been issued on that date. The purchase of the Pass-Through Certificate by the Trustee to serve as collateral for the Bonds is conditioned, pursuant to the Indenture, on the terms and conditions of the Pass-Through Certificate being consistent with the terms and conditions in the Term Sheet attached as APPENDIX G hereto and in the Indenture and to the satisfaction of the conditions relating to the issuance and acquisition of the Pass-Through Certificate set forth in the commitment between Fannie Mae and the Lender. This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Selling MBS Prospectus for Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans) dated August 1, 2014 (the "Fannie Mae MBS Prospectus") which can be found at http://www.fanniemae.com/syndicated/documents/mbs/mbspros/MF_August_1_2014.pdf and the form of Prospectus Supplement for MBS Certificate dated the date of issue of the Pass-Through Certificate attached hereto as APPENDIX H (the "Prospectus Supplement for MBS Certificate"). THE ABOVE REFERENCED DISCLOSOURE REGARDING FANNIE MAE AND THE PASS-THROUGH CERTIFICATES DESCRIBE FANNIE MAE AND THE PASS-THROUGH CERTIFICATES AS IF THE PASS-THROUGH CERTIFICATES WERE ISSUED ON THE DATE OF THIS OFFICIAL STATEMENT. FOR ALL PASS-THROUGH CERTIFICATES ISSUED AFTER DECEMBER 1, 2017, FANNIE MAE WILL PROVIDE A SPECIFIC PROSPECTUS DESCRIBING THE PASS-THROUGH CERTIFICATE, WHICH SHALL CONSIST OF THE PROSPECTUS, AN ANNEX A IN SUBSTANTIALLY THE SAME FORM AS THE TERM SHEET ATTACHED HERETO AS APPENDIX G, AND AN ADDITIONAL DISCLOSURE ADDENDUM, WHICH WILL INCLUDE ADDITIONAL DISCLOSURE ITEMS SUBSTANTIALLY SIMILAR IN ALL MATERIAL RESPECTS TO THE ADDITIONAL DISCLOSURE SET FORTH IN APPENDIX H, SUBJECT TO ANY EVENTS OR CHANGES THAT MAY HAVE OCCUCCRED AFTER THE CLOSING DATE AND PRIOR TO THE ISSUANCE OF THE PASS-THROUGH CERTIFICATE.

Pass-Through Certificate……...…....	Guaranteed Mortgage MBS Certificates (Multifamily Residential Mortgage Loans).
Pass-Through Certificate Issuer and Guarantor……...…...…...….....	Fannie Mae, a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name "Federal National Mortgage Association" to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of its principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 202-752-7000.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see **"FANNIE MAE — Regulation and Conservatorship"** in the Fannie Mae MBS Prospectus.

Fannie Mae's regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development ("HUD"), the Securities and Exchange Commission (the "SEC"), and the U.S. Department of the Treasury (the "Treasury"). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae's safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The Pass-Through Certificate if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the Pass-Through Certificate will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of Pass-Through Certificate….	The Pass-Through Certificate if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. Fannie Mae will issue the Pass-Through Certificate in book-entry form on the book-entry system of the U.S. Federal Reserve Bank.
Relationship of Bonds, Pass-Through Certificate and Mortgage Loan…..	The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.
Pool Number……...	AN7441
Dated Date of the Pass-Through Certificate……..	December 1, 2017*
Pass-Through Rate……	__% per annum
Original Principal Amount……	$5,392,000*
Anticipated Settlement Date……	_____ __, 2017
Distribution Date……	The "Distribution Date" is the 25th day of each month which is the date designated for payments to the Trustee as holder of the Pass-Through Certificate, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the Pass-

* Preliminary; subject to change.

Through Certificate will occur in the month following the month in which the Pass-Through Certificate is issued. The Pass-Through Certificate is expected to be issued in December 2017*.

Maturity Date……. December 1, 2033*

Interest…… On each Distribution Date, Fannie Mae will pass through on the Pass-Through Certificate, if issued, one month's interest at the Pass-Through Rate. Interest on the Pass-Through Certificate shall be calculated on an "Actual/360" basis. "Actual/360" means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Pass-Through Certificate by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

As described under the caption MATERIAL FEDERAL INCOME TAX CONSEQUENCES in APPENDIX H – "FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE" herein, the Pass-Through Certificates and payments on the Pass-Through Certificates, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and free from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Bonds. See "TAX MATTERS" herein.

Principal……. Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the Pass-Through Certificate, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period; and
- the aggregate amount of the unscheduled principal payments specified below:
    - the stated principal balance of the Mortgage Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;

* Preliminary; subject to change.

- the stated principal balance of the Mortgage Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and

- the amount of any partial prepayments on the Mortgage Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Mortgage Loan in full is actually received on the first Business Day of April, it would be treated as if it had been received on the last business day of March and, therefore, would be passed through on April 25 (or the next Business Day, if April 25 is not a Business Day).

The Mortgage Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Mortgage Loan will cause a change in the rate at which principal is passed through to holders of the Pass-Through Certificate.

Monthly Pool Factors…… On or about the fourth Business Day of each month, Fannie Mae publishes the monthly pool factor for each issuance of its Certificates. If an investor multiplies the monthly pool factor by the original principal balance of the Pass-Through Certificate, the investor will obtain the current principal balance of the Pass-Through Certificate, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current pool factor is generally available in Fannie Mae's Multifamily Securities Locator Service application on Fannie Mae's Web site.

Guaranty…… Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the related Pass-Through Certificate in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in "—Principal" above, and

- an amount equal to one month's interest on the Pass-Through Certificate, as described in "—Interest" above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement.

Fannie Mae's guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See **"THE TRUST DOCUMENTS – Certificateholders' Rights Upon a Guarantor Event of Default"** in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae's guaranty on the Pass-Through Certificate. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate Fannie Mae's guaranty on the Pass-Through Certificate. See **"RISK FACTORS – RISKS RELATING TO CREDIT – Fannie Mae Credit Factors"** in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders' rights to proceed against the Treasury, see **"FANNIE MAE – Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement"** in the Fannie Mae MBS Prospectus.

Optional Prepayment Premium… The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield and fee maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to August 31, 2033*. See APPENDIX G – "TERM SHEET" herein. As set forth in the form of Prospectus Supplement for MBS Certificate attached as APPENDIX H hereto, the Trustee, as holder of the Pass-Through Certificate would receive a portion of that payment, as further described in the Prospectus Supplement for MBS Certificate under "Voluntary Prepayment of the Mortgage Loan – Calculation of Total Yield Maintenance Prepayment Premiums." Any premium received by the Trustee will be passed through to Bondholders. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

Business Day…… For the Pass-Through Certificate, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.

Trust Agreement…… If issued, the Pass-Through Certificate will be issued pursuant to the Multifamily Master Trust Agreement effective as of October 1, 2010, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus. The trust agreement may be found on Fannie Mae's Web site. http://www.fanniemae.com

Paying Agent…… An entity designated by Fannie Mae to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as Fannie Mae's paying agent for certificates such as the Pass-Through Certificate.

The Mortgage Loan…… The Mortgage Loan is secured by a first mortgage lien, is in the original principal amount of $5,392,000*; bears interest at the rate of __% per annum;

* Preliminary; subject to change.

amortizes over 35* years beginning January 1, 2018* and has a balloon maturity on December 1, 2033*. See APPENDIX G – "TERM SHEET" herein.

Descriptions of the Bonds and sources of payment, the Issuer, the Borrower, the Project, the Mortgage Loan, the Pass-Through Certificate (if issued), the Indenture and certain related agreements are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture are available for inspection at the office of the Trustee. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the "MSRB"). For a description of the Borrower's undertaking with respect to ongoing disclosure, see "CONTINUING DISCLOSURE."

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.

The Issuer was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota. Under the Act, the membership of the Issuer consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. The Commissioner of the Issuer is also appointed by the Governor. The Issuer's principal office is located at 400 Wabasha Street, Saint Paul, Minnesota 55102.

The Act, as amended, authorizes the Issuer to issue its bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income upon the determination by the Issuer that such loans are not otherwise available from private lenders upon equivalent terms and conditions.

UNDER THE FINANCING CONTEMPLATED HEREBY, THE ISSUER HAS NO MATERIAL OBLIGATIONS WITH RESPECT TO THE BONDS OR THE PROJECT AFTER THE ISSUANCE OF THE BONDS. ALL PAYMENTS MADE UNDER THE FINANCING AGREEMENT WILL BE MADE DIRECTLY TO THE TRUSTEE FOR DEPOSIT UNDER THE INDENTURE AND EVENTUAL DISBURSEMENT TO THE OWNERS OF THE BONDS. NONE OF THE REVENUES TO PAY THE BONDS WILL COME FROM THE ISSUER AND THEREFORE THE ISSUER'S FINANCIAL INFORMATION AND STATUS ARE IRRELEVANT TO ANY INVESTMENT DECISION WITH RESPECT TO THE BONDS. ALTHOUGH THE ISSUER HAS AUTHORIZED AND APPROVED THIS OFFICIAL STATEMENT, THE ISSUER IS A CONDUIT ISSUER AND HAS NOT PREPARED OR PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND IS NOT RESPONSIBLE FOR THE STATEMENTS MADE HEREIN EXCEPT FOR THE INFORMATION UNDER THE CAPTIONS "THE ISSUER" AND "NO LITIGATION—THE ISSUER" (TO THE EXTENT THAT SUCH INFORMATION UNDER SUCH CAPTIONS PERTAINS TO THE ISSUER) AND THE ISSUER WILL NOT PARTICIPATE IN OR BE RESPONSIBLE FOR THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS.

THE ISSUER WILL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER THAT MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR

* Preliminary; subject to change.

STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON WILL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SECURITY AND OTHER FUNDS PLEDGED THEREFOR AND WILL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

THE MORTGAGE LOAN

The Indenture authorizes the Issuer to issue the Bonds to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project and pay certain additional costs related thereto. The Bonds will be secured initially by the proceeds of the Mortgage Loan (to be funded from sources other than the proceeds of the Bonds in an amount equal to the original principal amount of the Bonds) deposited in the Collateral Security Fund, as described herein (see "SUMMARY OF THE BONDS – The Bonds, the Mortgage Loan and the Pass-Through Certificate") and then by the Pass-Through Certificate, if issued. Fannie Mae is expected to deliver the Pass-Through Certificate to the Trustee on the Purchase Date, as described herein. The Lender has undertaken to certify that the Pass-Through Certificate has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"). The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loan.

The ability of the Borrower to pay the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents and/or increases under the HAP Contract as necessary to cover debt service and operating expenses, the funding of the HAP Contract, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the Project. The Borrower intends to rent 100% of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates.

Failure of the Borrower to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and may result in a mandatory redemption of all or a portion of the Bonds. See "DESCRIPTION OF THE BONDS – Redemption of Bonds; Prepayment" herein.

The Mortgage Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The Borrower

The Borrower is Amorce II Limited Partnership, a Minnesota limited partnership (the "Borrower") that was formed for the specific purpose of acquiring, rehabilitating and operating the Project. As such, the Borrower has not

previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any sources of funds to make payments on the Mortgage, other than revenues generated by the Project.

The general partner of the Borrower is Amorce II GP LLC, a Minnesota limited liability company (the "General Partner"), which will have a 0.01% ownership interest in the Borrower. WNC Housing, LP, a California limited partnership (the "Special Limited Partner") is expected to have a 0.01% ownership interest in the Borrower.

Founded in 1974, Boisclair Corporation, a Minnesota corporation ("Boisclair") has been in the business of constructing and owning a wide range of real estate developments, ranging from Section 8 housing to luxury condominiums. Boisclair currently oversees a real estate portfolio valued in excess of $150,000,000 and has been involved in the development of more than 25 apartment complexes containing approximately 3,000 units across three states. These projects include more than 800 low income housing tax credit projects. Boisclair will also serve as the developer and property manager for the Project and currently manages over 1,300 multifamily units.

The Project

The Bonds are being issued to finance a portion of the acquisition and rehabilitation costs of the Project, which is a scattered site, multifamily rental housing facility consisting of two separate developments. The Bridgeway Apartments consist of 45 units and are located at 3755 Hubbard Avenue in Robbinsdale, Minnesota (the "Bridgeway Project") and the Park Acres Apartments consist of 41 units and are located at 8007 Bass Lake Road in New Hope, Minnesota (the "Park Acres Project," and together with the Bridgeway Project, the "Project"). In total, the Project will contain 86 units located across six buildings. The rehabilitation of the Project is anticipated to commence in November 2017*, and is expected to be completed approximately ten months later.

Each Project is intended to be affordable housing for low and moderate income households. The amenities of each Project are expected to include a leasing office, community room, laundry room, maintenance rooms, community bathrooms, children's playground, covered parking, and a fitness center. The level of occupancy of the Project as of July 1, 2017 was 100%.

The unit mix of the Bridgeway Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
18	1 Bedroom	849
27	2 Bedroom	919

The unit mix of the Park Acres Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
16	1 Bedroom	629
13	2 Bedroom	918
12	3 Bedroom	1,114

The General Contractor

The general contractor for the project is expected to be Frerichs Construction (the "General Contractor"). The General Contractor has over 35 years of experience in renovating residential multifamily housing developments and averages over $55,000,000 in revenue per year.

* Preliminary; subject to change.

The HAP Contract

The Project currently receives the benefit of a Section 8 Housing Assistance Payment Contract (the "HAP Contract") covering 52 of the units at the Project, which HAP Contract expires on November 23, 2018. The HAP Contract will be renewed prior to or at closing for a term of 20 years.

Funding under the HAP Contract is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the "Section 8 Program") is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by local public housing authorities. Renewals of Section 8 HAP contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act, as amended ("MAHRA"). The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the area median gross income ("AMI") as determined by HUD). Section 8 housing assistance payments generally represent the difference between the "contract rent" for the unit approved by HUD and the eligible tenant's contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in MAHRA and the HAP Contract, are the "contract rents" for the Project. The HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters. If the Borrower fails to comply with the terms of the HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the HAP Contract, or take other sanctions. MAHRA requires that upon the request of the Borrower, HUD shall renew the HAP Contract under the Section 8 Program. However, because the HAP Contract is subject to receipt of annual appropriations by Congress, there is no assurance that the HAP Contract will be renewed or replaced upon its expiration. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contract. Since payments received under the HAP Contract constitute a primary source of revenues for the Project, the expiration of the HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues.

Income and Rent Restrictions

In order to assure compliance with Section 142(d) of the Code and Minnesota Statutes, Section 474A.047, the Issuer, the Borrower and the Trustee have entered into a Bond Regulatory Agreement (the "Regulatory Agreement"). The Regulatory Agreement will require that, among other things, during the term set forth in the Regulatory Agreement at least forty percent (40%) of the units in each Project be occupied or held available for occupancy by Qualifying Tenants (i.e., individuals or families with incomes that do not exceed sixty percent (60%) of AMI) for the area in which such Project is located, as adjusted for family size). The Regulatory Agreement further requires that, in accordance with Minnesota Statutes, Section 474A.047, for fifteen (15) years after the date of the Regulatory Agreement the maximum rental rates of at least twenty percent (20%) of the units in each Project (which shall consist of the same units as meet the requirements described in the preceding sentence) shall not exceed the area fair market rents or exception fair market rents, as applicable, for existing housing as established by HUD, [which units shall be occupied, or held for occupancy, by Qualifying Tenants]. The Borrower must annually certify for fifteen (15) years after the date of the Regulatory Agreement that the rental rates are within the limitations, and the Commissioner of Minnesota Management and Budget may request from the Issuer a copy of the annual certification prepared by the Borrower. Any failure of the Borrower to comply with the income restrictions of the Regulatory Agreement may cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes, possibly retroactively as well as prospectively. Failure of the Borrower to comply with the rental restrictions imposed by Minnesota Statutes, Section 474A.047 will subject the Borrower to monetary penalties. See the summary of the Regulatory Agreement in APPENDIX D to this Official Statement and "TAX MATTERS" herein.

In addition, restrictions contained in a Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits (the "Land Use Restrictive Covenants for Tax Credits") related to the Tax Credits are expected

to require the Borrower to (a) rent 5 of the residential rental units in the Project to tenants whose annual household income does not exceed 30% of AMI, (b) rent 13 of the residential rental units in the Project to tenants whose annual household income does not exceed 50% of AMI, and (c) rent 68 of the residential rental units in the Project to tenants whose annual household income does not exceed 60% of AMI, and to charge rents which do not exceed 30% of the imputed income for the size of such tenant's apartment (subject to various adjustments).

The Borrower will enter into a Declaration of Covenants, Conditions and Restrictions (the "HOME Loan Restrictions") in connection with the HOME Loan. The HOME Loan Restrictions require, among other things, that the Borrower (a) rent 5 of the residential rental units in the Bridgeway Project and 3 of the residential rental units in the Park Acres Project to tenants whose household income does not exceed 50% of AMI, and (b) rent 21 of the residential units in the Bridgeway Project and 9 of the residential rental units in the Park Acres Project to tenants whose household income does not exceed 60% of AMI. The HOME Loan Restrictions also require that 5 of the residential rental units in the Bridgeway Project be set aside and rented to High Priority Homeless Households (i.e., tenants whose household income does not exceed 30% of AMI, adjusted for family size), targeted to families with children.

The Borrower will enter into a Regulatory Agreement with the Minnesota Housing Finance Agency (in such capacity, "Minnesota Housing") (the "HOME Loan Regulatory Agreement") in connection with the HOME Loan. Under the HOME Loan Regulatory Agreement, the Borrower agrees to maintain and operate the Project in order to ensure that the Project will at all times be and remain eligible to receive benefits under the low-income housing tax credit provisions of Section 42 for eighty-six (86) rental units including, but not limited to, maintaining qualifying rental rates. The Borrower's failure to comply with the requirements of Section 42, except for technical noncompliance with provisions that do not affect Borrower's entitlement to the Tax Credits, will be a default under this Home Loan Regulatory Agreement.

In accordance with the Section 811 Project Rental Assistance Demonstration Program, the Borrower will enter into a Section 811 Rental Assistance Contract (the "RAD Contract"). Under the RAD Contract, the Borrower is required to rent 5 of the residential rental units in the Bridgeway Project to tenants whose household income does not exceed 50% of AMI.

In accordance with a Memorandum of Understanding with Simpson Housing Services (the "Simpson Housing Memorandum"), the Borrower is required to rent 5 of the residential rental units in the Bridgeway Project to tenants whose household income does not exceed 30% of AMI.

The Borrower will enter into a Loan Agreement with the Hennepin County Housing and Redevelopment Authority (the "AHIF Loan Agreement") in connection with the AHIF Loan. The AHIF Loan Agreement requires, among other things, that the Borrower (a) rent 5 of the residential rental units in the Project to tenants whose household income does not exceed 30% of AMI, with the rents on these residential rental units being restricted to an amount that does not exceed 30% of an amount equal to 30% of AMI, and (b) rent 81 of the residential units in the Project to tenants whose household income does not exceed 60% of AMI, with the rents on these residential rental units being restricted to an amount that does not exceed 30% of an amount equal to 50% of AMI.

In the event of any conflict among these regulatory agreements, the more restrictive provisions of the Regulatory Agreement, the Land Use Restrictive Covenants for Tax Credits, the HOME Loan Restrictions, the RAD Contract, or the Simpson Housing Memorandum are expected to control.

Risk Factors

Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents and/or increases under the HAP Contract as necessary to cover debt service and operating expenses, the funding of the HAP Contract, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market

area for the Project. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the Project. The Borrower intends to rent 100% of the units in each Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates. A default by the Borrower under the Mortgage Loan Documents may result in a redemption of all or a portion of the Bonds. See "DESCRIPTION OF THE BONDS — Redemption of Bonds; Prepayment — Mandatory Redemption from Principal Payments or Prepayments" herein.

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Plan of Financing

The sources and uses to develop the Project are expected to be approximately as follows:

[Sources of Funds*

Bond Proceeds	$5,392,000
Accrued Interest on Bonds	2,921
Tax Credit Equity†	4,572,843
HOME Loan	5,208,154
CDBG Loan	320,730
AHIF Loan	400,000
Insurance Proceeds (Bridgeway Roof Repair)	90,000
Deferred Developer and Contractor Fees	209,378
Total Sources of Funds at Closing	$16,196,026

Uses of Funds*

Project Acquisition	$4,580,000
Total Construction Costs (including contingency, building permits, builders risk)	8,260,179
Architect's Fees	309,969
Total FNMA Loan Closing & Financing Costs	183,140
Total Costs of Issuance	848,483
Tax Credit Fees	35,324
Project Reserves and Escrows	909,197
Developer and Contractor Fees	1,200,000
Total Uses of Funds at Closing	$16,326,292]

† The Borrower expects to obtain the Bridge Loan (as defined below) from the Bridge Lender (as defined below) in the principal amount of $3,475,000* in order to bridge a portion of the Tax Credit equity contributions.

Sources and Uses of Funds Under the Indenture

Sources of Funds*	
Bond Proceeds (including accrued interest)	$
Proceeds of Mortgage Loan	
Total Sources of Funds at Closing	$_____
Uses of Funds*	
Deposit to Collateral Security Interest Account of the Collateral Security Fund[1]	$
Deposit of Bond Proceeds (net of deposit to Collateral Security Interest Account) to the Proceeds Fund	
Deposit of Mortgage Loan Proceeds to Collateral Security Principal Account of Collateral Security Fund	
Total Uses of Funds at Closing	$_____

[1] The deposit to the Collateral Security Interest Account of the Collateral Security Fund has been calculated to be sufficient to cover the interest which will become due on the Bonds to the Initial Mandatory Redemption Date.

* Preliminary; subject to change.

Tax Credits

Simultaneously with the issuance of the Bonds, the Borrower expects to admit WNC Holding, LLC, a California limited liability company and WNC Housing, L.P., a California limited partnership (together, the "Limited Partner") to the Borrower as a limited partner with a 99.98% ownership interest in the Borrower. The funding of the Tax Credit equity by the Limited Partner is expected to total approximately $4,572,843*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

Bridge Loan

Simultaneously with the closing of the Bonds, the Issuer will issue $2,721,884* in aggregate principal amount of its tax-exempt Multifamily Housing Revenue Note, Series 2017B (Amorce II Limited Partnership Project) (the "Series 2017B Note"). The Series 2017B Note will be separately secured from the Bonds and is not being offered pursuant to this Official Statement. The Series 2017B Note will be purchased by Bridgewater Bank (the "Bridge Lender"). The proceeds of the Series 2017B Note, together with a direct loan by the Bridge Lender in the amount of $753,116*, will be loaned to the Borrower (collectively, the "Bridge Loan") to bridge a portion of the Tax Credit equity. The proceeds of the Bridge Loan will be used to pay a portion of the cost of the acquisition and rehabilitation of the Project. The Borrower expects to use future installments of Tax Credit equity to repay the Bridge Loan. The Bridge Loan will bear interest at a rate equal to the Prime Rate as published by the Wall Street Journal less 0.50%, which rate floats daily and in any event will never be less than 3.75%, and will mature on the date that is 24 months after the Closing Date, subject to the Borrower's right to extend the maturity date of the Bridge Loan by one six-month period*. The Bridge Loan will be secured by [the first pledge by the Borrower of certain capital contributions received in exchange for Tax Credit equity, the first pledge of and security interest in the General Partner interest, including all rights of the General Partner to enforce the Limited Partner's obligations to make capital contributions, the Bridge Loan Interest Reserve, a first priority security interest in the Bridge Account pursuant to a Blocked Account Control Agreement, and an unconditional guaranty of payment provided by Lori A. Boisclair (the "Guarantor")].

HOME Loan

Simultaneously with the closing of the Bonds, Minnesota Housing will make a loan (the "HOME Loan") in an amount not to exceed $5,208,154* to the Borrower. The HOME Loan is secured by a HOME Investment Partnership Combination Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Financing Statement, will bear no interest, and will have principal payments starting on the first July 1 after the close of the fiscal year of the Borrower in which the developer fee has been fully paid*.

CDBG Loan

Simultaneously with the closing of the Bonds, the City of Robbinsdale-Hennepin County will provide a loan to the Borrower under HUD's Community Development Block Grant program (the "CDBG Loan") in an amount equal to approximately $320,730*. The CDBG Loan will bear no interest and will be coterminous with the Mortgage Loan.

AHIF Loan

Simultaneously with the closing of the Bonds, the Hennepin County Housing and Redevelopment Authority will provide a loan to the Borrower under the Affordable Housing Incentive Fund Program (the "AHIF Loan") in an amount equal to approximately $400,000*. The AHIF Loan is secured by a Combination Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement, will bear simple interest at a rate of 3.00% per annum and will mature on December 31, 2052*.

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* Preliminary; subject to change.

FANNIE MAE

The Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee as described herein, will be an obligation of Fannie Mae. **The securities of Fannie Mae, including the Pass-Through Certificate, if issued, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.**

Information on Fannie Mae and its financial condition are contained in periodic reports that are filed with the SEC. Fannie Mae's SEC filings are available at the SEC's website at www.sec.gov and are also available on Fannie Mae's web site at http://www.fanniemae.com or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

See "SUMMARY OF THE PASS-THROUGH CERTIFICATE ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN" herein for a description of the terms to be borne by the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds as described herein.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Pass-Through Certificate and exercising the rights reserved to it in the Indenture.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued as registered bonds in authorized denominations of $1.00 or any integral multiple thereof. The Bonds will be dated November 1, 2017*. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date. Payment Date is defined as (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date principal, interest, or premium, if any, payment is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date. After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund. As further described herein and in the Fannie Mae MBS Prospectus, the Pass-Through Certificate and the Bonds pay interest monthly on an Actual/360 Basis. "Actual/360" means, in the case of the Bonds, a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds (which is expected to be the same as the balance on the Pass-Through Certificate), by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof, on and after the Purchase Date, in the amounts and on the dates principal, interest or premium, if any, is paid on the Pass-Through Certificate (except if the Bonds are redeemed due to a failure to purchase the Pass-Through Certificate). See "DESCRIPTION OF THE BONDS – Redemption of Bonds; Prepayment" below. The principal of and the interest on the Bonds shall be payable in coin

* Preliminary; subject to change.

or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America.

Registration, Transfer and Exchange of Bonds; Persons Treated as Owners

The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in the Indenture to be kept by the Trustee, which is constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding.

The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and authorized denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity and authorized denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided in the Indenture. No charge shall be made to any Bondholder for the privilege of registration of transfer as provided in the Indenture, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits of the Indenture to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything in the Indenture to the contrary, to the extent the Bonds are Book Entry Bonds, the provisions of the Indenture shall govern the exchange and registration of Bonds.

Book-Entry System; Limited Obligation

The Bonds will be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each maturity of the Bonds. Upon initial execution, authentication and delivery, the ownership of each global Bond will be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as described below under the caption "Transfer Outside Book-Entry System," all of the Outstanding Bonds will be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a Substitute Depository or to another nominee of the Depository or of a Substitute Depository. Each global Bond will bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN ANY OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO ANY OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER,

PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN." See "BOOK-ENTRY ONLY SYSTEM" below.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee will have no responsibility or obligation to any Participant or to any person on behalf of which that Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee will have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the Pass-Through Certificate, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of that Bond for the purpose of payment of principal of, premium, if any, and interest on that Bond, for the purpose of giving redemption notices pursuant to the Indenture and other notices with respect to that Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee will pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all those payments will be valid under the Indenture with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, may receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Trustee and the Issuer of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture refers to that new nominee of the Depository.

The Issuer and the Trustee will recognize the Depository or its nominee as the Bondholder of Book Entry Bonds for all purposes, including receipt of payments, notices and voting, provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if those votes were made by Bondholders of a related portion of the Bonds when those votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository or the provisions of the Representation Letter or other comparable evidence delivered to the Trustee by the Bondholders.

SO LONG AS A BOOK ENTRY SYSTEM OF EVIDENCE OF TRANSFER OR OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE WITH THE INDENTURE, THE PROVISIONS OF THE INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES WILL BE DEEMED TO GIVE FULL EFFECT TO THAT BOOK ENTRY SYSTEM AND ALL DELIVERIES OF ANY OF THOSE BONDS WILL BE MADE PURSUANT TO THE DELIVERY ORDER PROCEDURES OF DTC, AS IN EFFECT FROM TIME TO TIME.

Initial Depository and Nominee

The initial Depository under the Indenture will be DTC. The initial Nominee will be Cede & Co., as nominee of DTC. See "BOOK-ENTRY ONLY SYSTEM" below.

Representation Letter

In order to qualify the Bonds for the Depository's book-entry system, if necessary, any Authorized Officer is authorized to execute, countersign and deliver on behalf of the Issuer to that Depository a letter from the Issuer in substantially the Depository's standard form representing those matters as are necessary to so qualify the Bonds (the "Representation Letter"). The Representation Letter includes that letter as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor. The execution by the Issuer and

delivery of the Representation Letter will not in any way limit the provisions described under the heading "Book-Entry System; Limited Obligation" above, or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the registered owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee agrees to take all actions necessary for all representations of the Issuer in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, any Authorized Officer is authorized to take any other actions, not inconsistent with the Indenture, to qualify the Bonds for the Depository's book-entry program.

The terms and provisions of the Representation Letter will govern in the event of any inconsistency between the provisions of the Indenture and the Representation Letter. The Representation Letter may be amended without Bondholder consent.

Transfers Outside Book-Entry System

If at any time the Issuer determines that continuation of the book entry system through DTC (or a successor securities Depository) is not in the best interest of the owners of the Bonds, if at any time the Depository notifies the Issuer and the Trustee that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository is no longer registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a Substitute Depository is not appointed by the Issuer within 90 days after the Issuer and the Trustee receive notice or become aware of that condition, as the case may be, the provisions described under the heading "Book-Entry System; Limited Obligation" above will no longer be applicable and the Issuer will execute and the Trustee will authorize and deliver bonds representing the Bonds as provided below. In addition, the Issuer may determine at any time that the Bonds will no longer be represented by global bonds and that the provisions described under the heading "Book-Entry System; Limited Obligation" above will no longer apply to the Bonds. In any of those events, the Issuer will execute and the Trustee will authenticate and deliver bonds representing the Bonds as provided below. Bonds issued in exchange for global bonds pursuant to the provisions described under this caption will be registered in the names and delivered in the authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, instructs the Issuer and the Trustee. The Trustee will deliver those bonds representing the Bonds to the persons in whose names those Bonds are so registered.

If the Issuer determines to replace the Depository with another qualified securities depository, the Issuer will prepare or cause to be prepared a new fully-registered global bond for each of the maturities of each type of Bond, registered in the name of that successor or substitute securities depository or its nominee, or make any other arrangements as are acceptable to the Issuer, the Trustee and that securities depository and not inconsistent with the terms of the Indenture.

Payments and Notices to the Nominee

Notwithstanding any other provision of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on that Bond and all notices with respect to that Bond will be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Payment of Bonds Not in Book-Entry Only Form

Unless the Bonds are Book Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds as described under the caption "Redemption of Bonds; Prepayment – Mandatory Redemption from Principal Payments or Prepayments" below) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book Entry Bonds, payments of interest on the Bonds and redemption of the Bonds pursuant to the provisions described under the caption "Redemption of Bonds; Prepayment – Mandatory Redemption from Principal Payments or Prepayments" below shall be paid by check or draft mailed to the registered owner thereof at such owner's address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with

appropriate dollar amounts for each CUSIP number to accompany all payments of interest, principal or Redemption Price made to such owners, whether such payment is made by check or wire transfer. All payments of principal of and interest on Book Entry Bonds shall be made and given at the times and in the manner set out in the Representation Letter, as more fully specified under the captions "Book-Entry System; Limited Obligation" and "Representation Letter" above.

Redemption of Bonds; Prepayment

The Bonds will be subject to redemption prior to the stated maturity thereof only as set forth in the Indenture as described under this caption.

Mandatory Redemption from Principal Payments or Prepayments. The Bonds are subject to mandatory redemption in whole or in part in the amounts and one Business Day after the dates (i) principal payments are received pursuant to the Pass-Through Certificate at a price equal to 100 percent of the principal amount received pursuant to the Pass-Through Certificate, plus interest received pursuant to the Pass-Through Certificate, (ii) prepayments are received with respect to the Pass-Through Certificate, at a price equal to 100 percent of the principal amount received pursuant to the Pass-Through Certificate, plus interest and premium, if any, received pursuant to the Pass-Through Certificate, or (iii) prior to the Purchase Date, redemption is otherwise required under the provisions of the Indenture. Notwithstanding the provisions described under the caption "Notice of Redemption" below, no prior notice will be a prerequisite to the effectiveness of any redemption under clause (i) or (ii) described in this paragraph, which redemption will occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to clause (ii) above required by the provisions described under the caption "Notice of Redemption" below.

Mandatory Redemption upon Failure to Purchase the Pass-Through Certificate. The Bonds are subject to mandatory redemption in whole on January 26, 2018* (i.e., the Initial Mandatory Redemption Date) at a Redemption Price equal to the Original Issue Price plus interest accrued to the Initial Mandatory Redemption Date (as that date may be extended under the Indenture) upon five Business Days' notice if (i) a Purchase Date has not occurred by the last date on which timely notice of that redemption may be given preceding the Initial Mandatory Redemption Date (as that date may be extended under the Indenture) and (ii) an Extension Deposit has not been made pursuant to the Indenture, such that the balance in the Collateral Security Fund is equal to the Original Issue Price plus interest accrued on the Bonds to the Initial Mandatory Redemption Date (as that date may be extended under the Indenture). The notice for any mandatory redemption may be conditional, to the effect that if a Purchase Date occurs not later than the close of business on the second Business Day preceding the Initial Mandatory Redemption Date (as that date may be extended under the Indenture), the noticed mandatory redemption will not occur. In the event that the Pass-Through Certificate has not been purchased by the Trustee 10 Business Days prior to the Initial Mandatory Redemption Date (as that date may be extended under the Indenture), the Trustee will provide written notice to the Borrower and the Issuer of that non-purchase.

Notice of Redemption

When the Trustee receives notice of a prepayment under clause (ii) described under the subcaption "Mandatory Redemption from Principal Payments or Prepayments" above, that the Pass-Through Certificate will be prepaid, the Trustee, in accordance with the Indenture, will use its best efforts to give not less than 20 nor more than 30 days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice will specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of that notice; (iv) the issuance date for those Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon that redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price will be paid. The notice will be sent to the holders of the Bonds by first-class mail, postage prepaid, at their respective addresses appearing on the Bond Register. Neither the giving of the notice by the Trustee nor the receipt of that notice by the Bondholders will be a condition precedent to the effectiveness of any redemption.

* Preliminary; subject to change.

The Bonds to be redeemed pursuant to the provisions described under the caption "Redemption of Bonds; Prepayment" above will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto will be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

Payment of Redemption Price

With respect to any redemption pursuant to the provisions described under the subcaption "Mandatory Redemption from Principal Payments or Prepayments" above, notice having been given in the manner as provided for under the caption "Notice of Redemption" above (or not required to be given as a result of a redemption pursuant to clause (i) under the subcaption "Mandatory Redemption from Principal Payments or Prepayments" above), and all conditions to the redemption contained in that notice, if applicable, having been met, the Bonds so called for redemption will become due and payable on the redemption date so designated at the Redemption Price specified under the subcaption "Mandatory Redemption from Principal Payments or Prepayments" above, and upon presentation and surrender thereof at the offices specified in that notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for those redeemed Bonds will be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all the Bond or the Bonds to be redeemed, together with all accrued interest on those Bonds, which will equal all interest accrued on the Pass-Through Certificate to the redemption date, are held by the Trustee so as to be available therefor on that date and if notice of redemption has been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption will cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but the Borrower takes no responsibility for the accuracy thereof.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully-registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully-registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or Holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks,

trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participant's records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued. See "DESCRIPTION OF THE BONDS – Transfers Outside Book-Entry System" above.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in actual ownership. DTC has no knowledge of the book entry interest owners (or beneficial owners) of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the book entry interest owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and debt service payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. See "DESCRIPTION OF THE BONDS – Transfers Outside Book-Entry System" above.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the Pass-Through Certificate, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to the provisions described under the caption "Notice of Redemption" above and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

ANTICIPATED APPLICATION OF FUNDS

The proceeds of the Bonds will be used, pursuant to the Financing Agreement, to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project and to pay certain additional costs related thereto. The Bonds will be secured initially by the proceeds of the Mortgage Loan made by the Lender to the Borrower (from funds other than the proceeds of the Bonds, but in an amount equal to the original principal amount of the Bonds) on deposit in the Collateral Security Fund as described herein (see "SUMMARY OF THE BONDS – The Bonds, the Mortgage Loan and the Pass-Through Certificate"). Such Mortgage Loan proceeds held by the Trustee are anticipated, together with Bond proceeds deposited in the Collateral Security Interest Account of the Collateral Security Fund, to be applied by the Trustee to purchase the Pass-Through Certificate, if the conditions to issuance of the Pass-Through Certificate by Fannie Mae and the acquisition of the Pass-Through Certificate by the Trustee described herein are satisfied.

SECURITY FOR THE BONDS

General

All right, title and interest of the Issuer in and to amounts on deposit in the Collateral Security Fund to be funded at closing in an amount equal to the principal amount of the Bonds; the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee in exchange for amounts on deposit in the Collateral Security Fund; all right, title and interest of the Issuer owned as of or acquired after the date of the Indenture in, to and under the Financing Agreement (except Reserved Rights, as defined in the Indenture); all Revenues; and all other property that by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf, and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture.

The Pass-Through Certificate

The Bonds are being issued by the Issuer to finance a portion of the cost of the acquisition and rehabilitation of the Project, and pay certain additional costs related thereto. The Bonds will initially be secured by the deposit of the proceeds of the Mortgage Loan, including interest, in an amount sufficient to pay the principal of the Bonds plus interest thereon to the Initial Mandatory Redemption Date into certain funds and accounts under the Indenture, as further described herein. Upon the satisfaction of certain conditions set forth in the Indenture, the

Trustee will transfer the proceeds of the Mortgage Loan to acquire a Guaranteed Mortgage Pass-Through Certificate, backed by the Mortgage Loan on the Project, and to be issued, upon satisfaction of the conditions set forth in the Indenture, by Fannie Mae.

It is expected that the Pass-Through Certificate will be acquired by the Trustee prior to the First Payment Date, and in any event prior to the Initial Mandatory Redemption Date, unless such Purchase Date is extended as provided in the Indenture. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date.

If the Pass-Through Certificate is not acquired by the Trustee prior to the Initial Mandatory Redemption Date (as such date may be extended pursuant to the Indenture), the Bonds will be redeemed at the Original Issue Price plus accrued interest on the Bonds to the Initial Mandatory Redemption Date (as such redemption date may be extended) from proceeds of the Bonds and other Preference Proof Moneys on deposit under the Indenture. See "SUMMARY OF THE BONDS" above.

See "SUMMARY OF THE PASS-THROUGH CERTIFICATE ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN" above for a description of the terms expected to be borne by the Pass-Through Certificate if issued by Fannie Mae and acquired by the Trustee. This description does not purport to be complete. Reference is made to the Fannie Mae MBS Prospectus and to the form of Prospectus Supplement for MBS Certificate attached hereto as APPENDIX H for the complete terms of the Pass-Through Certificate and the rights, duties and obligations of Fannie Mae thereunder.

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS AND THE RELATED FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

Bonds Not a Debt of the State

Notwithstanding anything contained in the Indenture to the contrary, any obligation which the Issuer may incur under the Indenture or under any instrument executed in connection therewith which shall entail the expenditure of money shall not be a general obligation of the Issuer but shall be a special limited obligation payable solely from the Trust Estate.

The Bonds shall constitute a valid claim of the respective holders thereof against the Trust Estate, which is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds and which shall be utilized for no other purpose, except as expressly authorized in the Indenture. The Bonds do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the State or any political corporation or subdivision or any agency thereof. The Bonds do not create in any manner a debt, liability or obligation on the part of the State, or any political subdivision or any agency thereof, other than the Issuer to the limited extent provided in the Indenture, and each such entity is prohibited by the act from making any payments with respect to the Bonds. The Issuer has no taxing power.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. In addition to factors set forth elsewhere in this Official Statement, purchasers of Bonds should carefully consider the following risk factors in connection with investment in the Bonds. The following summary does not purport to be comprehensive or definitive, but rather is intended as a brief summary of some of such risk factors.

Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, except under certain circumstances described under the caption "DESCRIPTION OF THE BONDS – Redemption of Bonds; Prepayment – Mandatory Redemption upon Failure to Purchase the Pass-Through Certificate," and except as otherwise described herein with respect to certain payments prior to the First Payment Date (see subparagraph (e) of APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Collateral Security Fund"), the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the Pass-Through Certificate one Business Day after their receipt by the Trustee. Interest payments on the Bonds will equal either accrued interest on the Bonds, or interest payments received by the Trustee on each Distribution Date for the Pass-Through Certificate, which will be the 25th day of each month or the next Business Day if the 25th is not a Business Day, which is expected to commence on January 25, 2017*. Although interest accrues on the Pass-Through Certificate during a calendar month, Fannie Mae will not distribute interest to the Trustee as certificateholder until the Distribution Date in the following calendar month. The Bonds mature on December 1, 2033*; however, the final principal payment on the Pass-Through Certificate will occur on December 26, 2033*, and such payment will be passed through to Bondholders on December 27, 2033*. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.

Pass-Through Certificate

If the Pass-Through Certificate is issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds, Fannie Mae's obligations will be solely as provided in the Pass-Through Certificate and in the Fannie Mae MBS Prospectus and the related form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the Pass-Through Certificate will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the Pass-Through Certificate, if issued, that the financial resources of the Borrower will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrower will be sufficient to pay the principal of, premium if any, and interest on the Bonds in the event the Trustee is forced to seek recourse against the Borrower. See "SECURITY FOR THE BONDS" herein.

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

The Borrower has covenanted and agreed, pursuant to, among other documents, the Regulatory Agreement, to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenant. See "TAX MATTERS" herein. However, the Borrower's covenant to comply with the requirements of the Code is nonrecourse to the Borrower, and the Borrower's liability is limited to the revenues and assets comprising the Project. Furthermore, the Borrower's failure to comply with such provisions will not constitute a default under the Mortgage Loan and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds, nor will the Borrower's failure to comply with the Regulatory Agreement give rise to a prepayment or acceleration of amounts due under the Pass-

* Preliminary; subject to change.

Through Certificate, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law, and there is no assurance that either the Issuer, the Trustee or the Bondholders will have remedies available to them to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower's noncompliance.

Performance of the Project

No assurance can be given as to the future performance of the Project. See "THE MORTGAGE LOAN" and "THE PROJECT AND THE PRIVATE PARTICIPANTS – Risk Factors" above. The economic feasibility of the Project depends in large part upon the ability of the Borrower to maintain substantial occupancy throughout the term of the Bonds at sufficient rents. Occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the areas served by the Project. Restrictions imposed under the Code on tenant income and the rent that can be charged could have an adverse effect on the Borrower's ability to satisfy its obligations under the Financing Agreement, especially if operating expenses should increase beyond what was anticipated.

Default May Result in Redemption of the Bonds

A default by the Borrower under the Mortgage Loan may – upon compliance with the terms of the Pass-Through Certificate and the Indenture – result in a mandatory redemption of the Bonds. No premium will be paid on the Bonds in the event of such a redemption. See "DESCRIPTION OF THE BONDS – Redemption of Bonds; Prepayment" herein.

Estimated Rental Revenue/Vacancies

The economic feasibility of the Project depends in large part upon its being substantially occupied at rentals adequate to cover all operating expenses of the Project and debt service on the Mortgage Loan as well as continued funding of the HAP Contract by HUD. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by the Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, notwithstanding the HAP Contract and albeit at below market rental rates. The rent and affordability restrictions may adversely affect the revenues of the Project.

Estimated Project Expenses; Management

The success of the Project depends upon economic conditions, successful management of the Project and other factors. Furthermore, should management of the Project prove to be inefficient, increases in operating expenses might exceed increases in rents which can be supported by market conditions. The economic feasibility of the Project also depends to a large extent on operating expenses. No assurances can be given that moneys available to the Borrower from operation of the Project will be sufficient to make the required payments on the Financing Agreement and the Mortgage Note.

CONTINUING DISCLOSURE

The Borrower has undertaken all responsibilities for any continuing disclosure to owners of the Bonds as described below, and the Issuer shall have no liability to the owners or any other person with respect to such disclosures. The Borrower has covenanted for the benefit of owners and Beneficial Owners of the Bonds to provide its audited financial statements and certain financial information and operating data relating to the Borrower by not later than one hundred eighty (180) days after the end of each fiscal year (which fiscal year currently ends on December 31), commencing with the report for the fiscal year ending December 31, 2017 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report is required to be filed by the Borrower with the MSRB. All notices of material events are required to be filed by the Borrower

with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). The Issuer is not a party to the Continuing Disclosure Agreement, has no obligations with respect thereto and has not undertaken any continuing disclosure obligations with respect to the Bonds.

The Borrower has not previously been subject to the continuing disclosure requirements of Rule 15c2-12.

TAX MATTERS

Tax Exemption

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Code, and interest on the Bonds is not a specific preference item or included in adjusted current earnings of corporations for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Issuer and Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Issuer and Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is not includable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes and is not an item of tax preference for purposes of the Minnesota alternative minimum taxes imposed on individuals and corporations. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Minnesota or any other state or jurisdiction.

The foregoing is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is

discovered. The Issuer will covenant that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The Issuer and the Borrower will deliver certificates with respect to ongoing federal tax requirements with the issuance of the Bonds which will contain provisions relating to compliance with the requirements of the Code. The Issuer also has required the Borrower to make certain covenants in the Mortgage Loan Documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Issuer or the owners of the Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Bonds for federal income tax purposes. Such federal tax compliance covenants will be subordinate to the rights of Fannie Mae under the Mortgage Loan Documents and the enforcement of such covenants will be subject to Fannie Mae approval. Because of these Fannie Mae restrictions, enforcement remedies available to the Issuer or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on the Bonds for federal income tax purposes.

Low Income Set-Aside Requirements under the Code

The Bonds must satisfy the applicable requirements of the Code, including the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements and other requirements for qualified residential rental projects under the Code.

The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the tax-exempt bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the tax-exempt bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). See "THE PROJECT AND THE PRIVATE PARTICIPANTS – Income and Rent Restrictions" herein for the applicable median income and set-aside election relating to the Project. In addition, all of the units in the Project must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first (1st) day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first (1st) day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A project generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140% of the applicable income limitation. As tax credits under Section 42 of the Code have been assigned to the Project, upon an increase of a tenant's income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the same building as the tenant whose income has increased over 140% of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Expenditures for Rehabilitation

The Code requires that the Borrower spend a minimum sum of money for rehabilitation expenditures with regard to the Project. The minimum amount of rehabilitation expenditures that must be incurred is equal to 15% of the amount of Bond proceeds applied to pay for the cost of acquiring the existing building (including the building fixtures and equipment within, but not including the cost of land). Such minimum amount of rehabilitation expenditures must be incurred no later than two (2) years after the later of the date of issuance of the Bonds or the date that the building is acquired by the Borrower. The Code also requires less than 25% of the net proceeds of the Bonds be used to acquire land.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Certain State Tax Legislation

State, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, State enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of State governmental units and Indian tribes be included in the net income of individuals, estates and trusts for State income tax purposes if a court determines that State's exemption of such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

On May 19, 2008 the U.S. Supreme Court held in Department of Revenue of Kentucky v. Davis that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so-called 'private-activity,' 'industrial-revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

Since the Bonds are "private activity bonds" and the Supreme Court's opinion left open the possibility of a challenge to State's differential treatment of the interest on private activity bonds issued in other states, the Issuer cannot predict the outcome of any such challenge. If State's treatment of such bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax State bond interest, application of the 1995 statute to subsequent years could cause interest on the Bonds to become taxable by State and the market value of the Bonds to decline.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

NO LITIGATION

The Issuer

To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Issuer in connection with the Bonds, the completeness or accuracy of the Official Statement, the existence or powers of the Issuer relating to the sale of the Bonds, the financial position or condition of the Issuer, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

The Borrower

At the time of delivery and payment for the Bonds, the Borrower will deliver, or cause to be delivered, a certificate of the Borrower substantially to the effect that there is no litigation of any nature now pending or, to the knowledge of the Borrower or its partners, threatened in writing against or adversely affecting the existence of the Borrower or its partners, involving the Project in any material respect or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the financing of the Mortgage Loan or the financing of the Project, or in any way contesting or affecting the validity or enforceability of the Bonds or the Bond Documents to which the Borrower is a party, or any proceedings of the Borrower taken with respect to the sale, execution or delivery thereof, or the application of any moneys or security provided for the payment of the Bonds, or contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers or authority of the Borrower with respect to the Bond Documents to which it is a party or challenging the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds by the Issuer are subject to the approval of Kutak Rock LLP, Atlanta, Georgia, Bond Counsel to the Issuer. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, DLA Piper LLP (US). Certain legal matters will be passed upon for the Borrower by its Counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota. Certain legal matters will be passed upon for the Underwriter by its Counsel, Norris George & Ostrow PLLC, Washington, D.C.

LEGALITY OF BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that bonds issued thereunder are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians and for all public funds of the State or other political corporations or subdivisions of the State. Such bonds are eligible to secure the deposit of public funds of the State, localities, school districts or other political corporations or subdivisions of the State, and shall be security for such deposits to the extent of their value.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in a Bond Purchase Agreement (the "Bond Purchase Agreement") among Dougherty & Company LLC (the "Underwriter"), the Issuer and the Borrower, the Underwriter has agreed to purchase the Bonds at the price listed on the cover page hereof. As consideration for its underwriting of the Bonds, the Underwriter will be paid a fee equal to $_____, from which the Underwriter will pay certain fees and expenses.

The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased and to use their best efforts to sell the Bonds. The Bonds are being offered for sale at the price set forth on the cover page of this Official Statement, which price may be lowered by the Underwriter from time to time without notice. The

Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or any account managed by them, at prices lower than the public offering prices.

MULTIPLE ROLES OF PARTIES

Dougherty Mortgage LLC, an affiliate of the Underwriter, is acquiring and servicing the Mortgage Loan and is being separately compensated for its service in such capacity. Dougherty & Company LLC will serve as the Underwriter for the Bonds. Conflicts of interest could arise by reason of the different capacities in which Dougherty & Company LLC and its affiliates act in connection with the Bonds and the Mortgage Loan.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower and the Underwriter are being represented by the attorneys or law firms identified above under the heading "CERTAIN LEGAL MATTERS." In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower or the Underwriter or their affiliates, in capacities different from those described, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Borrower and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

THE TRUSTEE

The Issuer has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States of America, to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned to the Bonds a rating of "Aaa." Such rating reflects only the view of the Rating Agency and an explanation of the significance of the rating may be obtained from the Rating Agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the Rating Agency, if in its judgment, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Bonds.

A rating is not a recommendation to buy, sell, or hold the Bonds. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Rating Agency will not undertake responsibility either to bring to the attention of the registered owners of the Bonds any proposed

revision or withdrawal of the rating of the Bonds, if issued, or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such a rating could have an adverse effect on the market price of the Bonds if a registered owner attempts to sell the same.

The Rating Agency has not assumed any responsibility either to notify the owners of any proposed change in or withdrawal of such rating subsequent to the date of the Official Statement, and the Borrower has such responsibility only in connection with the reporting of events as provided in the Continuing Disclosure Agreement. Neither of them has any responsibility to contest any such revision or withdrawal.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof. The foregoing references to and summaries or descriptions of provisions of the Bonds, the Indenture, the Financing Agreement, and the Regulatory Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. After the Closing Date, copies of the Indenture, the Financing Agreement, and the Regulatory Agreement may be obtained from the Trustee at its designated corporate trust office.

Additional information may be obtained from the undersigned at Amorce II Limited Partnership, 3033 Excelsior Boulevard, Suite 215, Minneapolis, Minnesota 55416.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Issuer and the purchasers or owners of any Bonds.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof have been duly authorized and approved by the Issuer and the Official Statement has been duly executed and delivered on behalf of the Borrower.

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[BORROWER'S SIGNATURE PAGE TO OFFICIAL STATEMENT]

AMORCE II LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Amorce II GP LLC,
a Minnesota limited liability company,
its General Partner

By: _____
Lori Boisclair, President

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms, or summaries thereof, used in the Indenture or appearing in this Official Statement.

"Act" means Minnesota Statutes, Chapter 462A, as amended.

"Actual/360" means a computation of interest accrual on the basis of a 360 day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by 360, and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

"Attesting Officer" means the officer or official of the Issuer who in accordance with the Bond Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising those responsibilities.

"Authorized Borrower Representative" means any officer of the general partner of the Borrower and such additional persons or entities duly designated by the Borrower in writing to act on its behalf.

"Authorized Officer" means the Commissioner, the Chair, the Chief Financial Officer, Director of Finance or any other person designated to act on behalf of the Issuer by the Bond Resolution.

"Bankruptcy Code" means the Federal Bankruptcy Code, Title 11 of the United States Code.

"Beneficial Owner" means the purchaser of a beneficial interest in the Bonds.

"Bond Counsel" means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

"Bond Documents" will have the meaning assigned to that term in the Financing Agreement.

"Bond Fund" means the Fund created and so designated in the Indenture.

"Bond Register" means the registration books of the Issuer maintained by the Trustee as provided in the Indenture on which registration and transfer of the Bonds is to be recorded.

"Bond Registrar" has the meaning given to such term in the Indenture.

"Bond Resolution" means the Issuer's Resolution MHFA No. [17-__], adopted on November 16, 2017, authorizing the issuance and sale of the Bonds.

"Bondholder" or "holder" or "owner" of any Bond or any similar term means the person in whose name any Bond is registered.

"Bonds" means the Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project), in the principal amount of $5,392,000*, including any bond or bonds, as the case may be, authorized under and secured by the Indenture and issued pursuant to the Indenture.

"Book Entry Bonds" means the Bonds for which a Depository or its Nominee is the Bondholder.

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* Preliminary; subject to change.

"Borrower" means Amorce II Limited Partnership, a Minnesota limited partnership.

"Bridge Loan" means an equity bridge loan from Bridgewater Bank, a Minnesota banking corporation, to the Borrower in a principal amount up to $3,475,000*.

"Business Day" means, with respect to the Pass-Through Certificate and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the Pass-Through Certificate is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account, and, with respect to the Bonds, any day that is also a day on which the Trustee is open for business.

"Closing Date" means the date the Bonds are initially issued and delivered to the original purchaser or purchasers thereof.

"Code" means the United States Internal Revenue Code of 1986, as amended, and the Regulations thereunder, or any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

"Collateral Security Fund" means the fund of that name established by the Indenture.

"Collateral Security Interest Account" means the account of that name established by the Indenture.

"Collateral Security Principal Account" means the account of that name established by the Indenture.

"Costs of Issuance" means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, "costs of issuance" include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Costs of Issuance Fund" means the Fund created and so designated in the Indenture.

"Counsel's Opinion" or "Opinion of Counsel" means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (who may be counsel for the Issuer, the Borrower or Fannie Mae) acceptable to the Trustee or the Issuer, as applicable.

"Depository" means, initially, DTC and any replacement securities depository appointed under the Indenture.

"Designated Trust Office" means, the corporate trust office of the Trustee in [_____], or any other office designated by the Trustee from time to time except that with respect to presentation of Bonds for payment or for registration of transfer and exchange that term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

"DTC" means The Depository Trust Company, New York, New York.

"Electronic Means" means (i) with respect to any notice or instruction delivered to the Trustee, "Electronic Means" as defined in Article IX of the Indenture, or (ii), with respect to any other notice or communication delivered under the Indenture, a facsimile transmission or any other electronic means of communication approved in writing by Fannie Mae.

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* Preliminary; subject to change.

"Event of Default" means any occurrence or event specified as such in the Indenture.

"Extension Deposit" means the deposit of Preference Proof Moneys described in the Indenture.

"Fannie Mae" means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

"Fannie Mae Trust Indenture" means that certain Trust Indenture of Fannie Mae in its corporate capacity and Fannie Mae in its trustee capacity, dated as of October 1, 2010 (for fully fixed rate mortgage loans), as amended and supplemented, pursuant to which the Pass-Through Certificate is issued.

"Financing Agreement" means the Financing Agreement, dated as of the date of the Indenture, by and among the Issuer, the Trustee, the Lender and the Borrower, as it may be amended from time to time.

"First Payment Date" means December 27, 2017*.

"Fund" or "Account" means a fund or account created by or pursuant to the Indenture.

"Government Obligations" means direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, the full faith and credit of the United States of America.

"Highest Rating Category" has the meaning, with respect to an Investment, given in this definition. If the Bonds are rated by a Rating Agency, the term "Highest Rating Category" means, with respect to an Investment, that the Investment is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Highest Rating Category" means, with respect to an Investment, that the Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is "A-1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG-1" (for fixed rate) or "VMIG-1" (for variable rate) for one year or less and "Aaa" for greater than one year. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate an Investment and (iii) one of those ratings is below the Highest Rating Category, then that Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, an Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment will be deemed to be rated below the Highest Rating Category. For example, an Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"Indenture" means the Indenture of Trust as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

"Initial Mandatory Redemption Date" means January 26, 2018*.

"Investment" means any Permitted Investment and any other investment held under the Indenture that does not constitute a Permitted Investment.

"Issuer" the Minnesota Housing Finance Agency, a public body corporate and politic of the State, duly organized and existing under the laws of the State of Minnesota.

"Issuer's Annual Fee" means the ongoing fee of the Issuer in connection with the monitoring of compliance with the Regulatory Agreement as set forth in the Regulatory Agreement.

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* Preliminary; subject to change.

"Issuer's Closing Fee" means the initial closing fee in the amount set forth in the Indenture due and payable by the Borrower on the Closing Date.

"Lender" means Dougherty Mortgage LLC, a Delaware limited liability company, and its successors and assigns.

"Limited Partner" means, together, WNC Holding, LLC, a California limited liability company, and WNC Housing, L.P., a California limited partnership, and their successors and/or assigns.

"Loan Agreement" means the Multifamily Loan and Security Agreement (Non-Recourse) dated the Closing Date, by and between the Borrower and the Issuer, which will be assigned by the Issuer to the Lender.

"Mandatory Redemption Date" means the date on which the Bonds are subject to mandatory redemption pursuant to the Indenture, including the Initial Mandatory Redemption Date, as that date may be extended pursuant to the Indenture.

"Maturity Date" means December 1, 2033*, subject to final payment of principal with respect to the Pass-Through Certificate (December 26, 2033*) that will be passed through to the Bondholders on December 27, 2033*.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as assigns credit ratings.

"Mortgage" means the Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated the Closing Date, together with all riders and exhibits, securing the Mortgage Note and the obligations of the Borrower to Fannie Mae under the applicable credit facility documents, executed by the Borrower with respect to the property described in the Mortgage, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as that substitute security instrument may be amended, supplemented or restated from time to time.

"Mortgage Loan" means the mortgage loan made to the Borrower by the Lender with respect to the Project on the Closing Date pursuant to the Loan Agreement.

"Mortgage Loan Documents" means, collectively, the Mortgage Note, the Mortgage, the Loan Agreement and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each of those documents, agreements or instruments may be amended, supplemented or restated from time to time. Neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

"Mortgage Note" means that certain note from the Borrower payable to the order of the Lender and endorsed by the Lender, without recourse, to the order of Fannie Mae, evidencing the Borrower's obligation to repay the Mortgage Loan.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Officer's Certificate" means a certificate signed by an Authorized Officer or, if that certificate pertains to official action taken by the Issuer or official records of the Issuer, by an Attesting Officer.

"Operating Fund" means the Fund created and so designated in the Indenture.

"Operating Revenues" means all amounts deposited into the Operating Fund from amounts paid under the Financing Agreement.

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* Preliminary; subject to change.

"Original Issue Price" means the price of $5,392,000* paid upon the issuance of the Bonds.

"Outstanding" means, when used with reference to the Bonds and as of any particular date, all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation; (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of that Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice has been given or provided for in accordance with the provisions of the Indenture, and (c) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to the Indenture.

"Participant" means a member of, or a participant in, the Depository.

"Pass-Through Certificate" means the Guaranteed Mortgage Pass-Through Certificate with respect to the Mortgage Loan bearing interest at the Pass-Through Rate, to be issued to and registered in the name of the Trustee by Fannie Mae pursuant to the Indenture.

"Pass-Through Certificate Purchase Price" means the principal amount outstanding on the Mortgage Loan plus accrued interest on the Pass-Through Certificate at the Pass-Through Rate. That amount will equal the original principal amount of the Mortgage Loan ($5,392,000*) less any scheduled principal payments on or prepayments of the Mortgage Loan prior to the Purchase Date.

"Pass-Through Certificate Revenues" means all payments made under and pursuant to the Pass-Through Certificate.

"Pass-Through Rate" means the interest rate established with respect to the Pass-Through Certificate, which is __% per annum.

"Payment Date" means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date principal, interest, or premium, if any, payment is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date.

"Permitted Investments" shall mean, to the extent authorized by law for the investment of moneys of the Issuer, any of the following:

(a) Government Obligations;

(b) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAm-G or AAAm by S&P or Aaa by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAm-G or AAAm by S&P, if S&P is a Rating Agency, or Aaa by Moody's, if Moody's is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAm-G or AAAm by S&P or Aaa by Moody's. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate a money

* Preliminary; subject to change.

market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the Highest Rating Category of that rating agency.

"Placed in Service Date" means the date the Project is placed in service for purposes of Section 42 of the Code.

"Preference Proof Moneys" means (i) moneys drawn on a letter of credit, (ii) proceeds of the Bonds, (iii) proceeds of the Mortgage Loan and the Bridge Loan, or (iv) moneys in connection with which the Trustee has been delivered an opinion of bankruptcy counsel acceptable to it to the effect that the use of those moneys would not be avoidable as a preference under Section 547 of the United States Bankruptcy Code or give rise to a stay under Section 362(a) of the United States Bankruptcy Code.

"Proceeds Fund" means the Fund created and so designated in the Indenture.

"Project" means, together, two multifamily rental housing developments known as Bridgeway Apartments and Park Acres Apartments, respectively located in Robbinsdale and New Hope, Minnesota, on the sites described in the Mortgage.

"Purchase Date" means the date on which funds in the Collateral Security Principal Account are applied by the Trustee to the purchase of the Pass-Through Certificate.

"Qualified Financial Institution" means any of: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by Fannie Mae the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity that is acceptable to Fannie Mae.

"Rating Agency" means Moody's or any other nationally recognized securities rating agency rating the Bonds, or that rating agency's successors or assigns.

"Rebate Fund" means the Fund created and so designated in the Indenture.

"Record Date" means the fifteenth day of the month (regardless of whether a Business Day) immediately preceding each Payment Date.

"Redemption Price," when used with respect to a Bond or portion thereof redeemed pursuant to the Indenture, means the principal amount of the Pass-Through Certificate or portion prepaid, plus premium, if any, paid and interest received pursuant to the Pass-Through Certificate as provided in the Indenture, and with respect to a Bond or portion thereof redeemed pursuant to the Indenture, means the principal amount thereof to be redeemed plus interest thereon as provided in the Indenture to be paid from amounts in the Collateral Security Interest Account.

"Regulations" means the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury, as the same may be amended after the date of the Indenture, including without limitation regulations promulgated by the Department of the Treasury to implement the requirements of Section 148 of the Code.

"Regulatory Agreement" means the Bond Regulatory Agreement relating to the Project, dated as of November 1, 2017, among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

"Rehabilitation Account" means the Account of that name created within the Proceeds Fund in the Indenture.

"Representation Letter" has the meaning given to that term in the Indenture.

"Reserved Rights" means those certain rights of the Issuer under the Financing Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement relating to the Reserved Rights.

"Responsible Officer" means any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

"Revenues" means the Pass-Through Certificate Revenues and the Operating Revenues.

"S&P" means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

"State" means the State of Minnesota.

"Substitute Depository" means a securities depository appointed as successor to DTC under the Indenture.

"Supplemental Indenture" means any indenture duly authorized and entered into between the Issuer and the Trustee after the date of the Indenture amending or supplementing the Indenture in accordance with the provisions of the Indenture.

"Term Sheet" means the Term Sheet relating to the terms of the Mortgage Loan and, when and if issued, the Pass-Through Certificate, dated the Closing Date and attached as an exhibit to the Financing Agreement.

"Trust Estate" means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means U.S. Bank National Association.

"Underwriter" means Dougherty & Company LLC.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary of certain provisions of the Indenture does not purport to be complete, and is qualified in its entirety by reference to the specific terms of the Indenture.

NOTWITHSTANDING ANYTHING CONTAINED IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT ENTAILS THE EXPENDITURE OF MONEY WILL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT WILL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS WILL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH WILL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OR ANY POLITICAL CORPORATION OR SUBDIVISION OR ANY AGENCY THEREOF. THE BONDS DO NOT CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION ON THE PART OF THE STATE, OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF, OTHER THAN THE ISSUER TO THE LIMITED EXTENT PROVIDED IN THE INDENTURE, AND EACH OF THOSE ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS. THE ISSUER HAS NO TAXING POWER.

