



MEETINGS SCHEDULED FOR NOVEMBER

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

THURSDAY, NOVEMBER 1, 2018

Regular Board Meeting
Lake Superior Conference Room- Fourth Floor
10:00 a.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 1, 2018.

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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AGENDA

Minnesota Housing Board Meeting

Thursday November 1, 2018

10:00 a.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
 - A. (page 5) Regular Meeting of September 27, 2018
5. **Reports**
 - A. **Chair**
 - B. **Commissioner**
 - C. **Committee**
6. **Consent Agenda**
 - A. (page 9) Commitment, Low and Moderate Income Rental (LMIR) and LMIR Bridge Loan
- Boulevard, D8022, Mounds View
7. **Action Items**
 - A. (page 21) Single Family Selections, Community Homeownership Impact Fund
 - B. (page 103) 2018 Multifamily Selections, Amortizing and Deferred Loans, and 2019 Housing Tax Credits and Reservations of Tax-exempt Bond Volume Cap Authority
 - C. (page 161) Resolution Authorizing the issuance and sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2018 Series EFG
 - D. (page 279) Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2018 Series H
8. **Discussion Items**

None.
9. **Information Items**
 - A. (page 359) Post-Sale Report, State Appropriation Bonds (Housing Infrastructure) 2018 Series ABCD
 - B. (page 367) Report of Complaints and Inquiries by Agency or Chief Risk Officer
10. **Other Business**

None.
11. **Adjournment**

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DRAFT Minutes
Minnesota Housing Board Meeting
Thursday September 27, 2018
1:00 p.m.

1. Call to Order.

Chair John DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance agency at 1:02 p.m.

2. Roll Call.

Members Present: John DeCramer, Craig Klausing, Stephanie Klinzing, Rebecca Otto, and Terri Thao.

Minnesota Housing Staff present: Ryan Baumtrog, Wes Butler, Kevin Carpenter, Jessica Deegan, Matt Dieveney, Rachel Franco, Kasey Kier, Dan Kitzbeger, Tresa Larkin, Sarah Matala, Eric Mattson, Tom O'Hern, Ashley Oliver, John Patterson, Devon Pohlman, William Price, Megan Ryan, Terry Schwartz, Barb Sporlein, Kim Stuart, Susan Thompson, Mike Thone, and Mary Tingerthal.

Others present: Ramona Advani, Office of the State Auditor; Laura Janke, RBC; Melanie Lien; Piper Jaffray; Anne Mavity, Minnesota Housing Partnership; Rhonda Skoby, Dorsey;

3. Agenda Review

Chair DeCramer indicated there were no changes to the agenda.

4. Approval of Minutes

A. Regular Meeting of August 30, 2018

Motion: Terri Thao moved to approve the minutes. Seconded by Rebecca Otto. Motion carries 5-0.

5. Reports

A. Chair

None.

B. Commissioner

Commissioner Tingerthal shared the following with the board:

- An update on the Minneapolis Homeless Encampment. Mary indicated that many state agencies are involved in the encampment conversation. Cathy tenBroeke is the state's liaison with city and county officials. Commissioner Tingerthal also noted that the site being considered for relocating the encampment is the site included in the Red Lake Nation application for the upcoming RFP.

New Employee Introductions:

- Shannon Myers introduced Maggie Nadeau and Lisa Myers. Lisa Myers, Executive Assistant, Multifamily division, and Maggie Nadeau, Legal Technician, Multifamily division.
- Megan Ryan introduced Josh Nguyen, Communications Specialist, Communication team.
- Ryan Baumtrog introduced Dan Kitzberger, Legislative Director, Policy & Community Development team.

C. Committee

The Program Committee had an electronic meeting on September 17 to review and discuss the 2019 AHP public comments. The Finance and Audit committee met prior to today's board meeting to review and discuss the FY18 Financial Audit, Federal Program Senior Audit, FY18 Interfund Transfers, and the FY18 Report of Transfer Funds for Reimbursement of Administrative Expenses.

6. Consent Agenda

- A. Ratification of the Finance and Audit Committee recommendation to approve the FY 2018 interfund transfers
- B. Commitment Modification, Preservation Affordable Rental Investment Fund (PARIF)
– Dundry-Hope Block Stabilization II, D7934, Minneapolis;

Motion: Stephanie Klinzing moved to approve all items on the Consent Agenda. Seconded by Craig Klausing. Motion carries 5-0.

7. Action Items

A. Approval Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) - Northstar Ridge, D3079, Coon Rapids

Tresa Larkin presented to the board a request for adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in an amount not to exceed \$1,335,000, subject to the review and approval of the Mortgagor, and the terms and conditions of Minnesota Housing’s term letter.

Chair DeCramer opened up the discussion. Craig Klausing inquired on the refinance, which repositions the properties; Ms. Larkin indicated that it’s a reposition of the owner’s finances.

Motion: Rebecca Otto moved to approve Request for Approval Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) - Northstar Ridge, D3079, Coon Rapids. Seconded by Terri Thao. Motion carries 5-0.

B. Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) Maple Lakes Townhomes, D3627, Maple Grove

Tresa Larkin presented to the board a request for adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in an amount not to exceed \$1,020,000, subject to the review and approval of the Mortgagor, and the terms and conditions of Minnesota Housing’s term letter.

Chair DeCramer opened up the discussion. **Motion:** Rebecca Otto moved Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) Maple Lakes Townhomes, D3627, Maple Grove. Seconded by Terri Thao. Motion carries 5-0.

C. Analysis of Impediments of Fair Housing Choice

Jessica Deegan presented to the board a request for approval of the 2018 State of Minnesota’s Analysis of Impediments to Fair Housing Choice.

Chair DeCramer opened up the discussion. The board asked a series of questions and staff provided answers. Terri Thao requested that at a future meeting, staff share a report of our actions in the plan. **Motion:** Craig Klausing moved to approve Analysis of Impediments of Fair Housing Choice. Seconded by Rebecca Otto. Motion carries 5-0.

D. 2019 Affordable Housing Plan

John Patterson presented to the board a request for approval of the 2019 Affordable Housing Plan. Chair DeCramer opened the discussion. There were no questions from the board.

Motion: Stephanie Klinzing moved to approve the 2019 Affordable Housing Plan. Seconded by Rebecca Otto. Motion carries 5-0.

8. Discussion Items

A. 4th Quarter FY 2018 Financial Reporting Package

Kevin Carpenter provided the board with an overview of the 4th quarter FY2018 Financial Reporting Package.

B. 2018 Cost Containment Report

John Patterson provided the board with an overview of the 2018 Cost Containment Report.

C. Report of The Governor's Task Force on Housing

Commissioner Tingerthal gave a presentation on the Report of the Governor's Task Force on Housing.

9. Information Items

A. Post-sale report – Homeownership Finance Bonds (HFB) 2018 EF

10. Other Business

11. Adjournment

The meeting was adjourned at 2:47 p.m.

John DeCramer, Chair

DRAFT

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Item: Commitment, Low and Moderate Income Rental (LMIR) and LMIR Bridge Loan (LMIR BL)
- Boulevard, D8022, Mounds View

Staff Contact(s):

Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the selection and issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to \$6,497,000 and a Low and Moderate Income Rental Bridge Loan (LMIR BL) program commitment not to exceed \$6,980,000.

Fiscal Impact:

LMIR loans are funded from Housing Investment Fund (Pool 2) resources, and as such, Minnesota Housing will earn interest income on the end loan without incurring financing expenses. Minnesota Housing will also earn interest rate spread income on the LMIR BL, and both the bridge loan and the end loan will generate additional fee 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):

- Background
- Development Summary
- Resolution
- Resolution Attachment

Background:

The Minnesota Housing Finance Agency (Minnesota Housing) Board, at its October 20, 2017 meeting, approved this development for processing under the Multifamily Accelerated Processing (MAP) first mortgage program and the Low and Moderate Income Rental Bridge Loan (LMIR BL) program. At this same meeting, the Board approved a commitment for financing under the Economic Development and Housing Challenge (EDHC) program. Since selection, the type of first mortgage was changed from MAP to LMIR at the borrower's request. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Total Development Cost	\$ 14,711,961	\$ 13,930,585	\$ (781,375)
Gross Construction Cost	\$ 10,558,954	\$ 10,084,880	\$ (474,074)