Establishment of Funds

In addition to the Proceeds Fund established under the Indenture, the Trustee will establish, maintain and hold in trust the following funds, each of which will be disbursed and applied only as authorized in the Indenture:

(a) Bond Fund;

(b) Operating Fund;

(c) Costs of Issuance Fund;

(d) Collateral Security Fund; and

(e) Rebate Fund.

Application of Revenues

All Pass-Through Certificate Revenues will be deposited by the Trustee, promptly upon receipt thereof, to the Bond Fund.

Application of Operating Fund

All Operating Revenues will be deposited into the Operating Fund. Amounts in the Operating Fund will be withdrawn by the Trustee and used solely to pay first, any amount required to be deposited in the Rebate Fund to the extent sufficient funds are not otherwise made available to the Trustee for those purposes, second, the Issuer's Annual Fee, third, on each Payment Date the fees and expenses of the Trustee, and fourth, the fees and expenses incurred in connection with the determination of rebatable arbitrage. In the event the amounts in the Operating Fund are not equal to the amounts payable from the Operating Fund on any date on which those amounts are due and payable to fund that deficiency, the Trustee will give notice to the Borrower and the Limited Partner of that deficiency and of the amount of that deficiency and request payment within five Business Days to the Trustee of the

amount of that deficiency. No amount will be charged against the Operating Fund except as expressly provided under this caption.

Application of Bond Fund

The Trustee will disburse from the Bond Fund, on each Payment Date an amount equal to the amount of the principal, including prepayments, interest and premium, if any, received on the Pass-Through Certificate on or immediately prior to that Payment Date.

Investment of Funds

The moneys held by the Trustee will constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds under the Indenture will be invested by the Trustee at the written direction or telephonic direction (promptly confirmed in writing) of the Borrower in Permitted Investments that mature or are redeemable at par on the earlier of (a) 180 days from the date of investment, or (b) the date on which those funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary, all amounts in the Bond Fund and the Proceeds Fund will be held uninvested, and all amounts in the Collateral Security Fund will be uninvested or invested solely in Permitted Investments described in subparagraph (a) of the definition of Permitted Investments. If the Trustee does not receive written direction or telephonic directions (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee will invest solely in Permitted Investments described in subparagraph (a) of the definition of Permitted Investments, which will mature or be redeemable at par at the times set forth in the preceding sentence. The Trustee may make any and all of those investments through its own banking department or the banking department of any affiliate.

Permitted Investments representing an investment of moneys attributable to any Fund will be deemed at all times to be a part of that Fund. Those investments will be sold at the best price obtainable whenever it is necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from that Fund. In the case of any required transfer of moneys to another Fund, those investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Permitted Investments acquired by the Trustee pursuant to the Indenture will be purchased in the name of the Trustee and will be held for the benefit of the holders of the Bonds and Fannie Mae pursuant to the terms of the Indenture. The Trustee will take any actions as are necessary to assure that those Permitted Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest created in the Indenture.

The Trustee will not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but will account for each separately. The Trustee does not have any obligation to monitor the ratings of any Permitted Investments.

In computing for any purpose under the Indenture the amount in any Fund on any date, obligations so purchased will be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four days prior to that date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives that notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Rebate Fund

The Rebate Fund will not be subject to the lien or encumbrance of the Indenture, but will be held in trust for the benefit of the United States of America, and will be subject to the claim of no other person, including that of the Trustee and Bondholders. The interest on any Permitted Investments representing an investment of moneys in

the Rebate Fund and any profit arising from the sale thereof will be retained in the Rebate Fund. Any moneys deposited therein in accordance with the provisions of the Indenture will be used for no other purpose than to make payments to the United States Treasury, at the time and in the manner and amount specified in the Indenture.

Costs of Issuance Fund

On or before the Closing Date, the Borrower must deliver to the Trustee for deposit in the Costs of Issuance Fund, amounts to pay Costs of Issuance from sources other than Bond proceeds. The Trustee will use amounts in the Costs of Issuance Fund to pay the Costs of Issuance on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower or the closing memorandum of the Underwriter (and agreed to by the Borrower through the signature of an Authorized Borrower Representative), upon delivery to the Trustee of appropriate invoices for those expenses and instructions of the Borrower or the Underwriter for payment of those invoices. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date will be returned to the Borrower and the Costs of Issuance Fund will be closed.

Collateral Security Fund

(a) There will be established within the Collateral Security Fund two Accounts: (i) a Collateral Security Principal Account, and (ii) a Collateral Security Interest Account.

(b) On the Closing Date, (i) the proceeds of the Mortgage Loan in an amount equal to the principal amount of the Bonds will be deposited to the Collateral Security Principal Account, (ii) accrued interest on the Bonds will be deposited to the Collateral Security Interest Account, and (iii) Bond proceeds in an amount equal to the interest on the Bonds for the remainder of the month of November 2017* from the Closing Date will also be deposited to the Collateral Security Interest Account, and an amount equal to 56* days of interest on the Bonds (e.g., to cover the period from December 1, 2017* to but not including January 26, 2018*) will also be deposited to the Collateral Security Interest Account (for a total deposit to the Collateral Security Interest Account equal to [__]* days' interest on the Bonds).

(c) Moneys on deposit in the Collateral Security Fund (derived from the amount on deposit in the Collateral Security Principal Account and an amount on deposit in the Collateral Security Interest Account equal to the accrued interest on the Pass-Through Certificate) will be applied by the Trustee to purchase the Pass-Through Certificate on the Purchase Date.

(d) If the Purchase Date occurs in the same month as the Closing Date (i.e., November 2017*), or in a subsequent month following the Payment Date for that month, then following the Purchase Date the Trustee will, in the case of Bond proceeds, transfer the remaining balance in the Collateral Security Interest Account to the Rehabilitation Account of the Proceeds Fund, or otherwise disburse those funds to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(e) If the Purchase Date (i) occurs in a month following the Closing Date (e.g., December 2017*) and (ii) on or prior to the Payment Date for that month, then the Trustee will retain the amount on deposit in the Collateral Security Interest Account and apply moneys from that Account to pay the interest on the Bonds on the next Payment Date. So long as payment has already been made or provided for with respect to the Payment Date in the month in which the Purchase Date occurs, any balance in the Collateral Security Interest Account following that Payment Date will be, in the case of Bond proceeds, transferred to the Rehabilitation Account of the Proceeds Fund, or otherwise disbursed to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(f) The Borrower may at any time (not later than the last day for which notice of redemption must be given) extend the Initial Mandatory Redemption Date by depositing Preference Proof Moneys to the credit of the

* Preliminary; subject to change.

Collateral Security Interest Account in an amount sufficient to pay the interest on the Bonds from the last Payment Date to the extended Mandatory Redemption Date (an "Extension Deposit").

(g) Extension Deposits will continue to be made by the Borrower until the Purchase Date occurs or the Borrower declines to make an Extension Deposit resulting in the mandatory redemption of the Bonds pursuant to the Indenture.

(h) If a Purchase Date has not yet occurred and the Borrower has deferred the Initial Mandatory Redemption Date or any subsequent Mandatory Redemption Date by making an Extension Deposit, the Trustee will apply amounts on deposit in the Collateral Security Interest Account to pay the preceding month's accrual of interest on the Bonds on the next Payment Date. Whether or not the Purchase Date has been extended, on any Payment Date, the Trustee will also apply amounts on deposit in the Collateral Security Principal Account equal to the amount set forth in the Mortgage Loan amortization schedule on the first day of the month in which that Payment Date occurs as included in the Term Sheet to redeem principal of the Bonds on that Payment Date; that redemption will be in an amount equal to the preceding month's principal amortization on the Mortgage Loan as set forth in the Mortgage Loan amortization schedule included in the Term Sheet.

(i) After the Purchase Date, and after making the transfers set forth in paragraphs (d) and (e) above, the Trustee will remit to the Borrower any moneys on deposit in the Bond Fund deriving from the Mortgage Loan that are not needed to pay debt service on or the Redemption Price of the Bonds due to the operation of the Collateral Security Interest Account.

(j) Moneys on deposit in the Collateral Security Fund will be uninvested or invested as provided for under the caption "Investment of Funds" above at a yield not exceeding the yield on the Bonds.

(k) Moneys on deposit in the Collateral Security Fund may also be used for the purposes of a mandatory redemption of the Bonds upon failure to purchase the Pass-Through Certificate, as more fully described in the Indenture.

Defeasance

If all Bonds are paid and discharged as provided under this caption, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds will cease and terminate, except only (a) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (b) the obligation of the Borrower to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (c) the obligation of the Issuer to comply with certain provisions of the Indenture. Any funds held by the Trustee at the time of that termination that are not required for payment to Bondholders or for payment to be made by the Issuer, will be paid as provided in the Indenture.

Any Bond or portion thereof in an authorized denomination will be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest on that Bond that have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash that, together with the amounts then on deposit in the Bond Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on that Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed in subparagraph (a) under the definition of Permitted Investments in the Indenture in the amount as in the written opinion of a certified public accountant will, together with the interest to accrue on those Permitted Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on that Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond has not been surrendered for payment; or

(iv) by exchanging that Bond for ownership of a like principal amount of the Pass-Through Certificate, including receipt of premium, if any, and interest due on that Bond to the date of exchange.

Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) above will be deemed a payment of that Bond until the earlier to occur of:

(1) if that Bond is by its terms subject to redemption within 45 days, proper notice of redemption of that Bond has been previously given in accordance with the Indenture to the holder thereof or, in the event that Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) above, the Issuer has given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of that Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) above, as applicable, has been made with the Trustee and that that Bond is deemed to have been paid and further stating the redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(2) the maturity of that Bond.

The Trustee will be entitled to receive a report from a nationally recognized accounting firm or other nationally-recognized verification agent to provide for the payment of all Bonds to be defeased pursuant to the provisions described under this caption.

No Release of Pass-Through Certificate

Except as provided under this caption and "Transfer of Pass-Through Certificate" below, the Trustee will not release and discharge the Pass-Through Certificate from the lien of the Indenture until the principal of, premium, if any, and interest on the Bonds has been paid or duly provided for under the Indenture. The Trustee will not release or assign the Pass-Through Certificate to any person other than a successor Trustee so long as Fannie Mae is not in default thereunder.

Transfer of Pass-Through Certificate

While the Bonds are Outstanding, the Trustee will maintain the Pass-Through Certificate in book entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of the Pass-Through Certificate.

Modification of Mortgage Terms

To the extent allowed by applicable State law, the Issuer will consent to the modification of, or modify, the amount of time or payment of any installment of principal or interest on any Mortgage Loan or the security for or any terms or provisions of any Mortgage Loan or Mortgage or the security for the same or the rate or rates of interest on the Mortgage Loans, solely to the extent required by federal or State law or regulations.

Events of Default

Each of the following will constitute an Event of Default under the Indenture:

(a) Failure by Fannie Mae to pay principal, interest or premium, if any, due under the Pass-Through Certificate;

(b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same becomes due; or

(c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture and the continuation of that default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75 percent in aggregate

principal amount of the Bonds Outstanding at that time specifying that default and requiring the same to be remedied.

The Trustee, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the Pass-Through Certificate, must notify Fannie Mae not later than the next Business Day (all those notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will promptly notify in writing the Issuer, the Bondholders, the Lender and Fannie Mae after a Responsible Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event that would become an Event of Default with the passage of time or the giving of notice, or both.

Acceleration; Rescission of Acceleration

Upon the occurrence of an Event of Default as set forth in subparagraph (a) under the caption "Events of Default" above, the Trustee may, and upon the written request of the holders of not less than 75 percent in aggregate principal amount of the Bonds then Outstanding, which written request must acknowledge that the amounts due on the Pass-Through Certificate cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, must, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and that principal and interest will thereupon become and be immediately due and payable. Subject to the provisions described under the caption "No Interference or Impairment of Pass-Through Certificate" below, upon the occurrence of an Event of Default as set forth in subparagraph (b) under the caption "Events of Default" above, no action may be taken by the Trustee, unless an Event of Default has occurred pursuant to subparagraph (a) thereof, in which event the Trustee will proceed as provided above. An Event of Default as set forth in subparagraph (c) under the caption "Events of Default" above will not give rise to an acceleration pursuant to the provisions described under this caption, provided, however, that following such an Event of Default, the holder of 100 percent of the Bonds then Outstanding may direct the Trustee in writing to transfer the Pass-Through Certificate to it or its designee, in which case, the Trustee will cancel the Bonds upon that release and transfer of the Pass-Through Certificate, and upon that transfer, the Bonds will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the Pass-Through Certificate and cancellation of the Bonds, all those payments will belong to and be transferred to the owner of the Pass-Through Certificate.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the Pass-Through Certificate.

If at any time after the Bonds have been so declared due and payable, and before any judgment or decree for the payment of the money due has been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, will pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of that declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on that overdue principal and (to the extent legally enforceable) on those overdue installments of interest, and the reasonable expenses of the Trustee have been made good or cured or adequate provisions have been made therefor, and all other defaults under the Indenture have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds will rescind and annul that declaration and its consequences; but no rescission and annulment will extend to or affect any subsequent Event of Default, nor will it impair or exhaust any right or power consequent thereon.

Other Remedies; Rights of Bondholders

Subject to the provisions described under the caption "No Interference or Impairment of Pass-Through Certificate" below, upon the happening and continuance of an Event of Default the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of those Bonds themselves might do, the rights of those Bondholders under the laws of the State or under the Indenture by any of the following remedies as the Trustee deems most effectual to protect and enforce those rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the Pass-Through Certificate;

(b) Upon an Event of Default as described in subparagraph (a) under the caption "Events of Default" above, only, by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture (including the sale or disposition of the Pass-Through Certificate); and

(c) By action or suit in equity, to enjoin any acts or things that may be unlawful or in violation of the rights of the holders of the Bonds and to execute any other papers and documents and do and perform any and all acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default has occurred, and if requested in writing by the holders of not less than 75 percent in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee will be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems to be in the best interests of the Bondholders subject to the limitations set forth above and in the Indenture.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every right and remedy will be cumulative and will be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture, the Financing Agreement, the Regulatory Agreement or the Pass-Through Certificate or existing at law or in equity as of or after the date of the Indenture.

No delay or omission to exercise any right or power accruing upon any default or Event of Default will impair any right or power or will be construed to be a waiver of any default or Event of Default or acquiescence therein and every right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, will extend to or affect any subsequent default or Event of Default or will impair any rights or remedies consequent thereon.

Application of Moneys After Default

All moneys collected by the Trustee at any time pursuant to the Indenture will, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Bond Fund. Those moneys so credited to the Bond Fund and all other moneys from time to time credited to the Bond Fund will at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture.

Subject in all instances to the provisions of the Indenture, in the event that at any time the moneys credited to the Bond Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, are insufficient for that payment, those moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in the Indenture) will be applied as follows:

(a) Only in the event that there has been an Event of Default under the Indenture pursuant to subparagraph (a) under the caption "Events of Default" above as a result of a failure by Fannie Mae to make payments under the Pass-Through Certificate, for payment of all amounts due to the Trustee incurred in performance of its duties under the Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under the Indenture and the other documents executed in connection with the Indenture;

(b) Unless the principal of all of the Bonds has become or has been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of those installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on that installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds that has become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on that date, to the persons entitled thereto, without any discrimination or preference and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on that date, to the persons entitled thereto, without any discrimination or preference; and

(c) If the principal of all of the Bonds has become or has been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Control of Proceedings

In the case of an Event of Default pursuant to subparagraph (a) under the caption "Events of Default" above, the holders of a majority in aggregate principal amount of the Bonds then Outstanding will have the right, subject to the provisions of the Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee will have the right to decline to follow any direction if the Trustee is advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith determines that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to that direction.

No Interference or Impairment of Pass-Through Certificate

Notwithstanding any other provision of the Indenture to the contrary, so long as the Pass-Through Certificate remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the Issuer, the Trustee nor any person under their control will, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under the Indenture other than to (a) enforce rights under the Pass-Through Certificate, (b) enforce the tax covenants in the Indenture and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (b) or (c) above will not include seeking monetary damages other than actions for the Issuer's Annual Fee or the Trustee's fees and expenses.

Nothing contained in the Indenture will affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Trustee to pay the principal of, premium, if any, and interest on the Bonds issued under the Indenture to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed in the Indenture and in those Bonds.

Supplemental Indentures Effective Upon Acceptance

For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture that, upon the execution and delivery thereof by an Authorized Officer and by the Trustee, and with the prior written consent of Fannie Mae, but without the necessity of consent of the Bondholders, will be fully effective in accordance with its terms:

(a) To add to the covenants or agreements of the Issuer contained in the Indenture other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner that are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Issuer that are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer in the Indenture, provided that the surrender of the right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the Pass-Through Certificate.

Supplemental Indentures Requiring Consent of Bondholders

In addition to those amendments to the Indenture that are authorized by the provisions described under the caption "Supplemental Indentures Effective Upon Acceptance" above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as provided in the Indenture, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time that consent is given; provided, however, that no modification or amendment may (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of that Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Financing Agreement, copies of which are on file with the Trustee.

Amount and Source of Mortgage Loan

Upon the issuance and delivery of the Bonds, pursuant to the Indenture, the Issuer will apply the proceeds of the Bonds as provided in the Indenture to pay Project costs, and the Trustee shall apply the proceeds of the Mortgage Loan as provided in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Collateral Security Fund" to secure the Bonds until the Purchase Date and then to purchase the Pass-Through Certificate. The Borrower accepts the Mortgage Loan from the Lender, upon the terms and conditions set forth in the Financing Agreement, in the Mortgage Loan Documents and in the Indenture, and has caused the proceeds thereof to be provided to the Trustee for deposit to the Collateral Security Principal Account of the Collateral Security Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of and interest on the Bonds. The Borrower has made arrangements for the delivery to the Trustee of the Pass-Through Certificate and of certain other Preference Proof Moneys as contemplated in the Financing Agreement and in the Indenture. Payments on the Pass-Through Certificate received by the Trustee will be credited to amounts due from the Borrower for payment of principal of and interest on the Bonds.

Payment of Fees and Expenses

In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Mortgage Note, the Borrower must pay, without duplication, the following fees and expenses:

(a) All amounts required to (i) pay the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as those duties and services are set out in the Indenture), and (ii) reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture. The Borrower must make all payments for fees and expenses not later than 10 days after receipt of invoices or other statements rendered to the Borrower by the Trustee.

(b) The Issuer's Annual Fee and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Bond Documents or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation that may at any time be instituted involving the Bond Documents or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

(c) All taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee or in any way arising due to the transactions contemplated by the Financing Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower will have the right to protest any taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any taxes or assessments levied upon them and that the Borrower will have the right to withhold payment of any taxes or assessments pending disposition of any protest or contest unless the withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee.

(d) The fees of the rebate monitor as required by the Tax Certificate and, upon receipt of an appropriately completed invoice, all out-of-pocket expenses of the rebate monitor.

(e) The annual rating maintenance fee, if any, of any Rating Agency then rating the Bonds.

(f) All Costs of Issuance of the Bonds, including, but not limited to, the Issuer's Closing Fee and any costs due to any agents, attorneys, accountants or consultants hired by the Issuer to act on its behalf, Rating Agency fees, printing expenses, attorneys' fees and underwriters' fees, and all expenses of originating the Mortgage Loan by the Lender and assigning and delivering the Mortgage Loan to Fannie Mae, the Borrower acknowledging that all those fees, costs and expenses (excluding the portions of the ongoing trust administration fees of the Trustee, the Issuer's Annual Fee and the rebate monitor's fee to the extent included in the Mortgage Note Rate, as such term is defined in the Financing Agreement) must be paid by the Borrower separate and apart from payments due under the Mortgage Loan and will not be included in the Mortgage Note Rate.

(g) The Costs of Issuance deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to the Indenture.

(h) These obligations and those described under the caption "Indemnification" below will remain valid and in effect notwithstanding repayment of the Bonds under the Finance Agreement or termination of the Financing Agreement or the Indenture.

The Borrower must either pay the foregoing items directly or, to the extent those items are to be paid by the Trustee under the Indenture, must pay as Operating Revenue to the Trustee for deposit to Operating Fund under the Indenture amounts sufficient to enable the Trustee to pay the foregoing items in a timely manner; provided that the Borrower must pay the Issuer's Annual Fee in monthly installments to the Lender and the Lender will remit those payments to the Trustee.

The Borrower must pay through the Lender all fees and expenses not included within the Mortgage Note Rate. All fees and expenses not included in the Mortgage Note Rate will not be secured by the Mortgage, and will be subordinate to the Borrower's obligations under the Mortgage Loan in all respects. No fees or expenses payable to the Issuer or the Trustee may be paid from the proceeds of the Pass-Through Certificate, except with respect to the Trustee to the extent set forth in the Indenture.

Notification of Prepayment of Mortgage Note

The Lender must notify the Trustee and the Issuer promptly of the receipt of any prepayment of the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise, unless the Lender has received written evidence that the Borrower has notified the Trustee and the Issuer of that prepayment. If that prepayment results in revisions to the amortization schedule included in the Term Sheet, Lender will provide the revised amortization schedule to the Trustee and the Issuer.

Term Sheet

The Lender has delivered on the Closing Date the Term Sheet in the form attached as Appendix G hereto and certifies that the information set forth therein is accurate as of the Closing Date. The Lender agrees that it will promptly advise the Issuer, the Trustee and the Underwriter in writing of any material changes that occur in the information set forth in the Term Sheet after the Closing Date and before the date on which the Pass-Through Certificate is acquired by the Trustee pursuant to the provisions of the Indenture; provided, however, that except as set forth in the Indenture, the changes may only be made to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Term Sheet.

Indemnification

The Borrower covenants and agrees to indemnify, hold harmless and defend the Issuer and the Trustee and their respective officers, members, directors, officials, agents and employees and each of them (each an "indemnified party") from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated by the Financing Agreement or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto, including, but not limited to, the Bond Documents; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Mortgage Loan; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Mortgage Loan or the Project; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person (as such term is defined in the Financing Agreement) other than the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds and the Bond Documents; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee's acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under the Financing Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party; except (i) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials and employees, to the extent those damages are caused by the negligence or willful misconduct of that Person; or (ii) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials and employees, to the extent those damages are caused by the willful misconduct of that Person. In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought under the Financing Agreement, the Borrower, upon written notice from the indemnified party, must assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in that party's sole but reasonable discretion, and must assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Trustee and the Lender will have the right to review and approve or disapprove any compromise or settlement. Each indemnified party will have the right to employ separate counsel in any action or proceeding and participate in the investigation and defense thereof, and the Borrower must pay the reasonable fees and expenses of that separate counsel; provided, however, that unless that separate counsel is employed with the approval of the Borrower, which approval will not be unreasonably withheld, the Borrower will not be required to pay the fees and expenses of that separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Regulatory Agreement, the Borrower will remain obligated to indemnify each indemnified party pursuant to the provisions described under this caption if that subsequent owner fails to indemnify any party entitled to be indemnified under the Financing Agreement, unless that indemnified party has consented to the transfer and to the assignment of the rights and obligations of the Borrower under the Financing Agreement.

During any period that Fannie Mae owns the Project and that the provisions described under this caption are applicable to Fannie Mae, Fannie Mae's obligations under this caption will be limited to acts and omissions of Fannie Mae occurring during the period of Fannie Mae's ownership of the Project.

Nothing contained under this caption will in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement will control in any conflicts between the provisions described under this caption and the Regulatory Agreement.

Events of Default

Each of the following will be an event of default under the Financing Agreement, and the term "Event of Default" means, whenever used in the Financing Agreement, any one or more of the following events:

(i) Failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required thereby; or

(ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in clause (i) above) for a period of 30 days after receipt of written notice specifying that failure and requesting that it be remedied, given to the Borrower by any party to the Financing Agreement; provided, however, that if that failure is such that it cannot be corrected within that period, it will not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within that period and diligently pursued until the failure is corrected, and provided further that any failure has been cured within 90 days of receipt of notice of that failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default that is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing, which breach or default is not cured within the applicable notice and cure period thereunder, if applicable; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Bond Documents.

Nothing contained in the provisions of the Financing Agreement described under this caption is intended to amend or modify any of the provisions of the Mortgage Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Remedies Upon an Event of Default

(a) Subject to the provisions of the Financing Agreement described in paragraph (d) below, whenever any Event of Default has occurred and is continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies existing at law or in equity as of or after the date of the Financing Agreement to collect all amounts then due and thereafter to become due under the Financing Agreement, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement (subject to the nonrecourse provisions of the Financing Agreement) or, to enjoin acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under the Financing Agreement or to enforce any other covenant, obligation or agreement of the Borrower under (1) the Financing Agreement, or (2) the Regulatory Agreement.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of the Financing Agreement described in paragraph (a) above are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts that would then be payable under the Financing Agreement by the Borrower if that Event of Default had not occurred and was not continuing have been paid by or on behalf of the Borrower, and (ii) the Borrower has also performed all other obligations in respect of which it is then in default under the Financing Agreement and has paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with that default, then and in every case, the Event of Default may be waived and annulled by the Trustee, but no waiver or annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Bond Documents, the Mortgage Loan Documents or any other documents contemplated thereby to obtain that performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action that may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Bond Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Tax Certificate any amounts collected pursuant to action taken in accordance with the provisions of the Financing Agreement described under this caption will, after the payment of the costs and expenses of the proceedings resulting in the collection of those moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to the provisions described under this caption will relieve the Borrower from the Borrower's obligations pursuant to the provisions described under the caption "Indemnification" above.

(e) No remedy in the Financing Agreement conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every remedy will be cumulative and will be in addition to every other remedy existing pursuant to any other agreement at law or in equity or by statute as of or after the date of the Financing Agreement.

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the Purchase Date, so long as Fannie Mae is not in default under the Pass-Through Certificate, none of the Issuer, the Trustee or any Person under their control may exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the Pass-Through Certificate, (ii) enforce the tax covenants in the Indenture and the Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (ii) or (iii) above will not include seeking monetary damages.

Default Under Regulatory Agreement

If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within 30 days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf and at the written request of the Issuer, will notify the Borrower in writing of its intent to institute an action for specific performance to correct the violation. The Borrower acknowledges and agrees that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower agrees that the remedy of specific performance (subject to the provisions described in paragraph (c) under the caption "Remedies Upon an Event of Default" above) will be available to the Issuer and/or the Trustee in any case.

Notwithstanding the availability of the remedy of specific performance provided for in the paragraph above, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer will, by notice in writing to the Lender, inform the Lender that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of that violation, neither the Issuer nor the Trustee will have, and each of them acknowledges that they will not have, any right to cause or direct acceleration of the Mortgage Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Issuer and the Trustee.

State Law Covenants of Borrower Relating to the Project; Maximum Rent

The Borrower recognizes that the Issuer is authorized to issue the Bonds to finance the Project only if each Project complies with the restrictions set forth in Minnesota Statutes Section 474A.047 (the "State Law Restrictions"). The Borrower has represented, warranted and covenanted that each Project is a "project" as described in Subdivision l(a) of such Section 474A.047. The Borrower has covenanted, consistent with the requirements of Minnesota Statutes, Section 474A.047, Subdivision 2, that for fifteen (15) years after the date of the Regulatory Agreement, the maximum rental rates charged to tenants of twenty percent (20%) of the units in each Project shall not exceed the limits prescribed by Section 474A.047, Subdivision 1(a)(2), as amended; provided that rental rates of units for which project-based federal assistance payments are made shall be deemed to be within the rent limitations. In accordance with Minnesota Statutes, Section 474A.047, Subdivision 1(b), Borrower agrees (1) to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof and (2) Borrower certifies that it will maintain project reserves with respect to the Project at the closing of the issuance of the Bonds and budgeted in future years at the lesser of: (i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997 (i.e. $[_____]); or (ii) the level of project reserves available prior to the issuance of the Bonds (i.e. $[_____]), provided that Borrower represents and covenants that additional money is available to accomplish repairs and replacements needed at the time of the issuance of the Bonds.

The Borrower must annually certify for such fifteen (15) years that the rental rates are within these limitations and the Borrower shall provide a copy of the annual certification to the Minnesota Commissioner of Finance, the Issuer and the Trustee.

The Borrower has acknowledged that Minnesota Statutes, Section 474A.047, Subdivision 3, requires that compliance with the rental rate requirements described under this caption be monitored. The Issuer or one or more agents acting on its behalf (the "Monitor") may issue an order of noncompliance if a Project is found by the Monitor to be out of compliance with these requirements. The Borrower shall pay a penalty to the Issuer equal to one-half of one percent (0.5%) of the initial principal amount of the Bonds executed for the Project utilizing bonding authority under Minnesota Statutes, Chapter 474A, if the Monitor issues an order of noncompliance. For each additional year a Project is out of compliance, the annual penalty must be increased by one-half of one percent (0.5%) of the initial principal amount of the Bonds. Insubstantial violations may be waived. No order of non-compliance shall become final and effective until thirty (30) days after its dated date, and such effective date shall be further delayed if the Borrower in good faith contests the validity or accuracy of the order. The provisions described under this caption are limited in its entirety to applicable provisions of Minnesota Statutes, Chapters 462A and 474A, but shall not limit any other obligations of the Borrower under the Regulatory Agreement.

Occupancy Restrictions

The Borrower has represented, warranted and covenanted that, for the period specified under the caption "Term of Restrictions" below (collectively, the "Occupancy Restrictions"):

> Federal Tax Requirements. At least forty percent (40%) of the completed units in each Project shall be occupied (or treated as occupied as provided in the Regulatory Agreement) by Qualifying Tenants and such units will be of comparable quality and will be a range of sizes and numbers of bedrooms comparable to those units which are available to other tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Borrower to be eligible as "...individuals whose income is sixty percent (60%) or less of area

median gross income..." within the meaning of Section 142(d)(2)(A) of the Code. In determining the applicable income limit, the Borrower shall apply the provisions of Revenue Ruling 89-24. "Income" shall be determined in a manner consistent with determinations of lower income families under Section 8 of the United States Housing Act of 1937 (and as presently set forth in 24 CFR 813.106).

For purposes of this definition, the occupants of a residential unit shall not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are "students," as defined in Section 152(f)(2) of the Code. Exceptions to this rule are set forth in Section 42(i)(3)(D) of the Code.

The determination of whether an individual or family is of low or moderate income shall be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. Any unit occupied by an individual or family who is a Qualifying Tenant at the commencement of occupancy shall not continue to be treated as if occupied by a Qualifying Tenant during their tenancy in such unit if such individual or family subsequently ceases to be of low or moderate income unless such individual's or family's income does not exceed one hundred and forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size. In the event that a unit in a Project does cease to be treated as occupied by a Qualifying Tenant for such reason, and thereupon less than forty percent (40%) of the completed units in such Project would not be occupied (or treated as occupied) by Qualifying Tenants, the next vacant unit of comparable or smaller size not previously occupied by a Qualifying Tenant must be rented to a Qualifying Tenant. In the case of a Project to which the low income housing tax credit provisions of Section 42 of the Code apply, the next available unit rule applies only to the same building in which the disqualified tenant resided.

Any completed unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied (on other than a temporary basis not in excess of thirty-one (31) days), at which time a redetermination shall be made as to whether the unit is occupied by a Qualifying Tenant. The Borrower shall make reasonable efforts to rent the vacated unit, or the next available unit of comparable or smaller size in a Project, to a Qualifying Tenant before any similar units in such Project are rented to tenants not constituting Qualifying Tenants.

Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant on and after the date of the Regulatory Agreement shall be required annually to sign and deliver to the Borrower a Certification of Tenant Eligibility in the general form attached as an exhibit to the Regulatory Agreement (the "Certification of Tenant Eligibility"), in which the prospective Qualifying Tenant certifies that he or she or his or her family qualifies as being of low or moderate income. In addition, such person shall be required to provide whatever other information, documents or certifications are deemed necessary by the Monitor to substantiate the eligibility certification, on an ongoing annual basis.

Lease. The form of lease to be utilized by the Borrower in renting any units in a Project on and after the date of the Regulatory Agreement to any person who is intended to be a Qualifying Tenant shall provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Certification of Tenant Eligibility.

Retention. Certifications of Tenant Eligibility will be maintained on file by the Borrower with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year, commencing with the calendar year ending December 31, 2017*, and the Borrower will file a copy thereof with the Monitor.

Annual Certification. The Borrower covenants and agrees that during the term of the Regulatory Agreement, on or before March 31, after the close of each calendar year (or on or before such other date as may be prescribed by the Code after the date of the Regulatory Agreement), the Borrower shall certify to the United States Treasury Department (on Form 8703 or such other form as may be prescribed by the

* Preliminary; subject to change.

Code or the Treasury Department after the date of the Regulatory Agreement) that each Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such annual certification to the Monitor.

Open to General Public

The Borrower has represented and covenanted that each unit in each Project will be rented or available for rental to members of the general public on a continuous basis commencing on the date of the Regulatory Agreement until the termination of those requirements, as provided under the caption "Term of Restrictions" below, and no unit shall be owner-occupied as either a condominium or cooperative corporation (the "Rental Restrictions").

Term of Restrictions

State Law Restrictions. The term of the State Law Restrictions described under the caption "State Law Covenants of the Borrower Relating to the Project; Maximum Rent" above will begin on the date of the Regulatory Agreement and will end 15 years after that date.

Occupancy Restrictions and Rental Restrictions. The term of the Occupancy Restrictions described under the caption "Occupancy Restrictions" above with respect to a Project shall commence on the first day on which ten percent (10%) of the residential units in the related Project are occupied. The Occupancy Restrictions and the Rental Restrictions shall end on the latest of the following: (i) the date which is 15 years after the date on which at least fifty percent (50%) of the units in such Project were first occupied; (ii) the first day on which no principal amount is outstanding under the Bonds or (iii) the date on which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937 terminates.

Earlier Termination of Restrictions. Notwithstanding the provisions described in the preceding paragraphs under this caption, the Regulatory Agreement, the State Law Restrictions, the Rental Restrictions and the Occupancy Restrictions with respect to a Project shall terminate upon foreclosure of a mortgage or transfer of title to such Project by deed in lieu of foreclosure and repayment of Bonds.

In addition, the Regulatory Agreement, the State Law Restrictions, the Rental Restrictions and the Occupancy Restrictions shall also cease to apply in the event of an involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, a change in federal law or an action of a federal agency after the date of issue of the Bonds that prevents the Trustee from enforcing the requirements of the Regulatory Agreement or condemnation or similar event; provided in all such cases that: (i) the Bonds is repaid as soon as reasonably practicable or (ii) any insurance proceeds or condemnation award or other amounts received as a result of such loss or destruction are used to provide a project that meets the requirements of Section 142(d) or any successor provision of the Code and applicable Treasury Regulations, or any successor law or regulation, in which case the Regulatory Agreement shall be automatically reinstated as to such successor project. However, the Regulatory Agreement, the State Law Restrictions, the Occupancy Restrictions and the Rental Restrictions shall nevertheless apply to a Project if, at any time during the period described under this caption subsequent to any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or a related person (as that term is defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in such Project for tax purposes.

Termination of Regulatory Agreement. Unless earlier terminated pursuant to the provisions of the Regulatory Agreement described under this caption, the Regulatory Agreement shall terminate upon the later of the termination of the State Law Restrictions, the Occupancy Restrictions and the Rental Restrictions as described under this caption.

Removal from Real Estate Records. Upon delivery by the Borrower to the Trustee of (i) an opinion of counsel experienced in matters related to the issuance of bonds to finance qualified residential rental projects under Section 142(d) of the Code or (ii) a certification of the Issuer that the conditions to termination of the Regulatory Agreement have been met, the Trustee shall, upon request by the Borrower or its assigns, file any documentation prepared by or on behalf of the Borrower as necessary to remove the Regulatory Agreement from the real estate records of Ramsey County.

Transfer Restrictions

The Borrower has covenanted and agreed that the Borrower will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of a Project prior to the termination of the State Law Restrictions, the Rental Restrictions and Occupancy Restrictions provided in the Regulatory Agreement (the "Transfer") that the transferee of such Project pursuant to the Transfer will assume in writing, in a form acceptable to Bond Counsel, all duties and obligations of the Borrower under the Regulatory Agreement, including those described under this caption.

Regulatory Agreement Binding; Covenants Run with the Land

The Regulatory Agreement and the covenants contained therein shall run with the Project Premises and shall bind the Borrower including each partner of the Borrower, each of whom the Borrower has represented to have authorized the Borrower to bind by the Regulatory Agreement, and, to the extent controlled by the Borrower or any of the foregoing, each person who is "related" to any of the foregoing within the meaning of Section 147(a) of the Code), its heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and all subsequent owners of a Project or any interest therein, and the benefits shall inure to the Trustee and its successors and assigns, for the term of the Regulatory Agreement as described under the caption "Term of Restrictions" above.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____ __, 2017

Minnesota Housing Finance Agency
Saint Paul, Minnesota

Dougherty & Company LLC
Minneapolis, Minnesota

U.S. Bank National Association
Saint Paul, Minnesota

$5,392,000*
Minnesota Housing Finance Agency
Multifamily Housing Revenue Bonds, Series 2017A
(Amorce II Limited Partnership Project)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof by the Minnesota Housing Finance Agency (the "Issuer") of its Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project) (the "Bonds") in the aggregate principal amount of $5,392,000*. The Bonds are being issued to fund a loan (the "Loan") to Amorce II Limited Partnership, a Minnesota limited partnership (the "Borrower"), to provide financing for the acquisition, construction and equipping of a multifamily residential rental apartment project known as Amorce II Limited Partnership (the "Project").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Borrower, certified proceedings and other certifications of public officials and others furnished to us, and certifications furnished to us by or on behalf of the Borrower, Dougherty & Company LLC and others, without undertaking to verify the same by independent investigation.

The Bonds are being issued pursuant to a Bond Resolution adopted November 16, 2017 (the "Resolution") and that certain Trust Indenture dated as of November 1, 2017 (the "Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In connection with the issuance of the Bonds, we have examined (a) a certified copy of the Resolution, (b) Minnesota Statutes, Chapter 462A, as amended (the "Act"), (c) an executed counterpart of the Indenture, (d) the form of the Bonds, (e) an executed counterpart of that certain Bond Regulatory Agreement dated as of November 1, 2017 (the "Regulatory Agreement") among the Issuer, the Borrower and the Trustee imposing certain operating restrictions on the Project, (f) an executed counterpart of that certain Financing Agreement dated as of November 1, 2017 (the "Financing Agreement") between the Issuer, the Trustee, Dougherty Mortgage LLC (the "Lender") and the Borrower setting forth the conditions pursuant to which the Issuer will fund the Loan, (g) an executed counterpart of that certain Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") by the Issuer and the Borrower, (h) the applicable provisions of the Constitution, laws and rules and regulations of the State of Minnesota and of the United States of America, (i) the transcript of proceedings relating to the issuance and sale of the Bonds and the opinions, certifications and statements of facts and expectations contained in such transcript and (j) such other documents and materials as we deemed relevant to the opinion expressed herein.

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* Preliminary; subject to change.

In all examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Bonds constitute only limited obligations of the Issuer as provided therein and in the Indenture and do not constitute a debt or general obligation or pledge of the faith and credit of the State of Minnesota or any political subdivision thereof. The Bonds are payable solely from the Trust Estate (as defined in the Indenture) and the specific property pledged to the payment thereof, and not from any other revenues or funds or assets of the Issuer. Neither the faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of, and the redemption premium, if any, and the interest on, the Bonds.

We express no opinion herein as to the organization and existence of the Borrower, the power of the Borrower to execute and deliver any Documents, the authorization, execution and delivery by the Borrower of any Documents, or the enforceability of any Documents against the Borrower. As to such matters, we refer you to the opinion of even date of Winthrop & Weinstine, P. A., counsel to the Borrower.

From an examination of the foregoing, we are of the opinion that:

(a) The Issuer is a public body corporate and politic of the State, duly organized and existing under the laws of the State of Minnesota, and has the lawful authority to enter into the Indenture and to issue the Bonds.

(b) The Bonds have been duly authorized and issued by the Issuer and constitute the valid, legal and binding limited obligations of the Issuer payable solely from revenues and amounts pledged therefor under the Indenture.

(c) The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, represents the valid, legal and binding agreement of the Issuer enforceable in accordance with its terms.

(d) Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, except (with respect to the hereinafter defined "substantial user") during any period when a Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). In rendering the opinion in this paragraph (d), we have assumed continuing compliance by the parties thereto with respect to certain covenants in the Financing Agreement, the Regulatory Agreement, the Tax Certificate and the Indenture concerning the continuing excludability of interest on the Bonds from gross income for federal income tax purposes.

(e) The interest on the Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax.

(f) The interest payable on the Bonds is exempt from present State of Minnesota income taxation.

The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular status or other items of income or deduction. We express no opinion regarding such consequences. The purchaser of the Bonds should consult its tax advisors as to the consequences of purchasing, holding or selling the Bonds.

The obligations of the parties, and the enforceability thereof, with respect to the documents described above are subject to the provisions of the bankruptcy laws of the United States of America and other applicable

bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Certain of the obligations, and the enforcement thereof, contained in the documents described above are also subject to general principles of equity, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

Certain requirements and procedures contained or referred to in the Indenture, the Financing Agreement, the Regulatory Agreement and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed as to the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

We express no opinion as to title to, or the sufficiency of the description of, the Project in the Indenture or any other document or instrument or the priority of any liens, charges or encumbrances on the Project.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of November 1, 2017 and is executed and delivered by Amorce II Limited Partnership, a Minnesota limited partnership (the "Borrower"), and U.S. Bank National Association (the "Dissemination Agent") in connection with the issuance of $5,392,000* Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2017 (the "Indenture"), between the Minnesota Housing Finance Agency (the "Issuer") and U.S. Bank National Association, as Trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Financing Agreement, dated as of November 1, 2017, among the Issuer, the Trustee, Dougherty Mortgage LLC (the "Lender") and the Borrower (the "Financing Agreement"). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the Borrower covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and in the Financing Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the first paragraph of this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean any person designated by the Borrower or his or her designee, in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the initial Dissemination Agent hereunder, which is U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Borrower and acceptable to the Issuer and which has filed with the Borrower a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Participating Underwriters" shall mean any or all of the original broker, dealer or municipal securities dealer acting as underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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* Preliminary; subject to change.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year of the Borrower, commencing with the Borrower's fiscal year ending December 31, 2017, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to said date (except that in the event the Borrower elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the Borrower to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the Borrower has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report; and provided further that if the Borrower's audited financial statements are not available by the deadline for filing the Annual Report, they shall be submitted as soon as practicable after they become available and unaudited financial statements shall be included in the Annual Report. The Borrower shall promptly notify the Dissemination Agent of any change in the Borrower's fiscal year. Unless otherwise provided by law, any continuing disclosure information filed pursuant to this Disclosure Agreement shall be provided to the MSRB in an electronic format as shall be prescribed by MSRB Rule G-32, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32. As of the date hereof, EMMA is the electronic format prescribed by the MSRB.

(b) If by 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a reminder notice to the Borrower and the Issuer and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the Borrower, the Issuer and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Borrower has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Reports.

(a) The Borrower's Annual Report shall contain its audited financial statements for the prior fiscal year, prepared in accordance with generally accepted accounting principles.

(b) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a) above, the original Official Statement for the Bonds, or other official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been (i) made available to the public on the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The Borrower shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB in a timely manner not later than ten (10) Business Days after the occurrence of any such Listed Event;

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to the rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Borrower;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of the name of the trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence or possible occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure

Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13) or (14) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Borrower to be material, the Borrower shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Borrower elects to have the Dissemination Agent file notice of any Listed Event, the Borrower will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation. This Disclosure Agreement may be terminated by any party to this Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Disclosure Agreement; provided the termination of this Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Holders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Notwithstanding the foregoing, this Disclosure Agreement shall terminate (i) automatically upon payment or provisions for payment of the Bonds or (ii) when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

SECTION 7. Dissemination Agent.

(a) The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer, the Borrower and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Borrower or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Borrower shall forthwith appoint a Dissemination Agent to act. The Borrower shall give or cause to be given written notice of any such appointment to the Bondholders, the Trustee (if the Trustee is not the Dissemination Agent) and the Issuer.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Borrower or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Borrower shall have delivered an opinion of counsel, addressed to the Issuer, the Borrower, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Borrower shall have delivered to the Issuer, the Trustee and the Dissemination Agent an opinion of counsel, or a determination by a person, in each case unaffiliated with the Borrower (such as bond counsel) and acceptable to the Borrower, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Borrower shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent the Dissemination Agent from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in related to the Bonds.

SECTION 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the Borrower to give the Borrower opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate to compel performance, including seeking mandamus or specific performance by court order, in order to cause the Borrower to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Financing Agreement, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Borrower in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Borrower. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Unless otherwise provided by contract with the Dissemination Agent, the Borrower shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Borrower in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Borrower shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Borrower under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 12. Transmission of Notices, Documents and Information. Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current internet web address of which is www.emma.msrb.org.

All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Financing Agreement or the Indenture.

SECTION 16. Electronic Signatures. The parties agree that the electronic signature of a party to this Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Disclosure Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

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SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of Minnesota, and by applicable federal laws.

AMORCE II LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: Amorce II GP LLC,
a Minnesota limited liability company,
its General Partner

By: _____
Lori Boisclair, President

DISSEMINATION AGENT:

U.S. BANK NATIONAL ASSOCIATION,

By: _____
Name:
Title:

[SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT]

EXHIBIT A
TO CONTINUING DISCLOSURE AGREEMENT

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Minnesota Housing Finance Agency (the "Issuer").

Name of Bond Issue: $5,392,000* Multifamily Housing Revenue Bonds, Series 2017A (Amorce II Limited Partnership Project)

Name of Borrower: Amorce II Limited Partnership

Date of Issuance: _____ __, 2017

NOTICE IS HEREBY GIVEN that the Borrower has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between Amorce II Limited Partnership (the "Borrower"), and U.S. Bank National Association (the "Dissemination Agent") dated as of November 1, 2017. The Borrower has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name:
Title:

cc: Borrower
Issuer

* Preliminary; subject to change.

APPENDIX G

TERM SHEET

Term Sheet

Information provided by Lender for Preliminary Official Statement

Represents an excerpt of the term sheet schedules to the Prospectus Supplement for MBS Certificate, edited for purposes of the Preliminary Official Statement

Information Contained Herein is Preliminary and Subject to Change	
Pool Statistics	Amorce II Limited Partnership
Issuance Principal Balance *anticipated*	$5,392,000
Security Maturity Date *anticipated*	12/1/2033
Term to Maturity (months)	192
Security Funds Transfer Type	Wire
Security Type	MBS
Seller Name	Dougherty Mortgage LLC
Servicer Name	Dougherty Mortgage LLC
Loan Information	
Pool Issue Date *anticipated*	12/15/2017
Loan Maturity Date *anticipated*	12/1/2033
Lien Priority	First Lien
Balloon Y/N	Yes
Pass-Through Rate to Investor	__%
Servicing Fee	0.44%
Guarantee Fee	0.76%
Mortgage Rate *anticipated*	__%
Original Principal Balance *anticipated*	$5,392,000
Issuance Principal Balance *anticipated*	$5,392,000
Prepayment Lockout Term (months)	N/A
Prepayment Premium End Date *anticipated*	8/31/2033
Yield Maintenance Period, Years 1-15.5	11/__/2017 – 5/31/2033
1% Prepayment Period, Years 15.5 – 15.75	6/1/2033 – 8/31/2033
First Payment Date *anticipated*	1/1/2018
Original Amortization Term (Months)	420
Interest Type	Fixed
Interest Accrual Method	Act/360
Interest Only End Date *anticipated*	N/A
Interest Only Term (Months)	0
Note Date	__/__/2017
Loan Purpose	Acquisition & Moderate Rehabilitation
Estimated Actual DSCR	1.16x*
Estimated Actual DSCR Interest Only	N/A
UW LTV	84.12%
Minimum DSCR	1.15†
Maximum LTV	90%
UW Value	$6,410,000
UW NCF	$347,204
Physical Occupancy	96.51%
Good Faith Deposit	1%
Pricing Tier	2
Tier Drop Eligible	No
MBS Disclosure	Yes, see comments below†
Modified Loss Share	No

† Property valuation – Dougherty Mortgage LLC is utilizing the As-Renovated Value for its UW Value and MBS as Bond Collateral.

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* Preliminary; subject to change.

APPENDIX H

FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE

FOR ALL MBS CERTIFICATES ISSUED AFTER DECEMBER 1, 2017, FANNIE WILL NO LONGER BE PROVIDING A PROSPECTUS SUPPLEMENT, AND THE FANNIE MAE MULTIFAMILY MBS PROSPECTUS DATED AUGUST 1, 2014 WILL NO LONGER BE EFFECTIVE. FOR ALL MBS ISSUED AFTER DECEMBER 1, 2017, FANNIE MAE WILL PROVIDE A SPECIFIC PROSPECTUS DESCRIBING THE MBS CERTIFICATE, WHICH SHALL CONSIST OF THE PROSPECTUS, AN ANNEX A IN SUBSTANTIALLY THE SAME FORM AS THE TERM SHEET ATTACHED HERETO AS APPENDIX G, AND AN ADDITIONAL DISCLOSURE ADDENDUM, WHICH WILL CONTAIN ADDITIONAL DISCLOSURE ITEMS SUBSTANTIALLY SIMILAR TO THE ADDITIONAL DISCLOSURE SET FORTH BELOW, SUBJECT TO ANY EVENTS OR CHANGES THAT MAY HAVE OCCURRED AFTER THE DATE OF DELIVERY OF THE BONDS AND PRIOR TO THE ISSUANCE OF THE PASS-THROUGH CERTIFICATE:

The MBS certificates will initially serve as collateral for a tax exempt issue of multifamily housing bonds (the "Bonds") issued by the Minnesota Housing Finance Agency (the "Issuer") pursuant to and secured by an indenture of trust by and between the Issuer and U.S. Bank National Association, as trustee, and will be held as collateral for the Bonds. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. If Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

Prospectus Supplement
(To Multifamily MBS Prospectus dated August 1, 2014)

FannieMae

Guaranteed Mortgage Pass-Through Certificates
(Fixed-Rate Multifamily Residential Mortgage Loans)

The Certificates

We, the Federal National Mortgage Association, or Fannie Mae, will issue the guaranteed mortgage pass-through certificates or MBS certificates. Each issuance of certificates will have its own identification number and will represent the beneficial ownership in a distinct pool of one or more mortgage loans secured by multifamily properties that contain at least five residential units and that are identified in the Schedule of Pool and Loan Information attached to this Prospectus Supplement. You should read the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans) dated August 1, 2014 (the "Multifamily MBS Prospectus") in addition to this Prospectus Supplement.

Fannie Mae Guaranty

We guarantee to the MBS trust that we will supplement amounts received by the MBS trust as required to permit timely payments of principal and interest on the certificates. **We alone are responsible for making payments under our guaranty. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

The Mortgage Loan Pool

- The pool number appearing in the Schedule of Pool and Loan Information identifies the pool into which the mortgage loan covered by the certificates is deposited.
- The mortgage loan is secured by a first lien on a multifamily property that contains at least five residential units.
- The mortgage loan bears interest at a fixed interest rate.
- **The mortgage loan has special characteristics. See page 2 of this Prospectus Supplement.**

Consider carefully the risk factors beginning on page 12 of the Multifamily MBS Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

The certificates are exempt from registration under the Securities Act of 1933, as amended, and are "exempted securities" under the Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these certificates or determined if this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is the issue date of the certificates specified in the Schedule of Pool and Loan Information. Settlement is expected to occur no later than the last business day of the month in which the issue date occurs.

SPECIAL CHARACTERISTICS OF THE MORTGAGE LOAN

The mortgage loan that backs the certificates (the "mortgage loan") was made to the borrower by the Minnesota Housing Finance Agency ("Issuer") and assigned to an eligible multifamily mortgage lender. The mortgage loan is evidenced by a promissory note (the "mortgage note") and a multifamily loan and security agreement (the "financing agreement") containing the loan terms and signed by the borrower. The mortgage note and financing agreement are secured by a security instrument (the "mortgage") on multifamily residential properties each containing five or more residential units (the "mortgaged property") that are located in Robbinsdale, Minnesota and New Hope, Minnesota. (The mortgage note, financing agreement, mortgage and other related documents are sometimes collectively referred to as the "mortgage loan documents.")

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property. See "**GENERAL CHARACTERISTICS OF THE MORTGAGED PROPERTY—Affordable Housing Loans**" for additional information about income restrictions on affordable housing.

The MBS certificates offered hereby will initially serve as collateral for multifamily housing revenue bonds issued by Issuer (the "Bonds") with respect to the mortgage of property and will be held by the Bond trustee as collateral for the Bonds. The Bonds and the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Bonds, a default under any of the cross-defaulted agreements may trigger an event of default on the mortgage loan. Accordingly, if Fannie Mae accelerates the mortgage loan as a result of an event of default, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

In all cases, if the borrower voluntarily prepays the mortgage loan at any time, yield maintenance or other prepayment premiums will be payable as set forth under **"GENERAL CHARACTERISTICS OF THE MORTGAGE LOAN—Voluntary Prepayment of the Mortgage Loan."**

UPDATES TO DISCLOSURE

Interest on multifamily mortgage loans backing MBS pools is calculated using either the 30/360 method or the actual/360 method. See "THE MORTGAGE LOANS—General Characteristics of Multifamily Mortgage Loans—Method for Calculating Interest" in the Multifamily MBS Prospectus. For pools backed by mortgage loans using the actual/360 method, in the past we converted the actual/360 pass-through rates into the equivalent 30/360 pass-through rates and disclosed the converted 30/360 pass-through rates on the Trading Factor File. In addition, we included a banner on MFSLS and PoolTalk™ describing this calculation.

Beginning with pools issued on March 1, 2017, we began disclosing the actual/360 pass-through rates on the monthly disclosure files including the Trading Factor File, removed references to 30/360 and Actual/360 in MFSLS and PoolTalk™, and removed the MFSLS banners. The pass-through rates for pools backed by loans using the 30/360 method will continue to be disclosed as 30/360 values.

THE SCHEDULE OF POOL AND LOAN INFORMATION

The Prospectus Supplement for the pool has two parts: this Prospectus Supplement Narrative and a Schedule of Pool and Loan Information. The Schedule of Pool and Loan Information includes a page entitled "Pool Statistics (As of Issue Date)" that provides certain information about the pool and the certificates and a separate "Multifamily Schedule of Loan Information" that provides certain information about the mortgage loan and the mortgaged property.

Terms that are used but not defined in this Prospectus Supplement Narrative or in the Schedule of Pool and Loan Information are defined in the Multifamily MBS Prospectus. Certain terms may be defined differently because the mortgage loan is an affordable housing loan. See "**THE MULTIFAMILY MORTGAGE LOANS—Defined Terms—*General Definitions***" and "**—Affordable Housing Loans**" in the Multifamily MBS Prospectus.

As disclosed in "Prepayment Premium Option" on the Multifamily Schedule of Loan Information, the mortgage loan may be voluntarily prepaid. See "**VOLUNTARY PREPAYMENT OF THE MORTGAGE LOAN**" for further information.

GENERAL CHARACTERISTICS OF THE MORTGAGE LOAN

The mortgage loan has the general characteristics specified below.

Underwriting

The mortgage loan was originated generally to conform to our multifamily product line requirements as described in the Multifamily Selling and Servicing Guide. These requirements may change from time to time. See "**THE MULTIFAMILY MORTGAGE LOANS—DUS Loans—*Standard DUS Loans*—*Underwriting and Servicing***" in the Multifamily MBS Prospectus.

Method for Calculation of Interest

The mortgage loan has a fixed rate of interest throughout its term. Interest on the mortgage loan is calculated under the actual/360 method, disclosed as "Interest Accrual Method" on the Multifamily Schedule of Loan Information.

Payments, Amortization and Maturity Date

The mortgage loan may require monthly payments of interest and principal throughout its term, or it may require monthly payments of interest only during all or a portion of its term. The amount of the monthly payment on the mortgage loan is calculated as follows:

Full interest-only loan: The mortgage loan requires payments of interest alone throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.

Partial interest-only loan: The mortgage loan requires payments of interest alone during the initial portion of its term that is disclosed as "Interest Only Term (Months)" on the Multifamily Schedule of Loan Information. The interest-only term began on the date the mortgage loan was originated and ends on the date disclosed as "Interest Only End Date" on the Multifamily Schedule of Loan Information.

During the interest-only term, each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan. During the remaining term, each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the original amortization term disclosed as "Original Amortization Term (Months)" on the Multifamily Schedule of Loan Information. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.

Partially amortizing balloon loan: The mortgage loan requires payments of principal and interest throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the original amortization term disclosed as "Original Amortization Term (Months)" on the Multifamily Schedule of Loan Information. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.

Fully amortizing loan: The mortgage loan requires payments of principal and interest throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the term of the loan. Any unpaid principal is payable on the stated maturity date of the mortgage note together with any accrued interest.

If interest on the mortgage loan is calculated using the actual/360 method, see "**THE MULTIFAMILY MORTGAGE LOANS—General Characteristics of Multifamily Mortgage Loans—*Method for Calculating Interest***" in the Multifamily MBS Prospectus, which describes the amortization and balloon payments applicable to loans that use the actual/360 method to calculate interest.

Involuntary Prepayment of the Mortgage Loan

Certain events may result in an involuntary partial prepayment of principal of the mortgage loan.

If casualty insurance proceeds or funds received in connection with a condemnation action affecting the mortgaged property are used to reduce the unpaid principal balance of the mortgage loan, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would not be required to pay a prepayment premium in this case.

Moreover, if proceeds from casualty insurance or condemnation are used to reduce the unpaid principal balance of the mortgage loan, the loan may permit or require reamortization of the remaining unpaid principal over an amortization period determined at the time of the reamortization. If a reamortization occurs, the amount of principal and interest paid by the borrower each month may be reduced, which may cause a corresponding reduction in the amount of principal and interest passed through to the certificateholders each month, affecting your yield.

If we reduce the unpaid principal balance of the mortgage loan by applying amounts paid by the borrower as interest or charges under the mortgage loan documents that are later determined to be greater than those permitted by applicable law, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would not be required to pay a prepayment premium in this case.

If we apply collateral or other security to reduce the unpaid principal balance of the mortgage loan, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would generally be required to pay a prepayment premium in this case. If we collect a prepayment premium when the mortgage loan is not in default, we will pass through your portion, if any, of the

prepayment premium. **If we collect a prepayment premium when the mortgage loan is in default, we will not pass through any portion of the prepayment premium to certificateholders.**

For a discussion of reamortization, involuntary prepayments, and the application of proceeds and collateral, see "**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Reamortization of Principal***," "***—Prepayments of Multifamily Mortgage Loans—Proceeds of Casualty or Condemnation*" and "*—Proceeds from Other Collateral*" and "***—Defaults and Troubled Loans***" in the Multifamily MBS Prospectus.

VOLUNTARY PREPAYMENT OF THE MORTGAGE LOAN

The borrower may voluntarily prepay the mortgage loan in full after giving the lender written notice of the proposed date of the prepayment (the "intended prepayment date"). If the borrower meets the other conditions required by the mortgage loan documents, the borrower may voluntarily prepay the mortgage loan by paying (i) the amount of principal being prepaid, (ii) all accrued interest to the last calendar day of the month in which the prepayment occurs (the "last day of the month"), (iii) all other sums due to the lender at the time of the prepayment, and (iv) the prepayment premium calculated as described below. The mortgage loan prohibits voluntary partial prepayments at all times.

If we agree to accept a prepayment on any date other than the last day of the month, then, for all purposes (including the accrual of interest and the calculation of the prepayment premium), we deem the prepayment to have been received on the last day of the month, and any prepayment calculation will include interest through the last day of the month in which the prepayment occurs.

Prepayment Premiums

A prepayment premium is payable if the mortgage loan is voluntarily prepaid during one or more specified periods. The prepayment premium may include a yield maintenance premium, a fixed percentage premium, and/or a declining percentage premium.

Yield Maintenance Prepayment Premiums

If the prepayment premium includes a yield maintenance premium, the borrower is required to pay the yield maintenance prepayment premium during the period of time (the "yield maintenance period") disclosed as "Prepayment Premium Term (Months)" on the Multifamily Schedule of Loan Information, which began on the date the mortgage loan was originated and ends on the day before the date specified in the mortgage note (the "yield maintenance end date") and disclosed as the "Prepayment Premium End Date" on the Multifamily Schedule of Loan Information.

Calculation of Total Yield Maintenance Prepayment Premiums

If the borrower voluntarily prepays the mortgage loan before the yield maintenance end date, the yield maintenance prepayment premium equals the **greater** of (a) or (b):

(a) **1% of the amount of principal being prepaid;**

<u>or</u>

(b) **the product of the following:**

(Amount of principal being prepaid) * (Loan Interest Rate – CMT Yield Rate) * (Present Value Factor)

<u>Defined terms</u>:

CMT Yield Rate: the U.S. Treasury constant maturity yield rate (as defined below as "**r**" for use in calculating the **Present Value Factor**) on the 25th business day before (A) the intended prepayment date, or (B) the date the lender

accelerates the mortgage loan or otherwise accepts a prepayment due to a default under the mortgage note.

Present Value Factor: the result of the following formula:

$$\frac{1 - (1 + r)^{(-n/12)}}{r}$$

[**r** = the yield calculated by interpolating the yields for the immediately longer and shorter term U.S. "Treasury constant maturities" (as published by the Federal Reserve Board in the Federal Reserve Statistical Release: H.15 (519) Selected Interest Rates (the "Fed Release") under the heading "U.S. government securities") closest to the remaining term of the yield maintenance period, as follows (rounded to three decimal places):

$$\frac{(a - b)}{(x - y)} \times (z - y) + b$$

a = the yield for the longer U.S. Treasury constant maturity
b = the yield for the shorter U.S Treasury constant maturity
x = the term of the longer U.S. Treasury constant maturity
y = the term of the shorter U.S. Treasury constant maturity
z = "**n**" (as defined for use in calculating the ***Present Value Factor***) divided by 12.

Notwithstanding the foregoing, if "***z***" equals a term reported under the U.S. "Treasury constant maturities" subheading in the Fed Release, the yield for that term will be used, and interpolation will not be necessary.

n = the number of months remaining between (A) either of the following: (1) in the case of a voluntary prepayment, the last day of the month during which the voluntary prepayment is made, or (2) in any other case, the date on which the lender accelerates the unpaid principal balance of the mortgage note, and (B) the yield maintenance end date]

If publication of the Fed Release is discontinued by the Federal Reserve Board, we will determine the yield rate from another source that we select.

The borrower must pay a yield maintenance prepayment premium equal to the **greater** of the amount calculated in clause (a) or clause (b). Thus, even if clause (b) results in an amount *less* than 1% of the amount of principal being prepaid, clause (a) still requires the borrower to pay an amount *equal to* 1% of the amount of principal being prepaid. In our sole discretion, we may permit the borrower to pay a yield maintenance prepayment premium equal to the lesser amount calculated in clause (b).

A PORTION OF ANY YIELD MAINTENANCE PREPAYMENT PREMIUM COLLECTED BY US WILL BE PASSED THROUGH TO CERTIFICATEHOLDERS UNDER THE CONDITIONS SET FORTH IN THIS PROSPECTUS SUPPLEMENT NARRATIVE AND IN THE MULTIFAMILY MBS PROSPECTUS. See the section of the Multifamily MBS Prospectus entitled "**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations**" for a discussion of voluntary and involuntary prepayments and the circumstances under which prepayment premiums may be imposed or waived. See also "*—Calculation of Certificateholders' Share of Yield Maintenance Prepayment Premiums*" below.

We do not guarantee to the trust the payment of any prepayment premiums.

Calculation of Certificateholders' Share of Yield Maintenance Prepayment Premiums

If the borrower voluntarily prepays the mortgage loan before the yield maintenance end date, we will determine whether certificateholders will receive a portion of the yield maintenance prepayment premium actually received by us from the servicer of the prepaid loan as follows:

- *First*, we will calculate the total yield maintenance prepayment premium due (the "total premium due") under each of clause (a) and clause (b) of the formula above, calculate the share of the total premium due that will be retained by us ("our portion"), and determine the actual amount of premium collected from the borrower (the "total premium collected").

- *Second*, whether the total premium due is the amount calculated under clause (a) or the amount calculated under clause (b), the maximum share of the total premium due that will be passed through to certificateholders ("your portion") will equal the following:

  (Amount of principal being prepaid) * (Pass-Through Rate – CMT Yield Rate) * (Present Value Factor)

- *Third*, if calculating your portion results in a positive value, we will subtract our portion from the total premium collected and will pass through your portion but only to the extent of the total premium collected that remains after we have deducted our portion. **If the calculation of your portion results in a negative value, we will not pass through any portion of the total premium collected.**

Prepayment Premiums Payable after Yield Maintenance Period

The terms of any prepayment premium payable upon a voluntary prepayment of the mortgage loan after the yield maintenance end date are set forth in the mortgage loan documents.