Agency Sources:

LMIR (formerly MAP)	\$ 7,590,000	\$ 6,497,000	\$ (1,093,000)
EDHC	\$ 1,736,000	\$ 1,636,000	\$ (100,000)
Total Agency Permanent Sources	\$ 9,326,000	\$ 8,133,000	\$ (1,193,000)

Agency Sources (Bridge Loan):

LMIR BL	\$ 6,925,000	\$ 6,980,000	\$ 55,000
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Other Non-Agency Sources:

Housing Syndication Proceeds	\$ 3,773,535	\$ 3,767,695	\$ (5,840)
Energy Rebates	\$ 1,800	\$ 28,984	\$ 27,184
Met Council LHIA	\$ 500,000	\$ 500,000	\$ 0
Ramsey County HOME	\$ 100,000	\$ 375,000	\$ 275,000
General Partner Loan	\$ 500,000	\$ 500,000	\$ 0
Ramsey County ERF	\$ 0	\$ 49,520	\$ 49,520
Deferred Developer Fee	\$ 510,626	\$ 576,386	\$ 65,760

GROSS RENTS	SELECTION		COMMITMENT		VARIANCE	
	# of DU	Rent	# of DU	Rent	# of DU	Rent
1 BR – Section 811	4	\$ 848	4	\$ 864	0	\$ 16
1 BR	11	\$ 989	10	\$ 989	(1)	\$ 0
1 BR – High HOME	0	\$ 989	1	\$ 915	1	\$ (74)
2 BR	28	\$ 1,212	27	\$ 1,212	(1)	\$ 0
2 BR – High HOME	0	\$ 1,212	1	\$ 1,151	1	\$ (61)
3 BR	17	\$ 1,400	15	\$ 1,400	(2)	\$ 0
3 BR – High HOME	0	\$ 1,400	2	\$ 1,400	2	\$ 0
Total Number of Units	60		60		0	

NOTE: HOME units are restricted by the Ramsey County HOME loan.

Factors Contributing to Variances:

Since selection, the total development cost has decreased by \$781,375. Construction costs decreased \$455,840. The decreased construction costs are attributable to the final building design being more efficient and cost-effective than anticipated and costs for dewatering and earthwork were less than budgeted. Soft costs, including financing fees and reserves, also decreased since selection.

The amount of Agency's first mortgage decreased significantly because at selection it was underwritten as a MAP loan with a 3.60 percent interest rate. The final interest rate of 4.48 percent resulted in a smaller loan. Due to decreased costs, the Agency is decreasing its EDHC loan by \$100,000.

Other Significant Events since Board Selection:

None

DEVELOPMENT SUMMARY

Name: Boulevard
 Address: 7980 Groveland Road
 City: Mounds View County: Ramsey Region: Metro
 D#: D8022
 App#: M17779

MORTGAGOR:

Ownership Entity: Boulevard Apartments, Limited Partnership
 General Partner/Principals: Mounds View Group LLC/Jay Weis and Erik Weis

DEVELOPMENT TEAM:

General Contractor: Eagle Building Company, LLC, Minneapolis
 Architect: Miller Hanson Partners, Minneapolis
 Attorney: Winthrop and Weinstine, P.A., Minneapolis
 Management Company: Velair Property Management, Minneapolis
 Service Provider: Not applicable

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$6,497,000 LMIR First Mortgage
 Funding Source: Housing Invest Fund (Pool 2)
 Interest Rate: 4.48%
 MIP Rate: 0.125%
 Term (Years): 40
 Amortization (Years): 40

\$6,980,000 LMIR Bridge Loan
 Funding Source: Tax Exempt Future Bond Sale
 Interest Rate: 3.25% estimated
 Term (Months): 18 (approximately)

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY
1 BR – Section 811*	4	690	\$ 864	\$ 864	\$ 34,560
1 BR	10	690	\$ 989	\$ 1,062	\$ 39,560
1 BR – High HOME	1	690	\$ 915	\$ 1,062	\$ 36,600
2 BR	27	929	\$ 1,212	\$ 1,273	\$ 48,480
2 BR – High HOME	1	929	\$ 1,151	\$ 1,273	\$ 46,040
3 BR	15	1,045	\$ 1,400	\$ 1,471	\$ 56,000
3 BR – High HOME	2	1,045	\$ 1,400	\$ 1,471	\$ 56,000
TOTAL	60				

NOTES: *Section 811 rental assistance ensures tenants do not pay more than 30% of their income toward rent.

Purpose:

Boulevard is a new construction development located in the City of Mounds View. This 60-unit development will consist of one, three-story building with underground parking. The building will have 15 one-bedroom, 28 two-bedroom and 17 three-bedroom units. The project will contain 60 Housing Tax

Credit (HTC) units. The development addresses economic integration and supportive housing strategic priorities, and will include four units reserved for people with disabilities.

Population Served:

The development will provide housing for general occupancy, including families. The households will have incomes at or below 60% of Multifamily Tax Subsidy Projects Income Limits (MTSP), and four households will serve people with disabilities with incomes at or below 30% of MTSP. The four units for people with disabilities will have Section 811 rental assistance.

Project Feasibility:

The project is feasible as proposed. Minnesota Housing will issue a LMIR BL with short-term, tax-exempt bonds to meet the 50 percent test, qualifying the development for an annual 4% tax credit allocation of approximately \$404,642.

Development financing includes an amortizing LMIR mortgage of \$6,497,000 and \$1,636,000 in EDHC funds. This financing will be leveraged with approximately \$3,767,695 of tax credit equity. Other sources of funding include deferred loans from the Met Council; Ramsey County; and the General Partner, deferred developer fee and energy rebates. The development cash flows at the proposed rent levels and is consistent with Minnesota Housing underwriting guidelines.

Total development costs of \$232,176 per unit are within 125 percent of the predictive model amount of \$242,725.

Development Team Capacity:

The sponsor, MWF Properties, LLC, has a history of bringing development proposals to completion in a timely manner. The developer has utilized Minnesota Housing first mortgages, deferred loans, and tax credits with proven success. Minnesota Housing has had positive experience with Velair Property Management, the property management company.

Physical and Technical Review:

Miller Hanson Partners is the architect and Eagle Building Company, LLC is the contractor. The contractor and the architect have the capacity to effectively design and construct the project and have successfully completed similar sized, affordable housing developments in Minnesota.

Market Feasibility:

Mounds View is located in the north Metro in Ramsey County, approximately 13 miles north of Minneapolis. Both market rate and affordable rental housing in the area have very low vacancy rates. The market study, prepared by Bowen National Research, indicates that all the existing tax credit units in the area are occupied. Population and the number of households in the area have been steadily increasing since 2010, and there is pent-up demand for affordable rental housing. The proposed rents are affordable to the local workforce, and there is a 10-22 percent discount compared to achievable market rents.

Supportive Housing:

Ramsey County and the Minnesota Department of Human Services (DHS) will provide services to the units for people with disabilities.

DEVELOPMENT COST SUMMARY (estimated):		
	Total	Per Unit
Total Development Cost	\$13,930,585	\$232,176
Acquisition or Refinance Cost	\$663,750	\$11,063
Gross Construction Cost	\$10,084,880	\$168,081
Soft Costs (excluding Reserves)	\$3,028,133	\$50,468
Non-mortgageable Costs	\$0	\$0
Reserves	\$153,822	\$2,564
Total LMIR Mortgage	\$6,497,000	\$108,283
First Mortgage Loan-to-Cost Ratio	47%	
Agency Deferred Loan Sources		
EDHC	\$1,636,000	\$27,267
Total Agency Sources	\$8,133,000	\$135,550
Total Loan-to-Cost Ratio	58%	
LMIR Bridge Loan	\$6,980,000	\$116,333
Other Non-Agency Sources		
Syndication Proceeds	\$3,767,695	\$62,795
Met Council LHIA	\$500,000	\$8,333
Ramsey County HOME	\$375,000	\$6,250
Ramsey County ERF	\$49,520	\$825
General Partner Loan	\$500,000	\$8,333
Energy Rebates	\$28,984	\$484
Deferred Developer Fee	\$576,386	\$9,606
Total Non-Agency Sources	\$5,797,585	\$96,626