CHARACTERISTICS OF THE MORTGAGED PROPERTY

The mortgaged property is a multifamily property that contains at least five residential units. The "Collateral Information" page of the Multifamily Schedule of Loan Information discloses information about the mortgaged property. Earthquake insurance is required if a mortgaged property in a seismically active area presents one or more of the structural risk factors specified in the Multifamily Selling and Servicing Guide. Flood insurance is required if a mortgaged property is located in a Special Flood Hazard Area as designated by the Federal Emergency Management Agency.

Affordable Housing Mortgage Loans

Affordable housing loans result from efforts made to promote affordable housing. The Multifamily Schedule of Loan Information discloses that the mortgage loan in the pool is a multifamily affordable housing loan. As a result, the mortgaged property is encumbered by housing regulatory agreements that limit rents, impose income limits on tenants or otherwise restrict the use of the property. See "**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Affordable Housing Mortgage Loans**" in the Multifamily MBS Prospectus for a discussion of the possible effect on the mortgage loan of the borrower's noncompliance with required limitations or restrictions.

The Multifamily Schedule of Loan Information discloses the type of affordable housing property securing the mortgage loan, the percentage of units that are restricted to tenants with annual household incomes equal to the specified percentages of the area median income, and the total percentage of units that require tenants to meet specified household income requirements. This total includes not only the units subject to the household income requirements specified above but also any units subject to higher household income requirements. For further information, see "**THE MULTIFAMILY MORTGAGE LOANS—Affordable Housing Loans"** in the Multifamily MBS Prospectus.

UPDATES TO PROSPECTUS

The following sections replace the indicated portions of the Multifamily MBS Prospectus. Except as modified below, the contents of the Multifamily MBS Prospectus remain unchanged.

Casualty and Condemnation

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled "**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Prepayments of Multifamily Mortgage Loans*—*Proceeds of Casualty or Condemnation*.**"

"*Proceeds of Casualty or Condemnation Action*

A multifamily mortgage loan may experience an involuntary prepayment, which is the early receipt of all or a portion of the principal of a loan other than as a result of a voluntary prepayment by the borrower or a default on the loan. Many multifamily mortgage loans do not require a borrower to pay a prepayment premium if an involuntary prepayment results from the receipt of casualty insurance proceeds or amounts received in connection with a condemnation action affecting the related mortgaged property.

Proceeds from Casualty Insurance. Casualty insurance proceeds generally are not applied against the unpaid principal balance of the related mortgage loan. Instead, these proceeds generally are used to restore or repair the mortgaged property (as long as the mortgage loan is not then in material default) and are not passed through to certificateholders. All or part of the proceeds, however, may be applied against the unpaid principal balance if permitted by the mortgage loan documents. In that case, there will be a full or partial prepayment of principal to certificateholders.

Proceeds from Condemnation Action. A condemnation action is any action or proceeding relating to any condemnation, or other taking or conveyance in lieu of a taking, of all or a portion of a mortgaged property. Amounts received in connection with a condemnation action ("condemnation proceeds") generally are applied against the unpaid principal balance of the related mortgage loan (as long as the loan is not then in material default). If the mortgaged property was affected by the condemnation but continues to operate, all or part of the condemnation proceeds may be used to repair or restore the mortgaged property if that use is permitted by the mortgage loan documents. If condemnation proceeds are applied against the unpaid principal balance, there will be a full or partial prepayment of principal to certificateholders.

Notwithstanding the foregoing, in some cases, we may permit small amounts of casualty insurance proceeds or condemnation proceeds to be paid directly to a borrower. In addition, if a substantial casualty or condemnation action causes a mortgaged property to become unusable, and if the related casualty or condemnation proceeds are sufficient to repay most but not all of the mortgage loan, the borrower may be permitted to prepay the remaining principal without being required to pay a prepayment premium."

Split or Bifurcated Loans

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled "**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Prepayments of Multifamily Mortgage Loans*—*Split or Bifurcated Loans*.**"

"Split or Bifurcated Loans

A transaction may be structured as a split loan or a bifurcated loan.

Split Loans. A split loan consists of two separate mortgage loans, a senior mortgage loan and a junior mortgage loan, that are underwritten concurrently as a single credit but documented as two separate loans (i.e., separate loan agreements, mortgage notes, and security instruments). Each mortgage loan in a split loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the split loan transaction.

Bifurcated Loans. A bifurcated loan consists of a single mortgage loan where the aggregate amount of the debt is divided between two separate mortgage notes that have the same (i.e., *pari passu*) payment priority. Each mortgage note is secured by the same security instrument on the same collateral, including the mortgaged property. Each mortgage loan in a bifurcated loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the bifurcated loan transaction."

Soft Financing

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled "**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Existing and Future Additional Mortgage Liens*—***Soft Financing Mortgage Liens*":

"Soft Financing Mortgage Liens

Multifamily affordable housing properties often have existing financing in the form of a mortgage loan made to the borrower by a government agency or organization to promote affordable housing. See *"***THE MULTIFAMILY MORTGAGE LOANS—Affordable Housing Loans**" for a discussion of multifamily affordable housing loans. The mortgage loan is generally secured by a mortgage on the mortgaged property that is subordinate to the mortgage securing the mortgage.

When a mortgage loan is delivered to us and the related mortgaged property also secures a subordinate mortgage loan initially characterized as soft financing, we review the subordinate mortgage loan to determine if it is likely to have any material adverse effect on the cash flow of the mortgaged property. If we conclude that the subordinate mortgage loan is unlikely to have such an effect, we consider it to be soft financing and typically do not provide disclosure about it or include its terms in calculating the loan-to-value and debt service coverage ratios disclosed for the mortgage loan in the pool.

"Soft" financing generally has more than one of the following characteristics:

- The interest rate on the subordinate mortgage loan is nominal (1% or 2%, for example), or no interest is charged.
- Interest on the subordinate mortgage loan is payable only from surplus, available or excess cash flow from the mortgaged property. (While the definition of surplus, available or excess cash flow ("surplus cash flow") varies among transactions, it is generally cash flow that remains after paying debt service on the mortgage loan in the trust and operating expenses of the mortgaged property.)
- Unpaid interest on the subordinate mortgage loan either does not accrue or accrues but is still payable only to the extent there is surplus cash flow from the mortgaged property.
- No principal payments are required over the term of the subordinate mortgage loan, or principal payments are payable only from surplus cash flow from the mortgaged property and are not intended to fully amortize the subordinate mortgage loan over its term.
- Failure to make an interest or principal payment due to a lack of surplus cash flow is not a default under the subordinate mortgage loan.
- The term of the subordinate mortgage loan is longer than the term of the mortgage loan in the pool.
- The subordinate mortgage loan is forgiven over time or at its maturity date, or the subordinate mortgage loan is due only upon a sale of the mortgaged property.

Defaults under soft financing loans generally result from a borrower's failure to comply with the occupancy restrictions imposed on the mortgaged property. See "**RISK FACTORS—RISKS RELATED TO YIELD AND PREPAYMENT—Affordable Housing Mortgage Loans**" for a discussion of defaults.

While soft financing is most commonly seen in connection with multifamily affordable housing loans, soft financing may be present in connection with multifamily mortgage loans that are not multifamily affordable loans."

CREDIT RISK RETENTION

The certificates satisfy the requirements of the Credit Risk Retention Rule (12 C.F.R. Part 1234) jointly promulgated by the Federal Housing Finance Agency, the Securities and Exchange Commission and several other federal agencies. In accordance with 12 C.F.R. 1234.8(a), (i) the certificates are fully guaranteed as to timely payment of principal and interest by Fannie Mae and (ii) Fannie Mae is operating under the conservatorship of the Federal Housing Finance Agency with capital support from the United States.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The certificates and payments on the certificates generally are subject to taxation. Therefore, you should consider the tax consequences of holding a certificate before acquiring one. See "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**" in the Multifamily MBS Prospectus for a discussion of the tax consequences of the purchase, ownership and disposition of the certificates.

ADDITIONAL INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT

The disclosure documents for this issuance of certificates are the Multifamily MBS Prospectus and this Prospectus Supplement (which includes this Prospectus Supplement Narrative and the Schedule of Pool and Loan Information), together with any information incorporated into these documents by reference. **In deciding whether to purchase this issuance of certificates in an initial offering, you should rely ONLY on the information in the Multifamily MBS Prospectus, this Prospectus Supplement and any information that we have otherwise incorporated into these documents by reference. We take no responsibility for any unauthorized information or representation.**

You may obtain copies of the Multifamily MBS Prospectus and this Prospectus Supplement by visiting our Web site at www.fanniemae.com, by calling Fannie Mae at 1-800-2FANNIE (1-800-232-6643), option 2, or by writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue, NW, Area 2H-3S, Washington, DC 20016. The Prospectus Supplement is typically available on the second business day before the settlement date of the issuance of certificates. We also provide corrections and periodic disclosure regarding mortgage loans and pools through our Multifamily Securities Locator Service™ application or other locations on our Web site. We are providing our Internet address solely for your information. Unless otherwise stated, information appearing on our Web site is not incorporated into any prospectus supplement.

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MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 11/16/2017

Item: Approval, Resolution Authorizing the Issuance and Sale of Residential Housing Finance Bonds 2017 Series DEF.

Staff Contact(s):
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Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff is preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) resolution, to provide funds for the acquisition of newly originated mortgage-backed securities that funded the origination of single family mortgages. In addition, the new bond issue will likely refund certain outstanding RHFB bonds. The first bond resolution, which will cover the issuance of 2017 Series D and E, is a fixed rate resolution and provides the authority for the Agency to issue up to $250 million in fixed rate bonds over time under the RHFB indenture. The second resolution, which covers 2017 Series F, provides the authority for $40 million in variable rate bonds. In addition, this resolution selects RBC Capital Markets as the liquidity provider for 2017 Series F, and selects RBC as the remarketing agent. This resolution also authorizes the Agency to enter into an interest rate swap agreement with Wells Fargo to convert the variable rate interest payments into a fixed rate obligation. The RHFB 2017 Series DEF bond issue is expected to be approximately $125 million in total size. The Preliminary Official Statement describes the entire transaction. Staff anticipates pricing the transaction on or about December 5th, with closing preliminarily scheduled for December 21st.

Fiscal Impact:
The upcoming transaction will enable the Agency to capture interest rate savings by refunding outstanding debt as well as putting earning mortgage assets on the balance sheet at a profitable spread such that the Agency builds the sustainability of future income.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Two Resolutions
- Preliminary Official Statement

RESOLUTION NO. MHFA 17-039

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE BONDS, 2017/2018 SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

(A) General Provisions. By Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Residential Housing Finance Bonds to be issued for the purposes of its Program of facilitating the purchase, development or rehabilitation of residential housing in the State of Minnesota at prices that persons and families of low and moderate income can afford. Terms used but not defined in this resolution will have the meanings given those terms in the Bond Resolution.

This resolution (the "Series Resolution") is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of one or more Series of Bonds of the Agency to be sold prior to December 31, 2018, the first two Series of which are designated as "Residential Housing Finance Bonds, 2017 Series D" and "Residential Housing Finance Bonds, 2017 Series E," each in the aggregate principal amount to be determined pursuant to the terms of Section 2(D) of the Series Resolution (together, the "Series DE Bonds"), with additional Series of Bonds designated as "Residential Housing Finance Bonds, 2017/2018 Series __," with the blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of Series. The maximum aggregate principal amount of all Series of Bonds issued pursuant to the Series Resolution must not exceed $250,000,000; the number of Series of the Series Bonds and their corresponding principal amounts will be as determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of the Series Resolution. All the Series of Bonds issued pursuant to the Series Resolution are the "Series Bonds."

(B) Appointment of Trustee. Pursuant to Section 8.1 of the Bond Resolution, Wells Fargo Bank, National Association has been appointed as Trustee under the Bond Resolution and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Bond Resolution, in trust for the Owners of Bonds issued and to be issued thereunder.

Section 2. Authorization of Series Bonds.

(A) Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds for the purpose of providing funding for the Program, and in particular for the making and purchase of Program Securities backed by pools of Program Loans, that constitute qualified Program Loans in accordance with the provisions of Section 143 of the Code and

Sections 10 and 11 of the Series Resolution and the Series Program Determinations made for the Series Bonds in Section 7 of the Series Resolution. This funding will be provided by:

(i) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount to be determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution and deposit the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 8(A) of the Series Resolution to be expended for the Program;

(ii) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution and to be set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution to the refunding, on the date or dates to be determined by the Agency, of certain outstanding obligations of the Agency to be listed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the "Refunded Bonds"), and the deposit of certain transferred assets and transferred mortgage loans (collectively, the "Transferred Mortgage Loans"), and certain "transferred," "replacement" and sale proceeds that will become allocable to the Series Bonds upon the refunding of certain series of the Refunded Bonds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 9 of the Series Resolution to be expended for the Program.

(B) Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency intends to treat all Bonds sold on the same date as a single issue of bonds.

(C) Pledge. The pledge made and security interests granted in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the Series Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and resolved herein, except as otherwise expressly provided therein or in a Series Resolution as permitted thereby.

(D) Approval of Contract of Purchase. The Agency will negotiate for the sale of the initial series of the Series Bonds issued pursuant to this Series Resolution to RBC Capital Markets, LLC, Piper Jaffray & Co., Wells Fargo Bank, National Association and Fidelity Capital Markets (collectively, the "Underwriters"). The Agency will negotiate for the sale of additional series of Series Bonds to be issued pursuant to this Series Resolution with the investment banks selected by the Agency in accordance with its most recent request for proposals for investment banking services.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds, subject to the following parameters:

(i) the principal amount of each Series of the Series Bonds; provided that the aggregate principal amount of all Series of the Series Bonds is not in excess of $250,000,000;

(ii) the maturity schedule of each Series of the Series Bonds (including any mandatory sinking fund schedule); provided that the Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof;

(iii) the interest rates borne by each Series of the Series Bonds; provided that the combined yield on the Series Bonds issued on a particular Issue Date does not exceed 5.00% per annum; and

(iv) the fee or other compensation payable to the Underwriters of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase (each a "Purchase Contract") with the Underwriters by an Authorized Officer. The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the related Series Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute Purchase Contracts on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The final terms of the Series Bonds, including any mandatory sinking fund provisions for the Series Bonds, other redemption provisions and the purchase price of the Series Bonds, will be set forth in the Agency Certificate(s) to be delivered pursuant to Section 8(A)(5) of the Series Resolution.

(E) Official Statement. The Agency has examined a draft of the form of the Preliminary Official Statement of the Agency, to be dated the date of distribution thereof, containing information relating to the Agency and the Series DE Bonds; the form of the Preliminary Official Statement with respect to subsequent Series of the Series Bonds will be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether the Series is intended to be bonds the interest on which is excludable from gross income for federal income tax purposes ("Tax-Exempt Series Bonds"), all as approved by an Authorized Officer and subject to the limitations of Section 2(D) of the Series Resolution. An Authorized Officer is hereby authorized to (i) approve a final version of the Preliminary Official Statement describing the proposed terms of, and number of Series of, the Series Bonds to be issued and the use thereof by the Underwriters in the public offering of the Series DE Bonds, and (ii) approve any Preliminary Official Statements in substantially similar form to be used by the Underwriters in connection with any additional Series of the Series Bonds authorized by the Series Resolution. Final Official Statements, substantially in the form of the related Preliminary

Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the related Series Bonds as provided in the related Purchase Contract, are approved and authorized to be signed by an Authorized Officer, and furnished to the Underwriters for distribution to investors.

(F) Approval of Continuing Disclosure Undertaking. The Agency has received and examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of Series Bonds, with the revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

Section 3. Forms of Series Bonds. Each of the Series Bonds will be prepared in substantially the form appearing as Exhibits A (which is hereby incorporated herein and made a part hereof), with the additions, deletions or modifications as are permitted or required by the Bond Resolution or the Series Resolution.

Section 4. Terms.

(A) Issue and Interest Payment Dates; Denominations; Manner of Payment; Execution and Delivery. The Issue Date of the Series Bonds will be the date of original delivery thereof. The Series Bonds of each Series will be issued as fully registered Bonds in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount of the Series maturing on any principal payment date. Interest on the Series Bonds will be payable each January 1 and July 1 (the Interest Payment Dates for the Series Bonds), commencing on July 1, 2018 in the case of the Series DE Bonds, and in the case of subsequent Series of Series Bonds, commencing on the date set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, and will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series Bonds will be paid by check or draft mailed to the Owner as shown on the registration books of the Agency maintained by the Trustee on the 15th day of the calendar month immediately preceding the Interest Payment Date (the "Record Date") or, upon the written request of an Owner of Series Bonds of a Series in an aggregate principal amount of at least $100,000, in form satisfactory to the Trustee, by wire transfer on each Interest Payment Date from the Trustee to a domestic bank or trust company designated by the Owner; provided, however, that so long as all of the outstanding Series Bonds of a Series are registered in the name of The Depository Trust Company ("DTC") or its designee, or other securities depository, payment will be made in accordance with the operational arrangements of DTC or its designee, or other securities depository, as agreed to by the Agency. The principal of and any redemption premium on the Series Bonds of a Series will be payable at the designated corporate trust office of the Trustee upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption thereof; provided, however, that so long as all outstanding Series Bonds of a Series are registered in the name of DTC or its designee, or other securities depository, DTC or any other securities depository may, in its discretion, make a notation on any Series Bond of the Series indicating the date and amount of any reduction of

principal except in the case of final maturity or payment in full, in which case the Series Bonds of the Series will be surrendered to the Trustee for payment. The Series Bonds will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each Series Bond will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each Series Bond, attesting that it is delivered pursuant to the Bond Resolution and the Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 8 of the Series Resolution.

(B) Maturities, Interest Rates and Redemption. The Series Bonds will mature on the date or dates and in the principal amounts, will bear interest at the rate or rates per annum, and will be subject to redemption as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of the Series Resolution, all subject to the limitations in Section 2(D) of the Series Resolution.

(C) Manner of Redemption. Upon redemption of any of the Series Bonds (other than through mandatory sinking fund installments, if any), the maturity dates and principal amounts of the Series Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and the Series Resolution, including a certification that the redemption of the Series Bonds will have no material adverse effect on the Agency's ability to pay when due the Principal Installments of and interest on the Bonds Outstanding under the Bond Resolution after the redemption. Upon redemption of any of the Series Bonds that are Term Bonds (other than through sinking fund installments), an Authorized Officer will also determine and certify to the Trustee the years in which and the amounts by which the sinking fund installments, if any, referred to in the final Official Statement of the Agency are to be reduced, in the manner that the aggregate reduction equals the aggregate principal amount of the Series Bonds so redeemed. If less than all Series Bonds of the same Series and maturity are to be redeemed, the Trustee will select the principal amount of the Series Bonds to be redeemed at random among numbers to be assigned by the Trustee to each $5,000 principal amount of the Series Bond; provided, however, that so long as all Outstanding Series Bonds are registered in the name of DTC or its designee, or other securities depository, the Series Bonds of a Series and maturity to be redeemed will be selected in accordance with the operational arrangements of the securities depository. All actions of the Agency and the Trustee in the redemption of Series Bonds must conform to the provisions of Article V of the Bond Resolution and the Series Resolution; provided that notice of any redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the Owners of the Series Bonds, or, if all Outstanding Series Bonds of a Series are registered in the name of DTC or its designee, or other securities depository, the Trustee will give notice to the securities depository in accordance with its operational arrangements, in each case not less than 30 days before the redemption date.

Section 5. [Reserved]

Section 6. Securities Depository.

(A) Definitions. For purposes of this Section 6, the following terms have the following meanings:

"Beneficial Owner" means, whenever used with respect to a Series Bond, the Person in whose name the Series Bond is recorded as the beneficial owner of that Series Bond by a Participant on the records of the Participant, or that Person's subrogee.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" means any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(B) General Provisions. The Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one Series Bond will be issued in the principal amount of each Series and stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds will be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series Bonds under the Bond Resolution or the Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an Owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal or purchase price of, premium, if any, and interest on the Series Bonds, with respect to any notice that is permitted or required to be given to owners of Series Bonds under the Bond Resolution or the Series Resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption or mandatory tender of the Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee will pay all principal and purchase price of, premium, if any, and interest on the Series Bond, and will give all notices with respect to the Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all the payments must be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to the new nominee in accordance with Subsection (D) of this Section 6.

(C) Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the Series Bonds or any Series thereof, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series Bonds of the Series in the form of certificates. In that event, the Series Bonds of the Series will be transferable in accordance with Subsection (D) of this Section 6. DTC may determine to discontinue providing its services with respect to the Series Bonds or one or more Series at any time by giving notice to the Agency and the Trustee and discharging its

responsibilities with respect thereto under applicable law. In that event the Series Bonds of that Series will be transferable in accordance with Subsection (D) of this Section 6.

(D) Transfer and Exchange. In the event that any transfer or exchange of Series Bonds is permitted under Subsection (B) or (C) of this Section 6, the transfer or exchange will be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and the Series Resolution. In the event Series Bonds of a Series in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series Bonds, or another securities depository as Owner of all the Series Bonds, the provisions of the Bond Resolution and the Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the Series Bonds in the form of bond certificates, the method of payment of principal and purchase price of, redemption premium, if any, and interest on the Series Bonds and the method of giving notice of redemption and other events.

Section 7. Series Program Determinations for the Series Bonds; Covenants.

(A) Definitions. As used in this Section 7 and in Sections 9 and 11 of the Series Resolution, the following terms have the following respective meanings:

2017/2018 Series Program Loan: A Transferred Mortgage Loan or a Pooled 2017/2018 Series Program Loan.

2017/2018 Series Program Security: A Program Security financed in whole or in part with amounts on deposit in the 2017/2018 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2017/2018 Series Program Loans less the applicable servicing fee and guaranty fee.

Conventional Mortgage Loan: A 2017/2018 Series Program Loan other than an FHA Insured Program Loan, a VA Guaranteed Program Loan or a USDA Rural Development Guaranteed Program Loan, satisfying the requirements of Fannie Mae or Freddie Mac, as applicable.

Defaulted Transferred Mortgage Loan: A Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

Delivery Period: The period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period will be as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, unless extended by the Agency pursuant to Section 7(E) of the Series Resolution; provided the Delivery Period may not be extended beyond June 1, 2021 in the case of the Series DE Bonds, and in the case of the remainder of the Series Bonds, the date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the Issue Date of the Series Bonds.

Fannie Mae: The Federal National Mortgage Association, or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

FHA Insurance: FHA mortgage insurance issued under one of the FHA Insurance programs pursuant to the National Housing Act, including but not limited to: (a) FHA §203(b), Home Unsubsidized; (b) FHA §234(c), Condominiums; (c) FHA §203(b)(2), Veteran's Status, or (d) FHA Section 184, Indian Housing Loans.

FHA Insured: Insured by FHA Insurance.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool

GNMA: The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq*.).

GNMA Security: A GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Master Servicer in the name of the Trustee in exchange for Program Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and backed by FHA Insured Program Loans, USDA Rural Development Guaranteed Program Loans or VA Guaranteed Program Loans in the related pool.

Home: Real property and improvements in the State, comprising not more than four dwelling units, occupied or to be occupied by one or more persons or families.

Lender: Any of the following institutions making or holding a 2017/2018 Series Program Loan: (i) any bank, savings bank, credit union, mortgage company or nonprofit

corporation organized or licensed under the laws of the State or the United States, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) any agency or instrumentality of the United States or the State, or a political subdivision of the State.

Master Servicer: The Person designated as servicer under the Participation Agreements and the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

Master Servicing Agreement: The Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing that agreement.

Mortgage: A mortgage deed, deed of trust, or other instrument securing a 2017/2018 Series Program Loan and constituting a lien on a Home.

Mortgagor: The obligor or joint obligors on a 2017/2018 Series Program Loan.

Participation Agreements: One or more of the Participation Agreements, as amended from time to time, relating to the origination of Program Loans under the Program, either (i) between the Agency, the Master Servicer (with respect to a Participation Agreement relating to Program Loans to be pooled to back Program Securities), and a Lender, or (ii) between the Agency and a Lender (together with a separate participation agreement between the Master Servicer and a Lender with respect to a participation agreement relating to Program Loans to be pooled to back Program Securities).

Pool Purchase Contract: (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer of Pooled 2017/2018 Series Program Loans to Fannie Mae and the servicing thereof, or (ii) any Fannie Mae Pool Purchase Contract between the Agency and Fannie Mae relating to the sale by the Agency of Pooled 2017/2018 Series Program Loans to Fannie Mae and the servicing thereof, or (iii) any Freddie Mac Pool Purchase Contract between the Master Servicer and Freddie Mac relating to the sale by the Master Servicer of 2017/2018 Series Program Loans to Freddie Mac and the servicing thereof.

Pooled 2017/2018 Series Program Loan: A loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note, or a security payable from or evidencing an interest in Program Loans, and financed in whole or in part with amounts on deposit in the 2017/2018 Series Acquisition Account, acquired by the Master Servicer pursuant to Subsection (F) of this Section 7.

Servicer: The Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

Servicing Agreement: A contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

USDA Rural Development: Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

USDA Rural Development Guaranteed: Guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

VA: The Veterans Administration, an agency of the United States of America, or any successor to its functions.

VA Guaranteed: Guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended

(B) Debt Service Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Debt Service Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Debt Service Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Insurance Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Insurance Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Insurance Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(D) Requirements for 2017/2018 Series Program Securities. The Agency will designate in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution whether or not the Series Bonds are intended to be Tax-Exempt Bonds. The sale proceeds of Series Bonds not used to refund certain obligations of the Agency will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Mortgage Loans were made in accordance with the applicable provisions of the Bond Resolution and the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Mortgage Loans were purchased by the Agency, those provisions will constitute the Series Program Determinations with respect to the Transferred Mortgage Loans, and those Transferred Mortgage Loans will be Program Loans within the meaning of the Bond Resolution and the Series Resolution. Except as expressly provided, the provisions of Subsection (E) of this Section 7 will not apply to the Transferred Mortgage Loans. The provisions of the Agency's Start Up Procedural Manual, and the Master Servicer's lending

guide, each as most recently revised and as revised from time to time, the applicable Participation Agreements and the Master Servicing Agreement will be used to administer the financing of the Pooled 2017/2018 Series Program Loans.

(E) Acquisition of 2017/2018 Series Program Securities.

During the Delivery Period for each issuance of a Series or Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2017/2018 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2017/2018 Series Acquisition Account related to the Series for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this Subsection (E). The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as is set forth in the then operative Master Servicing Agreement, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

The Agency may at any time transfer any proceeds of a Series of the Series Bonds in a 2017/2018 Series Acquisition Account related to the Series to the 2017/2018 Series Account related to the Series in the Bond Redemption Fund to be applied to the redemption of the Series Bonds. In addition, at the end the Delivery Period related to the Series of Series Bonds, the Agency must transfer from the 2017/2018 Series Acquisition Account related to the Series any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of Series Bonds within 41 days thereafter; provided that the Agency may (instead of redeeming those Series Bonds from unexpended proceeds) extend the related Delivery Period with respect to all or any portion of the unexpended amounts remaining in a 2017/2018 Series Acquisition Account related to the Series, for the period as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the Delivery Period designated in the related Agency Certificate a Certificate (i) designating the new ending date for that Delivery Period, (ii) certifying that the Agency has delivered a Cash Flow Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash flow analysis of qualified mortgage bonds, that Cash Flow Certificate and Parity Certificate will accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2017/2018 Series Acquisition Account related to the Series to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits, if any, required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with the extension, those deposits must be made on or before the date of expiration of that Delivery Period and must be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each

Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the 2017/2018 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2017/2018 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2017/2018 Series Account related to those Series Bonds in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of the Series Resolution. At the end of each Delivery Period for a Series of Bonds, including any extension thereof as provided in this Subsection (E), the Trustee must transfer from the 2017/2018 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2017/2018 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2017/2018 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2017/2018 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 4(C) of the Series Resolution. The Delivery Period may not be extended pursuant to this Subsection (E) beyond November 1, 2019 in the case of the Series DE Bonds, and in the case of the remainder of the Series Bonds, the date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the Issue Date of the Series Bonds. Notwithstanding any provision in this Subsection (E) to the contrary, the Trustee must apply amounts in a 2017/2018 Series Acquisition Account related to the Series to the redemption of the Series Bonds in accordance with Section 4(C) of the Series Resolution.

The Agency may participate each 2017/2018 Series Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the 2017/2018 Series Program Security secured, but those interests need not be equal as to interest rate.

(F) Enforcement of Transferred Mortgage Loans.

(1) Subject to the right of the Agency to modify the Transferred Mortgage Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan.

(2) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan or from operation of the Home subject to that Defaulted Transferred Mortgage Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

(G) Enforcement of 2017/2018 Series Program Securities.

(1) The 2017/2018 Series Program Securities acquired by the Trustee on behalf of the Agency will be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee will immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee will immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day), the Trustee will immediately demand payment from Freddie Mac.

(2) The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all obligations of a Master Servicer under and pursuant to a Master Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or the Series Resolution has occurred or is continuing. The Agency will supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Master Servicing Agreement is cancelled or terminated for any reason, the Agency will proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Master Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Master Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Master Servicing Agreement.

(H) [Reserved].

(I) [Reserved].

(J) Information to be Furnished. The Trustee will furnish information concerning the Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

(K) Amendments. This Section 7 of the Series Resolution may be amended subsequent to the issuance of the Series Bonds to reflect changes in requirements applicable to the 2017/2018 Series Program Securities or the Transferred Mortgage Loans; provided that the amendment will become effective only if Bond Counsel renders an opinion to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds from gross income of the owners thereof for federal income tax purposes and if the Agency delivers an Agency Certificate to the Trustee to the effect that the amendment will not impair the Ratings on the Series Bonds by each Rating Agency.

Section 8. Conditions Precedent to Issuance.

(A) Documents Furnished to Trustee. Prior to the delivery of each Series of the Series Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(1) Certified copies of the Bond Resolution and the Series Resolution.

(2) An opinion of counsel to the Agency that the Bond Resolution and the Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge that it purports to create, and that the principal amount of the Series Bonds and other obligations heretofore issued by the Agency does not exceed any legal limitation.

(3) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(4) A Counsel's Opinion that the Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that the Series Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.

(5) An Agency Certificate (i) requesting the Trustee to authenticate the Series Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the related Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into those deposits should be made, (iv) certifying that upon the issuance and delivery of the Series Bonds, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement and the amount on deposit in the Insurance Reserve Fund will be at least equal to the Insurance Reserve Requirement, (v) stating that the issuance of the Series Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding, (vi) stating whether or not the Series of Series Bonds are intended to be Tax-Exempt Bonds and (vii) setting forth the terms of the Series Bonds to be specified as provided in Section 2(D) of the Series Resolution.

(6) An Agency Certificate as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution. A Cash Flow Certificate need not be filed with the Trustee in connection with the issuance of any Series of the Series Bonds.

(7) Written confirmation from each Rating Agency that issuance of the Series Bonds will not impair then existing Rating on the Bonds.

(8) If applicable, evidence that the Agency has given irrevocable instructions of the redemption of all the related Refunded Bonds, if any, and the redemption dates, if any, upon which the related Refunded Bonds are to be redeemed, to the Trustee or to the owners of the related Refunded Bonds or the trustee for those owners, as applicable.

(9) Evidence that money or Government Obligations in an amount sufficient to effect payment of the applicable redemption price, or amount payable on maturity, of the related Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the related Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the related Refunded Bonds were issued, as applicable.

(10) If applicable, an Opinion of Bond Counsel to the effect that issuance of the Series Bonds will not result in interest on the related Refunded Bonds being included in gross income for federal income tax purposes.

(B) Acceptance and Certification by Trustee. Prior to the delivery of any Series of the Series Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A); and that the amounts to be deposited in the Debt Service Reserve Fund and Insurance Reserve Fund, if any, are sufficient to increase the amount in those Funds to the Debt Service Reserve Requirement and Insurance Reserve Requirement effective after the issuance of the Series Bonds as computed by the Trustee. The Trustee will administer and observe on behalf of the Agency all applicable requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of the Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

(C) Documents Required by the Purchase Contract. Prior to delivery of a Series of the Series Bonds, an Authorized Officer will also cause to be furnished to the Underwriters each of the certificates, opinions and other documents required by the related Purchase Contract.

(D) Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed, on the date of delivery of a Series of the Series Bonds that are intended to be Tax-Exempt Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of the Series Bonds will be used in a manner that would not cause the Series Bonds to be arbitrage bonds under applicable federal tax law, and on

the basis of which the Series Bonds will be "qualified mortgage bonds" under the provisions of applicable federal tax law.

(E) Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the related Series Bonds as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under the Purchase Contract.

Section 9. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

(A) 2017/2018 Series Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund, the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and the Bond Redemption Fund, as applicable, the Trustee may maintain a combined 2017/2018 Series Account designated for each Series of Series Bonds issued on the same Issue Date, as directed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, for the purpose of recording the proceeds of the related Series Bonds and other amounts directed by the Series Resolution to be deposited therein and the Transferred Mortgage Loans, other transferred proceeds, 2017/2018 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Mortgage Loans, the 2017/2018 Series Program Securities and Investment Obligations, and the Revenues received with respect to the related Series of Series Bonds. In addition, the Trustee will establish a separate Cost of Issuance Account for the Series of Series Bonds issued on the same Issue Date.

(B) Deposits of Funds. The proceeds of each Series of the Series Bonds, the Transferred Mortgage Loans, other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the Accounts established pursuant to Section 9(A), as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds and other funds of the Agency related thereto.

Section 10. Tax Covenant and Restrictions. The below covenants relate to all Series Bonds intended to be Tax-Exempt Bonds ("Tax-Exempt Series Bonds"):

(A) General Tax Covenant. The Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on Tax-Exempt Series Bonds will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Tax-Exempt Series Bonds will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Tax-Exempt Series Bond, would have caused the Tax-Exempt Series Bonds to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and

perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Tax-Exempt Series Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest on the Tax-Exempt Series Bonds will be excludable from gross income for federal income tax purposes.

(B) Qualified Program Loans. The covenants and restrictions set forth in Section 11 of the Series Resolution will apply to each Program Loan, including Program Loans purchased by the Master Servicer to be pooled in a Program Security from the sale proceeds of any Tax-Exempt Series of Series Bonds. The Agency retains the right to impose covenants with respect to Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(C) Amendments. Any particular covenant or restriction set forth in Sections 10 and 11 of the Series Resolution, other than the covenant in Subsection (A) of this Section 10, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 10 and 11 of the Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 11. Compliance with Applicable Federal Tax Law.

(A) Code Provisions. Unless otherwise determined in the Agency Certificate to be delivered pursuant to Section 8(A) of the Series Resolution, the Agency determines that Section 143 of the Code is applicable to the Tax-Exempt Series Bonds as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

(B) Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of applicable federal tax law as applicable to Tax-Exempt Series Bonds are set forth in Subsections (C) through (L) of this Section 11. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95% or more of the proceeds of the Tax-Exempt Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Mortgage Loans,

certifications and warranties of Mortgagors, Lenders and the Servicers and provisions of the Mortgages and related promissory notes designed for this purpose were set forth in the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Mortgage Loans were executed. With respect to the Pooled 2017/2018 Series Program Loans, certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all the requirements and will take all reasonable steps to avoid failure due to inadvertent error.

(C) Residence. Each Program Loan purchased in whole or in part by the Master Servicer to be pooled in a Program Security to be financed in whole or in part from the proceeds of, or allocated to, the Tax-Exempt Series Bonds, will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, that is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two- to four-family Home) that would cause any Tax-Exempt Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

(D) Three-Year Prior Ownership. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three-year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a "targeted area," as defined in Section 143(h) of the Code and Section 6a.103A-2(b)(3) of the Regulations, or the Program Loan is made to a "veteran" borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas, or to "veteran" borrowers, the Lender must secure, or have secured, from the Mortgagor copies of the Mortgagor's federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), in order to ascertain and certify to the Agency whether the Mortgagor has claimed a deduction for taxes on property that was the Mortgagor's principal residence or for interest on a mortgage secured by that property. The Program Loan must not be purchased if either the Lender or the Master Servicer, as applicable, has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Subsection (D) of Section 11, a Program Loan may be purchased by the Master Servicer to be pooled in a Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the

Program Loan is or has been provided in connection with a "qualified rehabilitation" as defined in Section 143(k)(5) of the Code.

(E) Purchase Price. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, if the acquisition cost of the Home for which it is made exceeds 90%, or 110% if located in a targeted area as defined in Subsection (D) above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area where the Home is located, or as established by the Agency pursuant to more accurate and comprehensive data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A-2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

(F) Income Requirements. All Program Loans to be financed in whole or in part from the proceeds of the Tax-Exempt Series Bonds, including Program Loans purchased by the Master Servicer to be pooled in a Program Security, must be made, or have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or have secured, and retain, or file with the Master Servicer, income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

(G) Limitation of Amount. Certain Series of the Tax-Exempt Series Bonds will be, for federal tax purposes, current refunding bonds issued pursuant to either the provisions of Section 1313(a) of the Tax Reform Act of 1986 or Section 146(i) of the Code and the Agency will not be required to apply the principal amount of the Tax-Exempt Series Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2017, or 2018 if applicable, as provided pursuant to Section 146 of the Code and applicable state law.

The unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2017, or 2018 if applicable, including the amount carried forward from calendar years 2015 and 2016, and 2017 if applicable, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the amount of the Tax-Exempt Series Bonds. The Agency must apply the portion of the principal amount of the Tax-Exempt Series Bonds against the unused volume cap as required for the allocation of volume cap pursuant to Section 146 of the Code as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(H) Placement in Targeted Areas. To the extent the Tax-Exempt Series Bonds are, for federal tax purposes, issued to refund bonds with respect to which the requirements of Section

143(h) of the Code have previously been met, the Agency will not be required to make available any amount of the proceeds of the Tax-Exempt Series Bonds for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

With respect to any portion of the Tax-Exempt Series Bonds that are not issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency must make available an amount equal to twenty percent (20%) of the proceeds of the Tax-Exempt Series Bonds deposited into the 2017/2018 Series Acquisition Account for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

(I) Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Revenue Ruling 91-3 and Revenue Procedure 91-8.

(J) Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service applicable to the Tax-Exempt Series Bonds to assure that the Tax-Exempt Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to-wit:

(1) The effective rate of interest on the Transferred Mortgage Loans and the portions of 2017/2018 Series Program Loans purchased with, or allocated to, the proceeds of the Tax-Exempt Series Bonds may not exceed the yield of the Tax-Exempt Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one-eighth percentage points.

(2) The Agency must pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of the Tax-Exempt Series Bonds.

(K) Special Requirements Relating to Use of Certain Amounts on Deposit in the 2017/2018 Series Account in the Revenue Fund. The Agency must take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Mortgage Loans and 2017/2018 Series Program Securities are used to pay and redeem Tax-Exempt Series Bonds in the amounts and within the time periods mandated by that Section 143(a)(2)(A); provided that the provisions of this Subsection (K) will be not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Tax-Exempt Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will not adversely affect the exclusion from federal gross income of interest on the Tax-Exempt Series Bonds. Notwithstanding any contrary provisions of this Subsection (K), the Agency agrees that, so long as Tax-Exempt Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the "Specified

Bonds") remain Outstanding, the provisions of Section 143(a)(2), as existing on the date of issue of the Tax-Exempt Series Bonds, will be considered as being in full force and effect (notwithstanding any subsequent change in law or regulation) and the Agency, to the full extent permitted by law, must comply with the provisions of the Agency's final Official Statement furnished to the Underwriters pursuant to Section 2(F) of the Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Mortgage Loans and the portion of 2017/2018 Series Program Loans allocable to the Tax-Exempt Series Bonds.

(L) New Mortgage and Assumption Requirements. None of the proceeds of the Tax-Exempt Series Bonds will be used, and none of the proceeds of any of the Refunded Bonds, if any, were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of the Tax-Exempt Series Bonds will be used, and all of the lendable proceeds of any Refunded Bonds were used, to purchase Program Loans, or Program Securities backed by Program Loans, made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each 2017/2018 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of the Tax-Exempt Series Bonds will contain a clause to the effect that the 2017/2018 Series Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Subsections (C), (D), (E) and (F) of this Section 11 are met with respect to that assumption for any 2017/2018 Series Program Loan funded with proceeds of Tax-Exempt Series Bonds. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Subsection (B) of this Section 11.

Section 12. Discretion of Authorized Officer. An Authorized Officer will determine the number and aggregate principal amount of each Series of the Series Bonds, subject to the limitations in Section 2(D) of the Series Resolution. Notwithstanding anything contained in the foregoing sections of the Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any Series thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed), then the Series Bonds will not be issued or sold in accordance with the Series Resolution.

Adopted by the Minnesota Housing
Finance Agency this 16th day of November, 2017.

By:_____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 17-039]

EXHIBIT A

[Form of Series Bond]

No. $

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, 2017/2018 SERIES [[D][E]]

Rate	Maturity Date	Date of Original Issue	CUSIP
		_____, 2017/2018	

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of

DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above at the annual rate specified above, computed on the basis of a 360-day year composed of twelve 30-day months, payable on each January 1 and July 1, commencing July 1, 2018, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined) on the fifteenth (15th) day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States by check or draft, or other agreed means of payment, by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, or state or federal laws appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized Series of Residential Housing Finance Bonds, 2017/2018 Series [D][E], in the original principal amount of $_____ (the "Series Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Obligations to facilitate the purchase, development or rehabilitation of a sufficient

supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The Series Bonds are issued under and pursuant to the Agency's Amended and Restated Residential Housing Finance Bond Resolution, adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and the Agency's Series Resolution, adopted November 16, 2017 (the "Series Resolution"), to which resolutions, including all supplemental resolutions that may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series Bonds, and the terms upon which the Series Bonds are issued, delivered and secured. [The Series Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, [2017][2018] Series [__].]

The Series Bonds are issuable in fully registered form. The Series Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof of a single stated maturity.

[The Series [___] Bonds [maturing on _____] are required to be redeemed (unless previously purchased or redeemed) by the application of sinking fund installments on the dates and in the amounts specified pursuant to the Series Resolution, at a redemption price equal to the principal amount thereof plus accrued interest, without premium.]

All Series Bonds are subject to (i) special redemption at any time at a price of par plus accrued interest, without premium, from unexpended proceeds of the Series Bonds not used to purchase Program Obligations and allocable amounts, if any, held in the 2017/2018 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and (ii) special redemption at any time at a price of par plus accrued interest, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund. "Excess Revenues," for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in said series resolutions, (iii) amounts required to maintain the required balance in the Debt Service Reserve Fund and Insurance Reserve Fund, (iv) amounts payable to a Swap Counterparty, and (v) amounts required to pay fees and other costs of the Agency in connection with the Program.

All Series Bonds with stated maturities on or after _____ are also subject to redemption at the option of the Agency in whole or in part from any amounts available to the Agency for that purpose, on _____ and any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date of redemption, without premium.

Upon redemption of any of the Series Bonds, the maturities and amounts of the Series Bonds to be redeemed will be selected by the Agency in a manner determined to have no material adverse effect on its ability to pay when due the Principal Installments of and interest on all Bonds Outstanding under the Bond Resolution after the redemption.

If less than all Series Bonds of a maturity are to be redeemed, the Trustee will select them at random. Upon partial redemption of a Series Bond, a new Series Bond or Series Bonds will be delivered to the Owner without charge, representing the remaining amount Outstanding.

Notice of any redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any Series Bond, not less than 30 days before the redemption date. Notice having been given, the Series Bonds or portions of Series Bonds specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those Series Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any Series Bond not affected by that defect or failure.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively with the Series Bonds, the "Bonds"), all of which are secured by the pledge made and security interest granted therein, regardless of the times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Debt Service Reserve Fund and Insurance Reserve Fund will be increased to an amount not less than their respective requirements effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of a Series of Bonds will not impair then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. Any resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it, or for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Owner of any Series Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any Series Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series Bonds.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of the Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; that the issuance of the Series Bonds does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a full and correct copy of the legal opinion given by Bond Counsel with reference to the Series Bonds, dated the date of original issuance and delivery of the Series Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Agency at the designated corporate trust office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney and may also be surrendered in exchange for Series Bonds of other authorized denominations. Upon the transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new Series Bond or Series Bonds of the same aggregate principal amount, maturity, interest rate and terms as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to the transfer.

Notwithstanding any other provisions of this Series Bond, so long as this Series Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee will pay all principal of, premium, if any, and interest on this Series Bond, and will give all notices with respect to this Series Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

The Agency and the Trustee may deem and treat the person in whose name this Series Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all payments so made to the registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon this Series Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee will be affected by any notice to the contrary.

Unless the Trustee's Certificate hereon has been manually executed on behalf of the Trustee, this Series Bond will not be entitled to any benefit under the Bond and Series Resolution[s] or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond Resolution and Series Resolution mentioned within.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

_____
By: (Facsimile Signature)
Chairperson

_____
Attest: (Facsimile signature)
Commissioner

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

_____

(please print or type name and address of transferee)

the within Series Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Series Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Series Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or any other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

_____

RESOLUTION NO. MHFA 17-040

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2017 SERIES F

Adopted November 16, 2017

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EXHIBIT A — FORM OF SERIES F BONDS

RESOLUTION NO. MHFA 17-040

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2017 SERIES F

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

1.01. General Provisions. By Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Residential Housing Finance Bonds to be issued for the purposes of its Program of facilitating the purchase, development or rehabilitation of residential housing in the State of Minnesota at prices that persons and families of low and moderate income can afford. Terms used but not defined in this resolution will have the meanings given those terms in the Bond Resolution.

This resolution (the "Series F Resolution") is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of a Series of Bonds of the Agency which are designated as "Residential Housing Finance Bonds, 2017 Series F," in the aggregate principal amount to be determined pursuant to Section 2.04 of this Series F Resolution. In the event an Authorized Officer, pursuant to Section 12 of the Series DE Resolution and Section 14 of this Series F Resolution, determines that it is not in the best interests of the Agency to issue and sell any series of the Series Bonds, that Authorized Officer may re-designate the Series F Bonds as "Residential Housing Finance Bonds, _____ Series __," with the first blank completed with year of issuance and the second blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of the Series. The Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution will set forth all appropriate revisions to the defined terms in this Series F Resolution necessitated by any re-designation of any series of the Series Bonds.

1.02. Appointment of Trustee. Pursuant to Section 8.1 of the Bond Resolution, Wells Fargo Bank, National Association has been appointed as Trustee under the Bond Resolution and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Bond Resolution, in trust for the Owners of Bonds issued and to be issued thereunder.

Section 2. Authorization of Series F Bonds.

2.01. Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds, including the Series F Bonds, for the purpose of providing funding for the Program, and in particular for the making and purchase of Program Securities backed by pools of Program Loans, that constitute qualified Program Loans in accordance with the provisions of Section 143 of the Code, Sections 8 and 9 of this Series F Resolution and Section 10 and 11 of the Series DE Resolution and the Series Program Determinations made for the Series F Bonds in

Section 5 of this Series F Resolution and Section 7 of the Series DE Resolution. With respect to the Series F Bonds, this funding will be provided by either or both of:

(i) the allocation, for federal income tax purposes, of sale proceeds of the Series F Bonds in the amount to be determined by an Authorized Officer pursuant to Section 2.04(i) of the Series F Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of the Series F Resolution and the deposit of the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 7.02 of the Series F Resolution to be expended for the Program; and

(ii) the allocation, for federal income tax purposes, of sale proceeds of the Series F Bonds in the amount determined by an Authorized Officer pursuant to Section 2.04(i) of the Series F Resolution and set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution, to the refunding, on the date or dates to be determined by the Agency, of the Series F Refunded Bonds, and the deposit of certain transferred assets and transferred mortgage loans (collectively, the "Transferred Mortgage Loans"), and certain "transferred," "replacement" and sale proceeds that will become allocated to the Series F Bonds upon the refunding of the Series F Refunded Bonds, together with certain contributed funds of the Agency, into the Funds and Accounts set forth in Section 7.02 of this Series F Resolution to be expended for the Program.

2.02. Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency intends to treat all Bonds sold on the same date as a single issue of bonds.

2.03. Pledge. The pledge made and security interests granted in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the Series F Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and resolved herein, except as otherwise expressly provided therein or in a Series Resolution as permitted thereby.

2.04. Approval of Contract of Purchase. The Agency will negotiate for the sale of the Series F Bonds to the Underwriters. The fourth investment bank to be included as a purchaser of Series F Bonds is the selling group member that had the greatest amount of retail allotments between the selling group members for the most recent single family bond issue of the Agency that included bonds for retail sale; the selling group, for purposes of this calculation, includes the non-permanent investment bank included as a purchaser with respect to that previous issue of single family bonds of the Agency.

Any Authorized Officer is hereby authorized to approve the final terms of the Series F Bonds, subject to the following parameters:

(i) the principal amount of the Series F Bonds; provided that the principal amount of the Series F Bonds is not in excess of $40,000,000;

(ii) the maturity schedule of the Series F Bonds (including any mandatory sinking fund schedule); provided that the Series F Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof; and

(iii) the fee or other compensation payable to the Underwriters of the Series F Bonds; provided that the fee or other compensation payable to the purchasers of the Series Bonds does not exceed 1.00% of the principal amount of the Series Bonds.

That approval will be conclusively evidenced by the execution of the Purchase Contract with the Underwriters by an Authorized Officer. The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the Series F Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute the Purchase Contract on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same. The final terms of the Series F Bonds, including any mandatory sinking fund provisions for the Series F Bonds, other redemption provisions and the purchase price of the Series F Bonds, will be set forth in the final Official Statement of the Agency, furnished to the Underwriters as provided in the following paragraph of this Series F Resolution, or in the Agency Certificate to be delivered pursuant to Section 6.01 of this Series F Resolution, as the case may be.

2.05. Official Statement. The Agency has examined a draft of the form of the Preliminary Official Statement of the Agency to be dated the date of distribution thereof, containing information relating to the Agency and the Series Bonds. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and establish the date of sale of the Series Bonds. The Agency hereby approves the use thereof by the Underwriters in the public offering of the Series F Bonds. A final Official Statement, substantially in the form of the Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the Series F Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer and furnished to the Underwriters for distribution to investors.

2.06. Approval of Continuing Disclosure Undertaking. The Agency has also received and examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer.

2.07. Approval of Remarketing Agreement. The Agency has also received and examined the form of the Remarketing Agreement relating to the Series F Bonds, to be entered into between the Agency and RBC Capital Markets, LLC, as Remarketing Agent. The Remarketing Agreement is approved substantially in the form submitted and is authorized to be

signed on behalf of the Agency by an Authorized Officer, with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same.

2.08. Liquidity Facility. The Agency has also received and examined the form of the Initial Liquidity Facility relating to the Series F Bonds, to be entered into between the Agency and Royal Bank of Canada. The Initial Liquidity Facility is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. Any Authorized Officer is authorized to negotiate the terms of, approve and execute any Alternate Liquidity Facility, provided those agreements are consistent with the terms of this Series F Resolution. The execution and delivery by the Authorized Officer of the agreements will constitute conclusive evidence of both the Agency's and the Authorized Officer's approval of all changes, modifications, amendments, revisions and alterations made therein and will conclusively establish the Authorized Officer's absolute, unconditional and irrevocable authority with respect thereto from the Agency and the authorization, approval and ratification by the Agency of the agreements so executed.

2.09. 2017F Swap Agreement. An Authorized Officer is hereby authorized to enter into in the name and on behalf of the Agency the 2017F Swap Agreement in respect of the interest payments payable on all or a portion of the Series F Bonds during the term of the 2017F Swap Agreement, in substantially the form thereof available at the meeting at which this Series F Resolution is adopted, with the changes therein or additions thereto as an Authorized Officer and counsel to the Agency approves, which approval will be conclusively evidenced by the execution and delivery of the 2017F Swap Agreement by an Authorized Officer; provided, however, that (i) the 2017F Swap Agreement will provide that the Agency must pay a fixed rate to the 2017F Swap Counterparty not exceeding four percent (4.00%) per annum, and the 2017F Swap Counterparty must pay a variable rate based on an index approved by the Authorized Officer, (ii) the original notional amount of the 2017F Swap Agreement will not exceed the aggregate original principal amount of the Series F Bonds, and (iii) the stated term of the 2017F Swap Agreement will not extend beyond the final stated maturity of the Series F Bonds. If the 2017F Swap Agreement is entered into by the Agency as so authorized, the Trustee is authorized and directed to pay to the 2017F Swap Counterparty, from the Revenue Fund, the amounts due from time to time pursuant to the 2017F Swap Agreement, as provided in Section 4.5 of the Bond Resolution. The Agency agrees that for purposes of Section 7.4 of the Bond Resolution, all obligations of the Agency due under the 2017F Swap Agreement shall be Program Expenses.

An Authorized Officer may decline to enter into the 2017F Swap Agreement, notwithstanding the authorization contained in this Section 2.09, if, in his or her judgment, following consultation with the Chair or Vice Chair, the execution and delivery of the 2017F Swap Agreement is not in the best interests of the Agency because it is not necessary to achieve the interest rate or rates on the 2017D-E-F Series Program Loans required for purposes of the Program or because the risks inherent in the 2017F Swap Agreement as proposed to achieve the necessary interest rates are unduly detrimental to the interests of the Agency.

Section 3. Definitions and Rules of Interpretation.

3.01. Incorporated Definitions. Except as provided in Section 3.02, all defined terms contained in the Bond Resolution when used in this Series F Resolution will have the same meanings as set forth in the Bond Resolution.

3.02. Definitions. As used in this Series F Resolution, unless the context otherwise requires, the following terms will have the following respective meanings:

"*2017D-E-F Series Program Loan*" means a Transferred Mortgage Loan or a Pooled 2017D-E-F Series Program Loan.

"*2017D-E-F Series Program Security*" means a Program Security financed in whole or in part with amounts on deposit in the 2017 Series D-E-F Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2017D-E-F Series Program Loans less the applicable servicing fee and guaranty fee.

"*2017F Swap Agreement*" means, collectively, the ISDA Master Agreement, the Schedule to the ISDA Master Agreement, the ISDA Credit Support Annex to the Schedule, and the related Confirmation in respect of all or a portion of the Series F Bonds, all between the Agency and the 2017F Swap Counterparty.

"*2017F Swap Counterparty*" means Wells Fargo Bank, National Association.

"*Agency Bonds*" means any tendered Series F Bond registered in the name of the Agency and not pledged to the Bank.

"*Alternate Liquidity Facility*" means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change or in substitution for an existing Liquidity Facility pursuant to the terms of this Series F Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Applicable Percentage*" means, with respect to any Unenhanced Variable Rate Bonds on any date of determination, the percentage set forth below based on the Prevailing Rating of the applicable Unenhanced Variable Rate Bonds in effect on the close of business on the Business Day immediately preceding that date of determination:

Prevailing Rating	Applicable Percentage
Aaa/AAA	150%
Aa/AA	200
A/A	250
Baa/BBB	350
Below Baa/BBB	400

"*Authorized Denominations*" means (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, or a Quarterly Mode Period, $100,000 or integral multiples of $5,000 in excess of $100,000, (ii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, $25,000 or integral multiples thereof, and (iii) during a Semiannual Mode Period, $5,000 or any integral multiples thereof; and from and after a Conversion Date, $5,000 or any integral multiple thereof.

"*Bank*" means (i) with respect to the Initial Liquidity Facility for the Series F Bonds, Royal Bank of Canada, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means Series F Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility (other than Self Liquidity).

"*Bank Interest Rate*" means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

"*Bank Purchase Date*" means any Purchase Date on which the Bank purchases Series F Bonds.

"*Beneficial Owner*" means, whenever used with respect to a Series F Bond, the Person in whose name the Series F Bond is recorded as the beneficial owner of that Series F Bond by a Participant on the records of the Participant, or that Person's subrogee.

"*Bond Counsel*" means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Agency.

"*Bond Purchase Account*" means the 2017 Series F Bond Purchase Account established pursuant to Sections 7.01 and 7.04 of this Series F Resolution.

"*Bond Resolution*" means Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976), as heretofore or hereafter amended and supplemented from time to time as permitted therein.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or a day on which banks in the City of New York, New York or St. Paul, Minnesota are authorized or required by law or executive order to remain closed and which is not a day on which the New York Stock Exchange is closed.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series F Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

"*Conventional Mortgage Loan*" means a 2017D-E-F Series Program Loan other than an FHA Insured Program Loan, a VA Guaranteed Program Loan or a USDA Rural Development Guaranteed Program Loan, satisfying the requirements of Fannie Mae or Freddie Mac, as applicable.

"*Conversion Date*" means the Business Day on which the interest rate on any of the Series F Bonds is Converted to a Fixed Interest Rate or an Indexed Rate.

"*Convert*," "*Converted*" or "*Conversion*," as appropriate, means the conversion of the interest rate on any of the Series F Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 11.08 of this Series F Resolution.

"*Daily Mode Period*" means the period of time during which any of the Series F Bonds bear interest at a Daily Rate.

"*Daily Rate*" means the rate of interest to be borne by the Series F Bonds as described in Section 11.02(b) of this Series F Resolution.

"*Defaulted 2017D-E-F Series Program Loan*" means a 2017D-E-F Series Program Loan on which payments are 60 days in arrears (but not a 2017D-E-F Series Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

"*Defaulted Transferred Mortgage* Loan" means a Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

"*Delivery Period*" means the period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period will be as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution, unless extended by the Agency pursuant to Section 5.04 of this Series F Resolution; provided the Delivery Period may not be extended beyond June 1, 2021.

"*DTC*" means The Depository Trust Company, of New York, New York.

"*Effective Rate*" means the rate of interest (which rate must be less than or equal to the Maximum Rate) payable on any of the Series F Bonds prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this Series F Resolution.

"*Effective Rate Date*" means each date on which any of the Series F Bonds begin to bear interest at the applicable Effective Rate described in the Mode Period Chart.

"*Effective Rate Period*" means, with respect to any Series F Bonds, each period during which interest accrues under a particular Mode from one Effective Rate Date to

and including the day preceding the next Effective Rate Date with respect to that Series F Bonds.

"*Electronic Means*" means a facsimile transmission or any other electronic means of communication approved in writing by the Agency and satisfactory to the Trustee.

"*Fannie Mae*" means the Federal National Mortgage Association, or any successor thereto.

"*Fannie Mae Security*" means a single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

"FHA" means the Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

"*FHA Insurance*" means FHA mortgage insurance issued under one of the FHA Insurance programs pursuant to the National Housing Act, including but not limited to: (a) FHA §203(b), Home Unsubsidized; (b) FHA §234(c), Condominiums; (c) FHA §203(b)(2), Veteran's Status, or (d) FHA Section 184, Indian Housing Loans.

"*FHA Insured*" means insured by FHA Insurance.

"*Fixed Interest Rate*" means a long-term interest rate fixed to maturity of any Series F Bond, established in accordance with Section 11.08 of this Series F Resolution.

"*Fixed Rate Bonds*" means Series F Bonds that bear interest at a Fixed Interest Rate.

"*Freddie Mac*" means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

"*Freddie Mac Security*" means a single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

"*GNMA*" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq*.).

"*GNMA Security*" means a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Master Servicer in the name of the Trustee in exchange for Program Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and backed by FHA Insured Program Loans, USDA Rural Development Guaranteed Program Loans or VA Guaranteed Program Loans in the related pool.

"*Home*" means real property and improvements in the State, comprising not more than four dwelling units, occupied or to be occupied by one or more persons or families.

"*Immediate Notice*" means notice by telephone, telex or telecopier to the address which the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice has not been provided with the necessary information as to the telephone, telex or telecopier number of an addressee, Immediate Notice means written notice by first class mail, postage prepaid.

"*Index*" means, with respect to any Series F Bonds, the interest rate index (SIFMA Index or, upon receipt of written confirmation from each Rating Agency then maintaining a rating on the Series F Bonds that the rating on the Series F Bonds has not been withdrawn, reduced or suspended, Three-Month LIBOR or such other index as may be mutually agreed upon by the Agency and the 2017F Swap Provider or other Swap Counterparty, if any) specified by the Agency in connection with the Conversion of those Bonds to be used in the Indexed Rate Determination Method with respect to those Bonds.

"*Index Accrual Period*" means, with respect to any Series F Bonds bearing interest at an Indexed Rate (i) determined in accordance with Section 11.08(g)(ii) or Section 11.08(g)(iv) of this Series F Resolution, the period commencing on the Conversion Date of those Bonds to but excluding the day occurring one week thereafter and each one week period thereafter and (ii) determined in accordance with Section 11.08(g)(iii) or Section 11.08(g)(iv) of this Series F Resolution, the period commencing on each January 1, April 1, July 1 and October 1 to and including the following December 31, March 31, June 30 and September 30 respectively; provided that the initial Index Accrual Period will be the period commencing on the Conversion Date of those Bonds and ending on the immediately succeeding March 31, June 30, September 30 or December 31.

"*Index Adjustment Factor*" means, with respect to any Series F Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.10(g)(ii) or Section 11.10(g)(iv) of this Series F Resolution, the per annum spread to the related Index (expressed in basis points) established on the Index Determination Date immediately preceding the Conversion Date for those Bonds in accordance with Section 11.10 of this Series F Resolution.

"*Index Determination Date*" means, with respect to any Index Accrual Period, the second Business Day preceding the beginning of that Index Accrual Period.

"*Index Percentage*" means, with respect to Series F Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.08(g)(i) or Section 11.08(g)(iii) of this Series F Resolution, the percentage of the related Index established on the Conversion Date for those Bonds in accordance with Section 11.08 of this Series F Resolution.

"*Indexed Rate*" means, with respect to any Index Accrual Period and any Series F Bonds, a per annum rate determined in accordance with the Indexed Rate Determination Method specified upon the Conversion of those Bonds, provided that the Indexed Rate for any Index Accrual Period must not exceed the Maximum Rate.

"*Indexed Rate Bonds*" means Series F Bonds that bear interest at an Indexed Rate.

"*Indexed Rate Determination Method*" means, with respect to any Series F Bonds, the method for determining the Indexed Rate for those Bonds for each Index Accrual Period, as selected by the Agency in accordance with Section 11.08(g) of this Series F Resolution.

"*Initial Liquidity Facility*" means the Standby Bond Purchase Agreement between the Agency, Royal Bank of Canada and the Trustee.

"*Interest Payment Date*" means: (a) with respect to Variable Rate Bonds (excluding Bank Bonds), January 1 and July 1 of each year, commencing January 1, 2018, and any day that is a Conversion Date for those Series F Bonds; (b) with respect to Fixed Rate Bonds and Indexed Rate Bonds, each January 1 and July 1 and, after a Conversion, the first of those dates occurring at least two months after the Conversion Date and each January 1 and July 1 thereafter; and (c) with respect to Bank Bonds, (i) any Bank Purchase Date, (ii) the first calendar day of each month after each Bank Purchase Date and (iii) the date of remarketing of the Bank Bonds; provided, however, the establishment of the Interest Payment Date for Bank Bonds hereunder is not intended to modify or otherwise affect any provision of the Bond Resolution that by its terms may contemplate the occurrence of certain events on a semiannual Interest Payment Date.

"*Lender*" means any of the following institutions making or holding a 2017D-E-F Series Program Loan: (i) any bank, savings bank, credit union, mortgage company or nonprofit corporation organized or licensed under the laws of the State or the United States, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) any agency or instrumentality of the United States or the State, or a political subdivision of the State.

"*LIBOR*" means the London Interbank Offered Rate.

"*Liquidity Expiration Event*" means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed, or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

"*Liquidity Facility*" means any instrument delivered pursuant to the terms of this Series F Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of this Series F Resolution, including the Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Liquidity Facility Bonds*" means Variable Rate Bonds (including Bank Bonds but not including Unenhanced Variable Rate Bonds) that are required pursuant to this Series F Resolution to be covered by a Liquidity Facility.

"*Mandatory Tender Date*" means each date on which any of the Series F Bonds are subject to mandatory tender pursuant to Section 11.10 of this Series F Resolution.

"*Master Servicer*" means the Person designated as servicer under the Participation Agreements and the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

"*Master Servicing Agreement*" means the Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing that agreement.

"*Maximum Rate*" means (i) with respect to the Series F Bonds 12% per annum, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (x) an opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds, including the Series F Bonds, from gross income of the owners thereof for federal income tax purposes, (y) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the Series F Bonds by each Rating Agency; and (z) a certified copy of a resolution adopted by the Agency approving the increase in the Maximum Rate; and (ii) with respect to Bank Bonds, the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event will the Maximum Rate, as described in (i) or (ii) above, exceed the lesser of (x) 12% or a higher rate as approved by the Agency's governing body or (y) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the Series F Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate or Semiannual Rate.

"*Mode Change*" means a change in Mode Period.

"*Mode Change Date*" means the date of effectiveness of a Mode Change.

"*Mode Period*" means each period beginning on the first Effective Rate Date for any of the Series F Bonds, or the first Effective Rate Date following a change from one

Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next change in Mode with respect to those Series F Bonds.

"*Mode Period Chart*" means the chart entitled "Mode Periods" as set forth in Section 11.02 of this Series F Resolution.

"*Monthly Mode Period*" means each period of time during which any of the Series F Bonds bear interest at a Monthly Rate.

"*Monthly Rate*" means the rate of interest to be borne by any of the Series F Bonds as described in Section 11.02(b) of this Series F Resolution.

"*Moody's*" means Moody's Investors Service Inc., and its successors and assigns.

"Mortgage" means a mortgage deed, deed of trust, or other instrument securing a 2017D-E-F Series Program Loan and constituting a lien on a Home.

"*Mortgagor*" means the obligor or joint obligors on a 2017D-E-F Series Program Loan.

"*Non-Conforming Liquidity Facility*" means a liquidity facility delivered by the Agency pursuant to Section 12.04 of this Series F Resolution.

"*Notice Parties*" means the Agency, the Remarketing Agent, the Bank, the Tender Agent and the Trustee.

"*Participant*" means any broker-dealer, bank or other financial institution for which DTC holds Series F Bonds as securities depository.

"*Participants*" means those broker-dealers, banks, and other financial institutions from time to time for which a securities depository holds Series F Bonds.

"*Participation Agreements*" means one or more of the Participation Agreements, as amended from time to time, relating to the origination of Program Loans under the Program, either (i) between the Agency, the Master Servicer (with respect to a Participation Agreement relating to Program Loans to be pooled to back Program Securities), and a Lender, or (ii) between the Agency and a Lender (together with a separate participation agreement between the Master Servicer and a Lender with respect to a participation agreement relating to Program Loans to be pooled to back Program Securities).

"*Person*" means an individual, partnership, corporation, limited liability company, limited liability partnership, trust or unincorporated organization or a government or any agency, instrumentality, political subdivision or corporation thereof.

"*Pool Purchase Contract*" means (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer of Pooled 2017D-E-F Series Program Loans to Fannie Mae and the servicing thereof, or

(ii) any Fannie Mae Pool Purchase Contract between the Agency and Fannie Mae relating to the sale by the Agency of Pooled 2017D-E-F Series Program Loans to Fannie Mae and the servicing thereof, or (iii) any Freddie Mac Pool Purchase Contract between the Master Servicer and Freddie Mac relating to the sale by the Master Servicer of 2017D-E-F Series Program Loans to Freddie Mac and the servicing thereof.

"*Pooled 2017D-E-F Series Program Loan*" means a loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note, or a security payable from or evidencing an interest in Program Loans, and financed in whole or in part with amounts on deposit in the 2017 Series D-E-F Acquisition Account, acquired by the Master Servicer pursuant to Section 5.04 of this Series F Resolution.

"*Purchase Contract*" means the Contract of Purchase to be entered into between the Agency and the Underwriters with respect to the Series F Bonds.

"*Purchase Date*" means any date that Series F Bonds are to be purchased pursuant to Sections 11.09 and 11.10 of this Series F Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any Series F Bond tendered or deemed tendered for purchase as provided herein, plus, if the Purchase Date is not an Interest Payment Date, accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

"*Quarterly Mode Period*" means each period of time during which any of the Series F Bonds bears interest at a Quarterly Rate.

"*Quarterly Rate*" means the rate of interest to be borne by any of the Series F Bonds as described in Section 11.02(b) of this Series F Resolution.

"*Rate Determination Date*" means the date on which the Effective Rate is determined for the Effective Rate Period following each Rate Determination Date, as described in the Mode Period Chart.

"*Record Date*" means, with respect to Variable Rate Bonds, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the fifteenth day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

"*Refunded Bonds*" means the Series D Refunded Bonds, the Series E Refunded Bonds and the Series F Refunded Bonds, if any.

"*Regulations*" means the Income Tax Regulations promulgated under the Code and applicable to the Series F Bonds.

"*Remarketing Agent*" means the remarketing agent(s) appointed by the Agency pursuant to the Remarketing Agreement for the remarketing of the Series F Bonds.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and RBC Capital Markets, LLC, with respect to the Series F Bonds, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of the Series F Bonds.

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poors Financial Services LLC, or its successors or assigns.

"*Self Liquidity*" means a liquidity facility provided by the Agency's own funds pursuant to Section 12.04 of this Series F Resolution, other than a Non-Conforming Liquidity Facility.

"*Semiannual Mode Period*" means each period of time during which any of the Series F Bonds bear interest at a Semiannual Rate.

"*Semiannual Rate*" means the rate of interest to be borne by any of the Series F Bonds as described in Section 11.02(b) of this Series F Resolution.

"*Series D Bonds*" means the Residential Housing Finance Bonds, 2017 Series D, issued by the Agency pursuant to the Bond Resolution and the Series DE Resolution in an aggregate principal amount to be determined pursuant to the terms of the Series DE Resolution.

"*Series D Refunded Bonds*" means those certain outstanding Bonds to be listed in the Agency Certificate delivered pursuant to Section 8(A) of the Series DE Resolution.

"*Series DE Resolution*" means Resolution No. MHFA 17-039, adopted November 16, 2016, as hereafter amended and supplemented from time to time as permitted therein and in the Bond Resolution.

"*Series E Bonds*" means the Residential Housing Finance Bonds, 2017 Series E, issued by the Agency pursuant to the Bond Resolution and the Series DE Resolution in an aggregate principal amount to be determined pursuant to the terms of the Series DE Resolution.

"*Series E Refunded Bonds*" means those certain outstanding Bonds to be listed in the Agency Certificate delivered pursuant to Section 8(A) of the Series DE Resolution.

"*Series Bonds*" means collectively, the Series D Bonds, the Series E Bonds and the Series F Bonds.

"*Series F Bonds*" means the Residential Housing Finance Bonds, 2017 Series F, issued by the Agency pursuant to the Bond Resolution and this Series F Resolution, in an aggregate principal amount to be determined pursuant to Section 2.04 of this Series F Resolution.

"*Series F Refunded Bonds*" means those certain outstanding Bonds (if any) to be listed in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

"*Series F Resolution*" means this Resolution No. MHFA 17-040, adopted November 16, 2017 as hereafter amended and supplemented from time to time as permitted herein and in the Bond Resolution.

"*Servicer*" means the Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

"*Servicing Agreement*" means a contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

"*SIFMA*" means the Securities Industry and Financial Markets Association, its successors and assigns.

"*SIFMA Index*" means, for any date of determination, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the immediately succeeding Business Day. If the SIFMA Index is no longer published, then "SIFMA Index" shall mean the S&P Weekly High Grade Index. If the S&P Weekly High Grade Index is no longer published, then "SIFMA Index" shall mean an index selected by the Remarketing Agent meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Index immediately prior to the date on which the SIFMA ceased publication of the SIFMA Index.

"*Six-Month LIBOR*" means the rate of interest per annum equal to the rate per annum at which United States dollar deposits having a maturity of six months are offered to prime banks in the London interbank market that appear on the Telerate Service LIBOR Page as of approximately 11:00 a.m., London time, on the second Business Day immediately preceding the beginning of each Semiannual Mode Period for Unenhanced Variable Rate Bonds. If the Telerate Service is not available, then another service selected by the Trustee will be used; provided, however, that if the service selected by the Trustee as aforesaid is not quoting as mentioned in this sentence, then Six-Month LIBOR will be the Six-Month LIBOR in effect for the immediately preceding Semiannual Mode Period; provided, however, that if on that LIBOR Determination Date Six-Month LIBOR was not published in the immediately preceding Semiannual Mode Period, a new publicly published industry standard six-month rate shall be identified by the Agency, so long as a written confirmation is received from each Rating Agency then maintaining a rating on the Series F Bonds that the rating on the Series F Bonds has not been withdrawn, reduced or suspended.

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"*Tender Agent*" means the Trustee appointed pursuant to the Bond Resolution.

"*Three-Month LIBOR*," with respect to any Index Accrual Period or Quarterly Mode Period for Unenhanced Variable Rate Bonds, means the per annum rate (rounded, if necessary, to the nearest one-hundredth of one percent) for deposits in United States dollars for three months that appears on the Telerate British Bankers' Association LIBOR Rates Page ("BBA LIBOR Rates Page" as defined below) as of 11:00 a.m., London, England time, on the second Business Day preceding the beginning of each Index Accrual Period or Quarterly Mode Period for Unenhanced Variable Rate Bonds, as applicable, in each case a "LIBOR Determination Date." If that rate does not appear on the BBA LIBOR Rates Page or if fewer than two offered rates appear, Three-Month LIBOR will be determined on the date as described below. "BBA LIBOR Rates Page" means the display designated as page 3750 on the Telerate, Inc. news and information service (or another page as may replace the BBA LIBOR Rates Page on that service for the purpose of displaying London interbank offered rates of major banks). If on that LIBOR Determination Date fewer than two offered rates appear on the BBA LIBOR Rates Page, then Three-Month LIBOR will be the Three-Month LIBOR applicable to the immediately preceding Index Accrual Period or the Quarterly Mode Period, as applicable; provided, however, that if on that LIBOR Determination Date Three-Month LIBOR was not published in the immediately preceding Index Accrual Period or Quarterly Mode Period, as applicable, a new publicly published industry standard three-month rate shall be identified by the Agency, so long as a written confirmation is received from each Rating Agency then maintaining a rating on the Series F Bonds that the rating on the Series F Bonds has not been withdrawn, reduced or suspended.

"*Underwriters*" means RBC Capital Markets, LLC, Piper Jaffray & Co., Wells Fargo Bank, National Association and Fidelity Capital Markets.

"*Unenhanced Variable Rate Bonds*" means Variable Rate Bonds that are not required to be covered by a Liquidity Facility.

"*Unenhanced Variable Rate Change Dates*" means the effective date of a change from Liquidity Facility Bonds to Unenhanced Variable Rate Bonds, or a change from Unenhanced Variable Rate Bonds to Liquidity Facility Bonds.

"*Unenhanced Variable Rate Default Rate*" means, in respect of any Mode Period, 500% of the SIFMA Index determined on the Mode Change Date next preceding the first day of that Mode Period; provided, however, that in no event will the Unenhanced Variable Rate Default Rate with respect to those Bonds exceed 12% per annum.

"*Unenhanced Variable Rate Minimum Rate*" has the meaning set forth in Section 11.02(a)(ii) of this Series F Resolution.

"*Unenhanced Variable Rate Minimum Rate Determination Date*" has the meaning set forth in Section 11.02(a)(iv) of this Series F Resolution.

"*Unenhanced Variable Rate Non-Remarketed Rate*" means the rate per annum equal to the product of the Applicable Percentage of the SIFMA Index in effect at that

time and (a) in the case of Unenhanced Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, the SIFMA Index; (b) in the case of Unenhanced Variable Rate Bonds bearing interest at a Quarterly Rate, Three-Month LIBOR; and (c) in the case of Unenhanced Variable Rate Bonds bearing interest at a Semiannual Rate, Six-Month LIBOR.

"*Untendered Bonds*" has the meaning set forth in Section 11.10(d) of this Series F Resolution.

"*USDA Rural Development*" means Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

"*USDA Rural Development Guaranteed*" means guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

"*VA*" means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

"*VA Guaranteed*" means guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended

"*Variable Rate Bonds*" means the Series F Bonds during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period or a Semiannual Mode Period (whether or not in each case those Series F Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

"*Weekly Mode Period*" means each period of time during which any of the Series F Bonds bear interest at a Weekly Rate.

"*Weekly Rate*" means the rate of interest to be borne by any of the Series F Bonds as described in Section 11.02(b) of this Series F Resolution.

3.03. Rules of Interpretation.

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Series F Resolution, refer to this Series F Resolution.

(b) The section headings herein and in the Table of Contents are for convenience only and will not affect the construction hereof.

(c) All references in this instrument to designated "Sections" and other subdivisions are to be the designated Sections and other subdivisions of this instrument as originally executed.

(d) "Or" is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

(e) If any provision of this Series F Resolution is held or deemed to be or is, in fact, illegal, inoperative or unenforceable, the same will not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

(f) This Series F Resolution will be governed by and construed in accordance with the internal laws of the State of Minnesota.

(g) The Trustee will be protected in acting upon any notice, resolution, request, consent, order or certificate of an Authorized Officer that is transmitted to the Trustee by Electronic Means.

Section 4. Securities Depository.

4.01. General Provisions. The Series F Bonds will be initially issued as separately authenticated fully registered bonds, and one Series F Bond will be issued in the principal amount of each stated maturity of the Series F Bonds. Upon initial issuance, the ownership of the Series F Bonds will be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series F Bonds registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the Series F Bonds, selecting the Series F Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series F Bonds under the Bond Resolution or this Series F Resolution, registering the transfer of Series F Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series F Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an Owner of any Series F Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal or purchase price of, premium, if any, and interest on the Series F Bonds, with respect to any notice that is permitted or required to be given to owners of Series F Bonds under the Bond Resolution or this Series F Resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption or mandatory tender of the Series F Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series F Bonds. So long as any Series F Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee will pay all principal and purchase price of, premium, if any, and interest on the Series F Bond, and will give all notices with respect to the Series F Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all those payments will be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series F Bonds will be transferable to that new nominee in accordance with Section 4.02.

4.02. Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the Series F Bonds, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series F

Bonds in the form of certificates. In that event, the Series F Bonds will be transferable in accordance with Section 4.03. DTC may determine to discontinue providing its services with respect to the Series F Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In that event the Series F Bonds will be transferable in accordance with Section 4.03.

4.03. Transfer and Exchange. In the event that any transfer or exchange of Series F Bonds is permitted under Sections 4.01 or 4.02, that transfer or exchange will be accomplished upon receipt by the Trustee of the Series F Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series F Resolution. In the event Series F Bonds in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series F Bonds, or another securities depository as Owner of all the Series F Bonds, the provisions of the Bond Resolution and this Series F Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the Series F Bonds in the form of bond certificates, the method of payment of principal and purchase price of, redemption premium, if any, and interest on the Series F Bonds and the method of giving notice of redemption and other events.

Section 5. Series Program Determinations for the Series F Bonds.

5.01. Debt Service Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Debt Service Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Debt Service Reserve Requirement with respect to the Series F Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series F Bonds as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

5.02. Insurance Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Insurance Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Insurance Reserve Requirement with respect to the Series F Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series F Bonds as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

5.03. Requirements for 2017D-E-F Series Program Securities. The Series Bonds are intended to be Tax-Exempt Bonds. The sale proceeds of Series Bonds not used to refund certain obligations of the Agency will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Mortgage Loans were made in accordance with the applicable provisions of the Bond Resolution and the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Mortgage Loans were purchased by the Agency, which provisions will constitute the Series Program Determinations with respect to the Transferred Mortgage Loans, and those Transferred Mortgage Loans will be Program Loans within the meaning of the Bond Resolution and this Series F Resolution. Except as expressly provided, the provisions of Section 5.04 below will not apply to the Transferred Mortgage Loans. The provisions of the Agency's Start Up

Procedural Manual, and the Master Servicer's lending guide, each as most recently revised and as revised from time to time, the applicable Participation Agreements and the Master Servicing Agreement will be used to administer the financing of the Pooled 2017D-E-F Series Program Loans.

5.04. Acquisition of 2017D-E-F Series Program Securities. During the Delivery Period for the Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2017D-E-F Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2017 Series D-E-F Acquisition Account for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this Section 5.04. The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as set forth in the then operative Master Servicing Agreement, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

The Agency may at any time transfer any proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account to the 2017 Series D-E-F Account in the Bond Redemption Fund to be applied to the redemption of the Series Bonds. In addition, at the end the Delivery Period related to the Series Bonds, the Agency must transfer from the 2017 Series D-E-F Acquisition Account any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of the Series Bonds within 41 days thereafter; provided that the Agency may (instead of redeeming those Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in a 2017 Series D-E-F Acquisition Account, for the period as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of that Delivery Period designated in the related Agency Certificate a Certificate (i) designating the new ending date for that Delivery Period, (ii) certifying that the Agency has delivered a Cash Flow Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash flow analysis of qualified mortgage bonds, which Cash Flow Certificate and Parity Certificate will accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2017 Series D-E-F Acquisition Account to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits, if any, required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with the extension, which deposits must be made on or before the date of expiration of that Delivery Period and must be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the 2017 Series D-E-F Acquisition Account and allocable amounts, as reasonably determined by the Agency, held in the 2017 Series D-E-F Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to

the 2017 Series D-E-F Account in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of this Series F Resolution. At the end of each Delivery Period, including any extension thereof as provided in this Section 5.04, the Trustee must transfer from the 2017 Series D-E-F Acquisition Account an amount equal to the amount of proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2017 Series D-E-F Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2017 Series D-E-F Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 11.03 of this Series F Resolution. The Delivery Period may not be extended pursuant to this Section 5.04 beyond June 1, 2021. Notwithstanding any provision in this Section 5.04 to the contrary, the Trustee must apply amounts in the 2017 Series D-E-F Acquisition Account to the redemption of the Series Bonds in accordance with Section 11.03 of this Series F Resolution.

The Agency may participate each 2017D-E-F Series Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the 2017D-E-F Series Program Security secured, but those interests need not be equal as to interest rate.

5.05. Enforcement of Transferred Mortgage Loans.

(a) Subject to the right of the Agency to modify the Transferred Mortgage Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan.

(b) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan or from operation of the Home subject to that Defaulted Transferred Mortgage Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

5.06. Enforcement of 2017D-E-F Series Program Securities.

(a) The 2017D-E-F Series Program Securities acquired by the Trustee on behalf of the Agency will be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I

Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee will immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee will immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day), the Trustee will immediately demand payment from Freddie Mac.

(b) The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all obligations of a Master Servicer under and pursuant to a Master Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or this Series F Resolution has occurred or is continuing. The Agency will supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Master Servicing Agreement is cancelled or terminated for any reason, the Agency will proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Master Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Master Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Master Servicing Agreement.

5.07. Program Expenses. For purposes of the Bond Resolution, "Program Expenses" include the payment of the fees and indemnities owing to the Bank under the Liquidity Facility.

5.08. Information to be Furnished. The Trustee will furnish information concerning the Series F Bonds and the Program to each Rating Agency upon reasonable request thereof.

5.09. Amendments. This Section 5 may be amended subsequent to the issuance of the Series F Bonds to reflect changes in requirements applicable to the 2017D-E-F Series Program Securities or the Transferred Mortgage Loans; provided that the amendment will become effective only if Bond Counsel renders an opinion to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds, including the Series F Bonds, from gross income of the owners thereof for federal income tax purposes and if the Agency delivers an Agency Certificate to the Trustee to the effect that the amendment will not impair the Ratings on the Series F Bonds by each Rating Agency.

Section 6. Conditions Precedent to Issuance.

6.01. Documents Furnished to Trustee. Prior to the delivery of the Series F Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(a) Certified copies of the Bond Resolution and this Series F Resolution.

(b) An opinion of counsel to the Agency that the Bond Resolution and this Series F Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge that it purports to create, and that the principal amount of the Series Bonds and other obligations heretofore issued by the Agency does not exceed any legal limitation.

(c) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(d) A Counsel's Opinion that the Series F Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that this Series F Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.

(e) An Agency Certificate (i) requesting the Trustee to authenticate the Series F Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds, including Series F Bonds, and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into which deposits should be made, (iv) certifying that upon the issuance and delivery of the Series F Bonds, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement and the amount on deposit in the Insurance Reserve Fund will be at least equal to the Insurance Reserve Requirement, (v) stating that the issuance of the Series F Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding, (vi) stating whether or not the Series Bonds are intended to be Tax-Exempt Bonds and (vii) setting forth the terms of the Series F Bonds to be specified as provided in Section 2.04 of this Series F Resolution, as well as the application of proceeds of the Series F Bonds and any Agency funds relating thereto.

(f) An Agency Certificate as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution. A Cash Flow Certificate need not be filed with the Trustee in connection with the issuance of the Series F Bonds.

(g) Written confirmation from each Rating Agency that issuance of the Series F Bonds will not impair the then existing Rating on the Bonds.

(h) Evidence that the Agency has given irrevocable instructions to the Trustee to give due notice, if required, of the payment or redemption of all the Series F Refunded Bonds and the payment or redemption dates, if any, upon which the Series F Refunded Bonds are to be paid or redeemed.

(i) Evidence that money or Government Obligations in an amount sufficient to effect payment of the applicable redemption price, or amount payable on maturity, of the Series F Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the Refunded Series F Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the Series F Refunded Bonds were issued, as applicable.

(j) If applicable, an Opinion of Bond Counsel to the effect that issuance of the Series F Bonds will not result in interest on the Series F Refunded Bonds being included in gross income for federal income tax purposes.

6.02. Acceptance and Certification by Trustee. Prior to the delivery of the Series F Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A); and that the amounts to be deposited in the Debt Service Reserve Fund and Insurance Reserve Fund, if any, are sufficient to increase the amount in those Funds to the Debt Service Reserve Requirement and Insurance Reserve Requirement effective after the issuance of the Series F Bonds as computed by the Trustee. The Trustee will administer and observe on behalf of the Agency all applicable requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of the Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

6.03. Documents Required by the Purchase Contract and Initial Liquidity Facility. Prior to delivery an Authorized Officer will also cause to be furnished (i) to the Underwriters each of the certificates, opinions and other documents required by the Purchase Contract and (ii) to the Bank each of the certificates, opinions and other documents required by the Initial Liquidity Facility.

6.04. Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed on the date of delivery of the Series Bonds, including Series F Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of the Series Bonds will be used in a manner that would not cause the Series Bonds, including Series F Bonds, to be arbitrage bonds under applicable federal tax law, and on the basis of which the Series Bonds, including Series F Bonds, will be "qualified mortgage bonds" under the provisions of applicable federal tax law.

6.05. Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the Series F Bonds to the Underwriters as provided

in the Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under the Purchase Contract.

Section 7. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

7.01. 2017 Series D-E-F Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund, the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and the Bond Redemption Fund, as applicable, the Trustee may maintain a combined 2017 Series D-E-F Account for the purpose of recording the proceeds of the Series Bonds and other amounts directed by this Series F Resolution and the Series DE Resolution to be deposited therein and the Transferred Mortgage Loans, other transferred proceeds, 2017D-E-F Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Mortgage Loans, the 2017D-E-F Series Program Securities and Investment Obligations, and the Revenues received with respect thereto. In addition, the Trustee will establish a Cost of Issuance Account for the Series Bonds and a 2017 Series F Bond Purchase Account, to be held and administrated as provided in Section 7.04.

7.02. Deposits of Funds. The proceeds of the Series F Bonds, the Transferred Mortgage Loans, other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the 2017 Series D-E-F Acquisition Account, the 2017 Series D-E-F Account in the Bond Fund Interest Account, the 2017 Series D-E-F Account in the Debt Service Reserve Fund, the 2017 Series D-E-F Account in the Insurance Reserve Fund, if any, and the 2017 Series D-E-F Cost of Issuance Account, all as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

7.03. Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds, including the Series F Bonds, and other funds of the Agency related thereto.

7.04. Bond Purchase Account.

(a) There will be established and credited to the Bond Purchase Account on the books of the Trustee, as and when received, (i) all proceeds of the remarketing of Series F Bonds, (ii) all amounts received under a Liquidity Facility, and (iii) all payments made directly by the Agency with respect to the purchase of Series F Bonds in accordance with this Series F Resolution.

(b) Except as provided in this paragraph (b) and in paragraph (d) of this Section 7.04, money in the Bond Purchase Account must be used solely for the payment of the Purchase Price of Series F Bonds tendered pursuant to Section 11.09 or 11.10 of this Series F Resolution. On each optional and mandatory tender date, the Trustee must apply from the Bond Purchase Account sufficient money to pay the Purchase Price of all Series F Bonds so tendered. Money in the Bond Purchase Account must be used in the following order of priority: (i) proceeds of the remarketing of Series F Bonds,

(ii) amounts received under a Liquidity Facility, and (iii) payments made directly by the Agency with respect to the purchase of Series F Bonds.

(c) All money paid to the Trustee for the account of the Bond Purchase Account must be held (subject to the provisions of paragraph (d) of this Section 7.04) in trust by the Trustee solely for the benefit of the Owners of the Series F Bonds entitled to be paid from the Bond Purchase Account. Notwithstanding any other provision of the Bond Resolution or this Series F Resolution to the contrary, moneys on hand in the Bond Purchase Account must not be commingled with any other funds or accounts held hereunder and must be held uninvested, or, other than moneys derived from the Initial Liquidity Facility, must be invested in obligations issued or guaranteed by the United States (or a money market fund or trust fund investing exclusively in those obligations that is rated in the highest category by each Rating Agency then maintaining a rating on the Series F Bonds) maturing on or before the date on which moneys are needed for the purposes of the Bond Purchase Account.

(d) Any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all Series F Bonds to be purchased on that date (including the Purchase Price of undelivered Series F Bonds) must be immediately paid to the Bank to the extent of any money received under a Liquidity Facility for payment of the Purchase Price. All money held by the Trustee in the Bond Purchase Account that represent the proceeds of the remarketing of Series F Bonds, all amounts received from the Agency for the purchase of Series F Bonds and all amounts received under a Liquidity Facility must be retained by the Trustee exclusively for the benefit of the Owners of Series F Bonds not yet presented for payment of the Purchase Price thereof until paid to those Owners, and that money must not, under any circumstances or at any time whatsoever, be paid to the Agency or to the Bank, or to any Person other than the Owners of Series F Bonds entitled thereto (except as otherwise set forth above), and those Owners may look only to that money for the payment of the Purchase Price of the Series F Bonds; provided, however, that any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all Series F Bonds to be purchased on that date (including the Purchase Price of undelivered Series F Bonds) and after any required payment is made to the Bank as set forth above may be paid to the Agency upon request of the Agency.

(e) Notwithstanding any other provision in the Bond Resolution to the contrary, (i) all money and investments thereof set aside and held in trust in the Bond Purchase Account for the payment of the Purchase Price of Series F Bonds must be applied to and used solely for the payment of the Purchase Price (including reimbursement of the Bank for amounts paid with respect to the Purchase Price under the Liquidity Facility) of Series F Bonds with respect to which the money or investments have been so set aside in trust and (ii) the provisions of Section 8.5 of the Bond Resolution will not apply to any money or investments held in the Bond Purchase Account.

Section 8. Tax Covenant and Restrictions.

8.01. General Tax Covenant. With respect to the Series Bonds, including the Series F Bonds, the Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on the Series Bonds, including the Series F Bonds, will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Series Bonds, including the Series F Bonds, will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Bond, would have caused the Series Bonds, including the Series F Bonds, to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Series Bonds, including the Series F Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest thereon will be excludable from gross income for federal income tax purposes.

8.02. Qualified Program Loans. The covenants and restrictions set forth in Section 9 of this Series F Resolution will apply to each 2017D-E-F Series Program Loan. The Agency retains the right to impose covenants with respect to 2017D-E-F Series Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

8.03. Amendments. Any particular covenant or restriction set forth in Sections 8 and 9 of this Series F Resolution, other than the covenant in Section 8.01, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Series Bonds, including the Series F Bonds, will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 8 and 9 of this Series F Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 9. Compliance with Applicable Federal Tax Law.

9.01. Code Provisions. The Agency determines that Section 143 of the Code is applicable to the Series Bonds, including the Series F Bonds, as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

9.02. Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of the applicable federal tax law as applicable to the Series Bonds are set forth in Sections 9.03 through 9.12 of this Series F Resolution. As to the

mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95% or more of the proceeds of the Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Mortgage Loans, certifications and warranties of Mortgagors, Lenders and the Servicers and provisions of the Mortgages and related promissory notes designed for this purpose were set forth in the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Mortgage Loans were executed. With respect to the Pooled 2017D-E-F Series Program Loans, certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all the requirements and will take all reasonable steps to avoid failure due to inadvertent error.

9.03. Residence. Each Program Loan purchased in whole or in part by the Master Servicer to be pooled in a Program Security to be financed in whole or in part from the proceeds of or allocated to the Series Bonds will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, that is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two to four family Home) that would cause any Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

9.04. Three-Year Prior Ownership. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three-year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a "targeted area," as defined in Section 143(h) of the Code and Section 6a.103A-2(b)(3) of the Regulations, or the Program Loan is made to a "veteran" borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas or to "veteran" borrowers, the Lender must secure, or have secured, from the Mortgagor copies of the Mortgagor's federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), in order to ascertain and certify to the Agency whether the Mortgagor has claimed a deduction for taxes on

property that was the Mortgagor's principal residence or for interest on a mortgage secured by that property. The Program Loan must not be purchased if either the Lender or the Master Servicer, as applicable has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Section 9.04, a Program Loan may be purchased by the Master Servicer to be pooled in a Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the Program Loan is or has been provided in connection with a "qualified rehabilitation" as defined in Section 143(k)(5) of the Code.

9.05. Purchase Price. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security if the acquisition cost of the Home for which it is made exceeds 90%, or 110% if located in a targeted area as defined in Section 9.04 above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area where the Home is located, or as established by the Agency pursuant to more accurate and comprehensive data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A-2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

9.06. Income Requirements. All Program Loans to be financed in whole or in part from the proceeds of the Series Bonds, including Program Loans purchased by the Master Servicer to be pooled in a Program Security, must be made, or have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or have secured, and retain, or file, with the Master Servicer income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

9.07. Limitation of Amount. To the extent the Series F Bonds will be, for federal tax purposes, current refunding bonds issued pursuant to either the provisions of Section 1313(a) of the Tax Reform Act of 1986 or Section 146(i) of the Code, as applicable, the Agency will not be required to apply the principal amount of the Series F Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2017, as provided pursuant to Section 146 of the Code and applicable state law.

The unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2017, including the amount carried forward from calendar years 2015 and 2016, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the portion of the principal amount of the Series F Bonds, if any, that will not be, for federal tax purposes, current refunding bonds. The Agency must apply the portion of the principal amount

of the Series F Bonds against the unused volume cap as required for the allocation of volume cap pursuant to Section 146 of the Code as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

9.08. Placement in Targeted Areas. To the extent the Series F Bonds are, for federal tax purposes, issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency will not be required to make available any amount of the proceeds of the Series F Bonds for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

With respect to any portion of the Series F Bonds that are not issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency must make available an amount equal to twenty percent (20%) of the proceeds of the Series F Bonds deposited into the 2017 Series D-E-F Acquisition Account for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

9.09. Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Revenue Ruling 91-3 and Revenue Procedure 91-8.

9.10. Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Transferred Mortgage Loans and the 2017D-E-F Series Program Loans purchased with, or allocated to, the proceeds of the Series Bonds may not exceed the yield of the Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one-eighth percentage points.

(b) The Agency must pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of the Series Bonds.

9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2017 Series D-E-F Account in the Revenue Fund. The Agency must take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Mortgage Loans and 2017D-E-F Series Program Securities are used to pay and redeem Series Bonds in the amounts and within the time periods mandated by that Section 143(a)(2)(A); provided that the provisions of this Section 9.11 will be not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will

not adversely affect the exclusion from federal gross income of interest on the Series Bonds. Notwithstanding any contrary provisions of this Section 9.11, the Agency agrees that, so long as the Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution (the "Specified Bonds") remain Outstanding, the provisions of Section 143(a)(2), as existing on the date of issue of the Series Bonds, will be considered as being in full force and effect (notwithstanding any subsequent change in law or regulation) and the Agency, to the full extent permitted by law, must comply with the provisions of the Agency's final Official Statement furnished to the Underwriters pursuant to Section 2.05 of this Series F Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Mortgage Loans and the portion of the 2017D-E-F Series Program Securities allocable to the Series Bonds.

9.12. New Mortgage and Assumption Requirements. None of the proceeds of the Series Bonds will be used, and none of the proceeds of any of the Refunded Bonds, if any, were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of the Series Bonds will be used, and all of the lendable proceeds of any Refunded Bonds were used, to purchase Program Loans or Program Securities backed by Program Loans, made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each 2017D-E-F Series Program Loan and Mortgage purchased in whole or in part from the proceeds of the Series Bonds will contain a clause to the effect that the 2017D-E-F Series Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Sections 9.03, 9.04, 9.05 and 9.06 are met with respect to that assumption for any 2017D-E-F Series Program Loan. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Section 9.02.

Section 10. Form of Series F Bonds.

10.01. Form of Series F Bonds. The Series F Bonds will be printed in substantially the form appearing as Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with any additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series F Resolution, including, but not limited to, modification in the manner as is approved by the Agency for the purpose of reflecting the substitution of an Alternate Liquidity Facility or the elimination of a Liquidity Facility in accordance with the terms hereof. Following a Conversion Date for the Series F Bonds, the form of the Series F Bonds may be appropriately revised to reflect the conversion of the interest rate on the Series F Bonds, to delete the provisions of the form of Series F Bonds set forth in Exhibit A hereto that are then of no further force and effect, to include a description of the Fixed Rate Bonds, the terms upon which the Series F Bonds may or are required to be redeemed and any additional security therefor and to make any other changes therein that are necessary or appropriate in the circumstances.

Section 11. Terms of Series F Bonds.

11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent. The Issue Date of the Series F Bonds will be the date of original delivery thereof. The Series F Bonds will mature on the date or dates and in the principal amounts, will bear interest at the rate or rates per annum, and will be subject to redemption, all as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution or as set forth in the final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this Series F Resolution, as the case may be, subject to the limitations of Section 2.04 of this Series F Resolution. Prior to a Conversion Date, the Series F Bonds will be issued as fully registered Bonds without coupons in Authorized Denominations.

The Series F Bonds will be dated and bear interest from the date of delivery thereof. Subject to Section 11.02(a), interest on the Series F Bonds will be payable on each Interest Payment Date by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Agency maintained by the Trustee or at another address as is furnished to the Trustee in writing by that Owner not later than the Record Date, provided that payment of interest on any Series F Bond will be made to any Owner of $1,000,000 or more in aggregate principal amount of Series F Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to the Owner on that Interest Payment Date unless the Owner has provided written notice to the Trustee that it desires payment of interest by check. Principal, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the Series F Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase, or in the case of Variable Rate Bonds, at the corporate trust office of the Tender Agent. Notwithstanding the foregoing, payments on Bank Bonds will be made in accordance with the applicable Liquidity Facility.

The Series F Bonds will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each Series F Bond will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each Series F Bond, attesting that it is delivered pursuant to the Bond Resolution and this Series F Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 6 of this Series F Resolution.

The Trustee is hereby appointed as Tender Agent for the Series F Bonds; provided, however, that the Agency reserves the right to appoint one or more additional Tender Agents subject to the limitations contained in Section 13.01 of this Series F Resolution.

11.02. Interest Rates and Effective Rates; Mode Period.

(a) Interest Rates and Effective Rates. The Series F Bonds will initially bear interest at the applicable Weekly Rate. Unless the interest rate is Converted, the Series F Bonds or any portion thereof will bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Remarketing Agent with respect to any Mode Period; provided that the initial Effective Rate will be specified in the Agency

Certificate delivered pursuant to Section 6.01 of this Series F Resolution at the time of the delivery of the Series F Bonds.

The Series F Bonds will bear interest from and including their Issue Date until payment of the principal thereof has been made or provided for in accordance with the provisions of this Series F Resolution, whether at maturity, upon redemption or otherwise. Interest accrued on the Series F Bonds prior to the Conversion Date and during any Mode Period other than a Quarterly Mode Period or a Semiannual Mode Period will be computed on the basis of a 365-day year or 366-day year, as applicable, for the number of days actually elapsed. Interest accrued on the Series F Bonds after Conversion to an Indexed Rate will be computed on the basis of a 360-day year for the number of days actually elapsed. Interest accrued on the Series F Bonds during a Quarterly Mode Period or a Semiannual Mode Period and after Conversion to Fixed Interest Rates will be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

If interest on any Series F Bond is in default, any Series F Bond issued in exchange for or upon the registration of transfer of that Series F Bond will bear interest from the date to which interest has been paid in full on the Series F Bond or, if no interest has been paid on that Series F Bond, the Issue Date. Each Series F Bond will bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates borne by that Series F Bond on the date on which the principal, premium or interest came due and payable. No interest will accrue on Agency Bonds.

From time to time, by notice to the Notice Parties and as required hereunder, the Agency may designate a new Mode Period with respect to all or any portion of the Variable Rate Bonds, may cause Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, or may cause Liquidity Facility Bonds to become Unenhanced Variable Rate Bonds. Prior to causing any Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, the Agency will deliver a Liquidity Facility with respect thereto. During each Mode Period, the Effective Rates with respect to any Unenhanced Variable Rate Bonds and Liquidity Facility Bonds (other than Bank Bonds) will be those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, on the Effective Rate Date being 100% of the principal amount of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, and that may not exceed the Maximum Rate. In no event may the interest rate borne by Unenhanced Variable Rate Bonds in any Effective Rate Period be less than the Unenhanced Variable Rate Minimum Rate for that period.

Prior to Conversion, the Series F Bonds or any portion thereof will bear interest, commencing on the applicable Effective Rate Date, at the rate determined by the Remarketing Agent based on the current Mode for the new Effective Rate Period (except for Bank Bonds, that will bear interest at the Bank Interest Rate which interest will be calculated and paid in accordance with the Liquidity Facility) as set forth below:

(i) During each Mode Period, the Effective Rate with respect to any of the Series F Bonds will be the rate that (A) in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of those Variable Rate Bonds on the Effective Rate Date being 100% of the principal amount thereof and (B) is less than or equal to the Maximum Rate.

(ii) In determining the Effective Rate and the Unenhanced Variable Rate Minimum Rate, the Remarketing Agent must take into account, to the extent applicable, (A) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (1) with interest rate adjustment periods and demand purchase options substantially identical to the Variable Rate Bonds, (2) bearing interest at a variable rate intended to maintain par value, and (3) rated by a national credit rating agency in the same category as the Variable Rate Bonds; (B) other financial market rates and indices that may have a bearing on the Effective Rate (including but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, LIBOR, the SIFMA Index, indices maintained by *The Bond Buyer* and other publicly available tax-exempt interest rate indices); (C) general financial market conditions; and (D) factors particular to the Agency and the Variable Rate Bonds.

(iii) The determination by the Remarketing Agent in accordance with this Section 11.02(a) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with the Initial Liquidity Facility will bear interest at the Bank Interest Rate) will be conclusive and binding on the Owners of the Variable Rate Bonds and the Notice Parties, except as otherwise provided herein. Failure by the Remarketing Agent or the Trustee to give any notice required hereunder, or any defect therein, will not affect the interest rate borne by the Variable Rate Bonds or the rights of the Owners thereof.

(iv) If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the Effective Rate on the Variable Rate Bonds will be the interest rate as determined or caused to be determined, at the expense of the Agency, by the Trustee weekly to be the lesser of (A) in the case of the Liquidity Facility Bonds, the SIFMA Index plus 0.25%, and in the case of the Unenhanced Variable Rate Bonds, the SIFMA Index plus 0.50% or (B) the Maximum Rate.

(v) In making or causing that determination to be made, the Trustee may engage, at the expense of the Agency, calculation agents or experts as necessary to make the determination and rely on those agents and experts.

(vi) With respect to any Unenhanced Variable Rate Bonds, on the Business Day prior to each Rate Determination Date (the "Unenhanced Variable Rate Minimum Rate Determination Date"), the Remarketing Agent will establish a minimum rate with respect to the Unenhanced Variable Rate Bonds for the

following Effective Rate Period (the "Unenhanced Variable Rate Minimum Rate") and will post the Unenhanced Variable Rate Minimum Rate electronically via Bloomberg L.P.'s Bloomberg Professional system. Owners of Unenhanced Variable Rate Bonds may also contact the Remarketing Agent after 1:00 p.m. on any Unenhanced Variable Rate Minimum Rate Determination Date for information regarding the Unenhanced Variable Rate Minimum Rate for the following Effective Rate Period.

(vii) After Conversion, the Series F Bonds or any portion thereof will bear interest in accordance with Section 11.08.

(b) Mode Period. The Mode Period from the Issue Date of the Series F Bonds is as set forth in Section 11.02(a), and thereafter, until further designation by the Agency, is a Weekly Mode Period. Thereafter, unless Conversion has occurred, the Agency may designate an alternate Mode Period with respect to any Series F Bonds. The Agency may give written notice of an alternate Mode Period to the other Notice Parties and the Trustee must give written notice of the Mode Change to the Owners and to each Rating Agency then rating the Series F Bonds, each in accordance with the provisions of the Mode Period Chart; provided, however, that each Mode Change Date must be an Effective Rate Date for that alternate Mode Period.

If portions of the Series F Bonds are simultaneously Outstanding in more than one Mode Period, then the Trustee shall (i) set up subaccounts in the Series F Bond Purchase Account relating to such respective Mode Periods (such subaccounts in the Series F Bond Purchase Account are not required when all Series F Bonds are Outstanding in the same Mode Period), and (ii) draw only on the Liquidity Facility applicable to the respective Mode Periods and related subaccount(s) in the Series F Bond Purchase Account.

Promptly upon receipt of the notice from the Agency, in accordance with the provisions of the Mode Period Chart, the Trustee must notify each Owner of the new designated Mode Period and of the applicable Rate Determination Date, Effective Rate Date, Statement of Effective Rate, Irrevocable Notice of Tender by Owners/Tender and Purchase Date (within Mode Period) and Written Mode Change Notice and Notice of Mandatory Tender, each of which will be determined in accordance with the following chart (the "Mode Period Chart"):

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MODE CHART FOR VARIABLE RATE BONDS

(All times referenced are New York City time.)

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
Rate Determination Date	Each Business Day by 10:00 a.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.
Effective Rate Date	Daily	For Liquidity Facility Bonds, the Thursday following the Rate Determination Date; For Unenhanced Variable Rate Bonds, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
Statement of Effective Rate	Trustee to provide or cause to be provided to Owner monthly statement of Daily Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner monthly statement of Weekly Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates
For Liquidity Facility Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 11:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on any Business Day at least seven calendar days prior to the purchase date, which will be any Business Day and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on the Business Day seven days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Unenhanced Variable Rate Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 10:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Written Mode Change Notice; Mandatory Tender Notice	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date

11.03. Special Redemption.

(a) Non-Origination. The Series F Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from unexpended proceeds of the Series Bonds held in the 2017 Series D-E-F Acquisition Account, and from allocable amounts, as reasonably determined by the Agency, held in the 2017 Series D-E-F Account in the Debt Service Reserve Fund and Insurance Reserve Fund, transferred to the Bond Redemption Fund for that purpose to the extent set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series F Resolution.

(b) Excess Revenues. The Series F Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, and, if in part, pro rata among the Outstanding Series F Bonds but subject to Section 11.04(d), at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund. "Excess Revenues," for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in those series resolutions, (iii) amounts required to maintain the required balance in the Debt Service Reserve Fund and Insurance Reserve Fund, (iv) amounts payable to a Swap Counterparty, and (v) amounts required to pay fees and other costs of the Agency in connection with the Program.

11.04. Optional Redemption.

(a) Prior to Conversion, the Series F Bonds will be subject to redemption prior to maturity at the option of the Agency, in whole or in part (and if in part in an Authorized Denomination) on any date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, without premium.

(b) Any Series F Bond bearing interest at a Fixed Interest Rate will be subject to redemption prior to maturity at the option of the Agency, from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on any date that is on or after the January 1 nearest to the end of the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of the Series F Bond called for redemption) plus accrued interest to the date fixed for redemption:

Term to Maturity	No-Call Period	Redemption Price
15 years or more	9 years from the Conversion Date	100%
More than five years but less than 15 years	50% of the term from the Conversion Date to maturity plus two years	100%
Five years or less	Term to maturity	Not subject to optional redemption

At or prior to the conversion of any Series F Bond to a Fixed Interest Rate, the Agency may deliver to the Trustee an alternative redemption schedule to the schedule shown above if the Agency delivers to the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the Series F Bonds in accordance with their terms and will not have an adverse effect on any exemption from federal income taxation to which the interest on the Series F Bonds would otherwise be entitled.

(c) Indexed Rate Bonds are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part, on any date at a redemption price of 100% of the principal amount thereof, together with interest accrued to the date of redemption.

(d) To the extent the Agency determines to redeem the Series F Bonds pursuant to Section 11.03 and this Section 11.04, the Agency must redeem all outstanding Bank Bonds prior to redeeming any other Series F Bonds.

11.05. Mandatory Sinking Fund Redemption. The Series F Bonds will be subject to mandatory redemption by application of Sinking Fund Installments, if any, as set forth in the final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this Series F Resolution or in the Agency Certificate to be delivered pursuant to Section 6.01 of this Series F Resolution, as the case may be; provided, however, that all outstanding Bank Bonds must be redeemed before any other Series F Bonds are redeemed pursuant to this Section 11.05.

11.06. Special Redemption of Bank Bonds. Notwithstanding any provisions of the Bond Resolution or this Series F Resolution to the contrary, Bank Bonds must be redeemed on the dates and in the amounts required by the Liquidity Facility.

11.07. Manner of Redemption. Upon redemption of any of the Series F Bonds (other than through mandatory sinking fund installments or redemption of Bank Bonds) the principal amounts of the Series F Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and this Series F Resolution, including a certification that the purchase or redemption of those Series F Bonds will have no material adverse effect on the Agency's ability to pay when due the Principal Installments of and interest on the Bonds Outstanding under the Bond Resolution after that purchase or redemption. Upon redemption of any of the Series F Bonds that are Term Bonds (other than through sinking fund installments) an Authorized Officer must also determine and certify to the Trustee the years in which and the amounts by which the

sinking fund installments referred to in Section 11.05 are to be reduced, in a manner that the aggregate reduction equals the aggregate principal amount of the Series F Bonds so redeemed.

11.08. Conversion to Fixed Interest Rate or Indexed Rate.

(a) The Agency may at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Conversion of the Series F Bonds will not adversely affect the exclusion of interest on the Series Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the Series F Bonds (other than Bonds previously Converted) on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate as described herein upon a written notice to the other Notice Parties that the Agency will cause a Conversion of the Series F Bonds (or the portion thereof) on the Conversion Date set forth in that written notice, which Conversion Date may not occur sooner than 30 days after the date of that notice and, with respect to any Conversion of Series F Bonds to Indexed Rate Bonds, which notice must specify the Indexed Rate Determination Method with respect to those Bonds.

(b) Prior to the Conversion of any of the Series F Bonds, the Trustee must deliver a notice to the Owners of the Series F Bonds to be Converted and to each Rating Agency currently rating the Series F Bonds, not less than 30 days prior to the Conversion Date, setting forth the following information:

(i) that the interest rate on those Series F Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;

(ii) the proposed Conversion Date;

(iii) that those Series F Bonds will be remarketed by the Remarketing Agent or purchased by the Tender Agent on the Conversion Date; and

(iv) that the Agency may elect to cancel the Conversion, notice of which must be given to Bondowners at least one week prior to the proposed Conversion Date.

If the Agency elects not to proceed with the Conversion, the Agency must give notice of the cancellation of the Conversion to the Notice Parties and, thereafter, the Trustee must give notice to each Owner of the Series F Bonds of that cancellation of the proposed Conversion at least one week prior to the proposed Conversion Date for which the foregoing notice was given.

(c) Upon any Conversion, the Series F Bonds to be Converted will be subject to mandatory tender in accordance with this Section 11.08 and Section 11.10, and the Owners thereof will be notified of the Conversion as provided herein. No Series F Bonds to be Converted may be remarketed by the Remarketing Agent subsequent to the date of notice of the Conversion except to purchasers who agree to accept the Fixed Interest Rate or the Indexed Rate, as applicable.

(d) Any Series F Bonds that are Converted will bear interest at the Fixed Interest Rate determined upon that Conversion or the Indexed Rate with respect thereto determined from time to time in accordance with the provisions hereof, as applicable, until the maturity or prior redemption thereof. The Remarketing Agent must determine (i) in the case of a Conversion of a Series F Bonds to Fixed Rate Bonds, the Fixed Interest Rates as those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted Series F Bonds on the Conversion Date being 100% of the principal amount thereof and (ii) in the case of a Conversion of Series F Bonds to Indexed Rate Bonds, the Index Adjustment Factor or Index Percentage, as applicable, with respect to those Bonds as the Index Adjustment Factor or Index Percentage, as applicable, that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted Series F Bonds on the Conversion Date being 100% of the principal amount thereof. The Remarketing Agent must notify the Notice Parties of the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, as soon as practicable following the Conversion Date. The determination by the Remarketing Agent of the Fixed Interest Rates to be borne by or the Index Adjustment Factor or Index Percentage with respect to Series F Bonds in accordance with this Section 11.08 is conclusive and binding on the Owners of the Series F Bonds and the other Notice Parties, except as otherwise provided herein. The Series F Bonds tendered but not Converted will bear interest in the Mode as determined by the Agency in accordance with Section 11.08(b).

(e) Unless and until all conditions for the Conversion of any Series F Bonds are satisfied, those Bonds will bear interest at the Effective Rate.

(f) On any Conversion Date, all Series F Bonds subject to Conversion on that Conversion Date will automatically, upon the Conversion, bear a sub designation. For example, the first Series F Bonds so Converted will be redesignated "Series F-1" and the second Series F Bonds so Converted will be redesignated "Series F-2." The redesignations will be consecutively numbered and will continue in like manner until all Outstanding Series F Bonds have been Converted to Fixed Rate Bonds or Indexed Rate Bonds. The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(g) Upon making an election to Convert Series F Bonds to Indexed Rate Bonds, the Agency must, for those Bonds, select the method for determining the Indexed Rate on each Index Determination Date from among the options described in paragraphs (i), (ii), (iii) or (iv) below, and must specify the method in its notice to the Trustee in connection with the Conversion. Upon Conversion of any Series F Bonds to an Indexed Rate, the Indexed Rate Determination Method so selected for those Series F Bonds will be irrevocable. Nothing herein limits the Agency from Converting different groups of Series F Bonds to Indexed Rates at different times or from choosing different Indexed Rate Determination Methods for different groups of Series F Bonds.

(i) Index Bonds may bear interest during each Index Accrual Period at the SIFMA Index multiplied by the Index Percentage determined for those bonds; or

(ii) Index Bonds may bear interest during each Index Accrual Period at the SIFMA Index plus or minus the Index Adjustment Factor for those bonds; or

(iii) Index Bonds may bear interest during each Index Accrual Period at Three-Month LIBOR multiplied by the Index Percentage determined for those bonds; or

(iv) Index Bonds may bear interest during each Index Accrual Period at Three-Month LIBOR plus or minus the Index Adjustment Factor for those bonds.

11.09. Owners' Election to Tender. Prior to any Conversion, Owners of Liquidity Facility Bonds may elect to tender their Series F Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or Tender Agent, as applicable, in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. The notice of tender for purchase of Series F Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent and/or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, holders of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or the Tender Agent, as applicable, at the times and in the manner set forth in the "Mode Chart for Variable Rate Bonds," will be purchased on the next Effective Rate Date at a price equal to 100% of the principal amount thereof plus accrued interest. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

11.10. Mandatory Tender of Series F Bonds.

(a) The Variable Rate Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Unenhanced Variable Rate Change Date, (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity, if such Mandatory Tender has not already occurred pursuant subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a "Notice of Termination Date" (as defined in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described herein.

(b) In connection with any mandatory tender of Variable Rate Bonds upon a Mandatory Tender Date, the Trustee must deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and that all Owners subject to the mandatory tender will be deemed to have tendered their Variable Rate Bonds upon that date. So long as all of the Series F Bonds are registered in the name of Cede & Co., as nominee for DTC, the notice will be delivered to DTC or its nominee as registered owner of the Series F Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the Series F Bonds. Neither the Trustee nor the Agency is responsible for sending notices to beneficial owners. The Agency must give notice of any Mandatory Tender Date to each Rating Agency then rating the Series F Bonds at least 15 days prior to that date.

(c) On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described herein to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to Section 12.01, purchase those Bonds (hereinafter called "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate.

(d) Any Variable Rate Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date ("Untendered Bonds"), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those Variable Rate Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, the Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolution.

(e) UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the holders thereof do not have the right to have the Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with this Series F Resolution, at a price equal to 100% of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether that inability is because of market conditions or otherwise, will bear

interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in Sections 11.09 and 11.10.

(f) The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with this Series F Resolution at a price equal to 100% of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond.

(g) During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the "Non-Remarketing Period"), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Non-Remarketed Rate determined from time to time as described in Section 11.02.

(h) Notwithstanding the foregoing provisions, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

11.11. Limitation Upon Defeasance of Variable Rate Bonds. Notwithstanding the provisions of the Bond Resolution relating to the defeasance of Bonds, the defeasance of Series F Bonds that are Variable Rate Bonds will be conditioned upon receipt by the Trustee of written evidence from each Rating Agency currently rating the Series F Bonds that its rating then in effect on the Series F Bonds will not be reduced or withdrawn due to the defeasance. Additionally, in the event of any partial defeasance of any of the Variable Rate Bonds, separate accounts shall be established by the Trustee for the defeased Variable Rate Bonds and the non-defeased Variable Rate Bonds, respectively.

11.12. Agency Not Responsible to Bondowners for Bank's Failure to Purchase Series F Bonds. Except as provided in the following sentences of this Section 11.12, the Agency is not responsible to Bondowners for any failure by the Bank to purchase Liquidity Facility Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to this Series F Resolution, nor upon the occurrence of a Termination Event or a Suspension Event (as each are defined in the Liquidity Facility). If the Agency is the Bank, the Agency will be responsible for the foregoing to the extent provided by and in accordance with the related Self Liquidity. In addition, the Agency will be required to pay the Purchase Price of any Liquidity Facility Bonds tendered on or after the occurrence of a Termination Event under the Liquidity Facility, so long as no Liquidity Facility is then in effect with respect to those Liquidity Facility Bonds, but only if that Termination Event arises solely from the long-term credit rating of the Liquidity Facility Bonds being withdrawn or suspended or reduced below "Baa3" or "BBB-" by Moody's or S&P, respectively (a "Downgrade Event"). In the event that the Bank fails for any reason to purchase Liquidity Facility Bonds tendered or deemed tendered for purchase by the Owners thereof, the Liquidity Facility Bonds will bear interest at an interest rate determined on a

weekly basis to be the lesser of (a) the SIFMA Index plus 1.25% or (b) the Maximum Rate, and, except for a failure following a Termination Event due to a Downgrade Event, the Owners of those Liquidity Facility Bonds will not have the right to tender their Bonds during the period that the interest rate is so determined.

11.13. General Provisions Regarding Optional and Extraordinary Optional Redemptions.

(a) Any redemption of less than all of the Series F Bonds outstanding must be made in a manner that all Series F Bonds outstanding after the redemption are in Authorized Denominations.

(b) Notwithstanding any contrary provisions of the Bond Resolution, Series F Bonds may be called for redemption by the Trustee pursuant to Sections 11.03 and 11.04 (except with respect to Bank Bonds) hereof upon receipt by the Trustee at least 25 days prior to the redemption date of an Agency Certificate requesting the redemption. In addition to the information required by Section 5.2 of the Bond Resolution, the Agency Certificate must also specify the principal amount of the Series F Bonds of each Mode (and if Series F Bonds within a Mode bear interest at differing rates, the principal amount of Series F Bonds of each rate) to be called for redemption.

(c) Bank Bonds may be called for redemption by the Trustee pursuant to Section 11.04(a) upon receipt by the Trustee at least one Business Day prior to the redemption date of an Officer's Certificate of the Agency requesting the redemption. The Trustee must give notice to the Bank in accordance with the Liquidity Facility one Business Day prior to any redemption of Bank Bonds pursuant to Section 11.04(a) or 11.06.

In lieu of redeeming Series F Bonds pursuant to this Section 11.13, the Trustee may, at the request of the Agency, use the funds available hereunder for redemption of Series F Bonds to purchase Series F Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any Series F Bond so purchased in lieu of redemption must be delivered to the Trustee for cancellation.

11.14. Notice of Redemption.

(a) Except as herein provided, a copy of the notice of the call for any redemption identifying the Series F Bonds to be redeemed must be given by Immediate Notice, with respect to Series F Bonds bearing interest at a Daily or Weekly Rate, not less than 20 days prior to the date fixed for redemption and must be given by first class mail, postage prepaid to the Owners of Series F Bonds to be redeemed at their addresses as shown on the Bond Register. The notice must specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the Series F Bonds that are the subject of the notice and will include other information as the Trustee deems appropriate or necessary at the time the notice is given to comply with any applicable law, regulation or industry standard. A copy of the notice of any redemption must also be given to the Remarketing Agent (if a

Remarketing Agreement is in force) and to the Bank (if a Liquidity Facility is in force) promptly following the giving of notice to the Bondowners as aforesaid.

(b) Notwithstanding the foregoing, if Bank Bonds are to be redeemed pursuant to Section 11.04(a) or 11.06, the Trustee must give Immediate Notice of a redemption of Bank Bonds to the Bank at least one Business Day prior to the date fixed for redemption, upon receipt of the Officer's Certificate of the Agency.

(c) Failure to give notice in the manner prescribed hereunder with respect to any Series F Bond, or any defect in the notice, will not affect the validity of the proceedings for redemption for any Series F Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Series F Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series F Bonds thus called will not after the applicable redemption date bear interest, be protected by the Bond Resolution or this Series F Resolution or be deemed to be outstanding under the provisions of the Bond Resolution or this Series F Resolution.

(d) If any Series F Bond is transferred or exchanged on the Bond Register by the Trustee after notice has been given calling that Series F Bond for redemption, the Trustee will attach a copy of the notice to the Series F Bond issued in connection with the transfer or exchange.

(e) To the extent the provisions of this Section 11.14 conflict with the provisions of the Bond Resolution relating to the method and timing of giving notice of redemption, the provisions of this Section 11.14, as to the Series F Bonds, will control.

11.15. Selection of Series F Bonds to Be Redeemed. If less than all the Series F Bonds are called for redemption under any provision of this Series F Resolution permitting a partial redemption, the Series F Bonds will be selected in accordance with an Officer's Certificate specifying Series F Bonds of a particular Mode and interest rate to be redeemed, and otherwise the redemption must be by lot in a manner as the Trustee may determine among the Series F Bonds of the same Mode and interest rate. In selecting Series F Bonds for redemption, the Trustee will treat each Series F Bond as representing that number of Series F Bonds that is obtained by dividing the principal amount of that Series F Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series F Bond is to be called for redemption, then, upon notice of intention to redeem that integral multiple of an Authorized Denomination, the Owner of that Series F Bond must forthwith surrender that Series F Bond to the Trustee for (a) payment to the Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to the Owner of a new Series F Bond or Series F Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the Series F Bond. New Series F Bonds representing the unredeemed balance of the principal amount of that Series F Bond will be issued to the Owner thereof without charge. Notwithstanding the foregoing provisions of this Section 11.15 or Section 5.5 of the Bond Resolution to the contrary, any redemption of less than all of the Series F Bonds outstanding must be made first from Bank Bonds.

11.16. Notices to Rating Agencies. To the extent notice is not otherwise provided pursuant to the terms of this Series F Resolution or the Bond Resolution, the Trustee must provide Immediate Notice to each of the Rating Agencies then rating the Series F Bonds of any of the following occurrences: (i) the expiration, termination, extension or amendment of the Liquidity Facility, (ii) the provision of an Alternate Liquidity Facility, (iii) any Unenhanced Variable Rate Change Date, (iv) the redemption in whole of the Series F Bonds, (v) the acceleration of the Series F Bonds, (vi) any amendments to the provisions of this Series F Resolution, and (vii) the resignation or removal of the Trustee. Any notices sent to S&P pursuant to the terms of this Series F Resolution should be sent by email to pubfin_structured@spglobal.com; any notices sent to Moody's pursuant to this Series F Resolution should be sent by email to david.parsons@moodys.com.

Section 12. Payment of Tendered Series F Bonds.

12.01. Payment of Tendered Variable Rate Bonds. Variable Rate Bonds that are tendered or deemed tendered under the terms of this Series F Resolution must be purchased by the Tender Agent, as appropriate, upon surrender of those Variable Rate Bonds, but only from the sources listed below, from the Owners thereof by 4:30 p.m., New York City time, on the date those Bonds are required to be purchased at the Purchase Price. Funds for the payment of the Purchase Price must be derived from the following sources in the order of priority indicated:

(a) the proceeds of the sale of Variable Rate Bonds furnished to the Remarketing Agent by the purchasers thereof pursuant to Section 13.06 of this Series F Resolution;

(b) moneys furnished to the Tender Agent pursuant to Section 13.03 of this Series F Resolution, representing the proceeds of a draw under the applicable Liquidity Facility; and

(c) payments made directly by the Agency with respect to the purchase of Series F Bonds.

12.02. Liquidity Facility.

(a) The Agency covenants to deliver the Initial Liquidity Facility simultaneously with the authentication and delivery of the Series F Bonds, and to provide an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity upon the expiration or termination of a Liquidity Facility or the replacement of the Bank so long as any Series F Bonds are Liquidity Facility Bonds. The Tender Agent is hereby authorized and directed to execute the Initial Liquidity Facility. Any Liquidity Facility must provide for the Bank to provide funds for the purchase of Liquidity Facility Bonds that have been tendered and not remarketed subject to certain conditions as described therein or herein. If the Bank is replaced by multiple liquidity providers, the obligations of those providers to provide funds may be several and need not be joint obligations. The Agency hereby covenants that it will pay the principal of and interest on the Bank Bonds in accordance with the Liquidity Facility. The Agency covenants and agrees with the

Owners of the Series F Bonds that it will pay any obligation, fee or charge necessary to maintain any Liquidity Facility.

(b) The Agency must not enter into any Liquidity Facility unless the Liquidity Facility provides that any expiration or termination thereof (as set forth in subsection (i) below, but not including a termination resulting from a Termination Event) that gives rise to a mandatory tender of the Series F Bonds will occur not less than 30 days following the date of notice by the Bank to the Trustee of termination. The Mandatory Tender Date will be not less than five days prior to the date that the Liquidity Facility expires or terminates. Any mandatory tender of the Series F Bonds pursuant to this Section 12.02(b) shall be done in accordance with the terms of Section 11.10, provided, however, that the notice requirements for such mandatory tender shall be pursuant to this Section 12.02(b).

(i) Promptly upon receipt by the Trustee and the Agency of a written notice of termination of the Liquidity Facility by the Bank, which termination will not occur less than 30 days following receipt by the Trustee of the written notice, the Trustee must give notice to the Owners of Series F Bonds that are Liquidity Facility Bonds that those Series F Bonds will be subject to mandatory tender for purchase, with no right to retain, at the Purchase Price (payable by the Bank if remarketing proceeds are insufficient therefor) on the date set forth for purchase in the notice.

(ii) Unless the Trustee has received (A) written notice from the Bank not less than 45 days prior to the stated expiration date of the Liquidity Facility that it elects to extend or renew a Liquidity Facility or (B) written notice from the Agency not less than 45 days prior to the stated expiration date of the Liquidity Facility that it has determined to provide or cause to be provided an Alternate Liquidity Facility (in which case the Series F Bonds that are Liquidity Facility Bonds will be subject to mandatory tender as described in Section 12.03(a)), the Trustee must give notice to the Owners of the Series F Bonds that the Series F Bonds will be subject to mandatory tender for purchase, with no right to retain, not less than 30 days from the date of the notice to those Bondowners, at the Purchase Price (payable by the Bank) on the date set forth for purchase in the notice.

(iii) The Trustee must give notice to the Owners of Series F Bonds that are Liquidity Facility Bonds of the occurrence of a Termination Event (as defined in the Liquidity Facility) promptly upon obtaining actual knowledge thereof.

(iv) The Agency must provide prior written notice to each Rating Agency then rating the Series F Bonds with respect to the delivery of any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity or any extension or renewal of a Liquidity Facility.

12.03. Requirements for Delivery of an Alternate Liquidity Facility.

(a) So long as any of the Series F Bonds will be Liquidity Facility Bonds, at least 45 days prior to the date of expiration of a Liquidity Facility (as the same may be extended in accordance therewith) or at least 45 days prior to any date upon which the Agency intends to deliver an Alternate Liquidity Facility to the Trustee, the Agency must notify the Notice Parties of its intent to deliver an Alternate Liquidity Facility as permitted by this Section 12.03. The Agency must deliver that Alternate Liquidity Facility to the Trustee on or before the date that the Trustee provides in the notice to the Notice Parties. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Alternate Liquidity Facility and advise that the then-existing Liquidity Facility will terminate on the date stated in the notice, and that the Series F Bonds will be subject to mandatory tender (with no right to retain) not less than five days prior to the termination of the existing Liquidity Facility at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of such mandatory tender of the Series F Bonds shall be given to Owners of the Series F Bonds pursuant to Section 11.10 of this Series F Resolution.

(b) On the effective date of an Alternate Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee (i) an opinion of counsel satisfactory to the Agency stating that the delivery of the Alternate Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof and (ii) an opinion of Bond Counsel to the effect that delivery of the Alternate Liquidity Facility will not affect the exclusion of interest on the Series F Bonds from gross income for federal income tax purposes. In addition, no Alternate Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

(i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the Bank providing the Alternate Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Alternate Liquidity Facility is a legal, valid and binding obligation of the Bank thereunder enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Alternate Liquidity Facility or the remarketing of the Series F Bonds with the benefits thereof;

(ii) letters from each Rating Agency then rating the Series F Bonds evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will result in the short-term ratings of the Series F Bonds to be

not less than the highest short-rating of each Rating Agency; provided, however, that if in an Agency Certificate, the Agency certifies to the Trustee to the effect that it is not practical to obtain an Alternate Liquidity Facility that would permit the Series F Bonds to be so rated, the letters from each Rating Agency then rating the Series F Bonds evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will not cause the then existing short-term rating of the Series F Bonds from that Rating Agency to be reduced or withdrawn;

(iii) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Agency and the entity issuing the Alternate Liquidity Facility with respect to the transactions contemplated by the Alternate Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Alternate Liquidity Facility to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(iv) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the Series F Bonds with an Alternate Liquidity Facility; and

(v) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing Liquidity Facility have been paid.