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

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM AND
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIR BL) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Boulevard
Sponsors:	MWF Properties, LLC
Guarantors:	Jay Weis and Erik Weis
Location of Development:	Mounds View
Number of Units:	60
General Contractor:	Eagle Building Company, LLC, Minneapolis
Architect:	Miller Hanson Partners, Minneapolis
Amount of Development Cost:	\$13,930,585
Amount of LMIR Mortgage Loan:	\$6,497,000
Amount of LMIR Bridge Loan (not to exceed)	\$6,980,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes a permanent mortgage loan from Minnesota Housing to the sponsor or an affiliate thereof from available funds in the Housing Investment Fund (Pool 2)under the LMIR Program and a bridge loan from the proceeds of Rental Housing Bonds (if separately authorized by the Board) for the development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed \$6,497,000; and
2. The interest rate on the permanent LMIR loan shall be 4.48 percent per annum (subject to change, as set forth in the attached Agency term letter dated October 3, 2018), plus 0.125 percent per

annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 40 year amortization; and

3. The term of the permanent LMIR loan shall be 40 years; and
4. The LMIR End Loan Commitment shall be entered into on or before April 30, 2019 and shall have an 18 month term (which shall also be the LMIR Commitment Expiration Date); and
5. The amount of the LMIR BL shall not exceed \$6,980,000; and
6. The LMIR BL will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, if approved by the Board, and is subject to the ability of the Agency to sell those bonds on terms and conditions, and in a time and manner acceptable to the Agency; and
7. The interest rate on the LMIR BL will be equal to the interest rate on the Rental Housing Bonds issued to finance the LMIR BL plus one percent and will be payable monthly, and the principal will be due in a balloon payment no more than 24 months after closing; and
8. The LMIR BL Commitment shall be entered into on or before April 30, 2019 and shall have a six month term (which shall also be the LMIR BL Commitment Expiration Date); and
9. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The commissioner is authorized to approve non-material modifications to those terms; and
10. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
11. Jay Weis and Erik Weis shall each guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
12. Jay Weis and Erik Weis shall each guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
13. The sponsor, the builder, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deem necessary, shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

Adopted this 1st day of November 2018

CHAIRMAN



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 www.mnhousing.gov

October 3, 2018

Mr. Erik Weis
 MWF Properties, LLC
 7645 Lyndale Avenue South
 Minneapolis, MN 55423

RE: Term Letter
 Boulevard, Mounds View
 Development #8022, Project #17779

Dear Mr. Weis:

Minnesota Housing Finance Agency (“Minnesota Housing”) staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the “Terms”). The Terms are subject to Minnesota Housing’s Board of Directors’ approval and meeting all underwriting standards, delivery of required due diligence, satisfactory loan documentation, and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower: A single asset entity: Boulevard Apartments, Limited Partnership

General Partner: Mounds View Group LLC

Managing Member: JE Holdings L.L.C.

Development Description/Purpose: New construction of a 60-unit affordable development located in Mounds View, Minnesota

Minnesota Housing Loan Type/Terms

Program:	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Low and Moderate Income Rental Program (LMIR) Bridge Loan**	Economic Development and Housing Challenge (EDHC)
Loan Amount:	\$6,497,000	\$6,980,000	\$1,636,000
Interest Rate	*4.48%	Bond financing rate plus 1%. ***	0%
Mortgage Insurance Premium (%):	.125% <i>(1st year premium is paid in advance)</i>	Not Applicable	Not Applicable
Term:	40	18 months	40
Amortization/Repayment:	40	Interest only during term	deferred lump sum payment due in 40 years and an annual

			payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds \$50,000.
Prepayment Provision:	No prepayment first 10 years from date of the Note.	No prepayment for 12 months and repayment can only occur January 1 or July 1.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan	Construction Bridge Loan	Construction/Permanent Loan
Lien Priority:	First	First <i>(during construction period)</i>	Second

*Subject to change. Interest rate to be set at the time the Minnesota Housing Board approves the loan commitment and will be locked for 6 months to allow time to execute the loan commitment, after which it may be reset at Minnesota Housing's sole discretion.

**Subject to the ability of Minnesota Housing to sell bonds on terms and conditions, and in a time and manner, acceptable to Minnesota Housing.

***The current loan interest rate is approximately 3.30-3.35%.

Origination Fee: LMIR HUD Risk Share Loan: \$114,970
LMIR Bridge Loan: \$152,350
both are payable at the earlier of loan commitment or loan closing

Inspection Fee: \$24,242 payable at the earlier of loan commitment or loan closing

Guaranty/Guarantor(s): Completion, repayment and operations Guaranty to be provided by: Jay Weis and Erik Weis

Operating Deficit Reserve Account: \$194,910 to be funded on the day of the LMIR end loan closing by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.

Operating Cost Reserve Account: Not Applicable

Replacement Reserve Account: A replacement reserve will be required in the amount of \$450/unit/annum. The monthly replacement reserve will be \$2,250.

The replacement reserve will be held by Minnesota Housing.

Escrows:	Real estate tax escrow and property insurance escrow to be established at time of permanent loan closing and held by Minnesota Housing.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
HAP or other Subsidy Agreement:	Commitment to 30 years of affordability from the date of loan closing under the Section 811 Program for 4 units. Rents will be at the lower of 50% Area Median Income (AMI) or Fair Market Rent.
Rent and Income Requirements:	<p>60 units with rents at 60% MTSP and incomes not exceeding 60% MTSP. Notwithstanding the above income and rent restrictions, this loan is subject to Minnesota Statutes and Rules for the EDHC program; therefore, in no case may the initial income for any household occupying an Assisted Unit exceed 80% of the greater of state or area median income as determined by HUD, and rents for Assisted Units may not exceed the Affordable to Local Workforce rent limits, as published by MHFA.</p> <p>Commitment to 40 years of affordability from the date of loan closing.</p>
Other Occupancy Requirements:	4 units for people with disabilities. Units must be restricted to households with incomes at or below 30% MTSP limits.
Other Requirements:	The EDHC loan is subject to the terms in the attached Deferred Selection Criteria.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Board approval of a loan commitment.
Additional Terms:	Not applicable
Other Conditions:	Not applicable
Board Approval:	Commitment of all loans under the LMIR program, including LMIR BL, is subject to Minnesota Housing's Board approval and adoption of a

resolution authorizing the commitment of the loans.

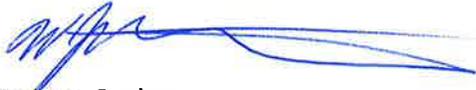
Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Allison Ehlert at allison.ehlert@state.mn.us on or before October 12, 2018.

If you have any questions related to this letter, please contact Caryn Polito at 651-297-3123 or by e-mail at caryn.polito@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,



Wesley J. Butler
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

BOULEVARD APARTMENTS, LIMITED PARTNERSHIP

By: _____

Its: _____

Date Accepted: _____

Item: Single Family Selections, Community Homeownership Impact Fund

Staff Contact(s):

Nick Boettcher, 651.296.9567, nick.boettcher@state.mn.us

Song Lee, 651.296.2291, song.lee.mhfa@state.mn.us

Leighann McKenzie, 651.296.8147, leighann.mckenzie@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests Board approval of the Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection and Funding Committee Recommendations.

Fiscal Impact:

The Agency's 2019 Affordable Housing Plan (AHP) includes funding for Single Family Interim Lending, Economic Development and Housing Challenge (EDHC) Program, and Housing Infrastructure Bonds. Allocations of EDHC funds and Housing Infrastructure Bond proceeds are shared with the Agency's Multifamily division and provide the funding for the deferred loans and grants awarded under the Impact Fund. Interim Lending is funded from Pool 2, and the Agency earns interest on these short-term loans. These financial resources provide the funds to implement the recommendations of the Impact Fund Selection and Funding committees.

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 and Funding Recommendations
- Resolution
- Maps of Impact Fund Recommended Projects
- Project Summaries
- 2018 Single Family Consolidated RFP Summary Spreadsheet
- 2018 Single Family Consolidated RFP Non-Recommended Applications

BACKGROUND

Minnesota Housing and its funding partners, the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The primary source of funds for the RFP is through the Agency's Community Homeownership Impact Fund (Impact Fund) with additional resources from the funding partners. The RFP used a common application form and procedure, with applications due June 12, 2018.