12.04. Self Liquidity; Non-Conforming Liquidity Facility.

(a) Notwithstanding any other provision of this Series F Resolution, the Agency may elect to provide liquidity support for purchases of Series F Bonds from its own funds ("Self Liquidity") or through a facility that does not satisfy the requirements of Section 12.03 (a "Non-Conforming Liquidity Facility"), provided that the following provisions of this Section 12.04 are satisfied.

(b) At least 45 days prior to any date upon which the Agency intends to deliver Self Liquidity or a Non-Conforming Liquidity Facility to the Trustee, the Agency must notify the Notice Parties and each Rating Agency then rating the Series F Bonds of its intent to deliver that Self-Liquidity or Non-Conforming Liquidity Facility as permitted by this Section. The Agency must deliver that Self Liquidity or Non-Conforming Liquidity Facility to the Trustee on or before the date specified therefor in the notice described in the preceding sentence. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Non-Conforming Liquidity Facility, if any, the effective date thereof or of Self Liquidity and must advise that the then-existing Liquidity Facility (or applicable portion thereof) will terminate on that effective date, and that the affected Series F Bonds will be subject to mandatory tender (with no right to retain) and the date of the mandatory tender (which will be not later than the fifth day prior to the last date on which the existing Liquidity Facility will remain in effect) at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance

with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of such mandatory tender of the Series F Bonds shall be given to Owners of the Series F Bonds pursuant to Section 11.10 of this Series F Resolution.

(c) On the effective date of Self Liquidity or a Non-Conforming Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee an opinion of counsel satisfactory to the Agency stating that the delivery of the Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof. In addition, no Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

(i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the provider of the Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Liquidity Facility is a legal, valid and binding obligation of the provider enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Liquidity Facility or the remarketing of the Series F Bonds with the benefits thereof;

(ii) copies of any documents, agreements or arrangements related to or entered into directly or indirectly between the Agency and the entity issuing the Liquidity Facility with respect to the transactions contemplated by that Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Non-Conforming Liquidity Facility or Self Liquidity to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(iii) letters from each Rating Agency then rating the Series F Bonds evidencing that the replacement of the Liquidity Facility with the proposed Non-Conforming Liquidity Facility or Self Liquidity will result in the reconfirmation of the then existing rating;

(iv) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing Liquidity Facility have been paid;

(v) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the Series F Bonds with a Non-Conforming Liquidity Facility or Self Liquidity;

(vi) if the Liquidity Facility will provide liquidity support for less than all of the Outstanding Series F Bonds, the prior written consent of the Bank; and

(vii) if required to make the terms of this Series F Resolution consistent with the terms of the Liquidity Facility, a Series Resolution amending this Series F Resolution.

Section 13. The Tender Agent; The Remarketing Agent.

13.01. Acceptance and Successors.

(a) One or more additional Tender Agents may be appointed by the Agency to the extent necessary to effectuate the rights of the Owners to tender Series F Bonds for purchase as provided herein. The Tender Agent will be entitled to compensation from the Agency for its services provided hereunder in accordance with the schedule of fees provided to, and agreed upon by, the Agency.

(b) The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Series F Resolution by giving at least 60 days' written notice to the other Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Tender Agent hereunder. The Tender Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties and the appointment of, and acceptance by, a successor Tender Agent. Upon the resignation or removal of the Tender Agent, the Tender Agent must pay over, deliver and assign any moneys and Series F Bonds held by it in that capacity to its successor.

(c) If the position of Tender Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Tender Agent, the Agency must appoint a successor Tender Agent to fill the vacancy and provide notice of the appointment to the Notice Parties. A written acceptance of office must be filed by the successor Tender Agent in the manner set forth in subsection (a) above. Any successor Tender Agent must be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $30,000,000 (or, alternatively, maintains a line of credit with a commercial bank of at least $30,000,000) and authorized by law to perform all of the duties imposed on it by this Series F Resolution.

13.02. General Responsibilities of Tender Agent.

(a) Prior to the Conversion of any Series F Bond, the Tender Agent must perform the duties and obligations set forth in this Series F Resolution, and in particular:

(i) On each Purchase Date on which Liquidity Facility Bonds are to be purchased pursuant to the Liquidity Facility, the Tender Agent must direct the Bank thereunder pursuant to Section 13.03 to provide immediately available funds to be used for the purpose of purchasing tendered Liquidity Facility Bonds that have not been remarketed on that Purchase Date. The Tender Agent must

remit immediately to the Bank funds that are not so used to purchase tendered Bonds. The Tender Agent must hold Bank Bonds in escrow for the benefit of the Bank pending receipt of delivery instructions from the Bank; the Tender Agent may not release Bank Bonds to the Agency or the Remarketing Agent without the written confirmation from the Bank that the Bank has received the full purchase price (including accrued interest) of the Bank Bonds.

(ii) The Tender Agent must hold all moneys delivered to it pursuant to the Liquidity Facility, as agent and bailee of, and in escrow for the benefit of the Bondowners, in the Series F Bond Purchase Account until moneys (A) if purchasing unremarketed Liquidity Facility Bonds pursuant to the Liquidity Facility, have been delivered to or for the account of the tendering Bondowners, or (B) if remitting to the Bank, funds that are not so used to purchase tendered Liquidity Facility Bonds, have been so remitted to or for the account of the Bank. The moneys held by the Tender Agent under this subsection (ii) must be held uninvested and segregated from other funds.

(b) In performing its duties and obligations hereunder, the Tender Agent must perform only the duties specifically set forth in this Series F Resolution and will be entitled to the protections limitations from liability and indemnities afforded to the Trustee hereunder. The Tender Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence, and the Tender Agent shall not require additional indemnification prior to directing the Bank to provide funds necessary to purchase any Liquidity Facility Bonds pursuant to Sections 13.03(b) and 13.03(c) of the Series F Resolution.

(c) The Tender Agent may deal in Series F Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Liquidity Facility will be made available for the purchase of Bonds presented at the designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties hereunder.

(e) The Tender Agent and the Remarketing Agent will cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by the Tender Agent of replacement Bonds in connection with the tender and remarketing of Bonds hereunder.

(f) The Tender Agent hereby waives any rights to, or liens on, any funds or obligations held by or owing to it.

13.03. Sources of Funds for the Purchase of Tendered Bonds.

(a) The Tender Agent may only make the payments called for under this Series F Bond Resolution from funds transferred to it or directed by it for payment

pursuant to this Series F Bond Resolution and the Liquidity Facility, which funds are immediately available to the Tender Agent for purposes of making those payments. Under no circumstances will the Tender Agent be obligated to expend any of its own funds in connection with this Series F Bond Resolution or the performance of its duties hereunder. The Tender Agent will have no liability for interest on any moneys received or held by it.

(b) On the Business Day immediately preceding each Purchase Date, the Tender Agent must, by no later than 4:00 p.m., New York City time (or, in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, on the Purchase Date, by no later than 11:30 a.m. New York City time), give the Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the tendered Liquidity Facility Bonds and the amount of principal and interest, respectively, comprising that Purchase Price. On each Purchase Date, in the event that any Liquidity Facility Bonds tendered for purchase on that date are unable to be remarketed, the Tender Agent must, by no later than 11:30 a.m., New York City time, give the Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the tendered Liquidity Facility Bonds required to be purchased by the Tender Agent pursuant to the Liquidity Facility, and the amount of principal and interest, respectively, comprising the Purchase Price. As soon as the Bank makes funds available to the Tender Agent for purchase of the Liquidity Facility Bonds, but in any event funds must be made available not later than 2:00 p.m., New York City time, the Tender Agent is required to purchase therewith, for the account of the Bank, that portion of the tendered Liquidity Facility Bonds for which immediately available funds are not otherwise then available for those purchases under this Series F Bond Resolution.

(c) The Remarketing Agent must deliver notice by not later than 4:00 p.m., New York City time on the day prior to each Purchase Date, or 11:00 a.m., New York City time on each Purchase Date in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, of the aggregate principal amount of tendered Liquidity Facility Bonds that it has remarketed on that date. If the Remarketing Agent fails for any reason to deliver notice of the remarketing of the Liquidity Facility Bonds, then the Tender Agent must direct the Bank to make available, in immediately available funds, an amount equal to 100% of the aggregate principal amount of all Liquidity Facility Bonds tendered on that Purchase Date, plus accrued interest to that date. If the Remarketing Agent fails to deliver notice by not later than 11:00 a.m., New York City time on the Purchase Date that it has received immediately available funds in the amount of the Purchase Price of all Liquidity Facility Bonds tendered on that Purchase Date, then the Tender Agent must direct the Bank to make available, in immediately available funds, an amount equal to 100% of the aggregate principal amount of all those Liquidity Facility Bonds, plus accrued interest to that date, less the amount of immediately available funds that the Remarketing Agent has given notice that it has received. Those moneys must be held, used for purchase and remitted as necessary in accordance with Section 13.03(b).

(d) Any Liquidity Facility Bonds that are purchased by the Bank will bear interest at the Bank Interest Rate, will be payable at the times and in the amounts and will be subject to the terms and provisions set forth in the Liquidity Facility. Unless the Bank

otherwise directs, any Liquidity Facility Bonds purchased by the Bank will be immediately registered in the name of the Bank as Owner (unless held through a securities depository, in which case the Liquidity Facility Bonds must be transferred in accordance with the procedures established by the securities depository) and the Bank will have all rights of an Owner of Series F Bonds except that the Series F Bonds purchased by the Bank will bear interest at the Bank Interest Rate and may not be tendered while those Series F Bonds remain Bank Bonds.

13.04. Appointment of Remarketing Agent; Acceptance and Successors.

(a) The Agency hereby appoints RBC Capital Markets, LLC as Remarketing Agent with respect to the Series F Bonds. The Remarketing Agent will signify its acceptance of the duties and obligations imposed on it hereunder by duly executing and delivering the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Series F Bond Resolution by giving at least 30 days' written notice to the Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Remarketing Agent hereunder; provided, however, if a successor Remarketing Agent has not been appointed by the Agency and accepted the appointment within 60 days of the Remarketing Agent's notice of resignation, the resignation will become effective. The Remarketing Agent may be removed at any time by the Agency by at least 30 days' written notice filed with those parties, except that the Agency must not remove the Remarketing Agent until the appointment of, and acceptance by, a successor Remarketing Agent hereunder. Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent must pay over, deliver and assign any monies and Series F Bonds held by it in that capacity to its successor.

(c) If the position of Remarketing Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Remarketing Agent, the Agency must appoint a successor Remarketing Agent to fill the vacancy and provide notice of that appointment to the Notice Parties. A written acceptance of office must be filed by the successor Remarketing Agent in the manner set forth in subsection (a) of this Section. Any successor Remarketing Agent must be a commercial bank, national banking association or trust company or member of the Financial Industry Regulatory Authority, having a capitalization of at least $15,000,000 (or, alternatively, maintaining a line of credit from a commercial bank of at least $15,000,000) and authorized by law to perform all of the duties imposed on it under this Series F Resolution.

13.05. General Responsibilities of Remarketing Agent.

(a) The Remarketing Agent must perform the duties and obligations set forth in the Remarketing Agreement and this Series F Bond Resolution, and in particular must:

(i) solicit purchases of Series F Bonds from investors able to purchase municipal bonds, effectuate and process those purchases, bill and receive payment for Series F Bonds purchased, and perform related functions in connection with the remarketing of Series F Bonds hereunder;

(ii) provide notice to the Tender Agent that the Remarketing Agent has received notices of tender pursuant to Section 11.09 of this Series F Bond Resolution, the date of the tenders and the principal amount of Variable Rate Bonds to be tendered;

(iii) keep books and records as are consistent with prudent industry practice and that will document its action taken hereunder, and make the books and records available for inspection by the Notice Parties;

(iv) comply at all times with all applicable state and federal securities laws and other statutes, rules and regulations applicable to the offering and sale of the Bonds; and

(v) will not sell Variable Rate Bonds to the Agency unless the Agency delivers to the Trustee and the Remarketing Agent (A) an opinion of Bond Counsel to the effect that such sale will not adversely affect the exclusion of interest on the Series Bonds, including the Variable Rate Bonds, from gross income of the owners thereof for federal income tax purposes and (B) an opinion of a nationally recognized bankruptcy counsel to the effect that a sale of the Variable Rate Bonds by the Remarketing Agent directly to the Agency would not constitute a preferential transfer or be subject to recapture in a bankruptcy of the Agency.

(b) In performing its duties and obligations hereunder, the Remarketing Agent must use the same degree of care and skill as a prudent person would exercise under the same circumstances in the conduct of his own affairs. The Remarketing Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence.

(c) The Remarketing Agent may deal in Series F Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and thereafter continued whereby Series F Bonds prepared, executed, authenticated and issued hereunder will be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 11.10(g) upon any Conversion.

(e) The Remarketing Agent hereby waives any right to, or lien on, any remarketing proceeds held by it and any funds held under the Resolutions with respect to any amounts owing to it.

13.06. Remarketing and Sale of Tendered Bonds.

(a) On any Purchase Date, the Remarketing Agent must offer for sale and use its best efforts to sell all Series F Bonds tendered or deemed tendered at a price equal to the principal amount thereof plus accrued interest. The Series F Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent must, at the time specified in Section 13.03(c), provide notice to the Tender Agent of the aggregate principal amount of the Series F Bonds that have been sold; of the aggregate principal amount of Series F Bonds that will be tendered but have not been sold; of the amount of immediately available funds it has received in respect of the remarketing of the Series F Bonds; and that the Remarketing Agent commits to deliver to the Tender Agent the amount specified in the notice as having been sold, by 2:30 p.m., New York City time, on the Purchase Date, as described in Section 13.07.

(b) The Remarketing Agent must suspend its remarketing efforts with respect to the Series F Bonds upon the occurrence and continuation of (i) any Event of Default as provided herein, (ii) any Termination Event under the Liquidity Facility and the Bank's termination of its commitment to purchase Series F Bonds tendered hereunder and (iii) if the Bank breaches its obligation to purchase Series F Bonds tendered not remarketed. The Remarketing Agent may also suspend its remarketing efforts in certain circumstances as described in the Remarketing Agreement.

(c) Unless the Bank has notified the Remarketing Agent and the Agency that it has elected to hold Series F Bonds at the Effective Rate and those Series F Bonds will not be considered Bank Bonds notwithstanding that they were purchased with funds of the Bank pursuant to a Liquidity Facility, the Remarketing Agent must offer for sale and use its best efforts to sell all Series F Bonds that are held by the Bank pursuant to the Liquidity Facility at a price equal to the principal amount thereof. The Series F Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent will notify the Bank when it has located a purchaser for some or all of the Bank Bonds then held by the Bank and the proposed Purchase Date for the Bank Bonds.

13.07. Application of Proceeds From Sale of Tendered Bonds. The proceeds of sale of any Series F Bonds sold by the Remarketing Agent pursuant to this Section 13 must be transferred, by no later than 2:30 p.m., New York City time, on the Purchase Date of those Bonds, by or at the direction of the Remarketing Agent by wire transfer in immediately available funds to DTC for distribution to the accounts established thereunder for Beneficial Owners of those Series F Bonds; provided, however, if the Remarketing Agent has given notice of resignation pursuant to Section 13.04(b) of this Series F Resolution and a successor Remarketing Agent has not yet been appointed by the Agency, then the Remarketing Agent must deliver any proceeds of sale of any Series F Bonds to the Tender Agent by 11:00 a.m., New York City time, on the Purchase Date of those Series F Bonds. Transfers of ownership interests in the Series F Bonds, while the Bonds are Book-Entry Bonds, are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners of the Series F Bonds.

13.08. Determination and Notice of Interest Rate. The Remarketing Agent must give immediately notice of the Effective Rate or the Fixed Interest Rate or the Index Adjustment

Factor by telephone to the Trustee, and must promptly thereafter confirm the same in writing to the Notice Parties.

Section 14. Discretion of Authorized Officer.

14.01. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this Series F Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series F Bonds (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series F Bonds following the award thereof), then the Series F Bonds will not be issued or sold in accordance with this Series F Resolution.

Adopted by the Minnesota Housing Finance Agency this 16th day of November, 2017.

By: _____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 17-040]

EXHIBIT A

[Form of Series F Bond]

No. _____ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, 2017 SERIES F

Rate	Maturity Date	Date of Original Issue	CUSIP
Variable		_____, 2017	

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of

_____ DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above and to pay interest on the principal amount in like manner at the rates per annum and on the dates determined and described herein and in the Series Resolution (as defined herein), payable on each January 1 and July 1, commencing January 1, 2018, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined), with respect to Variable Rate Bonds, on the business day immediately prior to that interest payment date and, in all other cases, on the fifteenth (15th day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity, mandatory tender or conversion (the "Conversion") of the interest rate to a fixed interest rate or to an indexed rate. Prior to Conversion, the Series F Bonds will bear interest at a variable rate (the "Effective Rate") based on a Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Quarterly Mode Period or Semiannual Mode Period (each a "Mode Period") subject to and in accordance with the Series F Resolution (hereinafter defined). The Series F Bonds will initially bear interest at the Effective Rate based on a Weekly Mode Period. After Conversion, the Series F Bonds will bear interest at the fixed interest rate (the "Fixed Interest Rate") or an indexed rate (the "Indexed Rate"), as applicable, subject to and in accordance with the Series F Resolution described herein until the Agency's obligation with respect to the payment of that principal amount is discharged, provided that, in any event, Bank Bonds (as defined herein) will bear interest in accordance with the Liquidity Facility. Thereafter, interest will be payable as provided in the Series F Resolution.

The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series F Bond are payable in lawful money of the United States by check or draft, or other agreed means of payment, by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). The purchase price hereof is payable, solely from the sources set forth in the Series F Resolution, upon surrender hereof to Wells Fargo Bank, National Association, in Minneapolis, Minnesota, and its successors and assigns, as tender agent (the "Tender Agent"), under the conditions set forth in the Series Resolution. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series F Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, or state or federal laws appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series F Bond is not a debt of the State. *Capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Series F Resolution hereinafter described.*

This Series F Bond is one of a duly authorized Series of Residential Housing Finance Bonds, 2017 Series F, in the original principal amount of $_____ (the "Series F Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Securities to facilitate the purchase, development or rehabilitation of a sufficient supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The Series F Bonds are issued under and pursuant to the Agency's Amended and Restated Residential Housing Finance Bond Resolution, adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and the Agency's Series Resolution, adopted November 16, 2017 (the "Series F Resolution"), to which resolutions, including all supplemental resolutions that may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the Series F Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series F Bonds, and the terms upon which the Series F Bonds are issued, delivered and secured. The Series F Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, 2017 Series D and 2017 Series E.

Prior to a Conversion Date, the Series F Bonds will be issued as fully registered Bonds without coupons in the denominations of (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or a Quarterly Mode Period with respect to Liquidity Facility Bonds, $100,000 or integral multiples of $5,000 in excess of $100,000, (ii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, $25,000 or integral multiples thereof, and (iii) during a Semiannual Mode Period, $5,000 or integral multiples thereof. From and after a Conversion Date, the Series F Bonds will be issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

Prior to a Conversion, the Series F Bonds are subject to optional redemption prior to maturity at the option of the Agency from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on any Business Day, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

All Series F Bonds are subject to: (i) special redemption at any time, at a price of par plus accrued interest, without premium, from unexpended proceeds of the Series F Bonds not used to purchase Program Securities or refund the Series F Refunded Bonds, if any, and from allocable amounts, if any, held in the 2017 Series D-E-F Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund and (ii) special redemption at any time at a price of par plus accrued interest, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund. "Excess Revenues," for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in the series resolutions, (iii) amounts required to maintain the required balance in the Debt Service Reserve Fund and Insurance Reserve Fund, (iv) amounts payable to a Swap Counterparty, and (v) amounts required to pay fees and other costs of the Agency in connection with the Program.

Upon redemption of any of the Series F Bonds, other than through the application of sinking fund installments, the maturities and amounts of the Series F Bonds to be redeemed, and the amounts by which particular sinking fund installments shall be reduced in consequence of the redemption of Series F Bonds, will be selected by the Agency in a manner determined to have no material adverse effect on its ability to pay when due the Principal Installments of and interest on all Bonds Outstanding under the Bond Resolution after such redemption.

Notice of any redemption of Series F Bonds will be given be immediate notice and mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any Series F Bond, not less than 20 days before the redemption date. Notice having been given, the Series F Bonds or portions of Series F Bonds specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those Series F Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any Series F Bond not affected by that defect or failure.

Bank Bonds will be redeemed on the dates and in the amounts required by the Liquidity Facility.

Prior to any Conversion of the Series F Bonds, the Owners of Liquidity Facility Bonds may elect to tender their Series F Bonds, which, if so tendered, upon proper notice to the Remarketing Agent or Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart for variable rate bonds included in the Series F Resolution, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. Notice of tender for purchase of Series F Bonds by the Owners hereof must be in writing and will be irrevocable once the notice is given by the Owner hereof to the Remarketing Agent or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, Owners of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent or the Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date at a price equal to 100% of the principal amount thereof plus accrued interest. The notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof will be irrevocable once the notice is given to the Remarketing Agent. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof will be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

The Series F Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Unenhanced Variable Rate Bonds Change Date, (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, if such Mandatory Tender has not already occurred pursuant to subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a Notice of Termination of Commitment to Purchase (as described in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described in the Series F Resolution. In connection with any mandatory tender of Series F Bonds upon a Mandatory Tender Date, the Trustee will deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and that all Owners subject to that mandatory tender will be deemed to have tendered their Series F Bonds upon that date.

On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described in the Series F Resolution to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to the Series Resolution, purchase those Bonds (the "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Bonds Non-Remarketed Rate.

Any Series F Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date ("Untendered Bonds"), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those Series F Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Series Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates,

those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution.

UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the Owners thereof do not have the right to have those Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with the Series Resolution, at a price equal to 100% of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether the inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in the Series F Resolution.

The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with the Series Resolution at a price equal to 100% of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond. During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the "Non-Remarketing Period"), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Bonds Non-Remarketed Rate determined from time to time as described in the Series Resolution. Notwithstanding the provisions of the Series F Resolution, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Bonds Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively, with the Series F Bonds, the "Bonds"), all of which are secured by the pledge made and security interest granted therein, regardless of the times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Debt Service Reserve Fund and Insurance Reserve Fund will be increased to an amount not less than their respective requirements effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of the Bonds will not impair the then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the

Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. Any resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it, or for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its purchase and retention of this Series F Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Owner of any Series F Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any Series F Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series F Bonds.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series F Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; that the issuance of this Series F Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a full and correct copy of the legal opinion given by Bond Counsel with reference to the Series F Bonds, dated the date of original issuance and delivery of the Series F Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series F Bond is transferable upon the books of the Agency at the designated corporate trust office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney and may also be surrendered in exchange for Series F Bonds of other authorized denominations. Upon the transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new Series F Bond of the same aggregate principal amount, maturity, interest rate and terms as the surrendered Series F Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to the transfer.

Notwithstanding any other provisions of this Series F Bond, so long as this Series F Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee will pay all principal of, premium, if any, and interest on this Series F Bond, and will give all notices with respect to this Series F Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

The Agency and the Trustee may deem and treat the person in whose name this Series F Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series F Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all payments so made to the registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon this Series F Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee will be affected by any notice to the contrary.

Unless the Trustee's Certificate hereon has been manually executed on behalf of the Trustee, this Series F Bond will not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this Series F Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____, 2017

Trustee's Certificate

This is one of the Series F Bonds delivered pursuant to the Bond Resolution and Series F Resolution mentioned within.

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Trustee

By_____
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

_____
By: (Facsimile Signature)
Chairperson

_____
Attest: (Facsimile signature)
Commissioner

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

_____
(please print or type name and address of transferee)

the within Series F Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Series F Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

_____
NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Series Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:

_____
Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

_____

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2017

NEW ISSUE

RATINGS: Moody's: 2017 Series DE: "___" 2017 Series F: "_____"
S&P: 2017 Series DE: "___" 2017 Series F: "_____"
(See "Ratings" herein.)

Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the purchase of the Series Bonds, a prospective investor should read all of this Official Statement. Capitalized terms used on this cover page have the meanings given in this Official Statement.

$125,515,000*
Minnesota Housing Finance Agency
$25,515,000* Residential Housing Finance Bonds, 2017 Series D (AMT)[1]
$60,000,000* Residential Housing Finance Bonds, 2017 Series E (Non-AMT)†[1]
$40,000,000* Residential Housing Finance Bonds, 2017 Series F (AMT)[2]

Dated Date: Date of Delivery **Due: As shown on inside front cover**

Tax Exemption	Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.)
Redemption and Tender	The Agency may redeem all or a portion of the Series Bonds by optional or special redemption, and must redeem a portion of the Series Bonds by mandatory sinking fund redemption, as described under "The Series Bonds" herein. Owners of the 2017 Series F Bonds will have the option, and may be required, to tender their Series Bonds at par, as described under "The Series Bonds" herein.
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by the Agency's pledge of all Bond proceeds, Program Obligations, Investment Obligations, Revenues and other assets held under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. *The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Series Bonds and the Series Bonds are not a debt of the State.* (See "Security for the Bonds" herein.) Liquidity support for the purchase of any 2017 Series F Bonds tendered will, subject to the terms and conditions of that support, initially be provided by Royal Bank of Canada. See "Liquidity Facility" and "Security for the Bonds" herein.
Interest Payment Dates	January 1 and July 1, commencing July 1, 2018 for the 2017 Series D Bonds and the 2017 Series E Bonds and January 1, 2018 for the 2017 Series F Bonds, and, in respect of a Series Bond to be redeemed or subject to mandatory tender, the redemption date or mandatory tender date.
Denominations	$5,000 or any integral multiple thereof for the 2017 Series D Bonds and the 2017 Series E Bonds, and $100,000 or any integral multiple of $5,000 in excess thereof for the 2017 Series F Bonds.
Closing/Settlement	December 21, 2017* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriters' Counsel	Dorsey & Whitney LLP.
Trustee	Wells Fargo Bank, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. See Appendix F hereto.

The Series Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets

Piper Jaffray & Co. **Wells Fargo Securities** **Fidelity Capital Markets**

The date of this Official Statement is December __, 2017.

RBC Capital Markets is the initial Remarketing Agent for the 2017 Series F Bonds.

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*Preliminary; subject to change.

†Interest not included in the calculation of adjusted current earnings of corporations for purposes of the federal alternative minimum tax. (See "Tax Exemption and Related Considerations" herein.)

[1]Long-term fixed rate.

[2]Long-term variable rate.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The issuer has deemed this Preliminary Official Statement final, as of its date, except for information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES*

2017 Series D Bonds (AMT)

$25,515,000* Serial Bonds

Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
July 1, 2018	$ 810,000	%		January 1, 2023	$1,520,000	%	
January 1, 2019	1,355,000			July 1, 2023	1,545,000		
July 1, 2019	1,375,000			January 1, 2024	1,575,000		
January 1, 2020	1,390,000			July 1, 2024	1,600,000		
July 1, 2020	1,410,000			January 1, 2025	1,630,000		
January 1, 2021	1,430,000			July 1, 2025	1,665,000		
July 1, 2021	1,450,000			January 1, 2026	1,695,000		
January 1, 2022	1,470,000			July 1, 2026	1,730,000		
July 1, 2022	1,495,000			January 1, 2027	370,000		

Price of Serial Bonds — ___%

2017 Series E Bonds (Non-AMT)†

$5,030,000* Serial Bonds

Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
January 1, 2027	$1,395,000	%		January 1, 2028	$1,835,000	%	
July 1, 2027	1,800,000						

Price of Serial Bonds — ___%

$17,570,000* ___% Term Bonds Due July 1, 2032* at ___% (CUSIP _____)**

$37,400,000* ___% PAC Term Bonds Due January 1, 2048* at ___% (CUSIP _____)**

2017 Series F Bonds (AMT)

$40,000,000* Variable Rate Demand Term Bonds Due July 1, 2040* (CUSIP _____)**
(The initial interest rate on the 2017 Series F Bonds will be set forth in a certificate of the Remarketing Agent delivered to the Trustee at closing.)

Price of 2017 Series F Bonds — 100%

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*Preliminary, subject to change.

**CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

†Interest not included in the calculation of adjusted current earnings of corporations for purposes of the federal alternative minimum tax. (See "Tax Exemption and Related Considerations" herein.)

None of Minnesota Housing Finance Agency, Royal Bank of Canada (the "Initial Liquidity Provider") or the Underwriters has authorized any dealer, broker, salesperson or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency or the Initial Liquidity Provider since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, its Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
relating to
$125,515,000*
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS,
2017 SERIES D, 2017 SERIES E AND 2017 SERIES F

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency"), and its Residential Housing Finance Bonds, 2017 Series D (the "2017 Series D Bonds"), 2017 Series E (the "2017 Series E Bonds" and, collectively with the 2017 Series D Bonds, the "2017 Series DE Bonds"), and 2017 Series F (the "2017 Series F Bonds" and, collectively with the 2017 Series DE Bonds, the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted as amended and restated on August 24, 1995, and as further amended and supplemented in accordance with its terms (the "Bond Resolution"), and series resolutions of the Agency adopted on November 16, 2017 with respect to the 2017 Series DE Bonds (the "2017 Series DE Resolution") and with respect to the 2017 Series F Bonds (the "2017 Series F Resolution" and, collectively with the 2017 Series DE Resolution, the "Series Resolutions"). (The Bond Resolution and the Series Resolutions are herein sometimes referred to as the "Resolutions.")

The Residential Housing Finance Bonds Outstanding in the aggregate principal amount of $1,049,745,000 as of October 31, 2017 under the Bond Resolution, and any additional Residential Housing Finance Bonds hereafter issued pursuant to the Bond Resolution, including the Series Bonds (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution).

The Resolutions include definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix D and Appendix K. The summaries and references in this Official Statement to the Act, the Resolutions, the Standby Bond Purchase Agreement and other documents are only outlines of certain provisions and do not summarize or describe all the provisions thereof. All references in this Official Statement to the Act, the Resolutions and the Standby Bond Purchase Agreement are qualified in their entirety by the complete text of the Act, the Resolutions and the Standby Bond Purchase Agreement, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete form thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of purchasing, making or otherwise participating in the making of long-term mortgage loans to persons and families of low and moderate income for the purchase of residential housing upon the determination by the Agency that those loans are not otherwise available from private lenders upon equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Bond Resolution. Please refer to the information in the notes to the financial statements included in Appendix A to this Official Statement at pages 57 and 58 under the heading "Net Position — Restricted by Covenant."

* Preliminary; subject to change.

Prior to the fall of 2009, the Agency implemented its single-family mortgage lending program by purchasing "whole loans" from lenders and financing purchases of the loans with proceeds of its bonds. In September 2009, the Agency began acquiring mortgage-backed securities guaranteed as to timely payment of principal and interest by a Federal Mortgage Agency (as defined in the Resolutions, "Program Securities") instead of directly acquiring mortgage loans from lenders. (See "The Homeownership Finance Program—History and Transition to 'MBS' Model.")

The Agency is issuing the Series Bonds to refund certain outstanding Bonds of the Agency (the "Refunded Bonds") and to provide money, from proceeds of the Series Bonds and certain other outstanding single family mortgage bonds refunded by the Series Bonds, to be used, along with certain contributed funds of the Agency, to continue its Program by purchasing Program Securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA Securities"), the Federal National Mortgage Association ("Fannie Mae Securities") or the Federal Home Loan Mortgage Corporation ("Freddie Mac Securities") and backed by pools of mortgage loans ("Program Loans"), that certain mortgage lending institutions (the "Lenders") have made to qualified persons or families of low and moderate income to finance the purchase of single-family residences in Minnesota. Each Program Loan must be (i) insured by the Federal Housing Administration (the "FHA") of the United States Department of Housing and Urban Development ("HUD") pursuant to the National Housing Act of 1934, as amended (the "Housing Act"), (ii) guaranteed by the Veterans Administration ("VA") pursuant to the Servicemen's Readjustment Act of 1944, as amended, (iii) guaranteed by USDA Rural Development (formerly Rural Economic and Community Development) ("USDA Rural Development"), under its Guaranteed Rural Housing Loan Program, or (iv) insured by private mortgage insurance issued by an entity acceptable to the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac") or have certain loan-to-value ratios or other characteristics acceptable to Fannie Mae or Freddie Mac. As a result of the refunding of the Refunded Bonds, the Agency will allocate to the Series Bonds certain Program Loans allocable to the Refunded Bonds. (See "Estimated Sources and Uses of Funds.")

The 2017 Series F Bonds will bear interest at a rate determined weekly (the "Weekly Mode"), unless the Agency converts 2017 Series F Bonds to a different interest-rate-setting mode (a "Mode") as described herein. Except as otherwise provided herein, so long as the 2017 Series F Bonds are in the Weekly Mode, the owners of any 2017 Series F Bonds are entitled to demand purchase of their 2017 Series F Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon satisfaction of the terms and conditions described herein. Owners also will be required to tender their 2017 Series F Bonds for purchase under certain circumstances. RBC Capital Markets will act as the initial remarketing agent for the 2017 Series F Bonds (the "Remarketing Agent"). (See "Description of the Series Bonds – Remarketing of 2017 Series F Bonds.")

The Agency will provide a liquidity facility (the "Liquidity Facility") to be in effect for the period from the date of delivery of the 2017 Series F Bonds until the date, if any, when the Agency has converted all 2017 Series F Bonds from a Weekly Mode to another mode not requiring a Liquidity Facility, subject to terms and conditions described herein. The Initial Liquidity Facility with respect to the 2017 Series F Bonds will be a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement"), between the Agency, the Trustee, the Tender Agent and Royal Bank of Canada (the "Initial Liquidity Provider"). The Initial Liquidity Facility has a stated expiration date of January 2, 2023,* subject to earlier termination or suspension as hereinafter described. The Standby Bond Purchase Agreement will be executed as of the date of delivery of the 2017 Series F Bonds, and will provide for the purchase by the Initial Liquidity Provider on the terms and conditions specified therein of tendered 2017 Series F Bonds that cannot be remarketed. If the Standby Bond Purchase Agreement is to expire or terminate according to its terms (other than as a result of a Termination Event thereunder) or is to be replaced with another Liquidity Facility, the 2017 Series F Bonds are subject to mandatory tender. If a Termination Event or Suspension Event has occurred under the Standby Bond Purchase Agreement, the Initial Liquidity Provider will have no obligation to purchase the 2017 Series F Bonds and the Remarketing Agent will be entitled to suspend its efforts to remarket 2017 Series F Bonds. (See "Description of the Series Bonds—Optional and Mandatory Tender of Certain 2017 Series F Bonds—Agency Not Responsible to Owners for Initial Liquidity Provider's Failure to Purchase 2017 Series F Bonds" herein, and "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement" hereto.)

* Preliminary; subject to change.

This Official Statement provides information to prospective investors of 2017 Series F Bonds while those Series Bonds are in the Weekly Mode and while the Initial Liquidity Facility remains in effect. Prospective investors of 2017 Series F Bonds in the event of a Mode Change, if a Conversion Date has occurred or while an Alternate Liquidity Facility is in effect should not rely on this Official Statement. The Agency must deliver an updated disclosure document in the event of a Mode Change or Conversion and the related remarketing of 2017 Series F Bonds.

On April 24, 2003, the Members of the Agency adopted a resolution authorizing the Agency to enter into interest rate exchange agreements in respect of Bonds Outstanding or proposed to be issued. The Swap Agreement (as hereinafter defined) is expected to be executed with Wells Fargo Bank, National Association as counterparty, in connection with the issuance of the 2017 Series F Bonds, effective on the anticipated date of delivery of the 2017 Series F Bonds. (See "The Series Bonds — Interest on the 2017 Series F Bonds – Swap Agreement" herein.)

Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution), by the Agency's pledge of all Program Obligations, Investment Obligations, Revenues and other assets held and received by the Agency pursuant to the Bond Resolution. Under the Bond Resolution, the Agency is authorized to acquire Program Obligations in connection with Housing, which is defined to include single family loans, home improvement loans, multifamily loans and other housing related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. The Program Obligations acquired with the proceeds of Bonds have primarily consisted of Program Loans comprising single family housing loans secured by first or subordinate mortgages. In addition, the Agency has financed certain home improvement loans as Program Obligations by a single Series of Bonds issued under the Bond Resolution. The Agency intends to apply certain proceeds of the Series Bonds not used to refund the Refunded Bonds to acquire Program Securities backed by qualifying single family first mortgage loans. The Agency does not currently anticipate that future Series of Bonds issued under the Bond Resolution will finance Program Obligations other than Program Securities backed by single family loans or certain home improvement loans. (See "Security for the Bonds" and "Appendix D – Summary of Certain Provisions of the Bond Resolution.")

The Series Bonds are also general obligations of the Agency payable from any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that provide that particular funds must be applied for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund is legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (See "The Agency—Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund.") (For purposes of the Resolutions, the General Reserve is designated as the "General Reserve Account.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency —State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering the programs from those appropriations only to the extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

The Agency has no taxing power. Neither the State of Minnesota nor any political subdivision thereof is or will be obligated to pay the principal or redemption price of or interest on the Series Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to that payment.

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chairman of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

John DeCramer, Chairman — Term expires January 2020, Marshall, Minnesota – Magnetics Engineer

The Honorable *Rebecca Otto — Ex officio*, St. Paul, Minnesota – State Auditor

Damaris Hollingsworth, Member – Term expires January, 2018, Minneapolis, Minnesota – Architect

Joseph Johnson III, Vice Chairman — Term expires January 2021, Duluth, Minnesota – Banker

Craig Klausing, Member – Term expires January 2019, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member – Term expires January 2019, Elk River, Minnesota – Writer and Publisher

Terri Thao, Member — Term expires January 2020, St. Paul, Minnesota – Program Director

Staff

The staff of the Agency presently consists of approximately 240 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint the permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the Program are as follows:

Mary Tingerthal — Commissioner. Ms. Tingerthal was appointed Commissioner effective February 2011. Before her appointment, Ms. Tingerthal was President of Capital Markets Companies for the Housing Partnership Network where she coordinated the work of the Housing Partnership Fund, which provides acquisition and

predevelopment financing; Housing Partnership Ventures, which serves as the Network's investment vehicle; the Charter School Financing Partnership, a new conduit for charter school loans; and the Network's housing counseling intermediary and neighborhood stabilization programs. In 2008, she was instrumental in establishing the National Community Stabilization Trust -- a nationwide company dedicated to helping local organizations put vacant and foreclosed properties back into productive reuse. Prior to that, Ms. Tingerthal held senior management positions with the National Equity Fund, GMAC Residential Funding, the City of Saint Paul, and the Community Reinvestment Fund. She worked for the Agency beginning in the late 1970s when she spent 10 years working with the Agency's home improvement division. Ms. Tingerthal holds a Master's Degree in Business from Stanford Graduate School of Business, and a Bachelor of Arts Degree from the University of Minnesota. She serves as the vice chair of the Consumer Advisory Council to the Federal Reserve Board and serves on the Boards of the National Housing Trust, the National Community Investment Fund, and the National Council of State Housing Agencies.

Barbara Sporlein — Deputy Commissioner, appointed effective November 2011. Her primary responsibilities are talent management, agency-wide planning, inter-agency collaboration, operations, Indian Housing, and credit risk management. Prior to this position, Ms. Sporlein was the Director of Planning for the City of Minneapolis between 2004 and 2011. As Planning Director she was responsible for the City's long range planning, transportation planning, development consultation and review, heritage preservation, environmental review, public art program, and zoning administration and enforcement. Prior to that position, Ms. Sporlein served as the Deputy Director of the Saint Paul Public Housing Agency between 1994 and 2004, and as a City Planner for the City of Saint Paul from 1990 to 1994. Ms. Sporlein has a Bachelor of Science Degree in Geography from the University of Wisconsin-Madison, a Master of Planning Degree from the Humphrey School of Public Affairs at the University of Minnesota, and a Certificate in Advanced Studies in Public Administration from Hamline University. Ms. Sporlein serves on the Board of Directors for the Daniel Rose Center for Public Leadership, and is a member of the Citizens League, the Urban Land Institute, the Minnesota Chapter of National Association of Housing and Redevelopment Officials, and the American Planning Association. Ms. Sporlein is a Certified Public Housing Manager and Housing Finance Professional.

Kevin Carpenter — Chief Financial Officer, appointed effective March 2016. In this position, Mr. Carpenter leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position, Mr. Carpenter was the Chief Financial Officer at the City of Minneapolis from May 2011 to November 2015, and also had significant tenure in various senior financial and operating positions at RBC Capital Markets, LLC. He previously was an investment banker at RBC Capital Markets, LLC and at Lehman Brothers. Mr. Carpenter earned a Master's Degree in Business Administration from Harvard University Business School and a Bachelor of Arts degree in Government from Dartmouth College.

Terrance Schwartz — Director of Finance appointed effective June 2015. Mr. Schwartz is also the Director of Operations since August 2011. Mr. Schwartz was Controller for the Agency from September 2007 to June 2015. Previous to that he held various accounting positions of increasing responsibility with the Agency. Mr. Schwartz served four years in the United States Marine Corps. He holds a Bachelor of Science Degree with a concentration in Accounting from the University of St. Thomas, St. Paul, Minnesota.

Thomas O'Hern — General Counsel, appointed effective November 2015. Prior to becoming General Counsel, Mr. O'Hern was employed by the Minnesota Attorney General's Office for 32 years as an Assistant Attorney General representing many state agencies and boards. Mr. O'Hern has represented the Agency since 2003. Mr. O'Hern earned his law degree from American University and holds a Bachelor of Arts degree from George Washington University in Washington D.C.

Kasey Kier — Assistant Commissioner, Single Family Division appointed effective December 2014. Ms. Kier's previous experience with the Agency includes Single Family Business Operations Manager from August 2012 to December 2014, Low Income Housing Tax Credit Program Manager from 2005 to 2012, Multifamily Housing Program Professional from 2000 to 2005 and various positions in the Single Family Division with increasing responsibility from 1994 to 2000. Prior to that, Ms. Kier held positions at Prudential Home Mortgage and ITT Financial Corporation. Ms. Kier holds a Bachelor of Arts Degree in Business Management and Management Information Systems from Augsburg College, Minneapolis, Minnesota. Ms. Kier is a graduate of the Mortgage Bankers Association School of Mortgage Banking and holds the Accredited Mortgage Professional (AMP) specialist designation. Ms. Kier also holds Project Management Professional (PMP) certification through the Project

Management Institute and Housing Development Finance Professional certification through the National Development Council.

The Agency's offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency's Investor Relations Representative may be reached at the Agency's general telephone number. The Agency's website address is http://www.mnhousing.gov. No portion of the Agency's website is incorporated into this Official Statement.

Independent Auditors

The financial statements of the Agency as of and for the year ended June 30, 2017, included in this Official Statement as Appendix A, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2017. RSM US LLP also has not performed any procedures relating to this Official Statement.

Financial Statements of the Agency

The Agency financial statements included in this Official Statement as Appendix A as of and for the fiscal year ended June 30, 2017 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board.

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix A in the Notes to Financial Statements at pages 59 through 62 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of unfunded pension plan liability reported at June 30, 2017 with respect to MSRS is $76.077 million.

In Appendix B to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the three months ended September 30, 2017. The Agency has prepared the information in Appendix B and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B is not accompanied by a statement from the independent auditors.

Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2017, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2015 with EMMA; however, until March 14, 2016, that Agency Annual Report was not specifically linked to the CUSIP for the Agency's Homeownership Finance Bonds, 2015 Series C (CUSIP 60416QGE8) and one CUSIP for the Agency's Residential Housing Finance Bonds, 2015 Series C (CUSIP 60416SKL3).

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in "Appendix C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a quarterly disclosure report for each of its single family bond resolutions (including the Bond Resolution) and a semiannual disclosure report for its rental housing bond resolution. Recent reports are available at the Agency's website at http://www.mnhousing.gov/investors, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Bond Resolution but is not pledged to pay the Bonds, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $767.91 million, representing the combined net position of these funds so calculated as of June 30, 2017. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2017 appears in the Notes to Financial Statements of the Agency included in Appendix A to this Official Statement at pages 57 and 58 under the heading "Net Position — Restricted by Covenant."

The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the three-month period ended September 30, 2017 (unaudited) (in thousands):

	Three months Ended September 30, 2017 (unaudited)	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
Revenues			
Fees earned and other income[1]	$	$11,077	$11,252
Interest earned on investments		254	161
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]		22,482	21,523
Total revenues		33,813	32,936
Expenses			
Salaries and benefits		36,311	21,258
Other general operating expenses		7,690	6,010
Total expenses		44,001	27,268
Revenues over expenses		(10,188)	5,668
Non-operating transfer of assets between funds[4]	()	9,624	(6,682)
Change in net position	()	(564)	(1,014)
Net position beginning of period		14,280	15,294
Net position end of period	$	$13,716	$14,280

(1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.

(2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.

(3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix A to this Official Statement for additional information.

State Appropriations

Over the years, the State Legislature has appropriated funds to the Agency to be used for low interest loans, grants, programs for low and moderate income persons and families and other housing related program costs. The Agency generally does not pay its general or administrative expenses from appropriated funds, although it can recover its allocable costs of administering State appropriations from investment earnings thereon. The State Legislature has appropriated funds to the Agency for its programs in every biennium since 1975. The Agency has expended or committed most of the appropriations.

Over the biennial periods ended June 30, 2011, 2013, 2015 and 2017, the total appropriations to the Agency aggregated approximately $366.5 million. This total amount of appropriations includes budget reductions of approximately $4.9 million in the biennial period ended June 30, 2011. Reductions in appropriations during that period did not adversely affect the Agency's ability to operate its programs. For the biennium ending June 30, 2019, the Legislature appropriated approximately $107.6 million to the Agency, including an increase of approximately 3.9 percent to the Agency's base budget for state appropriations in order to fund a program previously administered by another state agency.

The appropriations are not available to pay debt service on the Bonds.

Agency Indebtedness

The principal amount of bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to $5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of October 31, 2017:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	10	2049	$ 47,815	$ 41,500
Residential Housing Finance Bonds	37	2048	1,628,860	1,049,745
Homeownership Finance Bonds	40	2047	1,768,628	1,268,209
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	13,880
Totals	88		$3,460,303	$2,373,334

*Does not include series of bonds or the original principal amount of any bonds that had been, as of October 31, 2017, defeased or paid in full, whether at maturity or earlier redemption.

The payment of principal of and interest on general obligations of the Agency as shown above may be made, if necessary, from the General Reserve or the Alternative Loan Fund. (See "Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund" above.)

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Residential Housing Finance Bonds that bear interest at a variable rate and are subject to optional and mandatory tender. Certain information related to those variable rate bonds and swap agreements is included in the notes to the audited financial statements contained in Appendix A to this Official Statement and in the unaudited financial statements contained in Appendix B to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the "Housing Infrastructure Bonds") for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $175,000,000. The Agency has issued eleven series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2017 in an aggregate principal amount of $129,980,000 under a separate indenture of trust.

In June 2016, the Agency issued its Drawdown Index Bonds, Series 2016, Subseries A-1 (AMT), and Drawdown Index Bonds, Subseries B-1 (Non AMT/Non ACE), in a cumulative principal amount not to exceed $300,000,000 (collectively, the "2016 Drawdown Bonds"), pursuant to a separate indenture of trust (the "2016 Drawdown Bonds Indenture"). The Agency issued the 2016 Drawdown Bonds for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Bonds and Homeownership Finance Bonds previously issued by the Agency (the "Single Family Housing Bonds"). Funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under the 2016 Drawdown Bonds Indenture as security for the repayment of the principal amount of the 2016 Drawdown Bonds drawn by the Agency. The amount of the draws on the 2016 Drawdown Bonds outstanding and not repaid may not exceed $80,000,000 at any time. As of November 1, 2017, the Agency has made draws in the aggregate principal amount of $224,975,000, $30,920,000 of which is outstanding. The obligation of the Agency to pay the interest on, but not the principal of, the 2016 Drawdown Bonds is a general obligation of the Agency. A portion of the proceeds of the Series Bonds will be used to repay a portion of the 2016 Drawdown Bonds and the equivalent amount released from the cash collateral fund under the 2016 Drawdown Bonds Indenture will be deposited in the 2017 Series D-E-F subaccount in the Acquisition Account.

Disruptions in Mortgage and Financial Markets

Beginning in 2008 and continuing thereafter, significant dislocations in the housing and mortgage markets have negatively affected general capital markets conditions, including the municipal bond market. During 2008 market dislocations led to the failure of the auction rate securities market, widening of municipal bond spreads and failed remarketings of variable rate demand obligations as a result of credit downgrades among liquidity providers and lack of market liquidity. While conditions have improved, market uncertainty still remains in the current economic environment.

As a state housing finance agency, the Agency has relied on municipal bond markets operating efficiently to fund its Program. Since the last half of 2008, these markets have not performed well, based on historical market relationships. Recent responses by the federal government and the Federal Reserve to address the housing market crisis and to lower long-term interest rates made it very difficult for state housing finance agencies, such as the Agency, to fund their operations profitably through the housing bond market. The Agency was able under its Homeownership Finance Bond Resolution to issue $260,490,000 in aggregate principal amount of bonds under the Single Family New Issue Bond Program announced by the United States Department of the Treasury, Fannie Mae and Freddie Mac in late 2009, together with $289,185,000 in aggregate principal amount of related market bonds. The Agency used all its authority under the Single Family New Issue Bond Program and must again rely on the housing bond market. Unfortunately, the dislocation of historical market relationships has continued and without subsidy of some kind (such as from an economic refunding or overcollateralization) generally the Agency cannot effectively issue bonds utilizing traditional bond structures to finance single family mortgage loans at competitive interest rates and has to turn to other funding sources. In the last three years, the Agency has successfully issued economic refunding bonds and bonds secured by excess collateral under the Bond Resolution, and bonds structured as monthly principal pass-through payments from an identified portfolio of Program Securities under its Homeownership Finance Bond Resolution, to fund current single family mortgage production by purchasing approximately $1,470 million of Program Securities.

In addition to funding its single family mortgage production by issuing bonds, the Agency has from time to time sold Program Securities in the secondary market. Since 2009 the Agency has sold approximately $[632] million of Program Securities in the open market as of November 27, 2017, $[293] million of which would have been eligible to be financed with tax-exempt bonds. The Agency has also issued and sold three series of its Home Ownership Mortgage-Backed Exempt Securities Certificates in the aggregate principal amount of $32.5 million, each of which is a special, limited obligation of the Agency payable from, and secured solely by, all principal and interest payments made on a single Program Security.

In recent years, both the government and private lending institutions have undertaken programs to assist borrowers in refinancing their outstanding mortgage loans. For example, the Federal Housing Administration, effective June 11, 2012, reduced its upfront and annual mortgage insurance premiums for refinancings of FHA-insured loans originated before June 1, 2009 and on which the borrower is current. The upfront premium dropped

from 1 percent to 0.01 percent of the loan amount and the annual premium dropped from 1.15 percent to 0.55 percent.

These measures, and additional measures and legislation that the federal government or the Minnesota Legislature may consider, may affect the Program, the Program Loans, the Program Securities or the Bonds. While some of these measures may benefit the Program, they may affect the Program, the Bonds, the Program Securities or the Program Loans or the Owners of the Bonds adversely. In addition, because of market conditions, the Agency may choose not to issue Additional Bonds under the Bond Resolution.

ESTIMATED SOURCES AND USES OF FUNDS

The Agency will apply certain proceeds of the Series Bonds and other funds to the purchase of Program Securities. The Agency will apply other proceeds of the Series Bonds to refund the Refunded Bonds and, as a result, certain Program Loans financed by the Refunded Bonds will be allocated to the Series Bonds (the "Transferred Program Loans"). Upon giving effect to these transactions and the receipt of transferred money that had been allocated to the Refunded Bonds, the estimated sources and uses of funds related to the Series Bonds are as follows:

Sources	
Principal amount of Series Bonds	$
Original issue premium	
Transferred Program Loans and Revenues	
Transferred debt service reserve funds	
Agency funds	
Total Sources of Funds	$
Uses	
Deposit to 2017 Series D-E-F Acquisition Account	
Funds to acquire Program Securities	$
Transferred Program Loans and Revenues	
Redemption of Refunded Bonds	
Deposit to Debt Service Reserve Account	
Deposit to Bond Fund Interest Account	
Deposit to Costs of Issuance Account	
Underwriters' Compensation	
Total Uses of Funds	$

Upon issuance of the Series Bonds and as a result of the refunding of the Refunded Bonds, the Transferred Program Loans will be credited to the 2017 Series D-E-F Acquisition Account. The Transferred Program Loans, with an unpaid principal amount of approximately $27.83 million,* have a weighted average maturity of approximately 275* months and a weighted average interest rate of approximately 5.42 percent* per annum. Revenues from the Transferred Program Loans may constitute Excess Revenues (as defined under "The Series Bonds—Special Redemption—Excess Revenues" herein) and the Agency may, but is not obligated to, use those Excess Revenues to redeem Bonds, including the Series Bonds, except as otherwise described under "The Series Bonds—Special Redemption."

Based on the Program Securities that the Agency has purchased and expects to purchase from its own funds, the Agency expects to apply and disburse approximately $102.13 million* of proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account to purchase Program Securities backed by Program Loans with a principal amount of approximately $100.00 million,* which Program Securities are estimated to have pass-through interest rates ranging from 3.5 percent to 4.0 percent,* upon the issuance of the Series Bonds. Any Program Securities purchased from the Agency will be credited to the 2017 Series D-E-F Acquisition Account and pledged to

* Preliminary; subject to change.

the payment of Outstanding Bonds. (See "The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds.")

THE SERIES BONDS

General

Each of the 2017 Series D Bonds and the 2017 Series E Bonds (collectively, the "2017 Series DE Bonds") will be fully registered bonds issued in the denominations of $5,000 or any integral multiple thereof of single maturities. The 2017 Series F Bonds will be fully registered bonds issued in the denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The Series Bonds of each Series will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for each Series of the Series Bonds. Wells Fargo Bank, National Association, Minneapolis, Minnesota, serves as Trustee under the Bond Resolution. Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See "Appendix F — Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer. The Series Bonds mature on the dates and in the amounts set forth on the inside front cover hereof, subject to prior redemption and tender as hereinafter described.

Interest on the 2017 Series DE Bonds

Interest on the 2017 Series DE Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2018,* and, in respect of any 2017 Series DE Bond then to be redeemed, on any redemption date. The 2017 Series DE Bonds will bear interest from their dated date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal of or redemption price on those 2017 Series DE Bonds. Interest on the 2017 Series DE Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and will be paid to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the regularly scheduled interest payment date, whether or not a business day (the "Record Date" for the 2017 Series DE Bonds).

Interest on the 2017 Series F Bonds

The 2017 Series F Bonds will bear interest from their dated date and will be dated as of the date of their authentication and delivery. The 2017 Series F Bonds will mature, subject to earlier redemption and tender as herein described, on July 1, 2040.* The Record Date for 2017 Series F Bonds in the Weekly Mode is the last Business Day preceding each Interest Payment Date.

Weekly Mode. Interest on the 2017 Series F Bonds in a Weekly Mode will accrue from their date of delivery and will be payable in arrears, on the basis of a 365/366-day year for the number of days actually elapsed. Interest is payable on January 1 and July 1 of each year, commencing January 1, 2018,* and on any redemption date or Conversion Date; for the initial Interest Payment Date, from the date of delivery of the 2017 Series F Bonds, and for subsequent Interest Payment Dates, from the preceding Interest Payment Date (i.e., January 1 or July 1), to, but not including, that Interest Payment Date.

The 2017 Series F Bonds will bear interest from the date of delivery to and including December 27, 2017,* at the rate set forth in a certificate delivered by the Remarketing Agent on the date of delivery of the 2017 Series F Bonds. Thereafter, the 2017 Series F Bonds in the Weekly Mode (other than Bank Bonds) will bear interest at the Weekly Rate that will take effect each Thursday (the "Effective Rate Date") following a Rate Determination Date and remain in effect until the day before the next Effective Rate Date. The Weekly Rate will be determined by the Remarketing Agent by 5:00 p.m. New York time on the first Business Day preceding the applicable Effective Rate

* Preliminary; subject to change.

Date (each a "Rate Determination Date"). In no event will the 2017 Series F Bonds (other than Bank Bonds) bear interest at an annual rate in excess of the lesser of 12 percent or the maximum rate permitted by law (the "Maximum Rate").

The Weekly Rate applicable to the 2017 Series F Bonds will be the rate that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2017 Series F Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. In determining the Weekly Rate for any 2017 Series F Bonds, the Remarketing Agent will take into account to the extent applicable (1) market interest rates for comparable securities held by open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to those 2017 Series F Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as those 2017 Series F Bonds; (2) other financial market rates and indices that may have a bearing on the Weekly Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rate ("LIBOR"), the index published by the Securities Industry and Financial Markets Association (formerly, The Bond Market Association) based upon data compiled by Municipal Market Data concerning tax-exempt variable rates (the "SIFMA Index"), indices maintained by *The Bond Buyer*, and other publicly available interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and those 2017 Series F Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2017 Series F Bonds (other than Bank Bonds) will be conclusive and binding on the Owners of those 2017 Series F Bonds. If the Remarketing Agent or the Trustee fails to give any notice required under the 2017 Series F Resolution, or there is any defect in a notice, it will not affect the interest rate on any 2017 Series F Bonds or the rights of the Owners thereof.

If for any reason the position of Remarketing Agent is vacant or a Remarketing Agent fails to establish the interest rate, the 2017 Series F Bonds (other than Bank Bonds) will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SIFMA Index plus 0.25 percent or (ii) the Maximum Rate.

Mode Changes. The Agency may elect (1) to change the intervals at which the interest rate is calculated with respect to all or part of the 2017 Series F Bonds (each change is a "Mode Change" with respect to the 2017 Series F Bonds to which that Mode Change applies, and the date on which each Mode Change is effective is a "Mode Change Date"), (2) to change all or part of the 2017 Series F Bonds to become variable rate bonds not required to be covered by a Liquidity Facility (each change an "Unenhanced Variable Rate Change" with respect to the 2017 Series F Bonds to which it applies, and the date of each change an "Unenhanced Variable Rate Change Date") or (3) to convert all or part of the 2017 Series F Bonds to bear interest at fixed rates to their maturity or to bear interest at an index rate (with respect to the 2017 Series F Bonds to which that conversion applies, a "Conversion," and the date on which that a Conversion is effective a "Conversion Date"). The Agency is to provide notice of a Mode Change, an Unenhanced Variable Rate Change, or a Conversion to the Remarketing Agent, the Trustee, the Liquidity Provider, and the Tender Agent not less than 20 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date or Conversion Date. The Trustee is to provide notice of a Mode Change, an Unenhanced Variable Rate Change or a Conversion to DTC not less than 15 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date or Conversion Date. On each Mode Change Date, Unenhanced Variable Rate Change Date, or Conversion Date, the 2017 Series F Bonds to which that Mode Change, Unenhanced Variable Rate Change or Conversion applies will be subject to mandatory tender for purchase. **This Official Statement does not describe the 2017 Series F Bonds in any Mode other than a Weekly Mode**.

For additional information with respect to the 2017 Series F Bonds, see also "Optional Redemption of 2017 Series F Bonds" below, "Appendix K – Certain Definitions With Respect to the 2017 Series F Bonds" and "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement."

Swap Agreement. The Agency expects to enter into an interest rate swap agreement with Wells Fargo Bank, National Association (the "Swap Counterparty") (the "Swap Agreement") effective on the anticipated date of issuance of the 2017 Series F Bonds. The purpose of the Swap Agreement is to place the aggregate net obligation of the Agency with respect to the portion of the Program financed by the 2017 Series F Bonds on an approximately

fixed-rate basis. Payments made to the Swap Counterparty by the Agency under the Swap Agreement are to be made semiannually on the basis of a notional principal amount and the relationship between an agreed-upon fixed rate and a variable rate calculated by reference to a percentage of one-month LIBOR. Payments the Agency makes to the Swap Counterparty, including any applicable termination amount referenced below, will be paid from Revenues on deposit in the Revenue Fund under the Bond Resolution on a basis subordinate to the payment of the interest on and principal of the Bonds and the funding of the Debt Service Reserve Fund and the Insurance Reserve Fund. Payments the Swap Counterparty makes to the Agency under the Swap Agreement (which would result if the variable rate payable by the Swap Counterparty under the Swap Agreement exceeds the fixed interest rate payable by the Agency under the Swap Agreement) are pledged as Revenues under the Resolutions. Unless earlier terminated in whole (in which case a termination amount may be payable by one party to the other party), the Swap Agreement will expire on July 1, 2040.*

Wells Fargo Bank, National Association is an underwriter of the Series Bonds and is also serving as Trustee under the Resolutions for the Series Bonds.

Sinking Fund Redemption

The Agency is required to redeem the 2017 Series E Bonds with a stated maturity of July 1, 2032* in part on July 1, 2028,* and on each January 1 and July 1 thereafter to and including January 1, 2032,* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

Date*	Principal Amount*	Date*	Principal Amount*
July 1, 2028	$1,870,000	January 1, 2031	$2,090,000
January 1, 2029	1,915,000	July 1, 2031	2,135,000
July 1, 2029	1,955,000	January 1, 2032	2,180,000
January 1, 2030	2,000,000	July 1, 2032 (maturity)	1,380,000
July 1, 2030	2,045,000		

The Agency is required to redeem the 2017 Series E Bonds with a stated maturity of January 1, 2048* (the "PAC Bonds") in part on January 1, 2041,* and on each July 1 and January 1 thereafter to and including July 1, 2047,* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

Date*	Principal Amount*	Date*	Principal Amount*
January 1, 2041	$2,140 ,000	January 1, 2045	$2,605,000
July 1, 2041	2,180,000	July 1, 2045	2,675,000
January 1, 2042	2,230,000	January 1, 2046	2,745,000
July 1, 2042	2,290,000	July 1, 2046	2,820,000
January 1, 2043	2,350,000	January 1, 2047	2,890,000
July1, 2043	2,410,000	July 1, 2047	2,970,000
January 1, 2044	2,475,000	January 1, 2048 (maturity)	2,080,000
July 1, 2044	2,540,000		

* Preliminary; subject to change.

The Agency is required to redeem the 2017 Series F Bonds with a stated maturity of July 1, 2040* in part on July 1, 2032,* and on each January 1 and July 1 thereafter to and including January 1, 2040,* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

Date*	Principal Amount*	Date*	Principal Amount*
July 1, 2032	$ 850,000	January 1, 2037	$2,635,000
January 1, 2033	2,275,000	July 1, 2037	2,680,000
July 1, 2033	2,325,000	January 1, 2038	2,730,000
January 1, 2034	2,370,000	July 1, 2038	2,780,000
July 1, 2034	2,410,000	January 1, 2039	2,685,000
January 1, 2035	2,455,000	July 1, 2039	2,025,000
July1, 2035	2,495,000	January 1, 2040	2,060,000
January 1, 2036	2,540,000	July 1, 2040 (maturity)	2,100,000
July1, 2036	2,585,000		

Upon redemption of Series Bonds of a Series and maturity for which sinking fund installments have been established or any purchase and cancellation in lieu of redemption, the principal amount of that Series and maturity of the Series Bonds redeemed or purchased may be credited toward one or more sinking fund installments for that Series and maturity thereafter coming due in the manner the Agency specifies. The portion of any sinking fund installment remaining after the deductions credited to those payments is the unsatisfied balance of that sinking fund installment with respect to that Series and maturity of the Series Bonds for the purpose of calculating the payment due on or scheduled for a future date.

Special Redemption

Unexpended Proceeds. At its option, the Agency may redeem the Series Bonds prior to maturity, at any time, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium (except that any PAC Bonds are to be redeemed at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, plus the unamortized premium thereon as the Agency determines by straight-line amortization of the original issue premium set forth on the inside front cover of this Official Statement between the date of issue and July 1, 2027* (as of which date the premium would reduce to $0)), from moneys representing Series Bond proceeds not used to purchase Program Securities and transferred to the Bond Redemption Fund from the 2017 Series D-E-F Acquisition Account and any allocable amounts held in the Debt Service Reserve Fund. In the event the Agency determines to redeem any Series Bonds from unexpended proceeds, the Agency will select the Series, maturities and amounts of the Series Bonds to be redeemed and the Trustee will select the Series Bonds at random within each Series and maturity.

If the Agency has not expended all proceeds of the Series Bonds credited to the 2017 Series D-E-F Acquisition Account and the Delivery Period has not been extended (see "The Residential Housing Finance Program—Acquisition of Program Securities"), then the Agency must redeem the Series Bonds from those unexpended proceeds upon the expiration of the Delivery Period at the redemption price specified above.