The Agency and its funding partners received 33 single family proposals totaling \$18,364,337. Applicants requested \$17,767,337 from the Agency, \$297,000 from GMHF and \$300,000 from the Metropolitan Council. Applicants requested \$7,555,639, or 41 percent of total requests, to serve communities in Greater Minnesota. Applicants requested \$10,808,698, or 59 percent of total requests, to serve the seven-county Twin Cities metropolitan area.

Proposal Review and Selection Process

All proposals were reviewed, scored and ranked based on a number of factors approved by the Agency's Board on March 23, 2017. First, staff assessed the extent to which a proposal meets the Agency's funding priorities. These include workforce housing, efficient land use, location efficiency, community recovery, community economic integration, universal design and accessibility features, large family housing, senior housing, reaching underserved populations, leverage, and foreclosure remediation.

The Agency's senior leadership and staff then scored proposals during separate selection committees for Greater Minnesota proposals and seven-county Twin Cities metropolitan area proposals. Co-funders and other external partners participated in the selection committee discussions.

Selection committee scores are based on an applicant's organizational capacity, project feasibility, and community need. Organizational capacity assessment includes a consideration of an applicant's financial health and ability to implement the proposed project. Project feasibility assessment includes a consideration of the economic viability of a project and the proposed project costs as compared to the Impact Fund's historical cost threshold. This threshold is based on an analysis of typical project costs under past Impact Fund awards. Community need assessment includes consideration of whether there is a defined need based on local demographics, workforce, and economic factors in the community.

Impact Fund Eligible Activities

The Impact Fund is available statewide. The program offers significant versatility in the type of funds available and the type of eligible activities. The types of funds available include grants, deferred loans, and interim construction loans. The types of eligible activities include the following:

- Acquisition, rehabilitation and resale of housing units.
- Downpayment or affordability gap assistance programs that effectively serve homebuyers who may have difficulty accessing existing programs. Affordability gap assistance is the difference between the purchase price of a home and the first mortgage that a buyer can secure.
- Owner-occupied rehabilitation programs that effectively serve borrowers who are unable to obtain financing through other single-family home improvement programs.
- New construction of homes, particularly in markets with growing workforce populations or targeted to a more specific niche of households via specialized programs with high-demand waiting lists.

The Agency provides value gap and interim construction financing for acquisition, rehabilitation, resale and new construction projects. Value gap is the difference between the total development cost of a unit and the after-improved appraised value of said unit.

FUNDING RECOMMENDATIONS

The Agency and its funding partners recommend funding 30 proposals for a total of \$12,303,651. Eleven selections totaling \$5,703,193 or 46 percent of total projects selected, will serve communities in Greater Minnesota. Nineteen selections totaling \$6,600,458, or 54 percent of total projects selected, will serve the seven-county Twin Cities metropolitan area. Three of the proposals received are not recommended for funding and several of the proposals are recommended to be funded for less than the amount requested.

Staff is recommending \$11,927,951 in funding for the 30 proposals. Economic Development Housing Challenge (EDHC) funds will support 30 of these proposals, totaling \$9,888,951. This includes \$1,183,333 in Indian Housing Set Aside funds. In addition, interim construction financing in the total amount of \$1,150,000 is being recommended for two applicants to support the construction or rehabilitation and resale of 16 units. Housing Infrastructure Bond proceeds in the amount of \$889,000 is being recommended for six applicants to support 55 community land trust units.

GMHF intends to provide \$230,000 to support proposals in Greater Minnesota and the Metropolitan Council intends to provide \$145,700 to support proposals in the seven-county Twin Cities metropolitan area. These allocations are contingent upon approval from the board of each funding partner.

Reaching Underserved Populations

Although all recommended selections market to underserved populations in general (households of color, single headed households with minor children, and households with one or more disabled individuals), 26 organizations focus their outreach to specific underserved populations within their target area. Fifteen of these organizations serve the seven-county Twin Cities metropolitan area and 11 serve Greater Minnesota.

Statewide, the percent of households of color or Hispanic ethnicity served under the Impact Fund increased significantly from 46 percent in 2017 to 60 percent in 2018. Ninety-one percent of households served had a household income below 80 percent area median income (AMI) relative to the median income for the area. The high percent of lower income households served was true for both Greater Minnesota and the Twin Cities metropolitan area. Fifty-seven percent of households served had two or more children.