Based on the Program Securities that the Agency has purchased and expects to purchase from its own funds, the Agency expects to apply and disburse all of the proceeds of the Series Bonds credited to the 2017 Series D-E-F Acquisition Account to purchase Program Securities with a principal amount of approximately $100 million,* upon the issuance of the Series Bonds. (See "The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds" for information with respect to Agency purchases of Program Securities as of November 27, 2017.)

Excess Revenues. In the Agency's discretion and subject to the requirements of the Resolutions, the Agency may apply moneys on deposit in the Revenue Fund attributable to Excess Revenues to redeem Outstanding Bonds

* Preliminary; subject to change.

under the Bond Resolution (including the Series Bonds, but with respect to the PAC Bonds not in excess of the maximum cumulative redemption amounts shown below), at any time; subject, however, to any provisions to the contrary in any Series Resolution relating to a Series of Bonds. The redemption price of redeemed Bonds will be the principal amount of those Bonds plus accrued interest thereon, without premium. The Agency will select the Series, maturities and sinking fund installments of the Bonds to be redeemed.

As used herein, "Excess Revenues" means the Revenues, including prepayments (except as described below under "Prepayments"), on deposit in the Revenue Fund received in excess of (i) the maturing principal and sinking fund installments and any required mandatory redemptions, together with interest from time to time payable, on Bonds Outstanding under the Bond Resolution, (ii) amounts needed to maintain the Debt Service Reserve Fund and the Insurance Reserve Fund at their respective Requirements, and (iii) amounts required by the Agency to pay fees and other costs in connection with the Bonds associated with maintaining the Program, including amounts to be paid under swap agreements, liquidity facilities, remarketing agreements and other similar instruments.

10-Year Rule Requirements. To comply with certain provisions of federal tax law, the Agency must apply all available prepayments and regularly scheduled repayments of mortgage principal from Program Loans and Program Securities allocable to the Series Bonds and (i) with respect to proceeds of the Series Bonds allocated to the refunding of outstanding bonds of the Agency, received 10 years after the original issue date of the bonds refunded, or (ii) with respect to the remaining proceeds of the Series Bonds, received 10 years or more after the issue date of the Series Bonds, to pay at maturity or redeem Series Bonds. This redemption must occur no later than the close of the first semiannual period beginning after the date of receipt, but no redemption is required if the amount available and required to be used to redeem the Series Bonds is less than $250,000. Prepayments and scheduled repayments of mortgage principal from Transferred Program Loans and Program Securities allocable to the Series Bonds received on or after the following dates are subject to the 10-year rule in the following approximate percentages:

Dates*	Percentages*
December 21, 2017 to June 30, 2018	. %
December 21, 2027 and thereafter	100.00

Prepayments. To the extent not needed to make regularly scheduled principal payments on the Series Bonds, either at maturity or pursuant to sinking fund installments, all prepayments of mortgage principal from Transferred Program Loans and Program Loans backing Program Securities financed with the proceeds of the Series Bonds received by or on behalf of the Agency (those amounts herein referred to as the "Series D-E-F Prepayments") must first be applied to redeem the PAC Bonds on a cumulative basis up to the Maximum Cumulative Amounts during each Redemption Period ending on the date therefor set forth in the following table:

Redemption Period*	Maximum Cumulative Amounts*†	Redemption Period*	Maximum Cumulative Amounts*†
July 1, 2018	$ 675,000	July 1, 2023	$25,320,000
January 1, 2019	2,255,000	January 1, 2024	27,355,000
July 1, 2019	4,345,000	July 1, 2024	29,250,000
January 1, 2020	6,905,000	January 1, 2025	30,995,000
July 1, 2020	9,885,000	July 1, 2025	32,600,000
January 1, 2021	12,855,000	January 1, 2026	34,070,000
July 1, 2021	15,660,000	July 1, 2026	35,400,000
January 1, 2022	18,310,000	January 1, 2027	36,600,000
July 1, 2022	20,800,000	July 1, 2027	37,400,000
January 1, 2023	23,135,000		

†Based on an approximation of 100% PSA prepayment speed on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds and the Transferred Program Loans. (See "Projected Weighted Average Lives of the PAC Bonds" below for a discussion of the PSA Prepayment Model.) Amounts actually to be redeemed pursuant to this provision will be reduced proportionately to the extent any of the PAC Bonds are redeemed from unexpended proceeds of the Series Bonds.

To the extent the Agency redeems PAC Bonds more than once in a semiannual period or on a date that is not a regularly scheduled interest payment date, the Agency will not redeem PAC Bonds on a cumulative basis as of any date in an aggregate principal amount greater than the sum of (i) the Maximum Cumulative Amount in the table above for the immediately preceding regularly scheduled interest payment date and (ii) the proportionate amount (based on the number of days elapsed since the immediately preceding regularly scheduled interest payment date and the total number of days in the period (calculated on the basis of a 360-day year of twelve 30-day months)) of the difference between the Maximum Cumulative Amount set forth in the table above for the next succeeding regularly scheduled interest payment date and the Maximum Cumulative Amount for the immediately preceding regularly scheduled interest payment date.

If the Agency receives Series D-E-F Prepayments sufficient to redeem PAC Bonds up to the Maximum Cumulative Amounts in accordance with the table above, (1) to the extent required by applicable federal tax law, the Agency must use any excess Series D-E-F Prepayments (a) to redeem Outstanding Series Bonds (other than PAC Bonds) from the Series and maturities the Agency selects, or (b) if no Series Bonds are Outstanding other than PAC Bonds, to redeem Outstanding PAC Bonds, in each case on any date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; and (2) to the extent not required by applicable federal tax law to redeem Series Bonds, the Agency, at its option, may use any excess Series D-E-F Prepayments to redeem any Outstanding Bonds, including the Series Bonds (other than PAC Bonds), at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), or for any other purpose authorized under the Resolutions.

To the extent that current collections of Series D-E-F Prepayments are insufficient to redeem PAC Bonds on a cumulative basis up to the Maximum Cumulative Amounts in accordance with the table above, the Agency will apply excess Series D-E-F Prepayments from a prior period, to the extent not otherwise applied as described above, to redeem PAC Bonds up to such amounts.

* Preliminary; subject to change.

Projected Weighted Average Lives of the PAC Bonds. The following information is provided to allow prospective investors to evaluate the PAC Bonds that are the subject of the special redemption provisions described above.

The weighted average life of a bond refers to the average length of time that will elapse from the date of issuance of the bond to the date each installment of principal is paid weighted by the principal amount of that installment. The weighted average life of the PAC Bonds will be influenced by, among other things, the rate at which Program Securities are purchased and the rate at which principal payments (including scheduled payments and principal prepayments) are made on the Transferred Program Loans and the Program Loans backing Program Securities financed with the proceeds of the Series Bonds (collectively, the "Series Bond Program Loans"). An Owner owning less than all of the PAC Bonds may experience redemption at a rate that varies from the average life of the PAC Bonds.

Levels of prepayment on mortgage loans are commonly measured by a prepayment standard or model. The standard used in this Official Statement is The Standard Prepayment Model of The Securities Industry and Financial Markets Association, formerly The Bond Market Association and formerly the Public Securities Association (the "PSA Prepayment Model"). The PSA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of mortgage loans. The PSA Prepayment Model does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Series Bond Program Loans. "100% PSA" assumes prepayment rates of 0.2 percent per year of the then-unpaid balance of the pool of mortgage loans in the first month of the life of the pool of mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the thirtieth month. Beginning in the thirtieth month and in each month thereafter during the life of the pool of mortgage loans, "100% PSA" assumes a constant prepayment rate of 6 percent per year. Multiples will be calculated from this prepayment rate standard, e.g. "200% PSA" assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month thirty and remaining constant at 12 percent per year thereafter. "0% PSA" assumes no prepayments of principal of a pool of mortgage loans will occur for the life of the pool of mortgage loans.

The following table, entitled "Projected Weighted Average Lives for the PAC Bonds" assumes, among other things, that (i) the Transferred Program Loans have an unpaid principal amount of approximately $27.83 million* with a weighted average maturity of approximately 275* months and a weighted average interest rate of approximately percent 5.42* per annum, (ii) the Series Bond Program Loans prepay at the indicated percentages of the PSA Prepayment Model, (iii) all proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account are used to purchase Program Securities, (iv) the Program Securities financed with the proceeds of the Series Bonds will have a weighted average pass-through rate of not less than percent 3.50* and will be acquired by December 31, 2017,* (v) all scheduled principal and interest payments or prepayments on Series Bond Program Loans are received thirty days after the date on which due or assumed to be made and there are no foreclosures or repurchases of those Program Loans, (vi) the PAC Bonds are redeemed only on regularly scheduled interest payment dates, and (vii) the Series Bonds, including the PAC Bonds, are not redeemed pursuant to optional redemption or from Excess Revenues. Based solely on the assumptions, some or all of which are unlikely to reflect actual experience, the following table provides projected weighted average life information for the PAC Bonds.

* Preliminary; subject to change.

Projected Weighted Average Lives for the PAC Bonds*

PSA Prepayment	PAC Bonds Weighted Average Life†
0%	26.65 years
50	13.95
75	7.62
100	4.63
200	4.63
300	4.63
400	4.63
500	4.63

†The weighted average life may be affected if, among other things, the Series Bonds, including the PAC Bonds, are redeemed with Excess Revenues, or from unexpended proceeds of the Series Bonds, as described above, or if PAC Bonds are redeemed on a date other than a regularly scheduled interest payment date.

The Agency cannot give any assurance that prepayments of principal of the Series Bond Program Loans will conform to any level of a particular prepayment projection, schedule or model or that prepayments will be available to be applied to redemptions of any of the Series Bonds, including the PAC Bonds. The rates of principal prepayments on mortgage loans are generally influenced by a variety of economic, geographical, social and other factors, including servicing decisions, changing property values, prevailing interest rates and the time within which mortgage loans are originated. In general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, those mortgage loans may be likely to prepay at higher rates than if prevailing interest rates remain at or above the interest rates on those mortgage loans. Conversely, if prevailing interest rates rise above the interest rates on the mortgage loans, the rate of prepayments might be expected to decrease. Foreclosures or repurchases of Series Bond Program Loans will also affect the expected special redemption schedules. The Agency cannot predict the number of Series Bond Program Loans that may become delinquent, repurchased or foreclosed. For these reasons, the Agency cannot offer any assurances as to the rate at which the Series Bond Program Loans will prepay and offers no assurance that the scheduled amounts will, in fact, be available to effect any redemptions described herein.

Optional Redemption of the 2017 Series DE Bonds

The Agency may redeem 2017 Series DE Bonds with stated maturities on or after July 1, 2027* prior to their stated maturity dates, at its option, in whole or in part, from the Series and in the amounts and from the stated maturities that the Agency designates, on January 1, 2027* or any date thereafter, from any amounts available to the Agency for that purpose, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

General Provisions as to 2017 Series DE Bonds

Except as otherwise provided in the 2017 Series DE Resolution, any Series Bonds to be redeemed other than upon mandatory sinking fund redemption will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency and stating (a) the Series of the Series Bonds to be redeemed and (b) the maturities and amounts from which Series Bonds are to be redeemed. If less than all Series Bonds of a Series and maturity are to be redeemed, the Series Bonds of that Series and maturity to be redeemed will be selected at random by a method determined by the Trustee. The Agency will not at any time cause Series Bonds to be redeemed (other than pursuant to mandatory redemption) if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after that redemption.

The Trustee must mail a copy of the notice of redemption, by first class mail, to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date; that registered owner to be

* Preliminary; subject to change.

determined from the registry books as of the 15th day preceding the date that notice is mailed. (See "Appendix F — Book-Entry-Only System.")

Optional Redemption of 2017 Series F Bonds

Optional Redemption. The Agency may redeem 2017 Series F Bonds in the Weekly Mode at its option, in whole or in part on any Business Day (including any optional or mandatory tender date), from any money made available for that purpose, at a Redemption Price equal to 100 percent of the principal amount thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date.

Notice of Redemption. While 2017 Series F Bonds are in the Weekly Mode, the Trustee must give a copy of the notice of redemption identifying 2017 Series F Bonds to be redeemed by Immediate Notice not less than 20 days prior to the date fixed for redemption to the Owners of 2017 Series F Bonds to be redeemed at their addresses as shown on the bond register. "Immediate Notice" means notice by telephone, telex or telecopier to the address as the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid. Notwithstanding the foregoing, the Trustee need not give a separate notice of redemption in addition to the notice of tender the Owner or the Trustee, as applicable, must give for 2017 Series F Bonds to be redeemed on an optional or mandatory tender date.

Subject to the terms of the 2017 Series F Resolution, any 2017 Series F Bonds to be optionally redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency stating (1) the principal amount and redemption price of the applicable 2017 Series F Bonds to be redeemed, and (2) the years in which and the amounts by which the applicable sinking fund installments, if any, are to be reduced. Upon any redemption of 2017 Series F Bonds, the Trustee is to select those to be redeemed by lot or another method of selection as it deems proper in its discretion; provided that the 2017 Series F Bonds that are Bank Bonds must be selected for redemption before other 2017 Series F Bonds.

Optional and Mandatory Tender of 2017 Series F Bonds

Optional Tender. Owners of 2017 Series F Bonds in the Weekly Mode may elect to tender their 2017 Series F Bonds for purchase, by providing notice to the Remarketing Agent and the Tender Agent not later than 5:00 p.m. (New York City time) on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in the notice. Those 2017 Series F Bonds are to be purchased on the purchase date specified in the notice at a price equal to 100 percent of the principal amount thereof plus accrued interest to but not including the purchase date (the "Purchase Price"). The notice of optional tender for purchase of 2017 Series F Bonds by the Owners or beneficial owners thereof will be irrevocable once that notice is given to the Remarketing Agent and the Tender Agent.

Mandatory Tender. The 2017 Series F Bonds or any portion thereof are subject to mandatory tender for purchase (with no right to retain) at the Purchase Price (i) on any Mode Change Date and each Unenhanced Variable Rate Change Date for those 2017 Series F Bonds, (ii) upon scheduled expiration or termination by the Agency of the Initial Liquidity Facility or an Alternate Liquidity Facility (defined below) (a "Liquidity Expiration Event") for those 2017 Series F Bonds, on a date not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) the effective date of an Alternate Liquidity Facility, if a mandatory tender has not already occurred pursuant to the Liquidity Expiration Event, (iv) on any Conversion Date for those 2017 Series F Bonds, and (v) upon receipt of a Notice of Termination Date (as described in any Liquidity Facility) by the Trustee following the occurrence of certain Events of Default under that Liquidity Facility, on a date not less than five days prior to the date on which the Liquidity Facility will terminate (each a "Mandatory Tender Date"). If any of the listed events occur, the Trustee must deliver a notice of mandatory tender to the Owners, at least 15 days prior to the Mandatory Tender Date, stating the reason for the mandatory tender, the date of mandatory tender, and that all Owners of 2017 Series F Bonds subject to that mandatory tender are deemed to have tendered their 2017 Series F Bonds upon that date.

This paragraph is applicable to the 2017 Series F Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2017 Series F Bonds not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price will be deemed to have been tendered and purchased on that Mandatory Tender Date.

Owners will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those 2017 Series F Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Resolutions, except for the purpose of payment of the Purchase Price. Replacement 2017 Series F Bonds will be issued in place of those untendered 2017 Series F Bonds pursuant to the 2017 Series F Resolution, and, after the issuance of the replacement 2017 Series F Bonds, the untendered 2017 Series F Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

Remarketing of 2017 Series F Bonds

General. On each date on which 2017 Series F Bonds are required to be purchased, the Remarketing Agent must use its best efforts to sell those 2017 Series F Bonds at a Weekly Rate (or, in the case of purchase upon a Mode Change, an interest rate corresponding to the appropriate mode) that results as nearly as practicable in the price being 100 percent of the principal amount thereof. In the event the Remarketing Agent is unable to remarket the 2017 Series F Bonds so tendered while the Initial Liquidity Facility is in effect, the Initial Liquidity Provider has agreed to purchase those 2017 Series F Bonds in accordance with the Initial Liquidity Facility. The Remarketing Agent is not required to remarket the 2017 Series F Bonds (i) after the occurrence of an Event of Default under the Resolution; (ii) after the occurrence of a Termination Event under the Initial Liquidity Facility and the Initial Liquidity Provider's termination of its commitment to purchase 2017 Series F Bonds thereunder; (iii) during a Suspension Event under the Initial Liquidity Facility and the Initial Liquidity Provider's suspension of its commitment to purchase the 2017 Series F Bonds thereunder (unless there is reinstatement of the Initial Liquidity Facility; provided that if no reinstatement occurs within specific time periods, termination will occur without mandatory tender); or (iv) if the Initial Liquidity Provider breaches its obligation to purchase 2017 Series F Bonds tendered and not remarketed. The Agency will enter into a Remarketing Agreement with the Remarketing Agent pursuant to which the Remarketing Agent will undertake the duties of Remarketing Agent in the 2017 Series F Resolution, including remarketing of tendered 2017 Series F Bonds and determination of interest rates. The Remarketing Agreement provides that the Remarketing Agent may suspend its activities under certain circumstances, that the Remarketing Agent may resign its duties by giving 30 days' written notice to the Agency, and that the Agency may remove the Remarketing Agent upon 30 days' written notice.

Remarketing Agent Is Paid by the Agency. The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket the 2017 Series F Bonds that are tendered by the Owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Official Statement. The Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of the Remarketing Agent may differ from those of Owners and potential purchasers of 2017 Series F Bonds.

Remarketing Agent May Purchase Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase those obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2017 Series F Bonds for its own account and, in its sole discretion, may acquire tendered 2017 Series F Bonds in order to achieve a successful remarketing of the 2017 Series F Bonds (i.e., because there otherwise are not enough buyers to purchase the 2017 Series F Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2017 Series F Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2017 Series F Bonds by purchasing and selling 2017 Series F Bonds other than in connection with an optional or mandatory tender and remarketing. Those purchases and sales may be at or below the principal amount thereof. However, the Remarketing Agent is not required to make a market in the 2017 Series F Bonds. The purchase of 2017 Series F Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2017 Series F Bonds in the market than is actually the case. The Remarketing Agent may also sell any 2017 Series F Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2017 Series F Bonds. The practices described above also may result in fewer 2017 Series F Bonds being tendered for purchase pursuant to the 2017 Series F Resolution.

2017 Series F Bonds May Be Offered at Different Prices on Any Date, Including a Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market

value of the 2017 Series F Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. The interest rate will reflect, among other factors, the level of market demand for the 2017 Series F Bonds (including whether the Remarketing Agent is willing to purchase 2017 Series F Bonds for its own account). There may or may not be 2017 Series F Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2017 Series F Bonds tendered for purchase on that date at the principal amount thereof and the Remarketing Agent may sell 2017 Series F Bonds at varying prices to different investors on that date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2017 Series F Bonds at the remarketing price. In the event the Remarketing Agent owns any 2017 Series F Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer those 2017 Series F Bonds on any date, including the Rate Determination Date, at a discount to the principal amount thereof to some investors.

Ability to Sell the 2017 Series F Bonds Other Than Through Tender Process May Be Limited. The Remarketing Agent may buy and sell 2017 Series F Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender their 2017 Series F Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2017 Series F Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2017 Series F Bonds other than by tendering the 2017 Series F Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2017 Series F Bonds, Without a Successor Being Named. Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee will establish the applicable rate of interest on the 2017 Series F Bonds as described in the 2017 Series F Resolution.

Agency Not Responsible to Owners for Initial Liquidity Provider's Failure To Purchase 2017 Series F Bonds. Under the terms and provisions of the Remarketing Agreement and the Initial Liquidity Facility, the Purchase Price of 2017 Series F Bonds is payable from moneys furnished in connection with the remarketing of the 2017 Series F Bonds or from the Initial Liquidity Facility. Upon the occurrence of certain Termination Events or Suspension Events under the Initial Liquidity Facility, the Initial Liquidity Provider's obligation to purchase 2017 Series F Bonds under the Initial Liquidity Facility will immediately terminate or may be suspended without notice or other action on the part of the Initial Liquidity Provider. (See "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement.") **The Agency is not responsible to Owners if the Initial Liquidity Provider fails to purchase 2017 Series F Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to the 2017 Series F Resolution or upon the occurrence of a Termination Event or a Suspension Event.**

If a Termination Event or Suspension Event has occurred resulting in the termination or suspension of the Initial Liquidity Facility or if the Initial Liquidity Provider does not purchase any 2017 Series F Bonds tendered or deemed tendered for purchase by the owners thereof and not remarketed, those Bonds will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SIFMA Index plus 1.25 percent or (ii) the Maximum Rate. Owners will not have the right to tender their 2017 Series F Bonds during that period and may be required to hold their 2017 Series F Bonds to maturity or prior redemption.

LIQUIDITY FACILITY

General Provisions

The Agency has agreed in the 2017 Series F Resolution to maintain a Liquidity Facility in effect at all times when any 2017 Series F Bonds are in a Weekly Mode, or other Mode requiring a Liquidity Facility, except as otherwise provided below, in an amount not less than the potential Purchase Price of the outstanding 2017 Series F Bonds in the Weekly Mode or other Mode requiring a Liquidity Facility.

The Agency may elect to replace any Liquidity Facility (including but not limited to the Initial Liquidity Facility) for the 2017 Series F Bonds, with another liquidity facility meeting the requirements of the 2017 Series F Resolution (an "Alternate Liquidity Facility," and, together with the Initial Liquidity Facility, a "Liquidity Facility"). The Agency will notify the Trustee, the Remarketing Agent and the Tender Agent of the Agency's

intention to deliver an Alternate Liquidity Facility at least 45 days prior to that delivery. Upon receipt of that notice, the Trustee will mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of that Alternate Liquidity Facility, to each Owner of the 2017 Series F Bonds at that Owner's registered address not less than 15 days prior to the date the 2017 Series F Bonds are subject to mandatory tender. If the Agency elects to replace the Liquidity Facility, the 2017 Series F Bonds will be subject to mandatory tender not less than five days prior to the termination of the existing Liquidity Facility. This Official Statement does not describe the 2017 Series F Bonds when an Alternate Liquidity Facility in respect thereof is in place.

The Agency may also elect to provide liquidity support for any 2017 Series F Bonds from its own funds or by delivering a liquidity facility that does not meet the requirements of an Alternate Liquidity Facility. If the Agency makes an election, those 2017 Series F Bonds will be subject to mandatory tender prior to the expiration of the Liquidity Facility then in effect.

The Standby Bond Purchase Agreement

The Initial Liquidity Facility will be the Standby Bond Purchase Agreement. Appendix L to this Official Statement summarizes certain provisions of the Standby Bond Purchase Agreement, to which Appendix reference is made for the detailed provisions thereof. Certain information regarding the Initial Liquidity Provider appears in Appendix M to this Official Statement.

SECURITY FOR THE BONDS

The Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge of (a) all proceeds of the sale of the Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds, notes or other obligations), (b) all Program Obligations and Investment Obligations made or purchased from those proceeds, (c) all Revenues, (d) any other loans, funds, securities, Cash Equivalents or other property of the Agency otherwise pledged as security for Outstanding Bonds pursuant to a Series Resolution; and (e) all money, Investment Obligations, and other assets and income held in and receivables of Funds (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that particular funds be applied for a specified purpose. The pledge granted by the Bond Resolution is for the equal benefit, protection and security of Owners of all Outstanding Bonds, except as otherwise expressly provided therein or in a Series Resolution.

The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Bonds, and the Bonds are not a debt of the State.

Cash Flow Certificate

The Bond Resolution requires that the Agency file a Cash Flow Certificate with the Trustee (i) at least once within a 12-month period and as otherwise required under the Bond Resolution or a Series Resolution, (ii) upon the proposed application of funds in the Revenue Fund to acquire Program Obligations or to pay Program Expenses, if not contemplated by a prior Cash Flow Certificate, or (iii) to release funds to the Agency from the Revenue Fund or to transfer funds to the Alternative Loan Fund. The Bond Resolution also permits a revised Cash Flow Certificate to be filed at any time directed by the Agency. The Cash Flow Certificate is to give effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established under the Bond Resolution or any Series Resolution (excluding the Insurance Reserve Fund, and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) will not be taken into account when preparing the Cash Flow Certificate. The Cash Flow Certificate is to set forth the assumptions upon which the estimates therein are based, which assumptions will be based upon the Agency's reasonable expectations at the time the Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other

than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of that Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, in respect of Outstanding Bonds of that Series. As set forth more fully in "Appendix D — Summary of Certain Provisions of the Bond Resolution — Revenue Fund," the Agency may withdraw from the Revenue Fund funds to be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, in each case upon the filing with the Trustee a Cash Flow Certificate and a Parity Certificate.

Program Obligations

General information concerning the Agency's Residential Housing Finance Program and the types of Program Obligations that have been and are expected to be financed with the proceeds of the Series Bonds is provided below under the heading "The Residential Housing Finance Program." The Agency expects that approximately $100 million* in aggregate principal amount of Program Securities will be acquired with proceeds of the Series Bonds and approximately $27.83 million* in aggregate unpaid principal amount of Transferred Program Loans will be transferred within the Bond Resolution and credited to the 2017 Series D-E-F Acquisition Account as a result of the refunding of the Refunded Bonds. (See "Estimated Sources and Uses of Funds.") Additional information regarding GNMA, Fannie Mae and Freddie Mac and Program Securities and the current Master Servicer is contained in Appendix J to this Official Statement.

Investment Obligations

Bond proceeds and other funds held in the Acquisition Account, the Debt Service Reserve Fund, the Insurance Reserve Fund, the Revenue Fund, the Bond Fund, and the Redemption Fund under the Bond Resolution may be invested in Investment Obligations as defined in the Bond Resolution (see "Appendix D – Summary of Certain Provisions of the Bond Resolution – Certain Defined Terms").

Under the Bond Resolution, the Agency may direct the Trustee to invest funds held thereunder in investment agreements (sometimes referred to as "guaranteed investment contracts"), if such an investment agreement does not adversely affect any ratings of the Bonds at the time of execution thereof. Summary information concerning funds held in respect of Bonds under the Bond Resolution that are invested in investment agreements as of September 30, 2017, is set forth below:

Investment Agreement Providers
as of September 30, 2017
(unaudited)
($ in thousands)

Investment Agreement Provider	Debt Service Reserve Fund
Transamerica Life Insurance Co.	$ 901
Monumental Life Insurance Company	1,076
Total	$1,977

There is no assurance that the providers of Investment Obligations held under the Bond Resolution will be able to pay principal of and interest on those Investment Obligations as provided therein. No representation is made as to the creditworthiness of any provider.

* Preliminary; subject to change.

The failure of a provider to pay principal and interest when due under an Investment Obligation pertaining to the Acquisition Account could result in the Agency's inability to acquire Program Obligations in an amount necessary to fully secure the Bonds. A failure by a provider to pay amounts due under an Investment Obligation pertaining to the other Funds could result in the Agency's inability to pay debt service on the Bonds. All of the Agency's investment agreements contain "downgrade" provisions giving the Agency the right to withdraw all invested funds early if the provider's credit ratings are downgraded below specified levels and remedial action is not taken by the provider. Funds withdrawn from investment agreements under those circumstances will be invested in alternate Investment Obligations at the direction of the Agency.

Revenues

When Revenues are greater than the amount necessary to pay maturing principal of and interest on the Bonds, the Agency may use the excess, to the extent permitted by applicable federal tax law, to make or purchase additional Program Obligations or to redeem Bonds. If Revenues are less than the amount necessary to pay maturing principal of the Bonds, then either the Agency at its option may provide the amount necessary for that payment from (a) the General Reserve Account of the Agency, (b) the Alternative Loan Fund, or (c) from any other lawful source other than funds and accounts pledged pursuant to the Bond Resolution, or the Trustee is to withdraw the necessary amount from the following funds in order of priority: (i) the Bond Redemption Fund, but only to the extent that amounts therein are in excess of amounts required for the redemption of Bonds for which the notice of redemption has been given, (ii) the Revenue Fund, (iii) the Debt Service Reserve Fund, and (iv) the Insurance Reserve Fund.

Debt Service Reserve Fund

The Bond Resolution creates and establishes a Debt Service Reserve Fund and provides that the Debt Service Reserve Requirement as of any date will be the sum of amounts established for each Series of Bonds by each Series Resolution. The aggregate Debt Service Reserve Requirement with respect to the Series Bonds is initially equal to $834,989,* being an amount equal to 3 percent of the expected aggregate unpaid principal amount of the Transferred Program Loans as of _____, 2017; such amount equals 0.6653 percent* of the initial principal amount of the Series Bonds. Thereafter, the Debt Service Reserve Requirement with respect to the Series Bonds, as of the date of calculation, is equal to 0.6653 percent* of the aggregate principal amount of the then Outstanding Series Bonds. The balance in the Debt Service Reserve Fund on October 31, 2017, was $34,569,237, which was at least equal to the Debt Service Reserve Requirement for all Series of Bonds then Outstanding.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The moneys held in or credited to a debt service reserve fund are to be used solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when those bonds are redeemed before maturity, provided that the moneys in that fund are not to be withdrawn therefrom at any time in an amount that would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency is not to issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of issuance does not equal or exceed the minimum amount required by the resolution creating the fund unless the Agency deposits in each debt service reserve fund at the time of issuance, from the proceeds of the bonds or otherwise, an amount that, together with the amount then in the fund, is not less than the minimum amount required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and

* Preliminary; subject to change.

> estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency ….

In the opinion of Bond Counsel and counsel to the Agency, under current law the State Legislature is legally authorized *but is not legally obligated* to appropriate those amounts.

Insurance Reserve Fund

The Bond Resolution creates and establishes an Insurance Reserve Fund to be used for the purpose of paying that portion of the claim for loss with respect to any defaulted Program Obligation that is not paid by a public or private insuring agency. As of any particular date of calculation, the Insurance Reserve Requirement is the sum of amounts, if any, established for each Series of Bonds by the applicable Series Resolution. The Insurance Reserve Requirement with respect to the Series Bonds is $0. Currently, there is no balance in the Insurance Reserve Fund, as there is no Insurance Reserve Requirement for any Series of Bonds Outstanding.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a Series Resolution, without limitation as to amount, to provide funds for the purpose of financing Program Obligations and, in addition, to refund outstanding Bonds or other obligations of the Agency. No additional Series of Bonds may be issued except upon receipt by the Trustee of (i) an Agency Certificate (in which the Agency may make certain assumptions permitted in a Cash Flow Certificate) certifying (a) that an amount equal to the Debt Service Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Debt Service Reserve Fund and an amount equal to the Insurance Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Insurance Reserve Fund, and (b) that estimated Revenues are in excess of required fund transfers and debt service on the Bonds in each Fiscal Year, and (ii) written confirmation that the then existing ratings of the Bonds will not be impaired. A Cash Flow Certificate need not be filed in connection with the issuance of additional Bonds unless the Series Resolution authorizing Bonds of the Series so provides.

Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and all other Outstanding Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Bond Resolution, except as otherwise expressly provided therein or in a Series Resolution.

State Pledge Against Impairment of Contracts

The State in the Act has pledged to and agreed with the Owners that it will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with them or in any way impair the rights and remedies of the Owners until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners, are fully met and discharged.

THE RESIDENTIAL HOUSING FINANCE PROGRAM

General

Under the Bond Resolution, the Agency may issue Bonds to finance Program Obligations in order to provide financing for housing for low and moderate income persons, including single family loans, home improvement loans, multifamily loans and other housing-related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. All Outstanding Bonds issued under the Bond Resolution are secured on an equal basis, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. Certain proceeds of the Series Bonds will be used to purchase Program Securities backed by single family mortgage loans and, as a result of refunding the

Refunded Bonds, certain Transferred Program Loans will be credited to the 2017 Series D-E-F Acquisition Account. (See "Estimated Sources and Uses of Funds.")

The following provides a general description of the Agency's Program in respect of the Program Securities backed by single family mortgage loans to be purchased with proceeds of the Series Bonds. *The Series Program Determinations governing the Program Obligations to be financed with proceeds of the Series Bonds may be revised by the Agency from time to time as provided in the Series Resolutions and, consequently, the following general description is subject to change*. The following description does not apply to the Transferred Program Loans that will be credited to the 2017 Series D-E-F Acquisition Account as a result of the refunding of the Refunded Bonds with certain proceeds of the Series Bonds.

History and Transition to "MBS" Model

The Agency's Program formerly provided funds for the purchase by the Agency of newly originated Program Loans at a price and bearing interest at rates established from time to time on the basis of the interest cost of the Bonds and local mortgage market conditions. Except with respect to home improvement loans, Program Loans purchased by the Agency historically have had 30-year terms. In 2006, however, the Agency implemented a program to offer Program Loans with 40-year terms. The Agency terminated the 40-year loan program in October 2008. Historically, the Agency has purchased Program Loans on terms resulting in an effective rate sufficient to pay the principal of and interest on the related Series of Bonds, the costs of servicing the Program Loans and other Program Expenses. The Agency may require the payment of discount points to reduce the overall interest rate on the Program Loans, provide adequate compensation to Lenders and defray Agency operation costs and expenses.

Effective for commitments made on or after September 1, 2009, the Agency changed the Program from a "whole loan" model to an "MBS" (mortgage-backed securities) model. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights), which replaces the previous servicing agreement executed by the Agency and the Master Servicer. Pursuant to the Servicing Agreement, the Master Servicer is to acquire single family mortgage loans meeting Program requirements and pool those Program Loans into Program Securities to be purchased by the Trustee on behalf of the Agency. (See "Procedures for Origination, Purchase and Pooling -- Program Securities" below.) For additional information regarding the Master Servicer, see Appendix J to this Official Statement.

Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds

The Agency has purchased with its own funds Program Securities that are eligible to be financed with Bonds of approximately $_ million in unpaid principal balance of mortgage loans as of November 27, 2017, at pass-through interest rates ranging from 3.5 percent to 4.0 percent. The Agency expects that all funds credited to the 2017 Series D-E-F Acquisition Account will be disbursed by December 31, 2017 to reimburse the Agency for the purchase of Program Securities.

Procedures for Origination, Purchase and Pooling

Application

The Agency has published, and revises from time to time, its Start Up Program Procedural Manual (the "Manual") which sets forth the guidelines and procedures for participation in the Program and certain requirements for origination of mortgage loans, including provisions for compliance with the requirements of applicable federal tax law. The Master Servicer has also published its lending manual for the Program establishing additional origination, documentation and processing requirements. The Agency responds to inquiries by interested lenders by directing them to the Master Servicer and the appropriate page on the Master Servicer's website delineating information regarding the requirements a lender must satisfy to be eligible to participate in the Program. Lenders must complete an application process with the Master Servicer, including the payment of an application fee. Each Lender that satisfies the requirements of the Master Servicer and participates in the Program must execute a participation agreement with the Agency, which incorporates the Manual, and a participating lender agreement with the Master Servicer, which incorporates the Master Servicer's lending manual by reference. Generally, Lenders that participate in the Program receive no advance commitment of funds. Rather, Lenders may request an individual

commitment of loan funds via the internet by entering loan information in the Agency's online loan purchase approval system (HDS SF Web Application). Each commitment request is subject to a review of the Agency's eligibility rules that are a part of the HDS SF Web Application. If the information entered by the Lender meets the eligibility rules, the loan funds are then committed for each specific loan for a specific period. Should a specific loan ultimately be rejected or cancelled, the funds are available for use by another eligible borrower and Lender. There is no prescribed limit on the amount of funds that may be used by an individual participating Lender, subject to availability of funds.

Lenders are not required to pay a reservation fee upon obtaining a commitment of funds through the HDS SF Web Application. If the Master Servicer has not received a loan package pursuant to an individual commitment after 60 days, the Agency, at its option, may charge and, if so charged, the Lender must agree to pay an extension fee to maintain the individual commitment for a specified, extended period of time. Unrefunded extension fees, if charged, are deposited into the funds from which the loans or the Program Securities are purchased, either the Alternative Loan Fund or the Revenue Fund under the Bond Resolution.

Qualified Borrowers

The Agency has established the maximum gross income for eligible borrowers under the Program based upon applicable federal law and Agency policy objectives. The maximum gross income of an eligible borrower under the Program is currently as follows:

Household Size	**11-County Twin Cities Metropolitan Area***	**Dodge and Olmsted Counties**	**Balance of State**
1 or 2 Persons	$90,400	$88,600	$80,400
3 or more Persons	$103,900	$101,800	$92,400

*As used in this table, the "Twin Cities Metropolitan Area" comprises the following 11 counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties.

The Agency will apply the income limitations set forth in Section 143(f) of the Code to applicants for loans financed with proceeds of the Series Bonds. The Agency may revise the income limits for the loans from time to time to conform to State and federal law and Agency policy objectives.

At the time a loan is made, the borrower must certify his or her intention to occupy the mortgaged property as his or her principal residence.

Credit underwriting must be in compliance with FHA, VA, USDA Rural Development (formerly the Rural Housing and Community Development Service), Fannie Mae, Freddie Mac or the insuring private mortgage insurance company and the Master Servicer's underwriting standards.

Certain borrowers may be eligible for down payment and closing cost assistance, if needed for borrower qualification. (See "Deferred Payment Loans" and "Monthly Payment Loans" under "Other Programs" below.)

Certain Fannie Mae Loan Products

In August 2010, the Agency began offering the Fannie Mae Housing Finance Agency Affordable Advantage loan product under the Minnesota Mortgage Program for borrowers with a qualifying credit score. The Affordable Advantage loan product enabled eligible state housing finance agencies to deliver loans with up to 100 percent loan-to-value ratios without mortgage insurance, although borrowers were required to contribute at least $1,000 of their own funds. The loan product carried a higher Fannie Mae guarantee fee and the Agency agreed to repurchase the loan in the first six months if the loan became four months consecutively delinquent or if the loan

was delinquent at the sixth month, did not become current and became four months consecutively delinquent thereafter. The Affordable Advantage Program terminated effective March 31, 2011. Before termination, the Agency had purchased with proceeds of Bonds Program Securities backed by Affordable Advantage loans in the approximate principal amount of $12.97 million. These Program Securities have the same Fannie Mae guarantee as other Fannie Mae Securities. The Agency no longer has a repurchase obligation in respect of any of these loans.

In May 2012, the Agency began offering the Fannie Mae HFA Preferred Risk Sharing™ loan product for borrowers who meet the qualifying guidelines. The HFA Preferred Risk Sharing™ loan product enables eligible state housing finance agencies to deliver loans with up to 97 percent loan-to-value ratios without mortgage insurance. The loan product carries a higher Fannie Mae guarantee fee and the Agency must agree to repurchase the loan if it becomes delinquent in the first six months (12 months for loans backing a Fannie Mae Security issued on or after February 1, 2014) and remains delinquent for four consecutive months thereafter, or if the loan is delinquent at the sixth month (the 12th month for loans backing a Fannie Mae Security issued on or after February 1, 2014), does not become current and remains delinquent for four consecutive months thereafter. To date, Fannie Mae has requested that the Agency repurchase nine loans. Currently, the Agency has authority to purchase HFA Preferred Risk Sharing loans during the contract year beginning May 1, 2017. If those loans are Program Loans and are pooled into Program Securities acquired with proceeds of Bonds, the Program Securities will have the same Fannie Mae guaranty as other Fannie Mae Securities.

Program Loans

Under the "whole loan" model utilized by the Agency until 2009, Program Loans were purchased from (1) Lenders including any bank, savings bank, credit union or mortgage company organized under the laws of Minnesota or the United States or nonprofit licensed by the State of Minnesota, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veterans Affairs, or (2) any agency or instrumentality of the United States or the State.

Subject to the right of the Agency to modify the terms of Program Loans (see Appendix D – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms) under applicable Series Resolutions, the Agency must take or require a Servicer to take all measures, actions and proceedings reasonably necessary and deemed by it to be most effective to recover the balance due on a Defaulted Program Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Mortgage, renting or selling the Home, collection of any applicable mortgage insurance or guaranty, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Program Loan. (See "State Laws Affecting Foreclosures" in Appendix E to this Official Statement.)

The Transferred Program Loans are Program Loans and are not Program Securities.

Acquisition of Program Securities

Under the "MBS" model, the Trustee, on behalf of the Agency, is to purchase mortgage-backed GNMA I and GNMA II-Custom Pool securities, guaranteed as to timely payment of principal of and interest by GNMA, mortgage-backed Fannie Mae Securities, guaranteed as to payment of principal and interest by Fannie Mae, and mortgage-backed Freddie Mac Securities, guaranteed as to payment by Freddie Mac (each a Program Security), each of which is backed by pools of mortgage loans that have been made by Lenders to qualified borrowers to finance the purchase of single family residential housing located in the State, in accordance with the Servicing Agreement, the Participation Agreements, the Manual and other Program documents. For additional information regarding GNMA, Fannie Mae, Freddie Mac, Program Securities and the Master Servicer, see Appendix J to this Official Statement.

During the Delivery Period, the Master Servicer is to acquire Program Loans from Lenders and pool the Program Loans into Program Securities as provided in the Servicing Agreement. The Trustee is to disburse moneys from the 2017 Series D-E-F Acquisition Account for the acquisition of Program Securities pursuant to the Servicing Agreement. The Trustee is to pay the Master Servicer an amount equal to between 101.5 percent and 103.5 percent of the principal amount of each Program Security acquired from the Master Servicer, plus accrued interest, if any, and any applicable fees or charges payable to a Federal Mortgage Agency and not paid by the mortgagor.

The Agency may at any time transfer any proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. In addition, the Agency will transfer any remaining proceeds of the Series Bonds in the 2017 Series D-E-F Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds at the end of the Delivery Period; provided that the Agency may (instead of redeeming Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in the 2017 Series D-E-F Acquisition Account, for the period or periods as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the then-current Delivery Period an Agency Certificate (i) designating the new ending date for the Delivery Period, (ii) certifying that the Agency has received a Cash Flow Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash-flow analysis of qualified mortgage bonds, that shows that the extension will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the Outstanding Bonds in the current and each subsequent Fiscal Year, and that at all times the assets of the Program will equal or exceed the liabilities of the Program, which Cash Flow Certificate and Parity Certificate must accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2017 Series D-E-F Acquisition Account to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolutions in connection with that extension, which deposits must be made on or before the date of expiration of the then-current Origination Period and only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date or dates subsequent to any extension of the Delivery Period, the Agency may transfer any unexpended proceeds relating to the Series Bonds remaining in the 2017 Series D-E-F Acquisition Account to the Bond Redemption Fund to be applied to redemption of Series Bonds. At the end of the Delivery Period, including any extension thereof, the Trustee is to transfer all amounts relating to the Series Bonds remaining in the 2017 Series D-E-F Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. The Delivery Period may not be extended beyond the date set forth in the definition under "Certain Defined Terms" in Appendix D to this Official Statement.

The Agency may participate each Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Program Security secured, but those interests need not be equal as to interest rate.

Qualified Real Property

Program Loans may finance the purchase of residential property in Minnesota on which is located an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.

The Agency has established maximum purchase prices under the Program pursuant to the requirements of applicable federal law. The maximum purchase prices for both one and two-family homes currently are as follows:

If the property to be mortgaged is located in:	
Twin Cities Metropolitan Area	$306,000
Balance of State	$253,800

The Agency may revise the maximum purchase prices from time to time to conform to applicable State and federal law and Agency policy objectives.

Targeted Areas

Pursuant to applicable federal tax law, targeted areas have been established for the Program. Targeted areas consist of certain census tracts in the State in which 70 percent of the families have an annual income of 80 percent or less of the statewide median income or areas determined by the State and approved by the Secretary of the Treasury of the United States and the Secretary of the United States Department of Housing and Urban Development to be areas of chronic economic distress (the "Targeted Areas"). The Agency will make available the required amount of the proceeds of the Series Bonds for the financing of loans for the purchase of residences located in Targeted Areas and will advertise the availability of those funds for loans in Targeted Areas. The Agency is also required to exercise reasonable diligence in seeking to finance residences in Targeted Areas. Absent any determination by the Agency that further availability of the proceeds of the Series Bonds is required by federal law, any moneys remaining unused may be made available to finance the purchase of residences located anywhere within the State, or may be used to redeem Bonds.

Servicing of Program Loans

Under the Program, the Agency has set forth requirements for the servicing and accounting of Program Loans in a Servicing Manual. Servicing may be granted to Lenders that demonstrate adequate technical capability to the Agency's satisfaction. Each Servicer must maintain at all times a fidelity bond and an errors and omissions policy issued by a company having a current rating in Best's Insurance Reports of A/AAA or better. Servicers are required to ensure that mortgagors maintain on each home a hazard insurance policy providing fire and extended coverage equal to or greater than that customary in the geographic area in which the home is located. Servicers are required to advise the Agency if a home is exposed to a risk not otherwise covered by the hazard insurance policy and the Agency may require additional coverage.

The Agency requires its Servicers to supply reports and other data sufficient to reconcile the transactions within its loan portfolio. Servicers remit mortgage collections daily to the Trustee. The Agency may, at any time, terminate a servicing agreement and re-assign servicing. Under the Program, Servicers will receive as compensation a monthly servicing fee not to exceed 0.375 percent/12 of the outstanding principal amount of Program Loans they service.

The Agency has established specific requirements for Servicers regarding the procedures to be followed in cases involving delinquencies. In addition to a monthly report requirement, Servicers are required, by following the Agency's procedures, to bring a delinquency current in the shortest practicable time. Servicers use the following tools in an effort to bring delinquencies current: borrowers may be referred to foreclosure prevention counselors, Servicers may, in some cases, accept partial payments, set up repayment plans with borrowers, enter into forbearance agreements, originate deferred payment second mortgage loans funded with Agency funds, modify the delinquent loan, approve a short sale and accept a deed-in-lieu of foreclosure. The Agency has significant flexibility under the Bond Resolution to modify the terms of a loan, including interest rate reductions, extension of loan term and principal forgiveness. (See "Security for the Bonds—Modification of Terms of Program Loans" in this Official Statement.)

Servicing of Program Securities

A servicer of mortgage loans backing a Program Security must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Program Securities. For additional information regarding the Master Servicer, see Appendix J to this Official Statement. The Series Resolutions provide that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency must proceed with due diligence to procure a successor Master Servicer,

subject to the provisions of the Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Resolutions or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

Applicable Federal Law Mortgage Eligibility Requirements

Applicable federal law imposes significant limitations on the financing of mortgage loans on owner occupied one- to four-family residences with the proceeds of a qualified mortgage bond issue, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

Mortgage Loan Portfolio and Acquired Program Securities

As of September 30, 2017, the Agency had outstanding Program Loans receivable of $[583,394,000] gross, which were financed from the proceeds of Bonds. As of September 30, 2017, there were no uncommitted proceeds from previous bond sales under the Bond Resolution available for commitment. Certain information relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds is contained in Appendix H to this Official Statement.

In addition, as of September 30, 2017, the following Program Securities (comprised of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities) were pledged to secure Outstanding Bonds under the Bond Resolution [TO BE UPDATED]:

	Principal Amount Outstanding	Percentage
GNMA II	$282,258,000	54.91%
GNMA I	95,385,000	18.56
FNMA	134,400,000	26.15
FHLMC	1,954,000	0.38
Total	$513,997,000	100.00%

OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency offers other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the Notes to the Financial Statements in Appendix A to this Official Statement.

For example, as of September 30, 2017, the Homeownership Finance Bond Fund had $[1,126,466,000] in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of September 30, 2017, the Agency had outstanding home improvement loans receivable of $[73,454,000] gross. *None of these loans secure or are available for the payment of principal of or interest on the Bonds*.

Step Up Program

In connection with the recent change in the Program (see "The Residential Housing Finance Program—Recent Program Developments" in this Official Statement), the Agency has initiated its Step Up program, under which the Agency purchases mortgages made by mortgagors who are not first-time homebuyers or for refinancings. Down payment and closing cost assistance is available under the Step Up Program as described under "Monthly Payment Loans" below. The Agency intends to cause Step Up mortgage loans to be securitized and then sold on the secondary market or retained in the Agency's portfolio.

Deferred Payment Loans

The Agency has established The Deferred Payment Loan Program, a Homeownership Assistance Fund program funded by state appropriations. Under The Deferred Payment Loan Program there are two options: the Deferred Payment Loan and the Deferred Payment Loan Plus. The Alternative Loan Fund within the Bond Resolution is also a source of funding for these loans. A loan originated under either of these options is a junior lien loan from the Agency to the mortgagor.

Mortgagors who meet program income and liquid asset limits, and who do not have sufficient cash for down payment and closing costs, are eligible for a Deferred Payment Loan in an amount of up to $8,000.

Mortgagors who meet the requirements for a Deferred Payment Loan and additional targeting criteria are eligible for a Deferred Payment Loan Plus in an amount of up to $10,000. In addition to down payments and closing costs, mortgagors may use the funds to write down the senior lien loan principal.

Down payment and closing cost assistance under either of these options is an interest-free, deferred loan that is due on sale or transfer or when the property is no longer occupied by the mortgagor.

Program Loans backing Program Securities made or purchased from the proceeds of a Series of Bonds may or may not be accompanied by either of The Deferred Payment Loan Program options. The Agency has not pledged the Homeownership Assistance Fund to the payment of principal or interest on Outstanding Bonds and it is not available for that purpose. Amounts on deposit in the Alternative Loan Fund are available for the payment of principal of or interest on the Bonds and other debt of the Agency, but are not pledged to payment of Outstanding Bonds or other debt.

Monthly Payment Loans

In connection with the introduction of the Start Up program and the Step Up program, the Agency added another down payment and closing cost loan option, the Monthly Payment Loan. A Monthly Payment Loan is a junior lien loan made by the Agency. The interest-bearing, amortizing loan has a ten-year term with an interest rate equal to the interest rate of the applicable first mortgage. Borrowers can receive a Monthly Payment Loan in an amount up to $12,000.

Mortgage Credit Certificates

The Agency established a mortgage credit certificate program that was implemented in June 2013. That initial program provided assistance with respect to approximately $40 million in aggregate principal amount of single family mortgage loans by the program end date of December 31, 2014. The Agency then established an additional mortgage credit certificate program with a total credit authority of $23 million, which provided assistance with respect to approximately $65.3 million in aggregate principal amount of single family mortgage loans by its program end date of December 31, 2016. In January 2016, the Agency established an additional mortgage credit certificate program with a total credit authority of $12.5 million, which is expected to provide assistance with respect to approximately $50 million in aggregate principal amount of single family mortgage loans closing in calendar years 2016 and 2017. That third program provided assistance with respect to approximately $44 million in aggregate principal amount of single family mortgage loans as of September 30, 2017. To be eligible for a mortgage credit certificate under the third program, the mortgage loan must close on or before December 31, 2017, and may not be funded with proceeds of qualified mortgage bonds, such as the Series Bonds. Because the eligibility requirements for mortgage credit certificates and for mortgage loans financed with qualified mortgage bonds are substantially similar, it is likely that the availability of the mortgage credit certificate program will reduce demand for the Agency's Start Up Program. The Agency is not planning to implement another mortgage credit certificate program at this time.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The Code establishes certain requirements that must be met subsequent to the issuance of the Series Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. Failure to comply with those requirements could cause the interest on the Series Bonds to be includable in gross income retroactive to their date of original issuance. The requirements of the Code include provisions that restrict the yield and set forth other limitations within which the proceeds made available upon the issuance of the Series Bonds are to be invested, including mortgage eligibility requirements, and require that certain investment earnings be rebated on a periodic basis to the United States Treasury.

Section 143 of the Code imposes significant limitations on the financing of single-family mortgage loans that are applicable to the Series Bonds. The Agency will covenant, as described below, that the Program Loans financed by the proceeds made available upon the issuance of the Series Bonds will satisfy these requirements, including, but not limited to, the borrower income and purchase price limitations of Section 143 of the Code.

Under the Code, the following requirements must be met with respect to each Program Loan financed, in whole or in part, with proceeds of the Series Bonds: (a) the residence being financed must reasonably be expected by the Agency to become the principal residence of the mortgagor within a reasonable time after the financing is provided, must not be intended primarily or expected to be used in a trade or business and may not be used as an investment property or as a recreational home; (b) subject to certain exceptions, at least 95 percent of the lendable proceeds of an issue must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence during the three-year period prior to the date on which the mortgage is executed; (c) the acquisition cost of the residence must not exceed certain limitations; (d) all mortgages must be made to borrowers whose income does not exceed certain limitations; (e) except in certain limited circumstances, proceeds may not be applied to acquire or replace an existing mortgage; and (f) if assumable in accordance with its terms, a mortgage may not be assumed unless requirements (a) through (d) above are met.

An issue of bonds is treated as meeting the mortgage eligibility requirements of the Code only if the issuer in good faith attempts to meet all of the mortgage eligibility requirements before the mortgages are executed and any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after that failure is first discovered. In addition, 95 percent or more of the proceeds of the issue used to make loans must be used to finance residences that met all those requirements at the time the loans were executed. In determining whether 95 percent of the proceeds have been so used, the issuer is entitled to rely on an affidavit of the mortgagor and of the seller and on the mortgagor's income tax returns filed with the Internal Revenue Service for the three years preceding the date the mortgage is executed even though the relevant information in those affidavits and returns should ultimately prove to be untrue, unless the issuer or its agent knows or has reason to believe that the information is false. If the relevant information in the affidavits obtained in connection with any loan is discovered to be untrue, however, the correction still must be made within a reasonable period.

The Agency has included provisions in the Resolutions, its procedural manuals (including the Manual) (collectively, the "Manuals") and other relevant documents, and has established procedures (including receipt of certain affidavits and representations from Lenders, mortgagors and others respecting the mortgage eligibility requirements) in order to ensure compliance with the mortgage eligibility requirements and other requirements of the Code relating to nonmortgage investments that must be met subsequent to the date of issuance of the Series Bonds. The Agency has covenanted in the Resolutions to do all things necessary to assure that interest paid on the Series Bonds shall be excludable from gross income for federal tax purposes under current law. Under the Code, certain requirements must be met subsequent to the delivery of the Series Bonds to ensure that interest on the Series Bonds is not included in gross income. The Agency believes that the procedures and documentation requirements established for the purpose of fulfilling its covenant are sufficient to ensure that the proceeds of the Series Bonds will be applied in accordance with the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series Bonds is subject to information reporting in a manner similar to interest paid

on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information, including an accurate taxpayer identification number, to any person required to collect that information pursuant to Section 6049 of the Code. The new reporting requirement does not, in and of itself, affect or alter the excludability of interest on the Series Bonds from gross income for federal tax purposes or any other federal tax consequences of purchasing, holding or selling tax-exempt obligations.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency with certain covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is not includable in gross income of the owners thereof for federal income tax purposes, except as hereafter described. Bond Counsel is of the opinion that (i) interest on the 2017 Series D Bonds and the 2017 Series F Bonds will be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, (ii) interest on the 2017 Series E Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, and (iii) interest on the 2017 Series E Bonds will not be included in the calculation of adjusted current earnings for purposes of calculating the federal minimum alternative tax imposed on corporations.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the 2017 Series E Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix G.

Although Bond Counsel is rendering an opinion that the interest on the Series Bonds, as described above, is not included in gross income for federal, and in some cases, Minnesota, income tax purposes, the accrual or receipt of interest on the Series Bonds may otherwise affect the federal and state income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any those consequences. Purchasers of the Series Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks thrifts or other financial institutions or recipients of Social Security or railroad retirement benefits, taxpayers otherwise entitled to claim earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the Series Bonds.

Tax Treatment of Premium on PAC Bonds

The PAC Bonds are expected to be sold at a premium. An investor that acquires a PAC Bond for a cost greater than its remaining stated redemption price at maturity and holds the PAC Bond as a capital asset will be considered to have purchased the PAC Bond at a premium and, under Section 171 of the Code, must generally amortize that premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Regulations have been issued dealing with certain aspects of federal income tax treatment of bond premium, but those regulations do not fully address the method to be used to amortize bond premium on obligations such as the PAC Bonds. Therefore, investors should consult their tax advisors regarding the tax consequences of amortizing bond premium.

Certain State Tax Legislation

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates

and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of that interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any court decision becomes final, irrespective of the date upon which the obligations were issued.

On May 19, 2008 the U.S. Supreme Court held in *Department of Revenue of Kentucky v. Davis* that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so-called 'private-activity,' 'industrial-revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

The Series Bonds are "private activity bonds" even though they finance individual residential mortgages, not projects by private entities. Since the Supreme Court's opinion left open the possibility of a challenge to Minnesota's differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If Minnesota's treatment of those bonds were held to unlawfully discriminate against interstate commerce, the court making the finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Series Bonds to become taxable by Minnesota and the market value of the Series Bonds to decline.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above, prevent owners of the Series Bonds from realizing the full current benefit of the tax treatment of the Series Bonds or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency, overtly threatened any litigation against the Agency seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds, or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

The Agency is a party to various litigations arising in the ordinary course of business. While the ultimate effect of those actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

LEGAL MATTERS

The validity of, and the tax exemption of interest on, the Series Bonds are subject to the opinions of Kutak Rock LLP, Bond Counsel. The opinion of Bond Counsel will be provided in substantially the form set forth in Appendix F attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Dorsey & Whitney LLP.

RATINGS

The 2017 Series DE Bonds are rated "__" by Moody's Investors Service, Inc. ("Moody's"), and "__" by S&P Global Ratings, Inc. ("S&P"), and the 2017 Series F Bonds are rated "__" by Moody's and "___" by S&P. The short-term ratings assigned to the 2017 Series F Bonds are conditioned upon the issuance by the Initial Liquidity Provider of the Standby Bond Purchase Agreement. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

UNDERWRITING

RBC Capital Markets, LLC, Piper Jaffray & Co., Wells Fargo Bank, National Association and Fidelity Capital Markets (collectively, the "Underwriters") will purchase the Series Bonds. The Underwriters are to be paid a fee of $_____ with respect to their purchase of the Series Bonds. The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of Agency.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing compensation, as applicable with respect to the Series Bonds with WFA. WFBNA also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association is serving as one of the Underwriters, as Trustee under the Resolutions for the Series Bonds and as the counterparty of the Swap Agreement relating to the 2017 Series F Bonds. It will be compensated separately for serving in each capacity.

Fidelity Capital Markets is a division of National Financial Services LLC.

RBC Capital Markets, LLC, an underwriter of the Series Bonds and the initial Remarketing Agent for the 2017 Series F Bonds, is a subsidiary of Royal Bank of Canada, the Initial Liquidity Provider.

MISCELLANEOUS

This Official Statement is submitted in connection with the offering of the Series Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements made or incorporated in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as opinion or estimates and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Series Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

MINNESOTA HOUSING FINANCE AGENCY

By _____
Commissioner

Dated: December __, 2017.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2017

APPENDIX B

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY

(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)

AS OF SEPTEMBER 30, 2017

AND FOR THE THREE MONTHS THEN ENDED (UNAUDITED)

AS PREPARED BY THE AGENCY'S ACCOUNTING DEPARTMENT

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondowners" or "Owners") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the outstanding principal amounts and types of Program Securities pledged to the payment of Bonds outstanding under the Bond Resolution as the end of that fiscal year of a type substantially similar to that under the heading "The Residential Housing Finance Program—Mortgage Loan Portfolio and Acquired Program Securities" in the Official Statement; information of the type set forth in Appendix H to the Official Statement relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds; information of the type set forth in Appendix I to the Official Statement relating to liquidity facilities for outstanding Bonds; and information of the type set forth in the chart labeled "Investment Agreement Providers" under the heading "Security for the Bonds – Investment Obligations" in the Official Statement concerning funds held in respect of Bonds under the Bond Resolution in investment agreements.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under "Annual Financial Information Disclosure" herein.

"*Audited Financial Statements*" means the audited financial statements of the Agency, prepared pursuant to the standards and as described under the caption "Annual Financial Information Disclosure."

"*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, that Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and that person or entity provides to the Trustee evidence of that beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

"*Commission*" means the Securities and Exchange Commission.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or another address or addresses as the MSRB may from time to time specify), the electronic format, accompanied by the identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of that information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ended June 30, 2018, by one of the following methods: (i) the Agency may deliver that Annual Financial Information and

the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent that Official Statement includes that Annual Financial Information and Audited Financial Statements.

The Agency shall deliver the information in Prescribed Form and by the time so that those entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency shall disseminate a statement to that effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents that have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of that change in Prescribed Form.

Listed Events Disclosure

The Agency shall disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of that redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution. In addition, notice of the mandatory sinking fund redemption of certain of the Series Bonds is not required to be given as a Listed Event.

Consequences of Failure of the Agency To Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondowner or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

This Disclosure Undertaking shall terminate when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if the Undertaking is so terminated before the final stated maturity of the Series Bonds.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update that information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondowners and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of that disclosure, the names of the entities with whom that disclosure was filed and the date of filing that disclosure.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution. Terms defined herein are identical in all material respects with the definitions in the Bond Resolution or the Series Resolutions.

Certain Defined Terms

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Bond Resolution or (iii) requesting or directing the Trustee or other party to take action pursuant to the Bond Resolution.

Agency Swap Payment: A payment due to a Swap Counterparty from the Agency pursuant to the applicable Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement).

Authorized Officer: The Chairperson, Vice Chairperson, Commissioner or Deputy Commissioner of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bondowner or *Owner*: The registered owner of any outstanding Bond or Bonds which at the time is registered on the registration books maintained by the Trustee.

Cash Flow Certificate: A certificate from an Authorized Officer giving effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established hereunder or under any Series Resolution (excluding the Insurance Reserve Fund and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) shall not be taken into account when preparing such Cash Flow Certificate. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund or, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of such Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, with respect to Outstanding Bonds of such Series.

Code: The Internal Revenue Code of 1986, as amended, and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Counterparty Swap Payment: A payment due to or received by the Agency from a Swap Counterparty pursuant to a Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement) and amounts received by the Agency under any related Swap Counterparty Guarantee.

Debt Service Reserve Requirement: As of any particular date of computation, the sum of amounts established for each Series of Bonds by each Series Resolution.

Defaulted Program Loan: A Program Loan on which payments are 60 days in arrears (but not a Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

Delivery Period: For the Series Bonds, the period of time for the purchase of Program Securities from the Master Servicer; the Delivery Period shall end on June 1, 2019 unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond June 1, 2021.

Fannie Mae: The Federal National Mortgage Association, or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

Federal Mortgage Agency: The Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farmers Home Mortgage Corporation and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

Finance or finance: When used with reference to a Program Obligation, shall be construed to include (i) the making or purchase of such Program Obligation, (ii) the participation by the Agency, either with itself or with others, in the making or purchase thereof, or (iii) the permanent financing of a Program Obligation which has been temporarily financed by the Agency through the issuance of notes or other obligations or otherwise.

Fiscal Year: The period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by Agency Certificate delivered to the Trustee.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

GNMA: The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within HUD, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

Insurance Reserve Requirement: As of any particular date of computation, the sum of amounts, if any, established for each Series of Bonds by the Series Resolution.

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America;

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined

capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such Depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a) or (b) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a) or (b) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Bonds.

Lender: To the extent permitted in the Act, any bank or trust company, savings and loan association, savings bank, credit union, insurance company or other financial intermediary (whether or not organized for profit) approved by the Agency or mortgage banker or mortgage broker authorized to deal in mortgage loans insured or guaranteed by an agency of the United States government. Such Lender shall be authorized to do business in the State, and shall have such qualifications as may be established from time to time by rules and regulations of the Agency. For purposes of the Bond Resolution, Lender shall also be deemed to include any federal or state agency, including the Agency, or any political subdivision of the State or agency thereof.

Parity Certificate: An Agency Certificate, giving effect to the action proposed to be taken in connection with the filing thereof, showing that (A) the sum of (i) the moneys, Investment Obligations and Cash Equivalents then credited to the Acquisition Accounts, the Revenue Fund, the Bond Fund Principal Account, the Bond Fund Interest Account and the Debt Service Reserve Fund, (ii) the unpaid principal amount of all Program Obligations credited to the Acquisition Accounts (other than any Acquisition Account funded with moneys transferred from the Alternative Loan Fund), and (iii) any other moneys, Investment Obligations and Cash Equivalents and the unpaid principal amount of all Program Obligations otherwise specifically pledged to the payment of Outstanding Bonds by a Series Resolution, exceeds (B) an amount equal to 103% of the principal amount of Outstanding Bonds of all Series.

Principal Requirement: As of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due plus the Principal Installment to become due on each Series of Bonds on the next respective Principal Installment Date within the next succeeding six months.

Private Mortgage Insurer: Any private mortgage insurance company approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

Program: The program for the financing of Program Obligations for Housing established by the Agency pursuant to the Act, as the same may be amended from time to time, and the Bond Resolution and for financing Other Obligations.

Program Loan: A loan for Housing secured in such manner as the Agency may specify in the applicable Series Resolution for Program Loans to be made from the proceeds of a Series of Bonds.

Program Obligation: Any Program Loan or Program Security acquired by the Agency by the expenditure of amounts in an Acquisition Account.

Program Security: An obligation representing an undivided interest in a pool of Program Loans, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

Rating: With respect to any Series of Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Bond Resolution, and an action which does not "impair" the Rating with respect to any Series of Bonds shall be an action which will not cause the Rating Agency to lower or withdraw the rating it has assigned to the Series of Bonds.

Rating Agency: Any nationally recognized entity which, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued pursuant to the Bond Resolution.

Revenues: With respect to the Outstanding Bonds, all payments, proceeds, rents, premiums, penalties, charges and other cash income received by the Agency from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) (exclusive, however, of Program Obligations, if any, credited to the Alternative Loan Fund), any Counterparty Swap Payments received from any Swap Counterparty pursuant to a Swap Agreement, any amounts deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution, and all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), but excludes (i) any amount retained by a servicer (including the Agency) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by or in connection with any Program Obligation, (iv) amounts payable with respect to a Program Obligation which represent a return on amounts financed by the Agency or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held hereunder and (v) to the extent such items do not exceed the income derived therefrom, payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Loan.

Series: All Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Bond Resolution.

Series Resolution: A resolution of the Agency authorizing the issuance and delivery of Bonds pursuant to the Bond Resolution.

Swap Agreement: With respect to any Bonds, an interest rate exchange agreement between the Agency and a Swap Counterparty, as amended or supplemented, or other interest rate hedge agreement between the Agency and a Swap Counterparty, as amended or supplemented, for the purpose of converting, in whole or in part, (i) the Agency's fixed interest rate liability on all or a portion of any Bonds to a variable rate liability, (ii) the Agency's variable rate liability on all or a portion of any Bonds to a fixed rate liability or (iii) the Agency's variable rate liability on all or a portion of any Bonds to a different variable rate liability.

Swap Counterparty: Any Person with whom the Agency shall from time to time enter into a Swap Agreement, as specified in a Series Resolution.

Swap Counterparty Guarantee: A guarantee in favor of the Agency given in connection with the execution and delivery of a Swap Agreement, as specified in a Series Resolution.

Series Accounts

Unless otherwise provided in a Series Resolution, the Trustee shall establish within each Fund under the Bond Resolution (other than the Alternative Loan Fund), a separate Series Account for each Series of Bonds. The proceeds of a particular Series of Bonds, other amounts made available by the Agency in the Series Resolution or otherwise relating to a particular Series of Bonds and the Revenues relating to a particular Series of Bonds (including the payments on Program Obligations acquired with the proceeds of a particular Series of Bonds or the payments on any other collateral pledged to a particular Series of Bonds and the earnings on investments of any of said proceeds, funds and amounts) shall be deposited or credited to the separate Series Accounts established for that particular Series of Bonds. Where required to assure compliance with the covenants of the Bond Resolution and any Series Resolution, withdrawals from Series Accounts established in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds. For purposes of investment, the Trustee, may, or shall at the direction of the Agency, consolidate the Series Accounts required to be established in a particular Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds. In addition to the Funds and Accounts established under the Bond Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such accounts and subaccounts as may be requested by the Agency for convenience of administration of the Program and as shall not be inconsistent with the provisions of the Bond Resolution.

Cost of Issuance Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Cost of Issuance Account to be held by the Trustee. Moneys in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment. Any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for such Series of Bonds shall (i) if not proceeds of Bonds, be transferred to the Revenue Fund and (ii) if sale proceeds, investment proceeds or transferred proceeds of Bonds, be transferred to any one or more of the Acquisition Accounts or the Bond Redemption Fund, upon receipt by the Trustee of a Certificate of the Agency stating that such moneys are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Acquisition Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds shall, unless such Bonds are Refunding Bonds for which no such account is necessary, establish a separate Acquisition Account to be held by the Trustee. There shall be deposited from time to time in each Acquisition Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the Bond Resolution or the applicable Series Resolution and (ii) any other amounts determined by the Agency to be deposited therein from time to time.

Except as otherwise permitted or required to be transferred to other Funds and Accounts, amounts in an Acquisition Account shall be expended only to Finance Program Obligations. All Program Obligations Financed by application of amounts in an Acquisition Account shall be credited to such Acquisition Account or, if a Series Resolution so provides, to the Alternative Loan Fund. No Program Loan shall be Financed unless the requirements of the applicable Series Resolution have been met, and no Program Security shall be Financed unless the Program Security is registered in the name of the Trustee or is registered in the name of the Agency and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is Financed hereunder. In addition, no Program Security shall be Financed unless such Program Security represents a pass through or participation interest in a pool of Program Loans and provides for a guaranty of all payments to be made to the Agency thereunder by a Federal Mortgage Agency.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in any Acquisition Account at any time for the purpose of making payments pursuant to the Bond Resolution, but only upon receipt of the following documents prior to any proposed withdrawal:

(1) an Agency Certificate setting forth the amount to be paid, the person persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) an Agency Certificate stating that the amount to be withdrawn from such Acquisition Account pursuant to such requisition is a proper charge thereon and, if such requisition is made to Finance the acquisition of Program Obligations, that (i) the terms of such Program Obligations conform to the description of the Program Obligations to be Financed from such amount as provided to the Trustee pursuant to the terms of the Bond Resolution, and (ii) such Program Obligations otherwise comply with the provisions of the Bond Resolution.

At any time the Agency, by Agency Certificate, may direct the Trustee to transfer amounts in an Acquisition Account into the Bond Fund Principal Account or Bond Fund Interest Account, as appropriate, to pay principal or sinking fund installments of and interest on the related Series of Bonds, or into the appropriate account in the Debt Service Reserve Fund or Insurance Reserve Fund, which Request shall state that such transfer is appropriate to meet the requirements of said Fund.

The interest earned and other income derived from the investment or deposit of each Acquisition Account may be transferred to the appropriate account in the Revenue Fund for the related Series of Bonds by the Trustee upon receipt thereof to the extent that such amounts exceed any losses realized by investment of deposits in such Acquisition Account or may be retained in the Acquisition Account for the Financing of additional Program Obligations, as directed by Agency Certificate.

All amounts deposited into an Acquisition Account shall be disbursed in the manner provided in the Bond Resolution or the Agency may, by Agency Certificate, direct the Trustee to transfer any amounts from the Acquisition Account to the Bond Redemption Fund to be used for the redemption of Bonds of the related Series; provided, however, that (i) the Agency Certificate shall specify the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, the Agency shall file an updated Cash Flow Certificate with the Trustee.

The Agency may establish temporary subaccounts within an Acquisition Account for the collection and custody of fees paid by Lenders or other persons in connection with the reservation of funds in the Acquisition Account for use in Financing Program Obligations to be originated by such Lenders or other persons. To the extent that the Agency's agreements with such Lenders or other persons provide for the refund of any such fees (or portions thereof), amounts may be withdrawn from any such subaccount or the Acquisition Account in accordance with such agreements, and any amounts not required to be so applied may, pursuant to an Agency Certificate, be applied to any other purpose of the Acquisition Account as provided in the Bond Resolution.

Revenue Fund

The Agency shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee. Unless otherwise provided in the Bond Resolution, all such amounts shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or the Series Resolution or other resolution of the Agency.

The Trustee shall withdraw from any money in the Revenue Fund and credit to each of the following Funds and Accounts, or pay to the Person specified, the amount indicated in the following tabulation, at the times indicated in the following tabulation:

(1) on or before the applicable Interest Payment Date, to the Bond Fund Interest Account the amount needed, taking into account any balance then on deposit therein, to increase the balance therein to the Interest Requirement;

(2) on or before the applicable Principal Installment Date, to the Bond Fund Principal Account the amount, needed, taking into account any balance then on deposit therein, to increase the amount therein to the Principal Requirement;

(3) on any date, assuming any prior transfers required pursuant to subsections (1) and (2) above have been made, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount therein to the Debt Service Reserve Requirement;

(4) on any date, assuming any prior transfers required pursuant to subsections (1), (2) and (3) above have been made, to the Insurance Reserve Fund, the amount, if any, needed to increase the amount therein to the Insurance Reserve Requirement;

(5) unless otherwise expressly provided in the Series Resolution in respect of a Series of Bonds to which the Swap Agreement relates in whole or in part, on or before the applicable due dates, assuming any prior transfers required pursuant to subsections (1), (2), (3) and (4) above have been made, to any Swap Counterparty, the Agency Swap Payments due from time to time pursuant to a Swap Agreement; and

(6) to the extent not transferred pursuant to the preceding subsections, the balance shall be held in the Revenue Fund until and unless directed by Agency Certificate to be transferred and utilized as set forth elsewhere in this section.

At such periodic intervals as the Agency, by Agency Certificate, shall direct, the Trustee shall withdraw from the Revenue Fund and transfer to the United States of America such amounts as are necessary to comply with the Code, including particularly the arbitrage rebate requirements of Section 148 thereof.

Amounts credited to the Revenue Fund shall be transferred to the Bond Redemption Fund on or before the designated Redemption Date to be used for the purchase or redemption of Bonds pursuant to the Bond Resolution and the terms of any related Series Resolution upon the filing with the Trustee of (i) an Agency Certificate specifying the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, a Cash Flow Certificate.

Amounts credited to the Revenue Fund may be transferred to an existing Acquisition Account or a new Acquisition Account to be established to be used to acquire Program Obligations upon filing with the Trustee of (i) an Agency Certificate specifying the amount to be so transferred and either specifying the existing Acquisition Account to which the funds are to be deposited or directing the establishment of a new Acquisition Account for the deposit of the funds and providing the information relating to the new Acquisition Account required by the Bond Resolution and (ii) a Cash Flow Certificate.

Amounts credited to the Revenue Fund, as directed by an Agency Certificate, shall be released to the Agency for the payment of Program Expenses or the establishment of reserves therefor in an amount needed or required to pay reasonable and necessary Program Expenses; provided that if the amount to be released exceeds the amount assumed in the most recently filed Cash Flow Certificate, the Agency shall file a new Cash Flow Certificate with the Trustee.

Amounts credited to the Revenue Fund, except Program Expenses, may be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, upon the filing with the Trustee of (i) an Agency Certificate directing the same, (ii) a Cash Flow Certificate and (iii) a Parity Certificate.

Any investment earnings on moneys held in the Revenue Fund shall be retained therein.

Bond Fund Interest Account and Bond Fund Principal Account

The Trustee shall withdraw from the Bond Fund Interest Account, on or immediately prior to each Interest Payment Date of the Bonds, an amount equal to the unpaid interest due on the Bonds on such Interest Payment Date,

and shall cause the same to be applied to the payment of said interest when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

If the withdrawals required with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Fund Principal Account, on or immediately prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, maturing on or before said Principal Installment Date and shall cause the same to be applied to the payment of the principal amount of said Bonds when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

Any amount at any time held in the Bond Fund Interest Account or Bond Fund Principal Account in excess of the Interest Requirement or Principal Requirement may be transferred by the Trustee to the Revenue Fund, if so directed by Agency Certificate, and otherwise shall be retained in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be.

The interest earned or other income derived from the investment of moneys in the Bond Fund Interest Account and Bond Fund Principal Account shall be transferred by the Trustee to the Revenue Fund (unless the Trustee is directed by Agency Certificate to retain such amounts in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be).

Bond Redemption Fund

Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Series Resolutions authorizing the issuance thereof, all amounts deposited in the Bond Redemption Fund shall be applied to the purchase or redemption of Bonds, including payment of any redemption premium, on the applicable Redemption Date; provided, however, that in the event the Agency has issued refunding obligations for the purpose of redeeming Bonds of a Series in accordance with the Bond Resolution, upon receipt of an Agency Certificate directing such transfer and confirmation by the Trustee that provisions have been made for wiring proceeds of such refunding obligations to the Trustee, the Trustee, immediately on the date of such confirmation, shall transfer moneys in the Bond Redemption Fund in an amount equal to the amount of refunding proceeds received by the Trustee to the funds or accounts specified in the refunding resolution as specified in the Agency Certificate. The Redemption Price of Bonds subject to redemption by operation of the Bond Redemption Fund in the Bond Fund shall be the price set forth in the applicable Series Resolution. Upon receipt of an Agency Certificate directing the same, the Trustee shall transfer at the time of purchase or no more than 45 calendar days prior to such redemption to the Bond Redemption Fund in the Bond Fund from the Debt Service Reserve Fund or Insurance Reserve Fund the amount stated in such Request, which amount shall be no greater than the amount by which the Debt Service Reserve Requirement or Insurance Reserve Requirement will decrease due to the purchase or redemption of Bonds. Subject to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds, requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Bond Redemption Fund to the purchase or redemption of Bonds at the times and in the manner provided in the Bond Resolution. Amounts on deposit in the Bond Redemption Fund for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Series Resolution authorizing the issuance of Refunding Bonds shall be segregated and shall be identified as such on the records of the Trustee.

Any earnings derived from the investment of amounts deposited in the Bond Redemption Fund pursuant to the issuance and delivery of Refunding Bonds, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in the Resolution, be deposited in the Bond Redemption Fund. All other interest earned or other income derived from the investment or deposit or moneys in each Bond Redemption Fund in the Bond Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Debt Service Reserve Fund

There shall be deposited in the Debt Service Reserve Fund all amounts required to be deposited therein by the Bond Resolution or any Series Resolution and any other amounts available therefor and determined by the Agency to be deposited therein.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Debt Service Reserve Fund shall be in excess of the Debt Service Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Debt Service Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Debt Service Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Debt Service Reserve Fund shall, to the extent the balance therein is less than the Debt Service Reserve Requirement, be retained in the Debt Service Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

In order better to secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 3 of the Act, the Agency shall cause the Chair annually, on or before December 1 of each year, to make and deliver to the Governor of the State the Chair's certificate stating the sum, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. All money received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 3 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund.

Notwithstanding the provisions of the foregoing paragraph, prior to causing the Chair to execute and deliver the certificate specified therein, the Agency shall first transfer to the Debt Service Reserve Fund from the Alternative Loan Fund such amount as may be available therein to reduce or eliminate, if possible, the deficiency in the Debt Service Reserve Fund.

Insurance Reserve Fund

The Insurance Reserve Requirement, if any, received by the Trustee upon the issuance of a Series of Bonds shall be held in the Insurance Reserve Fund and used for the purpose of paying that portion of the claim for loss with respect to any Program Loan in default, made or purchased from an Acquisition Account, which is not paid by any public or private insuring agency. The Agency shall promptly furnish to the Trustee an Agency Certificate stating the amount of the loss, when determinable, and the Trustee shall forthwith transfer this amount to the extent available from the Insurance Reserve Fund to the Revenue Fund.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Insurance Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Insurance Reserve Fund shall be in excess of the Insurance Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds,

investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Insurance Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Insurance Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Insurance Reserve Fund shall, to the extent the balance therein is less than the Insurance Reserve Requirement, be retained in the Insurance Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Alternative Loan Fund

The Trustee shall maintain the Alternative Loan Fund created within the Bond Resolution and shall deposit therein any amounts authorized by an Agency Certificate to be withdrawn from the Revenue Fund in accordance with the Resolution and any other amounts provided by the Agency for deposit therein. Amounts on deposit in the Alternative Loan Fund shall be free and clear of any lien or pledge created by the Bond Resolution, and free and clear of any restrictions on the investment of funds set forth in the Bond Resolution. Amounts deposited into the Alternative Loan Fund may be used for any lawful purpose for which the Agency may from time to time use funds on deposit in its General Reserve Account and, pending such use, may be invested in any securities or investments permissible generally for the investment of funds of the Agency as specified by Agency Certificate. By Agency Certificate furnished to the Trustee, the Agency may at any time appropriate any funds and investments on deposit in the Alternative Loan Fund to any Account or Fund created pursuant to the Bond Resolution (in which case such funds and investments shall become subject to the lien and pledge thereof) or may direct that such funds and investments be transferred to the Agency's General Reserve Account or to any other fund or account established pursuant to resolution of the Agency.

The Agency, by Agency Certificate, may request the Trustee to establish one or more subaccounts in the Alternative Loan Fund to be restricted to such uses, and used in accordance with such terms, as are specified in the Agency Certificate.

Any earnings derived from the investment of amounts deposited in the Alternative Loan Fund shall be retained therein unless otherwise directed by Agency Certificate.

Investment of Moneys Held by the Trustee

Moneys held by the Trustee for the credit of any Account or Fund established under the Bond Resolution shall be invested by the Trustee as directed by the Agency to the fullest extent practicable and reasonable in Investment Obligations which shall mature or be redeemable at the option of the Owner prior to the respective dates when the moneys held for the credit of such Fund or Account will be required for the purposes intended. Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Agency shall be deemed written confirmation by the Agency that investment transactions identified therein accurately reflect the investment directions given to the Trustee pursuant to the terms of the Bond Resolution, unless the Agency notifies the Trustee in writing to the contrary within 45 days of the date of such settlement.

The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or combination thereof, and the Trustee shall inform the Agency of the detail of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary to provide moneys to meet any payment from a Fund or Account. The Trustee shall not be liable for any depreciation of the value of any investment on the redemption, sale and maturity thereof, and in the absence of any direction from the Agency, the Trustee shall not be required to invest such funds.

The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, any Investment Obligations. The Trustee shall advise the Agency in writing monthly, unless otherwise directed by Agency

Certificate, of all investments held for the credit of each Fund and Account in its custody under the provisions of the Bond Resolution as of the end of the preceding month.

In computing the amount in any Fund or Account, Investment Obligations shall be valued at par or, if purchased at a price other than par, at their Amortized Value, in either event exclusive of accrued interest purchased.

Except as otherwise specifically provided in the Bond Resolution or in a Series Resolution, the income or interest earned, or gain, shall be transferred by the Trustee upon receipt thereof to the appropriate Revenue Account.

The Trustee shall not be liable or responsible for the making of any investment authorized by the Bond Resolution in the manner provided in the Bond Resolution or for any loss resulting from any such investment so made, except for its own negligence.

Program Loans; Modification of Terms

The Agency may consent to the modification of the security for, or any terms or provisions of, one or more Program Loans but only if (1) the Agency reasonably determines that the modification will not be materially adverse to the security or other interests of Owners of Outstanding Bonds, and (2) the modification does not impair any contract of insurance or guaranty of the Program Loan.

Any such modifications shall be reflected in the next Cash Flow Certificate which the Agency is required to prepare and provide to the Trustee pursuant to the provisions of the Bond Resolution; provided, however, that if the cumulative effect of such modifications not reflected in a Cash Flow Certificate previously delivered to the Trustee would reduce estimated Revenues from the Program Loans so modified by more than $500,000 in the current or any future Fiscal Year, then the Agency may not consent to such modifications until it has delivered a Cash Flow Certificate to the Trustee reflecting such modifications.

Sale of Program Obligations

The Agency may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation is related):

(i) in the event that payment under such Program Loan is delinquent more than 90 calendar days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;

(ii) in order to obtain funds to provide for the redemption (whether optional or special, to the extent permitted by the terms of any applicable Series Resolution) or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation as reasonably estimated by the Agency; or

(iii) in the event that a Certificate of the Agency shall be filed with the Trustee, and each Rating Agency, which gives effect to the proposed sale thereof and states that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Agency to pay the Debt Service on the Outstanding Bonds when and as due and payable and reasonable and necessary Program Expenses.

Cash Flow Certificates

The Agency is required to file a Cash Flow Certificate (i) at least once within any 12-month period and (ii) at such other times as may be required pursuant to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds of a Series then Outstanding.

Creation of Liens

The Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Bond Resolution and shall not create or cause to be created any lien or charge on any

pledged Revenues or such moneys, securities, rights or interests: provided, however, that nothing in the Bond Resolution shall prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after any pledge of Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) notes or bonds of the Agency not secured under the Bond Resolution; and provided, further, that, to secure its obligation to make Agency Swap Payments to a Swap Counterparty pursuant to a Swap Agreement, the Agency may grant to the Swap Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondowners) in all or any of the collateral pledged to the payment of the Bonds under the Bond Resolution.

Defeasance of Bonds

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Resolution. All Outstanding Bonds of any Series shall be deemed prior to the maturity or Redemption Date thereof to have been paid within the meaning and with the effect expressed in the Bond Resolution if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds.

Events of Default

Each of the following events shall constitute an event of default under the Bond Resolution: (1) the Agency shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or shall fail to pay the purchase price of any Bond tendered or deemed tendered for purchase on the date established therefor; or (2) the Agency shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable; or (3) the Agency shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Bond Resolution or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than a majority in principal amount of the Bonds Outstanding; or (4) the Agency shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or (5) the State limits or alters the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Bond Resolution, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Acceleration; Annulment of Acceleration

Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, give 30 days' notice in writing to the Agency of its intention to declare all Bonds Outstanding immediately due and payable; provided, however, that the Trustee may not make any such declaration with respect to an Event of Default under item (3) above unless (1) the Trustee has received a written request to do so from 100% of the Owners of all Outstanding Bonds or (2) there are sufficient moneys available in the Funds and Accounts to pay the principal and interest on the Bonds upon such declaration. At the end of such 30-day period the Trustee may, and upon such written request of Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the Agency, declare all Bonds Outstanding immediately due and payable and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution to the contrary notwithstanding. In

such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (1) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal or Redemption Price or purchase price (other than principal then due only because of such declaration) of all Outstanding Bonds; (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (3) all other amounts then payable by the Agency under the Bond Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (4) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

If the Agency shall fail to pay any Principal Installment, the Redemption Price, the purchase price or any installment of interest on any Bond when and as the same shall become due and payable, the Trustee shall, within 30 days, give written notice thereof by first class mail to the Bondowners, shown by the registry of Bondowners required to be maintained at the office of the Trustee.

Additional Remedies and Enforcement of Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to: (1) suit upon all or any part of the Bonds; (2) suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners; (3) suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners; (4) enforcement of any other right of the Bondowners conferred by law or by the Bond Resolution; and (5) in the event that all Bonds are declared due and payable, by selling Program Obligations.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Resolution by any acts which may be unlawful or in violation of the Bond Resolution, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution.

Amendments

Amendments of the Resolutions may be made by a Supplemental Resolution.

Supplemental Resolutions may become effective upon filing with the Trustee if they add limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution or Series Resolution, add covenants and agreements of the Agency in the Bond Resolution or Series Resolution that are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution in effect at the time, add limitations and restrictions to be observed by the Agency, surrender any right, power or privilege reserved to or conferred upon the Agency or are reasonably necessary to preserve the tax exemption of Outstanding Bonds or permit the issuance of additional tax exempt Bonds.

Supplemental Resolutions become effective upon consent of the Trustee for the following purposes:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution or any Series Resolution;

(2) To insert such provisions clarifying matters or questions arising under the Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution theretofore in effect;

(3) To waive any right reserved to the Agency, provided that the loss of such right shall not adversely impair any Revenues available to pay the Outstanding Bonds of any Series; and

(4) To make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

Other Supplemental Resolutions may become effective only with consent (i) of the Bondowners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondowners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given.

However, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price or purchase price thereof or in the rate of interest thereon (except as otherwise provided in a Series Resolution) without the consent of the Bondowners of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Bondowners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Any amendment may be made with unanimous consent of the Bondowners, except that no amendment shall change any of the rights or obligations of any fiduciary without the consent of the Fiduciary.

APPENDIX E

MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES

The following description of certain mortgage insurance programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in regulations of the Federal Housing Administration ("FHA"), Rural Development ("RD") and the Veterans Administration ("VA"), respectively, and of the regulations, master insurance contracts and other information of the various private mortgage insurers. Program Loans purchased by the Agency are not limited by the Resolutions to the foregoing programs and it is possible that insurance benefits under other federal or private programs in which the Agency may participate could be more or less favorable.

While all Program Loans are subject to the applicable mortgage insurance programs, Program Loans that back Program Securities are further guaranteed by GNMA, Fannie Mae or Freddie Mac as further described in Appendix J to this Official Statement.

Federal Housing Administration Single-Family Mortgage Insurance Programs

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the mortgaged premises contain five or more dwelling units or less than five units.

The regulations governing all of the FHA programs under which the mortgage loans may be insured provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to the Department of Housing and Urban Development ("HUD").

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash, unless the mortgage holder specifically requests payment in debentures issued by HUD. Under others, HUD has the option, at its discretion, to pay insurance claims in cash or in those debentures. The current HUD policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash, with respect to all programs covering those units as to which it has discretion to determine the form of insurance payment.

HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher. The HUD debenture interest rates applicable to the FHA insured mortgages that the Agency has acquired or committed to acquire are in most cases lower than the interest rates of those mortgages.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of institution of foreclosure proceedings or acquisition of the property. The mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under those circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed 2/3 of the mortgagee's foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default, to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property to be conveyed to HUD has been damaged by fire, earthquake, flood or tornado, or, if the property has suffered damage because of failure of the mortgage holder to take action to inspect and preserve the property, it is generally required, as a condition to payment of an insurance claim, that the property be repaired by

the mortgage holder prior to the conveyance or assignment. For mortgages insured on or after April 19, 1992, if the property has been damaged during the mortgage holder's possession by events other than fire, flood, earthquake or tornado notwithstanding reasonable action by the mortgage holder, HUD may require the mortgage holder to repair the property prior to conveyance to HUD as a condition to payment of an insurance claim.

Veterans Administration Guaranty Program

The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or, in certain instances, his or her spouse) to obtain a mortgage loan guaranteed by the VA covering mortgage financing of the purchase of a one to four family dwelling unit at interest rates agreed upon by the purchaser and the mortgagee, as the VA may elect. The program has no mortgage loan limits (other than that the amount may not exceed the property's reasonable value as determined by the VA), requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms of up to 30 years. The guaranty provisions for mortgage loans are as follows: (a) for home and condominium loans of $45,000 or less, 50 percent of the loan is guaranteed (for loans with an original principal balance of $45,000 and not more than $56,250, the guaranty will not exceed $22,500); (b) for home and condominium loans of more than $56,250 but less than or equal to $144,000, 40 percent of the loan is guaranteed subject to a maximum guaranty of $36,000; (c) for home and condominium loans of more than $144,000, 25 percent of the principal amount of the loan is guaranteed subject to a maximum guarantee amount hereinafter described; and (d) for loans for manufactured homes, 40 percent of the loan is guaranteed (with a maximum guaranty of $20,000). The maximum guaranty amount for loans greater than $144,000 is generally 25 percent of the Freddie Mac conforming loan limit (currently $417,000); however, pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the maximum guaranty amount for loans originated in 2009 through 2011 is 25 percent of the greater of (i) the Freddie Mac conforming loan limit or (ii) 125 percent of the area median price for a single family residence in the county in which the property securing the loan is located. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of mortgaged premises is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

Rural Development (RD) Insured Program

Loans insured by RD may be made to purchase new or existing homes in designated rural areas. Eligible rural areas have a population not in excess of 10,000 persons or if located outside a Metropolitan Statistical Area, not in excess of 25,000. Loans may be made up to 100 percent of the market value of the property or 100 percent of the acquisition cost, whichever is less. The maximum loan amount is the applicable FHA maximum loan amount. The interest rate of these 30 year mortgages may not exceed the higher of the current VA rate or the Fannie Mae required net yield for 90 day commitments on a 30 year fixed rate mortgage with actual/actual remittance plus 60 basis points. RD covers all losses on foreclosed loans up to 35 percent of the original principal. Any loss in excess of this amount carries an 85 percent guarantee. It is the present administrative policy of the Agency to tender a claim to RD by the earlier of (a) six months after the date of acquisition of the property through foreclosure or (b) 30 days after the sale of the property. The Agency retains title to the property and may apply the insurance proceeds and any sale proceeds to the outstanding debt.

Private Mortgage Insurance Programs

Under outstanding Series Resolutions, all Program Loans insured by a private mortgage insurance company are to be in any amount not exceeding the Market Value of the Home, provided that the Agency is issued a mortgage insurance policy under which the minimum insured percentage of any claim filed is at least equal to that percentage of the Market Value or sale price of the Home, whichever is less, by which the original principal amount of the mortgage exceeds 80 percent of that Market Value. Each private mortgage insurer insuring those Program Loans must be a company (a) that is licensed to do business in Minnesota; (b) that has ratings not less than "A2" from Moody's Investors Service, Inc., and "AA" from S&P Global Ratings, Inc., or that is approved to insure mortgages purchased by Fannie Mae and Freddie Mac, or any other agency or instrumentality of the United States to which the powers of either of them have been transferred or which has similar powers to purchase Program Loans; and (c) that,

by insuring Program Loans financed by the Agency, does not cause the Rating on the Bonds to be adversely affected. Both Fannie Mae and Freddie Mac require approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by them.

Among the considerations taken into account by Fannie Mae in determining whether to approve a private mortgage insurer currently are the following: (a) experienced mortgage insurers are expected to have policyholders' surplus of not less than $5 million; (b) it is preferred that an insurer's principal insurance activity relate to loss resulting from nonpayment of mortgages and deeds of trust on residential structures, with total liability not in excess of 25 times its policyholders' surplus; (c) a private mortgage insurer must demonstrate that it possesses the technical expertise necessary to properly evaluate property and credit; and (d) an insurer must expressly consent to and comply with Fannie Mae's requirements for audit and reports concerning changes in personnel, financial structure, qualifications, and rates.

Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that (a) not more than 10 percent of an insurer's mortgage insurance risk may be represented by mortgage insurance covering property other than real property improved by a building or buildings designed for occupancy by one to four families; (b) an insurer shall not insure mortgages secured by properties in a single housing tract or contiguous tracts where the insurance risk applicable thereto is in excess of 10 percent of its policyholders' surplus (net of reinsurance); (c) no insurer shall have more than 20 percent of its total insurance in force in any one Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 60 percent of its total insurance in force; and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted under state law.

Freddie Mac also requires the private mortgage insurer to meet the following financial requirements: (a) policyholders' surplus must be maintained at not less than $5 million; (b) an insurer shall maintain an unearned premium reserve computed on a monthly pro rata basis; if a greater unearned premium reserve is required by the state where the insurer is licensed, then that greater requirement shall be met; (c) an insurer shall establish and maintain a contingency reserve in an amount equal to 50 percent of earned premiums; (d) an insurer shall maintain a loss reserve for claims incurred but not reported, including estimated losses on insured mortgages that have resulted in the conveyance of property that remains unsold, mortgages in the process of foreclosure or mortgages in default for four or more months; (e) an insurer shall maintain no less than 85 percent of its total admitted assets in the form of marketable securities or other highly liquid investments that qualify as insurance company investments under the laws and regulations of the state of its domicile and the standards of the National Association of Insurance Commissioners; and (f) an insurer shall not at any time have total insurance risk outstanding in excess of 25 times its policyholders' surplus. Approved private mortgage insurers must file quarterly and annual reports with the Freddie Mac.

It has been the administrative policy of the Agency to require that any private mortgage insurance policy with respect to a Program Loan to be purchased with the proceeds of Bonds contain provisions substantially as follows: (a) the private mortgage insurer must pay a claim, including unpaid principal, accrued interest and certain expenses, within sixty days of presentation of the claim by the mortgage lender; (b) for a mortgage lender to present a claim, the mortgage lender must have acquired, and tendered to the insurer, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor; (c) when a claim is presented, the insurer will have the option of paying the claim in full, taking title to the property and arranging for its sale, or of paying the insured percentage of the claim (the Agency's exposure is to be limited to 70 percent or 75 percent, depending on the initial loan-to-value ratio of the mortgage loan) and allowing the insured lender to retain title to the property.

The private mortgage insurance companies providing mortgage insurance on outstanding Program Loans under the Bond Resolution are identified in Appendix H to this Official Statement. There is no assurance that any private mortgage insurance company will be able or willing to honor its obligations under the mortgage insurance policy as provided therein. In particular, certain private mortgage insurance companies have recently experienced substantial financial difficulties and ratings downgrades, and some are in receivership and are paying claims at the rate of 50 cents on the dollar. No representation is made as to the creditworthiness of any private mortgage insurance company.

State Laws Affecting Foreclosures

Mortgage foreclosures in Minnesota are governed by statute and permit two alternative methods, "by action" or "by advertisement." The latter is normally utilized since it is slightly faster, less expensive, and does not have the same tendency to invite contest as does foreclosure by action. The process is normally initiated by the publication, recordation and service of a notice of foreclosure. This notice must include all relevant information on the mortgage loan and the secured premises as well as a statement of the time and place of sale and the time allowed by law for redemption by the mortgagor. This notice must then be published in a legal newspaper each week for six consecutive weeks. Service of the notice on the mortgagor and any other affected party must be completed at least four weeks prior to the designated date of the foreclosure sale. Compliance with the above publication and service of notice requirements within the prescribed time limitations is essential to the validity of the mortgage foreclosure sale.

Prior to the foreclosure sale, the mortgagor has the right to reinstate the mortgage and prevent foreclosure by curing all defaults on a current basis and by paying attorneys' fees and out-of-pocket disbursements to the extent permitted by statute. If the mortgage is not reinstated, the foreclosure sale is held in the sheriff's office in the county in which the real estate being foreclosed is located. Although anyone can bid at a foreclosure sale, the normal result of the foreclosure sale is that the lien holder bids in the debt without competing bidders (and under the Bond Resolution, the Agency is required to do so), and purchases the mortgaged property from the defaulting borrower through the sheriff, subject to the rights of the borrower and subsequent creditors to redeem.

The holding of the foreclosure sale starts the period of redemption. The period of redemption will normally be six months but can be as long as twelve months. During the period of redemption the mortgagor normally retains the right to remain in possession of the mortgaged property without making mortgage payments or paying real estate taxes. During the period of redemption, the mortgagor has the right to pay off the entire indebtedness, including full principal, accrued interest, any amounts reasonably paid by the mortgagee to preserve the security, and attorneys' fees and disbursements to the extent allowed by statute.

After the period of redemption expires, the mortgagee is entitled to possession of the premises, but may have to bring an unlawful detainer proceeding to enforce its possessory rights, and a proceeding subsequent in the case of Torrens property to perfect its title to the mortgaged property.

It is not unusual, therefore, for a mortgagee to be delayed 10 months or more from the date of initiation of the mortgage foreclosure proceeding until it realizes its possessory rights.

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for each Series of the Series Bonds. The ownership of one fully registered Series Bond of each Series for each maturity in the aggregate principal amount of that maturity, will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds of a Series, references herein to the Bondowners, Owners or registered owners of those Series Bonds means Cede & Co. or any other nominee and not the Beneficial Owners(as hereinafter defined) of those Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Beneficial Owner (as defined in Appendix C) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for the Series Bonds of the Series is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or any other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or that other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts those Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal, redemption price and purchase price of, and interest on, the Series Bonds will be made to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of that Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, purchase price and interest to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of those payments to Direct Participants will be the responsibility of DTC, and disbursement of those payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Under the Series Resolutions, payments made by or on behalf of the Agency to DTC or its nominee shall satisfy the Agency's obligations to the extent of the payments so made.

A Beneficial Owner must give notice to elect to have its Series Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and must effect delivery of such Series Bonds by causing the Direct Participant to transfer the Participant's interest in the Series Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Tender Agent's DTC account.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the Underwriters nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal, redemption price or purchase price of, or interest on, the Series Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Owners of Series Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (5) any consent given or other action taken by DTC as a Bondowner.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to all or any Series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, that Series of the Series Bonds are required to be delivered as described in the Series Resolutions. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, shall become the Bondowner.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for all or any Series of the Series Bonds. In that event, the Series Bonds of that Series are to be delivered as described in the Series Resolutions.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

[to be dated the date of issuance of the Series Bonds]

_____, 2016

Minnesota Housing Finance Agency
St. Paul, Minnesota 55101

Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2017 Series D
2017 Series E
2017 Series F

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its Residential Housing Finance Bonds, 2017 Series D, in the aggregate principal amount of $_____ (the "2017 Series D Bonds"), its Residential Housing Finance Bonds, 2017 Series E, in the aggregate principal amount of $_____ (the "2017 Series E Bonds"), and its Residential Housing Finance Bonds, 2017 Series F, in the aggregate principal amount of $_____ (the "2017 Series F Bonds" and, together with the 2017 Series D Bonds and the 2017 Series E Bonds, the "2017 Series Bonds"), each series of which is issuable only as fully registered bonds of single maturities in denominations as are provided in the Series Resolutions referenced below.

The 2017 Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2017 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2017 Series F Bonds are subject to optional and mandatory tender, all as provided in the Series Resolutions referenced below.

As bond counsel, we have examined certificates as to facts, estimates and circumstances and certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Amended and Restated Bond Resolution adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and the Series Resolutions relating to the 2017 Series Bonds adopted November 16, 2017 (together, the "Series Resolutions"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Applicable federal tax law, including certain provisions of Sections 143 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the delivery of the 2017 Series Bonds in order that interest on the 2017 Series Bonds may be excluded from gross income for federal income tax purposes. The Agency has covenanted in the Bond Resolution and Series Resolutions to comply with the requirements of applicable federal tax law and for such purpose to adopt and maintain appropriate procedures. In rendering this opinion, we have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Bond Resolution and Series Resolutions.

From such examination it is our opinion that, under state and federal laws, regulations, rulings and decisions in effect on the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolutions have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to

the Program Obligations, Investment Obligations, Revenues, moneys and other assets held and to be set aside under the Bond Resolution and Series Resolutions; (3) the 2017 Series Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolutions, and are further secured by the pledge of the full faith and credit of the Agency, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, or state laws appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2017 Series Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2017 Series Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to the Fund; and (5) the interest payable on the 2017 Series Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax.

Interest on the 2017 Series D Bonds and the 2017 Series F Bonds will be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2017 Series E Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2017 Series E Bonds will not be included in the calculation of adjusted current earnings for purposes of calculating the federal minimum alternative tax imposed on corporations. Interest on the 2017 Series E Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2017 Series Bonds. All owners of 2017 Series Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2017 Series Bonds.

The interest rate on all or a portion of the 2017 Series F Bonds may be converted from a variable rate mode to a different interest rate mode on a Conversion Date (as defined in the Series Resolution), subject to the terms and conditions set forth in the Series Resolutions, including the requirement of delivery to the Agency and the Trustee of an opinion of nationally-recognized bond counsel to the effect that the change in interest rate period will not adversely affect the exemption of interest on the 2017 Series F Bonds from federal income taxation. We express no opinion as to the exemption from federal or State of Minnesota income taxation of interest on any 2017 Series F Bond on or after the initial Conversion Date, if and when it occurs.

The opinions expressed above are qualified only to the extent that the enforceability of the 2017 Series Bonds and the Bond Resolution and Series Resolutions is subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

APPENDIX H

CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO

Mortgage Insurance for RHFB Whole Loan Mortgage Portfolio as of September 30, 2017

Series	FHA	VA	Rural Development	MGIC	Genworth	Other Private Mortgage Insurers*	Uninsured	Total
Retired	$ 2,176,402	$ 27,038	$ 571,698		$ 35,959		$ 476,893	$ 3,287,990
03AB	5,831,153	-	3,220,463	122,684	-	-	3,584,803	12,759,103
03IJ	3,342,204	125,864	2,863,217	-	15,184		2,470,388	8,816,857
06LMN	46,481	-	-	173,191	251,022	68,482	379,547	918,723
07M	1,259,800	129,865	1,921,893	3,017,579	2,173,646	1,747,451	1,549,559	11,799,793
07M-40 Year	-	-	-	2,607,509	538,075	1,182,146	434,888	4,762,618
08ABC	10,004,598	-	5,191,188	1,086,738	383,953	982,955	3,962,415	21,611,847
08ABC-40 Year	-	-	-	2,565,862	387,152	1,440,875	1,827,243	6,221,132
09DEF	27,249,283	378,581	4,922,126	170,026	61,778	107,268	5,847,595	38,736,657
12ABCD	20,138,274	592,915	9,041,107	699,231	410,913	263,076	7,832,093	38,977,609
13ABC	7,168,658	513,586	4,734,178	772,883	151,358	335,548	7,582,468	21,258,679
14A	4,548,277	288,414	1,674,316	15,287	58,849	71,004	1,830,726	8,486,873
14B	5,259,624	217,121	1,702,164	169,902	28,909	46,398	1,577,941	9,002,059
14CDE	21,495,888	1,361,712	20,985,293	6,970,455	743,997	3,176,387	37,796,603	92,530,335
15ABCD	6,161,333	212,615	6,482,286	2,806,105	914,810	2,770,591	13,472,637	32,820,377
15ABCD-40 Year	-	-	-	599,950	-	916,343	180,194	1,696,487
15EFG	9,408,593	569,280	15,150,135	7,584,296	3,551,416	3,204,664	17,968,154	57,436,538
15EFG-40 Year	-	-	-	3,898,538	1,309,041	2,831,456	2,168,126	10,207,161
16ABC	3,488,442	475,080	7,581,575	12,434,844	7,467,354	4,520,231	5,384,607	41,352,133
16ABC-40 Year	-	-	-	7,033,854	2,577,121	4,471,621	3,138,720	17,221,316
16DEF	4,907,563	465,316	3,738,380	4,592,185	3,318,524	2,603,141	2,703,935	22,329,044
16DEF-40 Year	-	-	-	3,883,999	801,486	1,760,859	647,784	7,094,128
17ABC	16,924,196	390,522	8,914,909	5,952,135	1,459,944	3,451,154	6,450,084	43,542,944
17ABC-40 Year	-	-	-	4,707,611	2,375,825	2,251,458	2,526,233	11,861,127
Total	$ 149,410,769	$ 5,747,909	$ 98,694,928	$ 71,864,864	$ 29,016,316	$ 38,203,108	$ 131,793,636	$ 524,731,530
	28.47%	1.09%	18.81%	13.70%	5.53%	7.28%	25.12%	100.00%
	Republic 3.51%, United 1.75%, PMI 1.16%, Radian Guarantee Fund 0.39%, Commonwealth 0.28%, Triad 0.12%, Amerin 0.07%							

RHFB Whole Loan Mortgage Portfolio

Delinquency and Foreclosure Statistics as of September 30, 2017

			Payments Past Due as a Percentage of the Number of Loans Outstanding								
			30-59 Days		60-89 Days		90-119 Days		120 Days and Greater and Foreclosures[1]		Total[2]
Bond Financed:	Number of Loans	Balance Outstanding	#	%	#	%	#	%	#	%	%
Retired	69.0	$3,287,990	7.0	10.14	11.0	15.94	1.0	1.45	15.0	21.74	39.13
03AB	195.0	12,759,103	13.0	6.67	3.0	1.54	2.0	1.03	3.0	1.54	4.10
03IJ	137.5	8,816,857	5.0	3.64	3.0	2.18	3.0	2.18	2.0	1.45	5.82
06LMN	8.0	918,723	1.0	12.50	-	-	-	-	-	-	-
07M	121.5	11,799,793	5.2	4.28	3.6	2.96	0.6	0.49	6.4	5.27	8.72
07M-40 Year	33.0	4,762,618	1.2	3.64	-	-	0.4	1.21	1.6	4.85	6.06
08ABC	232.0	21,611,847	11.0	4.74	3.0	1.29	-	-	14.0	6.03	7.33
08ABC-40 Year	51.0	6,221,132	2.0	3.92	-	-	1.0	1.96	2.0	3.92	5.88
09DEF	646.0	38,736,656	37.0	5.73	10.5	1.63	3.0	0.46	27.5	4.26	6.35
12ABCD	727.5	38,977,609	34.0	4.67	14.0	1.92	8.0	1.10	21.0	2.89	5.91
13ABC	390.0	21,258,679	15.0	3.85	9.0	2.31	2.5	0.64	9.5	2.44	5.38
14A	253.0	8,486,873	4.0	1.58	3.0	1.19	1.0	0.40	2.0	0.79	2.37
14B	270.0	9,002,059	10.0	3.70	1.0	0.37	1.0	0.37	3.0	1.11	1.85
14CDE	1,072.0	92,530,335	53.5	4.99	18.5	1.73	7.0	0.65	26.5	2.47	4.85
15ABCD	358.0	32,820,377	12.5	3.49	5.0	1.40	2.0	0.56	17.0	4.75	6.70
15ABCD-40 Year	11.0	1,696,487	1.0	9.09	1.0	9.09	-	-	-	-	9.09
15EFG	679.5	57,436,538	29.0	4.27	12.0	1.77	3.5	0.52	15.5	2.28	4.56
15EFG-40 Year	71.0	10,207,161	2.0	2.82	1.0	1.41	1.0	1.41	5.0	7.04	9.86
16ABC	425.5	41,352,133	32.0	7.52	13.5	3.17	3.0	0.71	15.0	3.53	7.40
16ABC-40 Year	119.0	17,221,316	2.0	1.68	5.0	4.20	-	-	5.0	4.20	8.40
16DEF	332.0	22,329,044	21.8	6.57	8.4	2.53	0.9	0.27	9.6	2.89	5.69
16DEF-40 Year	49.0	7,094,128	1.8	3.67	-	-	0.6	1.22	2.4	4.90	6.12
17ABC	498.5	43,542,944	40.0	8.02	9.5	1.91	4.5	0.90	21.0	4.21	7.02
17ABC-40 Year	95.0	11,861,127	8.0	8.42	1.0	1.05	1.0	1.05	2.0	2.11	4.21
Total Bond Financed	6,844.0	$ 524,731,530	349.0	5.10	136.0	1.99	47.0	0.69	226.0	3.30	5.98

All Loans are serviced by US Bank Home Mortgage.

If the number of loans allocated to a series of Bonds in the table is expressed in an increment of 0.5, the allocation reflects the fact that proceeds of Bonds of the series were used with an equal amount of funds from another source (which may be another series of Bonds) to purchase the mortgage loan. In such cases, while principal repayments and prepayments are allocated equally to each funding source, interest payments on the mortgage loan are not allocated pro rata.

(1) Included in "Foreclosures" are loans for which the sheriff's sale has been held and the redemption period (generally six months) has not yet elapsed in addition to those customarily included in delinquency statistics.

(2) 30-59 days not included in total.

See page H-3 for comparative delinquency and foreclosure statistics.

continued from page H-2.

Comparative 60+ Day Delinquency Statistics [1]	**At 6/30/2017**	**At 9/30/2017**
Residential Housing Finance Bond Resolution Loan Portfolio	3.03%	4.39%
Mortgage Bankers Association of America, Minnesota [2]	1.12%	not yet available
Mortgage Bankers Association of America, National [2]	1.97%	not yet available

Comparative Foreclosure Statistics [3]	**At 6/30/2017**	**At 9/30/2017**
Residential Housing Finance Bond Resolution Loan Portfolio	1.38%	1.03%
Mortgage Bankers Association of America, Minnesota [2]	0.44%	not yet available
Mortgage Bankers Association of America, National [2]	1.19%	not yet available

(1) This table compares 60+ day delinquency statistics. The delinquency rates do not include those delinquent loans referred to an attorney, where the first legal documents have been filed, or where any further foreclosure proceedings have occurred. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio differs from that in the table on page H-2.

(2) Mortgage Bankers Association of America average of 60+ days delinquency and foreclosure statistics adjusted by the Agency to reflect the proportions of insurance types in the Residential Housing Finance Bond Resolution loan portfolio. The unadjusted 12/31/2016 Mortgage Bankers Association of America average 60+ days delinquency rate is 1.19% Minnesota and 2.44% national. The unadjusted 12/31/2016 Mortgage Bankers Association of America foreclosure rate is 0.35% Minnesota and .95% national. None of the delinquency and foreclosure rates presented are seasonally adjusted. Reprinted by permission of the Mortgage Bankers Association. For more information, contact the Mortgage Bankers Association, 1331 L Street NW, Washington D.C. 20005, (202) 557-2700 http://www.mortgagebankers.org

(3) This table compares foreclosure statistics, where "foreclosures" include only those loans referred to an attorney and with the first legal documents filed, but not loans for which a foreclosure sale has been held. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio is not directly comparable to the table on page H-2.

APPENDIX I

CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR BONDS OUTSTANDING

as of September 30, 2017

(unaudited)

Liquidity Provider	Related Bond Series	Bonds Outstanding	Expiration Date
Royal Bank of Canada	2003 Series B	$ 6,275,000	7/16/2018
	2003 Series J	6,435,000	7/16/2018
	2015 Series D	18,225,000	8/11/2022
	2015 Series G	35,000,000	1/2/2023
		$65,935,000	
Federal Home Loan Bank of Des Moines	2008 Series C	$ 23,410,000	8/7/2018
	2016 Series F	50,000,000	1/2/2024
	2017 Series C	40,000,000	7/19/2024
		$113,410,000	

APPENDIX J

CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov.

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of $25,000 and multiples of $1 in excess of $25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and the Central Paying and Transfer Agent is required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less the Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives those installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for the commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (the origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as that ability may be affected by the Master Servicer's bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by

the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all the requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

GNMA Security

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States, states that guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

Government National Mortgage Association Borrowing Authority

In order to meet its obligations under the guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make the payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of each GNMA Security outstanding on the last day of the month preceding the calculation. Each GNMA Security carries an interest rate that is fixed below the lowest interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before the payments are forwarded to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of money for payments on the GNMA Securities. If those payments are less than the amount then due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. The Government National Mortgage Association guarantees the timely payment in the event of the failure of the Master Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors).

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue the payments as scheduled on the third business day after the twentieth day of each month. However, if the payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on that GNMA Security (the "GNMA Guaranty Agreement"), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the mortgage loans, and the mortgage loans will thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In that event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs a letter of extinguishment to the Master Servicer, the Government National Mortgage Association will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Master Servicer's indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no agreement is to detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the twentieth day (in the case of a GNMA II-Custom Pool Security) (or in each case if that day is not a business day then the next business day), of the first month following the date of issuance of the GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

FANNIE MAE MORTGAGE-BACKED SECURITIES

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the

Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752-7115. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Fannie Mae

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "Fannie Mae Guides"), as modified by the Pool Purchase Contract, and, in the case of mortgage loans such as the Program Loans exchanged with Fannie Mae, a Trust Indenture dated as of November 1, 1981, as amended (the "Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the "Fannie Mae Prospectus"). The Fannie Mae Prospectus is updated from time to time.

Copies of the Fannie Mae Prospectus and Fannie Mae's most recent annual and quarterly reports and proxy statements are available without charge from Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016, Attention: Vice President for Investor Relations, (telephone: (202) 752-6724).

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Master Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for, Fannie Mae Securities. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

Under the Pool Purchase Contract, Fannie Mae will purchase both mortgage loans eligible under the guidelines set forth in the Fannie Mae Guides and mortgage loans insured under the Community Home Buyer's Program that conform to the conditions set forth in the Pool Purchase Contract.

Pursuant to the requirements of the Fannie Mae Guides, as amended, the original principal balance of each mortgage loan to be sold to Fannie Mae may not exceed the amount established from time to time by Fannie Mae. The mortgage loans must be mortgage loans with loan-to-value ratios not in excess of 100 percent; mortgage loans with loan-to-value ratios exceeding 80 percent must have the principal amount of the indebtedness in excess of 75 percent of the appraised value of the home insured by a policy of primary mortgage insurance. The provider of the mortgage insurance must be acceptable to Fannie Mae.

Under the Pool Purchase Contract, the 100 percent loan-to-value limitation for mortgage loans will be based upon the lower of (1) the acquisition cost plus rehabilitation cost, if any, of a home, or (2) the appraised value of a home after completion of any rehabilitation. The maximum combined loan-to-value ratio is also 100 percent where subordinate financing is provided, so long as the mortgage loan does not exceed a 75 percent loan-to-value ratio. The Pool Purchase Contract also provides that, in underwriting mortgage loans for the Community Home Buyer's Program, certain exceptions will be made from the Fannie Mae Guides for down payment requirements and for determining whether a household's income satisfies the requirements for purchase by Fannie Mae.

The Pool Purchase Contract obligates the Master Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Securities

Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Security be in a minimum amount of $250,000 (or, in each case, the lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer's servicing fee and Fannie Mae's guaranty fee.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by the Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not that principal balance is actually received. **The obligations of Fannie Mae under these guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy these obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Bonds would be affected by delinquent payments and defaults on those mortgage loans**.

Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month the Fannie Mae Security is issued), or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying the Fannie Mae Security during the period beginning on the second day of the month prior to the month of the distribution and ending on the first day of the month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of the distribution (including as prepaid for this purpose at Fannie Mae's election any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase that mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of that mortgage loan has been received, whether or not that full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

FREDDIE MAC MORTGAGE-BACKED SECURITIES

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at http://www.sec.gov. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Freddie Mac

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities

relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by those mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Securities

Freddie Mac Securities will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Securities are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Security represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Securities representing interests in that pool.

Payments on Freddie Mac Securities begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Securities their proportionate share of principal payments on the mortgage loans in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Security is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Securities plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Security the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Security. Freddie Mac also guarantees to each holder of a Freddie Mac Security (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection

of the holder's proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Security is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Securities are obligations of Freddie Mac only. The Freddie Mac Securities, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Securities would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Securities and could adversely affect payments on Outstanding Bonds.

Mortgage Purchase and Servicing Standards

All mortgage loans purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage loan and the creditworthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgage loans, the loan-to-value ratio and age of the mortgage loans, the type of property securing the mortgage loans and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgage loans it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgage loans in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage loan, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage loan and when to initiate those measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage loan that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

THE MASTER SERVICER

U.S. Bank National Association currently serves as Master Servicer for the Agency's MBS Program, including the Program Securities to be financed with proceeds of the Series Bonds. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights), which replaces the previous servicing agreement executed by the Agency and the Master Servicer. The Program Securities acquired with proceeds of the Series Bonds are expected to be serviced by the Master Servicer.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. NONE OF THE AGENCY, THE UNDERWRITERS,

THEIR COUNSEL OR BOND COUNSEL HAS VERIFIED THIS INFORMATION OR GUARANTEES IT AS TO COMPLETENESS OR ACCURACY. POTENTIAL INVESTORS SHOULD NOT CONSTRUE THIS INFORMATION AS A REPRESENTATION OF ANY OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of September 30, 2017, the Master Servicer serviced 316,031 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately $39.6 billion. The Master Servicer currently services single-family mortgage loans for State and Local Housing Finance Authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of September 30, 2017, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately $459.2 billion and a net worth of $48.7 billion. For the nine months ended September 30, 2017, the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately $8.4 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing. (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of Outstanding Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

APPENDIX K

CERTAIN DEFINITIONS WITH RESPECT TO THE 2017 SERIES F BONDS

"*Alternate Liquidity Facility*" means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change to a Mode Period or in substitution for an existing Liquidity Facility pursuant to the terms of the 2017 Series F Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Bank*" means (i) with respect to the Initial Liquidity Facility for the 2017 Series F Bonds, Royal Bank of Canada, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self-Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means 2017 Series F Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility, other than Self Liquidity.

"*Bank Rate*" means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

"*Bank Purchase Date*" means any Purchase Date on which the Bank purchases 2017 Series F Bonds.

"*Business Day*" means any day that is not a Saturday, Sunday, legal holiday or a day on which banks in the City of New York, New York, or Minneapolis, Minnesota, are authorized or required by law or executive order to remain closed and that is not a day on which the New York Stock Exchange is closed.

"*Conversion Date*" means the Business Day on which the interest rate on any of the 2017 Series F Bonds is Converted to a Fixed Interest Rate or an Indexed Rate.

"*Convert*," "*Converted*" or "*Conversion*," as appropriate, means the conversion of the interest rate on any of the 2017 Series F Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to the 2017 Series F Resolution.

"*Liquidity Expiration Event*" means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

"*Liquidity Facility*" means any instrument delivered pursuant to the terms of the 2017 Series F Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of the 2017 Series F Resolution, including the Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Maximum Rate*" means (i) with respect to the 2017 Series F Bonds (other than Bank Bonds) 12 percent per annum, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (a), with respect to the 2017 Series F Bonds, an opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds, including the 2017 Series F Bonds, from gross income of the owners thereof for federal income tax purposes, (b) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2017 Series F Bonds by each Rating Agency; and (c) a certified copy of a resolution adopted by the Agency approving that increase in the Maximum Rate; and (ii) with respect to Bank Bonds, the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event may the Maximum Rate, as described in (i) or (ii) above, exceed the lesser of (a) 12 percent or that higher rate as approved by the Agency's governing body or specified for the Bank Bonds, or (b) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the 2017 Series F Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, or Semiannual Rate.

"*Mode Change*" means a change in Mode Period.

"*Mode Change Date*" means the date of effectiveness of a Mode Change.

"*Mode Period*" means each period beginning on the first Effective Rate Date for any of the 2017 Series F Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next change in Mode with respect to those 2017 Series F Bonds.

"*Non-Conforming Liquidity Facility*" means a liquidity facility delivered by the Agency pursuant to the 2017 Series F Resolution that does not meet the requirements for an Alternate Liquidity Facility.

"*Purchase Date*" means any date that 2017 Series F Bonds are to be purchased pursuant to the 2017 Series F Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2017 Series F Bond tendered or deemed tendered for purchase as provided herein, plus, if the Purchase Date is not an Interest Payment Date, accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

"*Record Date*" means, with respect to Variable Rate Bonds, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the 15th day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and RBC Capital Markets, LLC, with respect to the 2017 Series F Bonds, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of those 2017 Series F Bonds.

"*Self-Liquidity*" means a liquidity facility provided by the Agency's own funds pursuant to the 2017 Series F Resolution, other than a Non-Conforming Liquidity Facility.

"SIFMA Index" means, for any date of determination, the level of the index that is issued weekly and that is compiled from the weekly interest rate resets of tax exempt variable rate issues included in a database maintained by Municipal Market Data that meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the immediately succeeding Business Day. If the SIFMA Index is no longer published, then "SIFMA Index" means the S&P Weekly High Grade Index. If the S&P Weekly High Grade Index is no longer published, then "SIFMA Index" means an index selected by the Remarketing Agent meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Index immediately prior to the date on which the SIFMA ceased publication of the SIFMA Index.

"*Tender Agent*" means the Trustee appointed pursuant to the Bond Resolution.

"*Variable Rate Bonds*" means 2017 Series F Bonds during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period, or a Semiannual Mode Period (whether or not in each case those 2017 Series F Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

APPENDIX L

SUMMARY OF CERTAIN PROVISIONS OF AND RELATING TO THE STANDBY BOND PURCHASE AGREEMENT

General

The following description is a summary of certain provisions of the Initial Liquidity Facility. This summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. Investors should obtain and review a copy of the Initial Liquidity Facility in order to understand all of the terms of that document.

The Initial Liquidity Facility provides that, subject to the terms and conditions set forth in the Initial Liquidity Facility, the Initial Liquidity Provider must purchase Eligible Bonds (as defined in the Initial Liquidity Facility) tendered or deemed tendered from time to time pursuant to an optional or mandatory tender by owners thereof in accordance with the terms of the Resolution, in each case, to the extent those Eligible Bonds are not remarketed by the Remarketing Agent. The Initial Liquidity Facility will expire on January 2, 2023 (the *"Expiration Date"*), unless extended or terminated pursuant to its terms.

Under certain circumstances described below, the obligation of the Initial Liquidity Provider to purchase Eligible Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be immediately and automatically suspended or terminated without notice to the Bondowners. In that event, sufficient funds may not be available to purchase Eligible Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the Initial Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Eligible Bonds.

Purchase of Tendered Eligible Bonds by the Initial Liquidity Provider

The Initial Liquidity Provider will purchase from time to time during the period prior to the Expiration Date or earlier termination of the Initial Liquidity Facility, Eligible Bonds tendered or deemed tendered from time to time, to and including the Expiration Date (unless earlier terminated pursuant to the terms of the Initial Liquidity Facility) pursuant to an optional or mandatory tender by owners thereof in accordance with the terms and provisions of the Resolution, in each case, to the extent the Eligible Bonds are not remarketed in accordance with the terms and provisions of the Remarketing Agreement (as defined in the Initial Liquidity Facility). The price to be paid by the Initial Liquidity Provider for the Eligible Bonds will be equal to the aggregate principal amount of the Eligible Bonds, provided that the aggregate principal amount of those Eligible Bonds so purchased may not exceed the Available Principal Commitment (as defined in the Initial Liquidity Facility), plus the lesser of (i) the Available Interest Commitment (as defined in the Initial Liquidity Facility) and (ii) interest accrued thereon to but excluding the date of that purchase (excluding Defaulted Interest and, if the Purchase Date for such Eligible Bonds is also an Interest Payment Date, excluding all accrued interest).

Events of Default

The following events, among others, constitute Events of Default under the Initial Liquidity Facility. Reference is made to the Initial Liquidity Facility for a complete listing of all Events of Default.

Events of Default not Permitting Immediate Termination or Suspension

(a) *Payments*. The Agency fails to pay (i) when due certain amounts owed by the Agency to the Initial Liquidity Provider; or (ii) within five Business Days after the same becomes due any amount owed to the Initial Liquidity Provider pursuant to any other section of the Initial Liquidity Facility or the Fee Letter (as defined in the Initial Liquidity Facility).

(b) *Representations*. Any representation or warranty made by or on behalf of the Agency in the Initial Liquidity Facility or in any other Related Document (as defined in the Initial Liquidity Facility) or in any certificate or statement delivered thereunder proves to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) *Covenants*. The Agency fails to perform or observe (i) any covenant under Section 6.01, 6.03, 6.09, 6.14, 6.19, 6.20, 6.21, 6.24, 6.25 or Article VII of the Initial Liquidity Facility; or (ii) any other term, covenant or agreement (other than the ones described in any other paragraph under this sub-caption "Events of Default not Permitting Immediate Termination or Suspension") contained in the Initial Liquidity Facility or any Related Document on its part to be performed or observed which failure continues for 30 days or more after receipt of written notice of that failure from the Initial Liquidity Provider.

(d) *Other Documents*. Any Event of Default under any of the other Related Documents occurs.

(e) *Downgrade*. The rating assigned to the 2017 Series F Bonds or to any other Parity Debt (as defined in the Initial Liquidity Facility) (without regard to third party credit enhancement) by Moody's or S&P is withdrawn or suspended for credit related reasons or fall below "A2" by Moody's or "A" by S&P.

(f) *Cross Acceleration*. Any act or omission by the Agency occurs under any mortgage, agreement or other instrument under or pursuant to which any Material Debt (as defined in the Initial Liquidity Facility) is incurred or issued that results in that Material Debt becoming, or being capable of becoming, immediately due and payable.

(g) *Cross Default*. The Agency defaults under any mortgage, agreement or other instrument under or pursuant to which any Material Debt is incurred or issued, and that default continues beyond the period of grace, if any, allowed with respect thereto.

(h) *Invalidity or Contest of Validity*. Subject to the terms and provisions of the Initial Liquidity Facility (other than as described in the sub-heading "Events of Default Permitting Immediate Termination or Suspension" below), (i) the Initial Liquidity Facility, any other Related Document or any provision hereof or thereof at any time for any reason ceases to be valid and binding on the Agency or is declared in a final, non-appealable judgment by any court of competent jurisdiction to be null and void, invalid or unenforceable or (ii) the Agency, the State or any other Governmental Authority (as defined in the Initial Liquidity Facility) with appropriate jurisdiction contests the validity or enforceability of the Agency's obligations thereunder or under the other Related Documents or deny that the Agency has any further liability or obligation thereunder or under the other Related Documents.

(i) *Taxability*. A Tax Event (as defined in the Initial Liquidity Facility) or an Event of Taxability (as defined in the Initial Liquidity Facility) has occurred.

(j) *Default*. The Agency defaults in the payment of any regularly scheduled amount due in respect of any Interest Rate Protection Agreement (as defined in the Initial Liquidity Facility) with the Initial Liquidity Provider with a notional amount equal to or greater than $5,000,000 or in the payment due in respect of any principal of or interest on any Debt outstanding in a principal amount equal to or greater than $5,000,000 owed to the Initial Liquidity Provider.

Events of Default Permitting Immediate Termination or Suspension

(a) *Event of Insolvency*. An Event of Insolvency (as defined below) has occurred with respect to the Agency.

(b) *Payment Default*. Any principal or interest due with respect to the 2017 Series F Bonds (including regularly scheduled payments of principal and interest on Bank Bonds (as defined in the Initial Liquidity Facility)) is not paid when due or the Agency fails to make or otherwise defaults in any regularly scheduled payment of principal of or interest on any other Material Debt beyond any grace period provided with respect thereto.

(c) *Invalidity*. Subject to the terms and provisions of the Initial Liquidity Facility, (i) the Act, the 2017 Series F Bonds (including Bank Bonds), the Initial Liquidity Facility, the Resolution, any Material Debt, or any material provision hereof or thereof relating to the payment of principal of or interest on the 2017 Series F Bonds or other Material Debt, at any time for any reason ceases to be valid and binding on the Agency or is declared in a final, non-appealable judgment by any court of competent jurisdiction to be null and void, invalid or unenforceable; (ii) the pledge of and Lien (as defined in the Initial Liquidity Facility) on the Trust Estate (as defined in the Initial Liquidity Facility) at any time for any reason ceases to be valid and binding on the Agency or is declared in a final, non-appealable judgment by any court of competent jurisdiction to be null and void, invalid or unenforceable; or (iii) any Governmental Authority with jurisdiction to rule on the validity of the Initial Liquidity Facility, the Act, the 2017 Series F Bonds (including Bank Bonds), the Resolution or any Material Debt finds or rules that any of the Act, the Initial Liquidity Facility, the 2017 Series F Bonds (including Bank Bonds), the Resolution or any Material Debt, as the case may be, or any provision hereof or thereof relating to (A) the payment of principal of or interest on the 2017 Series F Bonds (including Bank Bonds) or any Material Debt or (B) the pledge of and Lien on the Trust Estate is not valid or not binding on the Agency or is null and void.

(d) *Contest of Validity*. Subject to the terms and provisions of the Initial Liquidity Facility, the Agency or any Governmental Authority with appropriate jurisdiction (i) repudiates or denies that the Agency has any further liability or obligation under the Initial Liquidity Facility, under the 2017 Series F Bonds (including Bank Bonds), the Act, the Resolution or any Material Debt or (ii) claims that any of the provisions that provide (A) for the payment of principal of or interest on the 2017 Series F Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2017 Series F Bonds (including Bank Bonds) or the Initial Liquidity Facility, is not valid or not binding on the Agency; or (iii) initiates any legal proceedings to seek an adjudication that any of the provisions that provide (A) for the payment of principal of or interest on the 2017 Series F Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2017 Series F Bonds (including Bank Bonds) or the Initial Liquidity Facility is not valid or not binding on the Agency; (iv) has taken or permitted to be taken any official action, or has duly enacted any statute, that would materially adversely affect the enforceability of any of the provisions that provide (A) for the payment of principal of or interest on the 2017 Series F Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2017 Series F Bonds (including Bank Bonds) or the Initial Liquidity Facility.

(e) *Investment Grade Rating*. The unenhanced rating of the 2017 Series F Bonds or any other Material Debt is (i) withdrawn or suspended for credit-related reasons or reduced below "Baa3" by Moody's and (ii) withdrawn or suspended for credit-related reasons or reduced below "BBB-" by S&P.

(f) *Judgment*. (i) One or more final, non-appealable judgments or orders in an amount in excess of $5,000,000 in the aggregate is rendered against the Agency and (ii) those judgments or orders have not been paid in accordance with the terms of those judgments or orders or discharged, vacated, satisfied or stayed within 60 days after entry thereof or if, after the expiration of any stay, those judgments or orders have not been paid in accordance with the terms of those judgments or orders or discharged.

"Event of Insolvency" means, with respect to any Person, the occurrence of one or more of the following events:

(a) the issuance, under the laws of any state or under the laws of the United States of America, of an order for relief, rehabilitation, liquidation or dissolution of that Person;

(b) (i) the commencement against that Person of a case or other proceeding seeking an order for relief, liquidation, reorganization or other relief with respect to that Person or its debts under any bankruptcy, insolvency, reorganization or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for that Person or any substantial part of its property or the appointment, and that Person consents to such case or other proceeding at any time, or such case or other proceeding remains uncontested by that Person for a period of 60 days or such case or proceeding results in an order for such relief; (ii) the commencement by that Person of a case or other proceeding seeking an order for relief, liquidation, reorganization or other relief with respect to that Person or its debts under any bankruptcy, insolvency, reorganization or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for that Person or any substantial part of its property or the appointment; or (iii) the designation with respect to that Person, of an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or the declaration of, or the introduction or proposal for consideration by it or by any legislative or regulatory body with competent jurisdiction over it of the existence of a state of financial emergency or similar state of financial distress in respect of it;

(c) the making of an assignment for the benefit of creditors by that Person;

(d) that Person is "insolvent" as defined in Section 101(32) of the United States Bankruptcy Code;

(e) the declaration of a moratorium with respect to the payment of the debts of that Person, which, in the case of the Agency, means that a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction is declared by, or imposed on, Material Debt as a result of a finding or ruling of a Governmental Authority with jurisdiction over the Agency;

(f) the admission by that Person in writing of its inability to pay its debts when due; or

(g) the initiation of any actions to authorize any of the foregoing by or on behalf of that Person.

Remedies

The following are remedies available to the Initial Liquidity Provider under the Initial Liquidity Facility upon the occurrence of certain events of default thereunder:

(a) *Immediate Termination*. Upon the occurrence of any Event of Default described in Sections (a), (b), (c)(i), (c)(ii), (d), (e) or (f) under the sub-caption **"Events of Default Permitting Immediate Termination or Suspension"** (each an *"Immediate Termination Event"*), the Available Commitment (as defined in the Initial Liquidity Facility), the Purchase Period and the obligation of the Initial Liquidity Provider to purchase Eligible Bonds will immediately terminate without notice or demand, and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds. Upon an Immediate Termination Event, the Initial Liquidity Provider will promptly give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent; *provided* that the Initial Liquidity Provider will incur no liability of any kind by reason of its failure to give that notice, and that failure will in no way affect the termination of the Available Commitment, the Purchase Period and the Initial Liquidity Provider's obligation to purchase Eligible Bonds pursuant to the Initial Liquidity Facility.

(b) *Termination with Notice*. Upon the occurrence of any Event of Default described under the sub-caption **"Events of Default Not Permitting Immediate Termination or Suspension"**, the Initial Liquidity Provider may terminate the Available Commitment and Purchase Period by giving a Notice of Termination Date (as defined in the Initial Liquidity Facility) to the Agency, the Tender Agent, the Trustee and the Remarketing Agent, specifying the date on which the Available Commitment and Purchase Period will terminate, which date will be not less than 30 days after the date of receipt of that Notice of Termination Date by the Trustee. On and after the date specified in a Notice of Termination Date, the Available Commitment and the Purchase Period will terminate and the Initial Liquidity Provider will be under no further obligation to purchase Eligible Bonds thereunder.

(c) *Suspension Events*. In the case of an Event of Default specified in clause (iii) of paragraph (c) under the sub-caption **"Events of Default Permitting Immediate Termination or Suspension"** (following the entry of a judgment subject to further proceedings and prior to the entry of a final, non-appealable judgment) (an *"Immediate Suspension Event"*), the Initial Liquidity Provider's obligation to purchase Eligible Bonds will be immediately suspended without notice or demand and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds until that obligation is reinstated pursuant to this paragraph (c). Promptly upon the Initial Liquidity Provider obtaining knowledge of any Immediate Suspension Event, the Initial Liquidity Provider will give written notice to the Agency, the Tender Agent, the Trustee and the Remarketing Agent of that suspension; *provided* that the Initial Liquidity Provider will incur no liability or responsibility whatsoever by reason of its failure to give that notice and that failure will in no way affect the suspension of the Initial Liquidity Provider's obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on the validity of the provisions described in clause (iii) of paragraph (c) under the sub-caption **"Events of Default Permitting Immediate Termination or Suspension"** enters a final, non-appealable judgment that any provision is not valid and binding on the Agency, then, in either case, the Purchase Period, the Available Commitment and the Initial Liquidity Provider's obligation to purchase Eligible Bonds will immediately terminate. If a court with jurisdiction to rule on the validity of the provisions described in clause (iii) of paragraph (c) the sub-caption **"Events of Default Permitting Immediate Termination or Suspension"** thereafter finds or rules that those provisions are valid and binding on the Agency, the Initial Liquidity Provider's obligation to purchase Eligible Bonds under the Initial Liquidity Facility will be automatically reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the obligation of the Initial Liquidity Provider to purchase Eligible Bonds under the Initial Liquidity Facility otherwise has terminated or been suspended as provided in the Initial Liquidity Facility). Notwithstanding the foregoing, if, upon the earlier of the expiration of the Purchase Period and the date that is two years after the effective date of suspension of the Initial Liquidity Provider's obligation pursuant to this paragraph (c), litigation is still pending and a judgment regarding the validity of the provisions described in clause (iii) of paragraph (c) under the sub-caption **"Events of Default Permitting Immediate Termination or Suspension"** that are the cause of that Immediate Suspension Event has not been obtained, then the Available Commitment, the Purchase Period and the obligation of the Initial Liquidity Provider to purchase Eligible Bonds will at that time immediately terminate and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds.

(d) *Other Remedies*. In addition to the rights and remedies provided in Sections (a), (b) and (c) above, upon the occurrence and during the continuation of any Event of Default specified herein, upon the election of the Initial Liquidity Provider: (i) all amounts payable under the Initial Liquidity Facility, under the Fee Letter and under Bank Bonds will, upon demand by the Initial Liquidity Provider given to the Agency and the Trustee, become immediately due and payable without other presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Agency; and (ii) all Bank Bonds will, upon demand by the Initial Liquidity Provider made to the Agency and the Trustee, become subject to immediate mandatory redemption at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium. Upon the occurrence of any Event of Default as specified in any provision under the caption "Event of Default" above, the Initial Liquidity Provider will have all the rights and remedies available to it under the Initial Liquidity Facility, the other Related Documents or otherwise pursuant to law or equity; *provided, however,* that the Initial Liquidity Provider will not have the right to terminate its obligation to purchase Eligible Bonds or to declare any amount due under the Initial Liquidity Facility due and payable except as expressly provided herein.

(e) *Remedies Non-exclusive*. The remedies provided under the caption "Remedies" above will only be exclusive with respect to Events of Default to the extent described under the caption "Remedies" above and to the extent they are obtained by the Initial Liquidity Provider. If, for any reason whatsoever, the Initial Liquidity Provider is not able to obtain all those remedies, then the Initial Liquidity Provider thereby reserves the right and will have the right to pursue any other available remedies, whether provided by law, equity, or any Related Document.

Notwithstanding the provisions of paragraph (a) under the caption "Remedies" above, if, upon the occurrence of an Event of Default under the sub-caption "**Events of Default not Permitting Immediate Termination or Suspension**," the Initial Liquidity Provider exercises its rights under paragraph (d) under the caption "Remedies" above or under the Initial Liquidity Facility to declare the amounts owed thereunder, under the Fee Letter and under the Bank Bonds to be immediately due and payable or to have the Bank Bonds become subject to immediate mandatory redemption, the failure by the Agency to pay those accelerated amounts will not, by itself, permit the immediate termination of the Available Commitment, the Purchase Period or the Initial Liquidity Provider's obligation to purchase Eligible Bonds pursuant to paragraph (a) under the caption "Remedies" above.

APPENDIX M

CERTAIN INFORMATION RELATING TO THE LIQUIDITY PROVIDER

Information Concerning Royal Bank of Canada [TO COME]

MINNESOTA HOUSING

Board Agenda Item: 7.C
Date: 11/16/2017

Item: Approval, Single Family Mortgage Program Servicing Manual Amendments

Staff Contact(s):
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Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff recommends revising the first lien loan modification guidelines in the Single Family Mortgage Program Servicing Manual (Servicing Manual) to provide more concise instructions for our subservicing agent(s) (servicer) – currently US Bank – to complete loan modifications for struggling homeowners. The loan modification guidelines are applicable only to the Single Family Whole Loan first mortgage portfolio.

Fiscal Impact:
With more defined criteria for modifications, over time the Agency should see improved repayment performance for the Whole Loan portfolio

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Request Details
- Mortgage Program Servicing Manual

Background:
During the financial crisis in the housing market, the mortgage industry adopted fairly standardized Home Affordable Modification Program (HAMP) guidelines to assist struggling homeowners. Before 2008, Minnesota Housing and the mortgage industry as a whole rarely authorized a loan modification, and then only on a case-by-case basis. With the adoption of modifications as a norm in the industry, Minnesota Housing took a proactive approach to approving loan modifications in order to help Minnesota homeowners retain their homes. A typical loan modification includes an interest rate reduction and/or term extensions, but could also include solutions such as principal forgiveness, capitalization of interest, and refinancing. Minnesota Housing, under the terms of the servicing contract and Servicing Manual, relies on the servicer to make loan level modification recommendations based on information they collect from struggling homeowners. The loan modifications Minnesota Housing has extended have been largely successful with nearly 70% of all modified loans remaining current.

The financial crisis demanded flexibility and wide latitude in dealing with struggling homeowners. As the economy has stabilized and fewer borrowers are experiencing life events that put them at risk for losing their home to foreclosure, it is prudent to re-evaluate our loan modification policies and provide clear and concise guidance for our servicing agent(s).

Request Details:
Staff proposes the following:

1. Update the guidelines to provide specific loan modification qualifying criteria that will:
    - Require documentation and analysis for non-performing mortgagors that demonstrate that they will have the ability to perform under modified terms including:
        - Mortgagor has made at least 12 months of payments since loan origination or any previous modification
        - New housing Debt to Income ratio is between 25-46%
        - Mortgagor has residual income (positive monthly surplus)

    The servicer will also continue to evaluate and ensure that each mortgagor also meets the requirements of any Mortgage Insurer or Guarantor.

2. Permit the servicer to extend the permanent modification to the qualifying mortgagor on behalf of Minnesota Housing. This will reduce processing time and mitigate risk of inadvertent errors in the approval process. Errors are covered by the Servicer Indemnification clause in the servicing contract.

3. Allow for exception requests when a mortgagor does not qualify under standard modification guidelines but has extenuating circumstances that should be considered. All exceptions will be evaluated and approved/denied by Minnesota Housing.

While updating the specific guidelines for making modifications, the existing requirements related to the servicer notifying Minnesota Housing of modifications remain unchanged.

The goal of these changes is to provide clear guidelines for our servicer(s) to follow in offering and completing permanent loan modifications for struggling homeowners. The revised guidelines will reduce situations where a mortgagor has an extremely low chance for success.

Chapter 7 – Delinquencies

7.02 Delinquency Assistance Measures

Modification

~~There may be times when the only way to provide relief to a mortgagor is to change some of the terms of the Mortgage Loan. The servicer should consider modification of the Mortgage Loan if:~~

- ~~A mortgagor granted Military Indulgence cannot cure his/her delinquency within three months after being discharged from the military service;~~
- ~~A mortgagor has experienced a permanent or long-term reduction in income that affects his/her ability to continue making the monthly Mortgage Loan payments; or~~
- ~~Any other situation in which changing the terms of the Mortgage Loan would cure the delinquency, prevent future delinquencies, or avoid the acquisition of the Mortgaged Property.~~
  - ~~If an otherwise unviable modification can be made viable through the reduction of the interest rate, Minnesota Housing will consider approval on a case-by-case basis. The modification may not impair any contract of insurance or guaranty of the Mortgage Loan. Minnesota Housing's prior approval is required.~~

~~Modifications may extend the term of the Mortgage Loan or provide for re-amortization of the outstanding debt. The term may be extended up to a maximum of 40 years and interest rates reduced to as low as 2%. Prior approval by the Mortgage insurer or guarantor is required for all proposals to change the terms of the Mortgage Loan.~~

~~Once the Mortgage insurer or guarantor's approval for the modification has been obtained, the servicer should:~~

- ~~Request and obtain approval from Minnesota Housing, Portfolio Management.~~
- ~~Prepare the Loan Modification and Extension Agreement form, or similar document, and forward to the mortgagor for signature.~~
- ~~Submit to MNHousing.Portfolio@state.mn.us a completed Recommendation/Advice of Action form with an advice of action of modification along with the Loan Modification and Extension Agreement form for Minnesota Housing's signature. Minnesota Housing will return the executed Loan Modification and Extension Agreement form to the servicer for recording.~~

- ~~Add any amounts to be capitalized to the unpaid principal balance of the Mortgage Loan as of the date specified in the Loan Modification and Extension Agreement. Usually, the capitalization date is one month before the new modified payment will be due.~~
- ~~Revise the mortgagor's payment records to provide for collection of the modified installments.~~

The servicer should consider modification of the Mortgage Loan if a mortgagor has experienced a permanent or long-term reduction in income that affects his/her ability to continue making the monthly Mortgage Loan payments or has another documented situation in which changing the terms of the Mortgage Loan would cure the delinquency, prevent future delinquencies, or avoid the acquisition of the Mortgaged Property.

When a mortgagor experiences a documented hardship, the servicer has authority to complete modifications on behalf of Minnesota Housing provided that the servicer has made a determination that a repayment plan option would be successful. The modification must meet the following terms and remain in compliance with the requirements of any Mortgage Insurer or Guarantor:

- The Mortgagor's new housing Debt to Income ratio is between 25-46%
- Mortgagor(s) has residual income (positive monthly surplus)
- Mortgagor has made at least 12 months of payments since loan origination or any previous modification
- If applicable, a mortgagor granted Military Indulgence cannot cure his/her delinquency within three months after being discharged from military service

Modifications may extend the term of the Mortgage Loan or provide for re-amortization of the outstanding debt. The term may be extended up to a maximum of 40 years and interest rates reduced to as low as 2%, but could also include solutions such as principal forgiveness, capitalization of interest, and refinancing. For loans with a Mortgage Insurer or Guarantor, prior approval by the Mortgage Insurer or Guarantor is required for all proposals to change the terms of the Mortgage Loan and may not impair any contract of insurance or guaranty of the Mortgage Loan.

The servicer should use reasonable discretion in evaluating and approving loan modifications in order to minimize the loss to Minnesota Housing. If the servicer believes a modification is warranted but it does not meet the above guidelines, the servicer must request approval from Minnesota Housing in writing for an exception to these modification guidelines prior to extending the modification option to the mortgagor. Minnesota Housing staff will approve or deny these exception requests in its sole discretion.

The servicer should be aware that if the mortgagor has a non-deferred HAF ~~second~~ junior Mortgage Loan, it too would need to be modified.

MINNESOTA HOUSING

Board Agenda Item: 8.A
Date: 11/16/2017

Item: The Margaret A. Cargill Philanthropies (MACP) Building Systems to Prevent and End Youth Homelessness Project Concept

Staff Contact(s):
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Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☒ Discussion
- ☐ Information

Summary of Request:
Staff is presenting the MACP Building Systems to Prevent and End Youth Homelessness project concept. This grant, if awarded by MACP, would provide $2 million over a three-year grant period to help to end youth homelessness in northwest Minnesota and to develop a school-based host home pilot for unaccompanied homeless youth in up to three rural communities.

Fiscal Impact:
This project would only be undertaken if MACP provides the requested funding. The proposed project budget does include funding for administrative support, some of which could be available to cover certain Agency administrative costs.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Project Concept

Project Concept

In May 2017, Margaret A. Cargill Philanthropies (MACP) contacted Cathy ten Broeke, director of the Office to Prevent and End Homelessness (the Office) to learn about the state's efforts to help youth in rural Minnesota who are experiencing housing instability. After numerous conversations, MACP requested a list of possible, but not yet implemented, youth related initiatives in rural Minnesota that best aligned with MACP's interest. Ms. ten Broeke consulted with various stakeholders, including Minnesota Housing, to develop the list of possible concepts and ultimately presented the list to MACP, which subsequently identified two concepts for which additional information was requested:

- The first concept, originating from a group of youth providers and interested stakeholders in the northwest region, focused on developing a process to end youth homelessness in their region (NW Region component)
- The second concept focused on implementing a school-based host home project for unaccompanied homeless youth in rural areas, including tribal reservations, (Host Home component).

MACP indicated they would be interested in receiving a formal application requesting funding to develop and implement these two concepts. As conversations progressed, it became clear that MACP wanted the Office to be deeply involved and coordinate how their funding would be deployed to support these two initiatives. The Office, however, is not an entity that can apply for or receive funding of this type. Knowing this, MACP explicitly stated they preferred the applicant and potential recipient to be an organization that had significant grantee experience and systems, protocols and procedures in place to receive and properly manage a grant of this magnitude. Staff from the Office suggested that Minnesota Housing was well suited to fill this role and MACP agreed. Minnesota Housing staff and senior leaders reviewed this request, conducted a preliminary analysis and determined it had capacity to administer the funding if it is received. Minnesota Housing submitted a $2 million application to MACP in September 2017. The attached Concept Paper describes the proposal in more detail. MACP is expected to make a funding decision at the end of November 2017; however, staff is moving forward with project preparations in accordance with the timeline proposed in the MACP application.

If awarded funds, Minnesota Housing would serve as the fiscal agent and ensure compliance with all applicable MACP, Minnesota Housing and the Minnesota Department of Administration grant policies and requirements. Minnesota Housing would also be responsible to conduct a Request for Proposals (RFP) and select grantees for the NW Region component. Additionally, Minnesota Housing would enter into an Inter-Agency Agreement (IAA) with the Department of Education (MDE), which would then conduct its own RFP to select grantees for the Host Home Project. A senior-level state agency staff person would serve as the overall project design and implementation coordinator for both projects and ensure that lessons learned inform future statewide efforts to prevent and end youth homelessness. Lastly, a leadership team would be formed to guide the implementation of the projects which would include senior staff representation from Minnesota Housing, MDE, the Office, grantees and youth-focused partners from the community.

Per the Minnesota Housing procedure for new funding, staff brought this project concept to the agency's Senior Leadership Team for approval in October, 2017. If MACP awards funding, staff would issue the RFP for the NW Region component and enter into an IAA with MDE to do the same for the Host Home component. Staff would bring selection and funding recommendations for approval for the NW Region component to the board in spring of 2018.

Project Concept for Margaret A. Cargill Philanthropies: Building Systems to Prevent and End Youth Homelessness

Background

In May 2017, the Margaret A. Cargill Philanthropies (MACP) contacted Cathy ten Broeke, director of the Office to Prevent and End Homelessness (the Office), to learn about the state's efforts to help youth in rural Minnesota who are experiencing housing instability. Under Federal rules, youth experiencing homelessness include people age 24 or under who are unaccompanied by parents or guardians. As identified in the 2017 Point-in-Time count, an annual enumeration of people experiencing homelessness statewide, unaccompanied youth constituted 1,196 (16 percent) of the 7,668 people identified. Of that number, 554 unaccompanied homeless youth were identified in Greater Minnesota, roughly half (47 percent) of all homeless youth statewide. After numerous conversations, MACP requested a list of possible, but not yet implemented, youth related initiatives in rural Minnesota that best aligned with MACP's interest. Ms. ten Broeke consulted with various stakeholders, including Minnesota Housing, the Department of Human Services (DHS), the Department of Education (MDE) and the Northwest Continuum of Care (NW CoC) to develop the list of possible concepts and ultimately presented it to MACP, who subsequently identified two concepts they wanted to learn more about:

- The first concept, originating from a group of youth providers and interested stakeholders in the northwest region, focused on developing a process to end youth homelessness in their region (NW Region component)
- The second concept focused on implementing a school-based host home project for unaccompanied homeless youth in rural areas, including tribal reservations, (Host Home component).

MACP indicated they would be interested in receiving a formal application requesting funding to develop and implement these two concepts. As conversations progressed, it became clear that MACP wanted the Office to be deeply involved and coordinate how funding would be deployed to support these two initiatives. The Office, however, is not an entity that can apply for or receive funding of this type. Knowing this, MACP explicitly stated they preferred the applicant and potential recipient be an organization that had significant grantee experience and systems, protocols and procedures in place to receive and properly manage a grant of this magnitude. Staff from the Office suggested that Minnesota Housing was well suited to fill this role and MACP agreed. Minnesota Housing staff and senior leaders thoughtfully reviewed this request, conducted a preliminary analysis and determined it had capacity. The application was developed, reviewed by key members of Minnesota Housing's Senior Leadership Team and ultimately approved and submitted to MACP by Commissioner Tingerthal on September 1, 2017. MACP is expected to make a funding decision at the end of November 2017; however, staff is moving forward with project preparations in accordance with the timeline proposed in the MACP application.

If awarded funds, Minnesota Housing, the Office and MDE would form a collaborative partnership, each fulfilling distinct purposes:

- Minnesota Housing will:
    - Be the recipient of the MACP grant
    - Serve as a primary contact for MACP, along with the Office
    - Serve as the fiscal agent
    - Issue an RFP for the NW Region component
    - Select grantees

  - Enter into an Interagency Agreement (IAA) with MDE to implement the Host Home component
  - Ensure both Minnesota Housing and MDE comply with requirements and policies from MACP, Minnesota Housing and the Office of Grants Management, which operates under the Minnesota Department of Administration
- The Office will:
  - Serve as a primary contact for MACP, along with Minnesota Housing
  - Assign a senior staff member to oversee the coordination and successful implementation of both the NW Region and Host Home components
  - Ensure that lessons learned from both projects will inform statewide efforts to prevent and end youth homelessness
  - Provide support, including outreach and marketing, for the RFPs
- MDE will:
  - Enter into an IAA with Minnesota Housing to implement the Host Home component
  - Issue an RFP for the Host Home component
  - Select grantees
  - Guarantee Minnesota Housing that both MDE and its grantees comply with requirements and policies from MACP, Minnesota Housing and the Office of Grants Management, which operates under the Minnesota Department of Administration

To maximize the collaboration and successful implementation of these two components, a leadership team will be formed that will include senior staff from Minnesota Housing, the Office, MDE, grantees and youth-focused partners.

The NW Region component focuses specifically on ending youth homelessness in the Northwest Continuum of Care (NW CoC). This region operates a Coordinated Entry system prioritization list that identifies people experiencing homelessness and connects them with appropriate services. This list included 99 unaccompanied youth during the year ending June 30, 2017. This statistic provides an estimate as to how many youth may be experiencing homelessness in the region.

The Host Home component focuses on implementing school-based host home initiatives for unaccompanied homeless youth in up to three selected rural and/or tribal communities. During its annual census of students enrolled in Minnesota's public and charter schools, MDE identified 9,526 students statewide who were experiencing homelessness. Of these students, 18 percent were juniors or seniors in high school who may be good candidates for host home intervention. Given these statistics and its partnerships and relationships with schools, MDE was well positioned to implement this portion of the grant and agreed to do so.

The two components will help the selected communities further develop capacity and could potentially demonstrate a path for preventing and ending homelessness in their communities. It will also hopefully provide lessons learned and replicable approaches for other communities throughout Minnesota.

To account for start-up and wind-down activities, Minnesota Housing proposes six months for start-up activities, 24 months for program operations and six months for wind-down activities, resulting in a total grant period of 36 months.

MINNESOTA HOUSING

Project Concept for Margaret A. Cargill Philanthropies: Building Systems to Prevent and End Youth Homelessness

Available Funding

MACP invited Minnesota Housing to submit an application for $2 million. If awarded, funds would be used for the following:

- Minnesota Housing would issue a competitive Request for Proposals (RFP) for up to $1,249,785 to improve the current response system to prevent and end youth homeless in the NW CoC communities. The selected grantee(s) may subcontract with other partners to achieve this purpose. These funds would primarily be used to increase staff capacity allowing them to serve as navigators for homeless youth identified in the region and connect them with housing and other resources needed to end their homelessness. A portion of the funds may also be used for direct client assistance expenses (e.g., damage deposits). If determined to be beneficial, Minnesota Housing may also consider providing additional funds from its own resources for short-term rental assistance.
- Minnesota Housing and MDE would enter into an IAA for up to $311,715. MDE would use the funds to issue an RFP for school-based host home initiatives in up to three communities. These funds would be used to increase staff and cover costs associated with operating a host home, which may include a flexible pool to fund youth needs that hosts or other resources cannot cover.
- Under the dual direction of MDE and the Office, up to $138,500 would fund the senior staff position dedicated at 30 percent time to support implementation of both the NW Region and the Host Homes components. A portion of these funds may also pay for technical assistance from host home experts as new school-based host homes are being implemented.
- The remaining $300,000 would be reserved for administrative costs for parties involved (Minnesota Housing, MDE, the Office and local grantees under both components).

Program Objectives

The MACP grant would achieve the following objectives, which would in turn serve as the basis for the competitive RFPs and the IAA between Minnesota Housing and MDE.

The NW Region Project will:

- Establish a systematic approach to reliably identify all unaccompanied youth experiencing housing crises or homelessness
- Establish adequate capacity to prevent youth homelessness whenever possible and otherwise offer immediate crisis housing to any youth who needs it
- Establish capacity to ensure that all youth experiencing homelessness are linked to appropriate housing and support services
- Leverage the region's Coordinated Entry system to help resolve homelessness as quickly as possible
- Have the resources, plans and system capacity in place to prevent and quickly end future experiences of youth homelessness

These objectives result from recent federal guidance specifying the criteria and benchmarks needed to end youth homelessness in a community. The benchmarks serve as tests conducted by the federal government to determine whether a community's claim that they have achieved the goal is valid and subsequently recognized by the federal government.

The Host Home Project will ensure that:

- Up to three rural and/or tribal communities establish school-based host home programs
- Viable hosts are identified, recruited and supported in each participating community and are sufficient to maximize program capacity and achieve significant impact on the local population of unaccompanied homeless youth
- Homeless unaccompanied students within each community will achieve housing stability by selecting hosts, and both the youth and the host will receive on-going support
- Each young person participating in school-based host homes will have a plan to support a successful transition to adulthood, including housing stability, attainment of educational and employment goals, permanent connections and well-being
- Operating procedures and lessons learned from participating communities will be documented and used to potentially expand and replicate school-based host homes in other communities

Minnesota Housing Request for Proposals (RFP)

If awarded the MACP funding, Minnesota Housing will issue an RFP for the NW Region component in January 2018 with responses due in February 2018. The substantive goals of the RFP would be derived from the objectives listed above in the 'Program Objectives' section. Minnesota Housing will encourage applications that include a collaborative model with new or existing partnerships.

RFP respondents will be asked to provide a budget and expected staffing needs to accomplish the identified objections and actions. While Minnesota Housing's RFP will suggest how we anticipate staffing needs could be met using the available resources and anticipated roles, we recognize that a respondent may identify a different allocation of resources. Minnesota Housing will review the suggested allocation of resources and approve it at the agency's discretion.

Applications will be reviewed and scored on the following:

- Applicant's capacity to administer the program and meet the grant objectives listed above
- A credible plan to address needs identified in the RFP
- Alignment of the application with the statewide Plan to Prevent and End Homelessness and the willingness to support the collaborative to advance the project
- Applicant's demonstrated experience to work collaboratively and effectively to create and sustain system change
- Experience serving youth using a positive youth development framework and other best practices
- Familiarity with the service area
- Reasonableness of budget
- Viable transition plan and resources to end youth homelessness beyond the grant term

Applications will be reviewed and scored by Minnesota Housing staff, with input from staff at other state agencies and youth focused organizations, to determine selections and funding recommendations. The recommended selections would be presented to the Minnesota Housing board for approval in the spring of 2018.

If MACP funds are awarded, upon notification of the award Minnesota Housing would immediately enter into an IAA with MDE. MDE would issue its RFP in February 2018 for the Host Home Project. The substantive goals of the RFP would be derived from the objectives listed above in the 'Program Objectives' section. Additionally, Minnesota Housing will incorporate RFP expectations into the IAA. MDE would make funding decisions in the spring of 2018.

Board Agenda Item: 8.B
Date: 11/16/2017

Item: HUD RFP for Performance Based Contract Administration of Section 8 Project Based Rental Contracts

Staff Contact(s):
Tom O'Hern, 651.296.9796, tom.ohern@state.mn.us
Anne Smetak, 651.296.9806, anne.smetak@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☒ Discussion
- ☒ Information

Summary of Request:
Information regarding an anticipated HUD RFP for Performance Based Contract Administration (PBCA) of Section 8 project based rental contracts and the potential impact on the Agency.

Fiscal Impact:
Potentially significant, as the current Performance Based Contract Administration (PBCA) contract administered by the Agency represents a significant body of work and source of revenue for the Agency.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background

This memorandum provides background information regarding an anticipated request for proposals (RFP) from the U.S. Department of Housing and Urban Development (HUD). It is anticipated that HUD will release a new RFP to select a Performance Based Contract Administrator (PBCA) for project-based Section 8 properties in the state of Minnesota and nationwide. The Agency is currently the PBCA for the state of Minnesota, has a corresponding Annual Contributions Contract with HUD (the "PBCA contract"), and expects to respond to the RFP when it is issued.

Project-based Section 8 is a HUD program that provides a finite number of properties with deep and ongoing federal rental assistance subsidies. Rents in the properties are affordable to the lowest-income tenants in the state; tenants pay 30% of their income in rent and the remainder of the rent is paid by HUD to property owners. The program is a crucial source of deeply affordable housing in Minnesota.

The PBCA contract is the mechanism by which HUD contracts with an entity to oversee and administer the project-based Section 8 program. Under federal law, the PBCA work must be contracted to a "public housing agency", which is defined to include governmental entities such as Minnesota Housing, as well as the instrumentalities of governmental entities. Minnesota Housing has held the PBCA contract for the state of Minnesota since 2000. The PBCA contract currently administered by the Agency includes 400 federally subsidized affordable rental housing developments, representing more than 21,000 affordable units in the state. Through the PBCA contract, the Agency oversees property owner's compliance with the program, facilitates effective program implementation, and ensures the properties are properly maintained and operated. The 25 Agency staff members who work on PBCA strive to ensure that this important affordable housing resource is preserved and maintained. The Agency's performance under the PBCA contract is regularly rated at the highest level by HUD and the Agency received more than $6 million in revenue from HUD in the last year through the contract.

The Agency's current PBCA contract expires in the end of the year. HUD has indicated that it expects to issue a new RFP for PBCA work across the country in coming months. The last time HUD issued a PBCA solicitation was in 2011 and the Agency was awarded the contract without dispute. Other state agencies that responded to the 2011 RFP faced considerable competition from outside entities and there was extensive litigation regarding both the form and content of the solicitation.

When HUD issues the PBCA RFP, the Agency intends to respond and would like to retain the PBCA contract for the state. While specifics will not be available until the RFP is actually issued, HUD has indicated that, unlike in the past, it may require regional responses to the RFP. If HUD requires regional responses, respondents would need to submit proposals to cover the PBCA work for multiple states, rather than just one state. The Agency has been working with other state housing finance agencies in HUD's Midwest Region (comprised of Minnesota, Wisconsin, Indiana, Illinois, Ohio and Michigan) to determine how best to respond to the RFP if a regional response is required. In addition to the inherent complications of a regional response, it is also anticipated that HUD may permit entities other than just public housing agencies to respond to the RFP, which is likely to result in bid protests and extensive litigation.

No Board action is needed at this time. We will continue to keep the Board informed as matters progress and seek Board approval if and when needed.

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MINNESOTA HOUSING

Board Agenda Item: 8.C
Date: 11/9/2017

Item: 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report

Staff Contact(s):
John Patterson, 651.296.0763, john.patterson@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☒ Discussion
- ☐ Information

Summary of Request:
Staff has attached for your review and discussion the fourth quarter progress report for the 2017 Affordable Housing Plan and the 2016-19 Strategic Plan.

Fiscal Impact:
None

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report

2017 Affordable Housing Plan and 2016-19 Strategic Plan
Fourth Quarter Progress Report
(October 1, 2016 – September 30, 2017)
November 9, 2017

Overview

Implementation of the 2017 AHP was very strong with overall production and program activity meeting expectations. Key highlights include:

- Home mortgage lending was near record levels, and we increased the budget from $600 million to $650 million during the year. This level of production is particularly impressive given the diminishing supply of homes for sale that are affordable to our borrowers. Since 2014, the supply of homes in the Twin Cities metropolitan area selling for less than $250,000 declined by 54 percent from 9,413 to 4,314, while our lending across the State increased by 56 percent from 2,595 to 4,035. While our lending applies to the entire state and the inventory just applies to the 16-county Twin Cities Metropolitan Statistical Area, the trend and percentage change for the inventory is a good proxy for the entire state.

Year	Home Mortgage Loans Statewide (Purchased)	Inventory <$250K 16-County MSA
2013	2,866	9,378
2014	2,595	9,413
2015	4,089	8,004
2016	4,063	6,105
2017	4,035	4,314

- Under the multifamily RFP, we selected a higher share of new construction units and a lower share of rehabilitation units than we had in earlier years. Because new construction requires more funding per unit than rehabilitation, the overall number of assisted units is less than originally projected. In addition, we did less first mortgage lending than forecasted.

Tables 1 through 3 present key program activity for the year and are followed by notes that provide details and discussion for each line item in the tables.

Table 1: Production (Units with Funding Commitments) and Programmatic Measures

Quarter 4 of 2017 AHP (100% through AHP)

	Original AHP Forecast	Actual For Year	Portion of AHP Forecast Completed
Single Family Production – Homes			
1. Home First Mortgages (Net Commitments)	3,750	4,131	110%
2. Other Homeownership Opportunities*	237	249	105%
3. Owner-Occupied Home Improvement/Rehabilitation	1,248	1,157	93%
4. Total	5,235	5,537	106%
Homebuyer Education, Counseling and Training - Households			
5. Homebuyer Education*	14,643	17,932	122%
Multifamily Production – Rental Units			
6. New Rental Construction	895	928	104%
7. Rental Rehabilitation	1,071	719	67%
8. Asset Management	100	0	0%
9. Total	2,066	1,647	80%
Rental Assistance and Operating Subsidies - Households			
10. State Funded Rental Assistance*	2,872	2,550	89%
11. Operating Subsidies*	1,486	1,501	101%
12. Section 8 and 236 Contracts	30,727	30,701	100%
13. Total	35,085	34,752	99%
Homeless Prevention			
14. Family Homeless Prevention and Assistance Program (FHPAP)* & Housing Opportunities for Persons with AIDS (HOPWA)	7,374	7,066	96%
Build Sustainable Housing			
15. Percentage of New Construction or Rehabilitation Units that Meet Standard of Green Communities Certification or B3:			
a. Single Family	50%	49%	**
b. Multifamily	95%	85%	**
Increase Homeownership for Households of Color			
16. Percentage of First-Time Homebuyer Mortgages Going to Households of Color or Hispanic Ethnicity	35%	33%	**

* Funds for Habitat for Humanity, homebuyer education, state funded rent assistance, operating subsidies, and FHPAP are committed by the Board in July-September, at the end of an AHP. Thus, funds committed under the 2016 AHP (in July-September 2016) fund program activity in 2017 (October 1, 2016 to September 30, 2017). To reflect 2017 program activity for these programs, this table shows the households supported in 2017 with 2016 AHP funds. For all other programs, the table shows the households and housing units supported by funds provided in the 2017 AHP.

** Not Applicable.

Table 2: Distribution of Resources

Quarter 4 of 2017 AHP (100% through AHP)

	AHP Forecast	Actual for Year
17. Percentage of Originally Budgeted Funds that are Committed Under the AHP	>95% by end of the year	102%

Table 3: Management of Loan Assets

Quarter 4 of 2017 AHP (100% through AHP)

	AHP Forecast/ Benchmark	Actual
18. Share of Home Mortgages Purchased in Previous 24 Months that are 30+ Days Past Due or In Foreclosure (9/30/17)	4.45%*	3.26%**
19. Percentage of Multifamily Developments with Amortizing Loan on Watch List	Under 10%	7.9%
20. Percentage of Outstanding Multifamily Loan Balances on Watch List	Under 10%	3.3%

* This is a benchmark, rather than a forecast, and it is based on the performance of other housing finance agencies from across the country that have their mortgages serviced by US Bank.
**The information presented is based on MBS loans purchased in the previous 24 months. As such, the information is not directly relevant to the security of any bonds of the Agency and should not be relied upon for that purpose. The Agency publishes separate disclosure reports for each of its bond resolutions.

Discussion of Items in the Table

- **Line 1:** Home mortgage lending was very strong. We now expect net commitments to end up at about $650 million in 2017, rather than the original budget of $600 million. After some recently committed mortgages cancel, the 4,131 loans will drop to a little over 4,000.

- **Line 2:** Production under other homeownership opportunities ended up 5% higher than originally forecasted with a strong RFP for the Impact Fund

- **Line 3:** Overall, production for owner-occupied home improvement and rehabilitation was generally on track. Lending under the Fix-Up Fund was slower than forecasted.

- **Line 4:** Overall, home buying and improvement activities performed better than expected.

- **Line 5:** Homebuyer education was significantly stronger than expected with very active participation in the Homeownership Center's online education program called Framework.

- **Line 6**: Rental new construction production was 104% of the forecast. We ended up allocating a higher share of funding to new construction than we typically do.

- **Line 7:** With the emphasis on new construction, rehabilitation production was below the forecast. Given the low rental vacancy rates across the state, this was an appropriate shift.

- **Line 8:** There was no new production under Asset Management. We have reoriented this program to focus on shorter-term and immediate needs of the properties in our portfolio, and we are directing properties to the RFP process for longer-term and permanent needs. By targeting the program on shorter-term and immediate needs, forecasting the amount and timing of program demand is more uncertain.

- **Line 9:** Overall, rental production fell short of the original forecast. As explained, we allocated more funding to new construction, which requires more funding per unit than rehabilitation and supports fewer units with the same amount of funding. In addition, we did less first mortgage lending than forecasted.

- **Line 10:** Production for rental assistance was a little lower than expected - serving 89% of the forecasted households. Low vacancy rates created a challenge for people just receiving the assistance to find in timely fashion a rental unit that will accept the voucher.

- **Line 11:** Operating subsidies were right on track at 101% of the forecast.

- **Line 12:** The administration of Section 8 contracts is performing as expected. This is a very stable program with consistent funding and households served.

- **Line 13:** Overall, rent assistance and operating subsidy production (federal and state) performed as expected.

- **Line 14:** Homeless prevention activity was just under the forecast.

- **Line 15:** The majority of Minnesota Housing's production meets sustainable design criteria.

  On the single-family side, all of the homes receiving funds under the Community Homeownership Impact Fund for new construction or acquisition-rehabilitation meet the standard. However, the Fix-Up home improvement program is market driven, and borrowers are not required to follow sustainable design criteria in their home improvement efforts. Thus, the single-family percentage is below 100%.

  Typically, the multifamily percentage is close to 100%. In a given year, a few projects may have circumstances that make them exempt from the sustainable design criteria.

- **Line 16:** The Agency continues to effectively serve communities of color or Hispanic ethnicity through homeownership. The Agency estimates that a little over 25% of renter households that are income eligible for Minnesota Housing first mortgages are of color or Hispanic ethnicity. For homeownership, while we are slightly below the goal of 35% lending to households of color or Hispanic ethnicity, the achievement of 33% indicates that the Agency is reaching these households.

- **Line 17:** We have committed 102% of the funds originally budgeted in the 2017 AHP.

- **Lines 18:** Our 30+ day delinquency rate for loans purchased in the last 24 months (including loans in foreclosure) was 3.26% in September 2017, which is better than our "peer" benchmark of 4.45%. This data comes from US Bank, which services MBS loans for us and many other housing finance agencies.

  The information is based on MBS loans purchased in the previous 24 months. As such, the information is not directly relevant to the security of any bonds of the Agency and should not be relied upon for that purpose. The Agency publishes separate disclosure reports for each of its bond resolutions.

- **Line 19-20**: The Agency is meeting its goal for minimizing the number and share of loans on its multifamily watch list.

Changes to 2017 AHP Funding Levels

Table 4 shows changes to 2017 AHP budget. The delegated changes are generally small (roughly $2 million or less) and reflect revisions to our estimates of repayments and uncommitted funds and changes to federal and state funding. The largest change was the addition of $17.0 million of Housing Infrastructure Bond (HIB) proceeds to the Housing Trust Fund Capital program (line 16). These funds came from the $55 million of additional HIB authority provided in the 2017 bonding bill. We combined the $17.0 million with $3.0 million of existing authority to provide up to $20 million for an early award process. We ended up committing $13.5 million for Dorothy Day. The remaining HIB funds are budgeted in the 2018 AHP.

The Board amendments reflect actions taken by the Board in July, which included increasing the Home Mortgage budget by $50 million, transferring $2.5 million of previously budgeted but unused Pool 3 resources to the Deferred Payment Loan program, and $56,641 of unused Pool 3 resources to the Family Homeless Prevention and Assistance Program to support a Landlord Risk Mitigation Fund.

Table 4: 2017 AHP Changes

		Original 2017 Budget	Delegated Changes	Board Amendments	Revised 2017 Budget
	Homebuyer Financing and Home Refinancing				
1	Home Mortgage Loans	$600,000,000	$0	$50,000,000	$650,000,000
2	Mortgage Credit Certificates (MCC)	$5,700,000	$1,300,000		$7,000,000
3	Deferred Payment Loans	$15,500,000	$1,010,700	$2,500,000	$19,010,700
4	Monthly Payment Loans	$11,000,000	$0		$11,000,000
5	Habitat for Humanity Initiative	$2,500,000	$0	-$1,000,000	$1,500,000
	Homebuyer/Owner Education and Counseling				
6	Homebuyer Education, Counseling & Training (HECAT)	$1,517,000	$81,000		$1,598,000
7	Enhanced Homeownership Capacity Initiative	$1,250,000	$0		$1,250,000
	Home Improvement Lending				
8	Home Improvement Loan Program	$14,000,000	$0		$14,000,000
9	Rehabilitation Loan Program (RLP)	$8,600,000	$0		$8,600,000
	Rental Production- New Construction and Rehabilitation				
10	First Mortgage - Low and Moderate Income Rental (LMIR)	$60,000,000	$0		$60,000,000
11	First-Mortgage - MAP (Multifamily Accelerated Processing)	$20,000,000	$0		$20,000,000
12	Flexible Financing for Capital Costs (FFCC)	$0	$1,235,988		$1,235,988
13	Multifamily Flexible Capital Account	$4,500,000	-$1,235,988		$3,264,012
14	Low-Income Housing Tax Credits (LIHTC)	$9,546,045	$212,590		$9,758,635
15	National Housing Trust Fund	$3,000,000	$0		$3,000,000
16	Housing Trust Fund - Capital (Housing Infrastructure Bonds)	$3,000,000	$17,000,000		$20,000,000
17	Preservation - Affordable Rental Investment Fund (PARIF)	$13,900,580	-$2,974,282		$10,926,298
18	HOME	$11,518,166	$144,091		$11,662,257
19	Preservation - Publicly Owned Housing Program (POHP)	$1,687,858	$342,166		$2,030,024
20	Rental Rehabilitation Deferred Loan Pilot Program (RRDL)	$954,606	$1,160,981		$2,115,587
	Rental Assistance Contract Administration				
21	Section 8 - Performance Based Contract Administration	$135,000,000	$2,500,000		$137,500,000
22	Section 8 - Traditional Contract Administration	$52,000,000	-$500,000		$51,500,000
23	Section 236	$79,695	-$4,621		$75,074
	Housing Stability for Vulnerable Populations				
24	Housing Trust Fund (HTF)	$17,963,789	-$782,556		$17,181,233
25	Bridges	$6,339,508	$0		$6,339,508
26	Section 811 Supportive Housing Program	$500,000	$208,621		$708,621
27	Family Homeless Prevention and Assistance Program (FHPAP)	$8,644,000	$103,113	$56,641	$8,803,754
28	Housing Opportunities for Persons with AIDS (HOPWA)	$153,742	$21,442		$175,184
	Rental Portfolio Management				
29	Asset Management	$2,000,000	$0		$2,000,000
	Multiple Use Resources				
30	Economic Dev. and Housing/Challenge (EDHC) - Regular	$24,279,779	$1,819,200		$26,098,979
31	EDHC - Housing Infrastructure Bonds (HIB)	$0	$0		$0
32	Community-Owned Manufactured Home Parks	$2,000,000	$0		$2,000,000
33	Single Family Interim Lending	$1,000,000	$0		$1,000,000
34	Technical Assistance and Operating Support	$2,655,000	$30,000	-$56,641	$2,628,359
35	Strategic Priority Contingency Fund	$1,500,000	$0	-$1,500,000	$0
	Other				
36	Manufactured Home Relocation Trust Fund	$1,163,695	-$40,764		$1,122,931
37	Organizational Investments / Loans	$10,000,000	$0		$10,000,000
38	Naturally Occurring Affordable Housing Investment / Loan	$10,000,000	$0		$10,000,000
39	Disaster Relief Contingency Fund	$1,925,934	$164,543		$2,090,477
	TOTAL	**$1,065,379,397**	**$21,796,224**	**$50,000,000**	**$1,137,175,621**

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Board Agenda Item: 9.A
Date: 11/16/2017

Item: Post-Sale Report, State Appropriation Bonds (Housing Infrastructure) 2017 Series A

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution

☒ No Action Needed
☐ Discussion
☒ Information

Summary of Request:
The Agency sold $12,690,000 of State Appropriation (Housing Infrastructure) Bonds, 2017 Series A on October 12, 2017 with a closing on October 24, 2017. In accordance with the Debt Management Policy the attached post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Post-Sale Report

CSG | advisors

Via Email Delivery

MEMORANDUM

Date: **November 3, 2017**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Eric Olson, Tim Rittenhouse**

Re: **Post-Sale Report**
$12,690,000 State Appropriation Bonds (Housing Infrastructure)
2017 Series A

KEY RESULTS FOR MHFA

Purpose. MHFA issued the 2017 Series A State Appropriation Bonds to finance a portion of the cost of the construction of a 177-unit multifamily permanent supportive housing development in Saint Paul, Dorothy Day Residence, and to pay costs of issuance.

The Housing Infrastructure Loan to the development will be a 0% interest, non-amortizing, nonrecourse deferred loan that may also be forgivable if the conditions for use are met. The loan does not provide the security for or help repay the bonds. The bonds are paid solely from the State's general fund appropriation.

Under the relevant authorizing legislation, MHFA may use bond proceeds to make loans to help finance costs of:

- all or a portion of the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence,
- all or a portion of the costs of the acquisition and rehabilitation of abandoned or foreclosed property to be used for affordable rental housing and the construction of rental housing on that property where the existing structures will be demolished or removed,
- that portion of the costs of the acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers,
- all or a portion of the costs of the acquisition and rehabilitation or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit, and
- all or a portion of the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking.

Sixth Housing Infrastructure Financing. The $12,690,000 2017 Series A issue is the sixth financing under this indenture. The prior issues are summarized in the following table.

$15,460,000	2013 Series A/B
$14,540,000	2014 Series A/B
$37,570,000	2015 Series A/B
$31,095,000	2015 Series C
$18,625,000	2016 Series A/B/C
$117,290,000	Total prior series (of which $84,870,000 is currently outstanding)

While all of the Housing Infrastructure financings are secured on a parity basis, particular series are issued under different appropriations limits covering both par amount and annual debt service.

Limit on Par Amount: The currently applicable limit on the par amount that can be issued is $175,000,000, leaving $45,020,000 in remaining par authorization after the issuance of $12,690,000 of 2017 Series A.

Limit on Annual Debt Service: After the issuance of the 2017 Series A bonds, the aggregate (including the 2014, 2015 and 2017 authorizations) amount of annual debt service that is authorized but unutilized is approximately $3.25 million annually (subject to stepped-down amounts in later years as the 2014 and 2015 annual authorizations expire).

This limit on annual debt service may prohibit the Agency from issuing the entire par amount that remains authorized but not yet issued.

KEY FEATURES OF THE BONDS

Limited Obligations of MHFA. The bonds are not secured or guaranteed by MHFA and are payable solely from the State Appropriations.

Appropriations Risk. The Housing Infrastructure State Appropriations are a standing annual appropriation that does not require any further action by the Legislature for payments to be made in future years. As provided by Minnesota law, a standing appropriation may be reduced or repealed entirely by the Legislature; this would have significant credit consequences for the State. The bonds are therefore rated slightly below the state General Obligation bonds because of this possible non-appropriation risk.

Ratings. The bonds are rated Aa2 by Moody's and AA by Standard & Poor's.

Facilitating Access to Low Income Housing Tax Credits. The bonds are private activity bonds using volume cap. As such, bond proceeds can help the development qualify for 4% low income housing tax credits that can help further leverage the state appropriation.

Serial/Term Bond Structure. The bonds were structured with serial maturities from 2018 through 2037.

Original Issue Discounts and Premiums: The bonds were structured with original issue discounts on some maturities and premiums on other maturities. Overall, there was a net reoffering premium of approximately $1.1 million.

UNDERWRITING

RBC Capital Markets served as senior managing underwriter, with Piper Jaffray & Co. and Wells Fargo Securities as co-managers.

The day prior to the sale, RBC solicited pricing views of the co-managers and shared these with MHFA and CSG along with their consensus proposed scale and pricing comps. CSG also independently provided MHFA with draft pricing comparables (see final version attached). To maximize the attractiveness of the bonds to a broad range of investors, RBC structured the maturities with different coupons ranging from 2% to 5% and with some priced at a discount and others at a premium.

The bonds were sold on Thursday, October 12th, with a single order period with priority for Minnesota retail. During the pricing period, $35,035,000 of orders were received, representing an overall oversubscription factor of approximately 2.76 times. All maturities except one (2027) received orders, with maturities in the 2028-2037 range having particularly strong orders with seven maturities oversubscribed by 4 times or more. On these heavily oversubscribed maturities, RBC lowered the yield by 3-4 basis points. RBC also lowered yields by 1-2 basis points on five other maturities where oversubscription levels ranged 2-3 times. The final true interest cost of the overall issue was 3.011%.

Minnesota retail received first priority (for individuals only and with a maximum order size of $250,000), with $625,000 of retail orders received, including $25,000 through RBC and $600,000 through the other underwriters.

The total underwriter's discount was $107,231.41 or approximately 0.845% of the $12,690,000 bond par amount. Takedowns were $3.75 for the 2018-2027 bonds and $5.00 for all other bonds. Management fees and takedowns were appropriate, consistent with industry standards, and in the same range as fees reported for other issues of similar credit, size and structure.

MARKET CONDITIONS

Treasuries. Over the week leading up to the sale of the bonds, U.S. Treasury yields trended modestly downward, with the 30-year down 3 basis points to 2.86% and the 10-year down 2 basis points to 2.33%.

Municipals. Similar to treasuries, municipal rates trended downward in the week prior to the bond sale, especially in the longer maturities. The 30-year MMD dropped 5 basis points to 2.78%, while 10-year MMD dropped 3 basis points to 1.98%. Compared to the levels at the beginning of the year, 30-year MMD is down 30 basis points and 10-year MMD is down 35 basis points. Some of the factors supporting the strong performance of municipals so far this year have included:

- Supply of new municipal bonds in 2017 through October 13 was down over 17% from the same period last year.
- Generally positive net mutual fund inflows since January 2017 have helped to absorb new issue supplies and kept muni yields improving relative to treasuries.
- Rebounding from their post-election widening, credit spreads have reverted to very close to their averages for the last year, indicating that investors are more comfortable reaching for lower quality bonds: spreads between 30-year AAA-rated G.O.'s and Baa-rated G.O.s are roughly equal to their average for the last year.

COMPARABLES

Attached is a listing of recent comparable bond pricings. The first page includes the State of Minnesota and University of Minnesota transactions priced in the month leading up to sale of

MHFA's 2017 Series A. The second page shows the prior MHFA State Appropriation Bond issues from 2014-2016.

The comps show a wide variety of spreads to the interpolated MMD curve for particular maturities, with MHFA's spreads generally higher than those on the State and University of Minnesota transactions. This is due in part to the different credits, where MHFA's 2017 Series A bonds are unique in bearing state appropriations risk rather than providing a general obligation credit or simple revenue credit, and also in being related to housing, where investors generally perceive higher risks including compliance with affordability requirements.

Compared to MHFA's prior State Appropriation Bond financings, the spreads to MMD on 2017 Series A were generally a little better than those achieved last year. But direct comparisons are difficult given different coupons and premium/discount structures on individual maturities.

PRICING COMPARABLES: Selected Recent Issues Plus MHFA HIB 2014-2016

Pricing Date		10/12/17			9/27/17			9/27/17			9/27/17			9/14/17			9/14/17		
Amount		$12,690,000			$312,295,000			$114,000,000			$323,770,000			$117,095,000			$292,955,000		
Issuer		Minnesota HFA			State of Minnesota			State of Minnesota			State of Minnesota			Univ. of Minnesota Regents			Univ. of Minnesota Regents		
Series		2017 Series A (Housing Infra)			G.O. Various Purpose, 2017A			G.O. Trunk Highway, 2017B			G.O. Var. Purp. Ref., 2017D			G.O Bonds, 2017A			G.O Refunding Bonds, 2017B		
Program		Appropriations / Negotiated			GO / Competitive			GO / Competitive			GO / Competitive			GO / Negotiated			GO / Negotiated		
Rating(s)		Aa2 / AA / -			Aa1 / AA+ / AAA			Aa1 / AA+ / AAA			Aa1 / AA+ / AAA			Aa1 / AA / -			Aa1 / AA / -		
Year	Maturity ('17 pricings)	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD
0	2017																2.000	0.70	
1	2018	2.000	1.03	+10	5.000	0.93	+2	5.000	1.00	+9				4.000	0.79	+3	5.000	0.81	+3
2	2019	3.000	1.14	+15	5.000	0.98	+1	5.000	1.05	+8				4.000	0.89	+3	5.000	0.90	+3
3	2020	4.000	1.25	+17	5.000	1.08	+2	5.000	1.15	+9	5.000	1.170	+11	5.000	1.00	+4	5.000	1.02	+4
4	2021	4.000	1.37	+19	5.000	1.20	+3	5.000	1.25	+8	5.000	1.270	+10	2.000	1.12	+5	5.000	1.14	+4
5	2022	4.000	1.55	+22	5.000	1.38	+5	5.000	1.41	+8	5.000	1.430	+10	2.000	1.24	+4	5.000	1.28	+4
6	2023	5.000	1.72	+26	5.000	1.51	+5	5.000	1.54	+8	5.000	1.560	+10	5.000	1.36	+4	5.000	1.40	+4
7	2024	5.000	1.88	+29	5.000	1.66	+5	5.000	1.70	+9	5.000	1.710	+10	5.000	1.52	+5	5.000	1.58	+5
8	2025	5.000	2.05	+32	5.000	1.83	+6	5.000	1.85	+8	5.000	1.860	+9	5.000	1.70	+6	5.000	1.75	+6
9	2026	5.000	2.22	+35	5.000	1.95	+6	5.000	1.97	+8	5.000	1.980	+9	5.000	1.84	+7	5.000	1.88	+7
10	2027	5.000	2.34	+37	5.000	2.05	+6	5.000	2.07	+8	5.000	2.080	+9	5.000	1.97	+9	5.000	2.00	+9
11	2028	4.000	2.53*	+47	5.000	2.15	+6	5.000	2.17	+8	5.000	2.180	+9	5.000	2.11	+12	5.000	2.13	+12
12	2029	4.000	2.68*	+54	5.000	2.23	+6	2.250	2.44	+27	3.000	2.460	+29	5.000	2.20	+12	5.000	2.22	+12
13	2030	4.000	2.85*	+64	5.000	2.29	+6	3.000	2.60	+37	3.000	2.620	+39	5.000	2.28	+13	5.000	2.29	+13
14	2031	3.000	3.05	+77	5.000	2.36	+6	3.000	2.69	+39				5.000	2.35	+13	5.000	2.35	+13
15	2032	3.000	3.09	+74	5.000	2.42	+5	3.000	2.86	+49				5.000	2.42	+13	5.000	2.42	+13
16	2033	4.000	3.05*	+64	5.000	2.48	+4	3.000	3.00	+56				5.000	2.48	+13	5.000	2.48	+13
17	2034	4.000	3.11*	+65	5.000	2.54	+4	3.000	3.09	+59				5.000	2.54	+13	3.000	3.04	+63
18	2035	4.000	3.15*	+64	5.000	2.59	+4	3.000	3.14	+59				5.000	2.59	+12	3.000	3.07	+60
19	2036	3.250	3.32	+77	5.000	2.64	+4	3.000	3.14	+54				5.000	2.63	+11	3.125	3.125	+61
20	2037	3.250	3.34	+75	5.000	2.68	+4	3.125	3.25	+61				5.000	2.67	+12			
21	2038													5.000	2.70	+12			
22	2039													5.000	2.73	+12			
23	2040													5.000	2.76	+12			
24	2041													5.000	2.78	+11			
25	2042													5.000	2.80	+11			
26	2043																		
27	2044																		
28	2045																		
29	2046																		
30	2047																		
Notes		* Yields to first optional call																	
Maturity Dates		8/1			10/1			10/1			10/1			9/1			12/1		
Call Provisions		8/1/27 at par			10/1/27 at par			10/1/27 at par			10/1/27 at par			9/1/27 at par			12/1/27 at par		
Mkt Index		BBI / RBI 3.61% / 3.82%			BBI / RBI 3.60% / 3.81%			BBI / RBI 3.60% / 3.81%			BBI / RBI 3.60% / 3.81%			BBI / RBI 3.56% / 3.77%			BBI / RBI 3.56% / 3.77%		
Sr Manager		RBC Capital Markets			Citigroup			Wells Fargo			BofA Merrill			RBC Capital Markets			RBC Capital Markets		

PRICING COMPARABLES: Selected Recent Issues Plus MHFA HIB 2014-2016

Pricing Date		10/12/17			8/16/16			9/1/15			2/18/15			2/6/14		
Amount		$12,690,000			$16,905,000			$31,095,000			$37,570,000			$14,540,000		
Issuer		Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series		2017 Series A (Housing Infra)			2016 Series ABC (Housing Infr)			2015 Series C (Housing Infr)			2015 Series A,B (Housing Infr)			2014 Series A,B (Housing Infr)		
Program		Appropriations / Negotiated			Appropriations / Negotiated			Appropriations / Negotiated			Appropriations / Negotiated			Appropriations / Negotiated		
Rating(s)		Aa2 / AA / -			Aa2 / AA / -			Aa2 / AA / -			Aa2 / AA / -			Aa2 / AA / -		
Year	Maturity ('17 pricings)	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to iMMD	Coupon	Yield	Spread to MMD
0	2017										2.000	0.13				
1	2018	2.000	1.03	+10	3.000 / 2.000	0.61	+15	2.000	0.34	+12	3.000	0.34	+5	3.0000	0.33	+10
2	2019	3.000	1.14	+15	3.000 / 2.000	0.72	+20	3.000	0.72	+13	4.000	0.67	+11	3.0000	0.51	+14
3	2020	4.000	1.25	+17	3.000 / 2.000	0.85	+25	4.000	1.04	+18	4.000	1.01	+17	4.0000	0.82	+21
4	2021	4.000	1.37	+19	3.000 / 2.000	1.02	+30	4.000	1.34	+21	4.000	1.26	+22	4.0000	1.22	+25
5	2022	4.000	1.55	+22	3.000 / 2.000	1.20	+35	5.000	1.58	+25	4.000	1.53	+27	4.0000	1.56	+30
6	2023	5.000	1.72	+26	3.000 / 2.000	1.42	+40	5.000	1.88	+27	5.000	1.74	+29	2.0000	2.02	+35
7	2024	5.000	1.88	+29	3.000 / 2.000	1.58	+44	5.000	2.12	+32	5.000	2.00	+31	2.3750	2.39	+41
8	2025	5.000	2.05	+32	3.000 / 2.000	1.70 / 1.72	+47 / +49	5.000	2.28	+33	2.150	2.18	+33	4.0000	2.74	+47
9	2026	5.000	2.22	+35	3.000 / 2.000	1.81 / 1.86	+49 / +54	5.000	2.42	+35	2.300	2.34	+34	2.9000	2.95	+50
10	2027	5.000	2.34	+37	3.000 / 2.000	1.95* / 2.00	+54 / +59	5.000	2.54*	+36	5.000	2.50*	+38	3.1250	3.13	+54
11	2028	4.000	2.53*	+47	4.000 / 2.000	2.05* / 2.15	+54 / +64	4.000	2.93*	+63	5.000	2.64*	+41	3.2500	3.25	+53
12	2029	4.000	2.68*	+54	4.000 / 2.250	2.20* / 2.33	+61 / +74	4.000	3.07*	+68	5.000	2.75*	+42	5.0000	3.45*	+61
13	2030	4.000	2.85*	+64	4.000 / 2.375	2.32* / 2.45	+66 / +79	4.000	3.16*	+67	3.000	3.15	+72	3.5000	3.65	+69
14	2031	3.000	3.05	+77	4.000 / 2.500	2.40* / 2.56	+68 / +84	4.000	3.25*	+68	5.000	2.88*	+41	3.6250	3.75	+70
15	2032	3.000	3.09	+74	4.000 / 2.625	2.49* / 2.67	+71 / +89	3.250	3.48	+83	5.000	2.93*	+41	3.7500	3.84	+70
16	2033	4.000	3.05*	+64	4.000 / 2.750	2.54* / 2.77	+71 / +94	3.375	3.56	+83	5.000	2.97*	+40	3.7500	3.93	+70
17	2034	4.000	3.11*	+65	4.000 / 2.750	2.59* / 2.875	+71 / +100	5.000	3.19*	+41	5.000	3.02*	+41	4.0000	4.00	+68
18	2035	4.000	3.15*	+64	4.000	2.64*	+71	5.000	3.24*	+41	5.000	3.06*	+41	4.0000	4.05	+65
19	2036	3.250	3.32	+77	4.000	2.69*	+71	5.000	3.28*	+41	5.000	3.09*	+40	4.0000	4.10	+62
20	2037	3.250	3.34	+75	3.000	3.01	+99	5.000	3.31*	+41	5.000	3.13*	+40	4.7500	4.08*	+55
21	2038				3.000	3.03	+99	5.000	3.35*	+41				5.0000	4.08*	+50
22	2039				3.000	3.04	+98	5.000	3.38*	+41						
23	2040															
24	2041															
25	2042															
26	2043															
27	2044															
28	2045															
29	2046															
30	2047															
Notes		* Yields to first optional call			* Yields to first optional call; "/" indicates Series A/C with different coupons			* Yields to first optional call			* Yields to first optional call			* Yields to first optional call		
Maturity Dates		8/1			8/1			8/1			8/1			8/1		
Call Provisions		8/1/27 at par			8/1/25 at par			8/1/24 at par			8/1/24 at par			8/1/23 at par		
Mkt Index		BBI / RBI 3.61% / 3.82%			BBI / RBI 2.85% / 3.06%			BBI / RBI 3.79% / 4.20%			BBI / RBI 3.60% / 4.23%			BBI / RBI 4.46% / 5.32%		
Sr Manager		RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		