Marketing techniques include the use of culturally-specific and culturally-oriented radio stations and shows, promotional materials on social media, websites and magazine ads targeted to various ethnic communities.

Serving American Indian Households

Staff recommends \$1,183,333 for American Indian Households. The Upper Sioux Community Housing Authority is recommended to receive \$833,333 to provide affordable housing to its tribally-enrolled members on and around its reservation. American Indian Community Development Corporation (AICDC) is recommended to receive \$150,000 to provide downpayment assistance to members in South Minneapolis. Finally, One Roof Community Housing has partnered with Fond du Lac Band of Lake

Superior Chippewa and is recommended to receive \$200,000 to build and rehabilitate homes in the cities of Duluth, Proctor, Hermantown and Cloquet that will be sold to tribally-enrolled members.

Addressing Minnesota's Changing Demographics

This year, multiple applicants proposed to serve large families and seniors. Sixteen of the applicants recommended to receive funding intend to build one or more large family homes with four or more bedrooms. Twelve of the applicants intend to build or rehabilitate homes that will enable seniors to age in place.

Workforce Housing

Workforce Housing communities are those that have seen job growth, are a top job center, have long commutes, and have low housing vacancy rates. Agency staff and its partners recommend funding 30 proposals totaling \$12,303,651 that will serve areas that have a need for workforce housing. Eleven of these proposals will serve communities Greater Minnesota and nineteen proposals will serve the seven-county Twin Cities metropolitan area.

Community Recovery

Community recovery areas have lagging housing price recovery, lower median incomes, and older housing stock. The Agency and its partners propose to provide \$9,709,306 for 25 proposals that will serve community recovery areas. Eight of these proposals will serve communities Greater Minnesota and seventeen proposals will serve the seven-county Twin Cities metropolitan area.

Community Economic Integration

Community economic integration areas have higher median family incomes and greater access to jobs. The Agency and its partners propose to provide \$7,318,320 for 19 proposals that will serve community economic integration areas. Thirteen of the recommended proposals will serve the seven-county Twin Cities metropolitan area and six proposals will serve communities in Greater Minnesota.

Funding Agreements

Final funding selection letters will be sent to the organizations once funding partners have obtained approval from their respective Boards. Selections are subject to the program requirements as outlined in each individual Funding Agreement. Funding Agreements will be sent to all recipients in early December.

Debriefing Meetings

Agency staff will reach out to applicants who are not being recommended for funding and will offer each a debriefing meeting and technical assistance.

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

RESOLUTION NO. MHFA 18-

RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS, DEFERRED LOAN FUNDS, AND CONSTRUCTION FINANCING RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), HOUSING INVESTMENT FUND (POOL 2), AND HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds, deferred loan funds, and construction financing for single family homeownership housing units, affordability gap, and owner-occupied rehabilitation serving persons and families of low- and moderate-income; and

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

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to enter into grant and loan contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant and loan agreements:

Applicant	Program Name	Funding Source	Type of Agreement(s)	\$ Amount
American Indian Community Development Corporation	Pokegama North	EDHC	Loan	\$ 150,000
Build Wealth MN Inc.	Family Stabilization Plan	EDHC	Grant; Loan	\$ 246,875
Build Wealth MN Inc.	Irving - Near North Infill Development	EDHC	Grant	\$ 180,000
Center for Energy and Environment	Brooklyn Center, Crystal, & Richfield Interest Rate Subsidy	EDHC	Grant	\$ 62,345
City of Lakes Community Land Trust	Homebuyer Initiated Program	EDHC HIB	Grant; Loan	\$ 1,000,000
City of Lakes Community Land Trust	Homebuyer Initiated Program	EDHC	Grant	\$ 500,000
City of Lakes Community Land Trust	New Construction: Single-Family Homes	EDHC HIB	Grant; Loan	\$ 210,000
City of Minneapolis acting by and through its Department of Community Planning and Economic Development.	Minneapolis Homes Development Assistance Program	EDHC	Grant	\$ 800,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners	Community Keys	EDHC	Grant; Loan	\$ 160,000

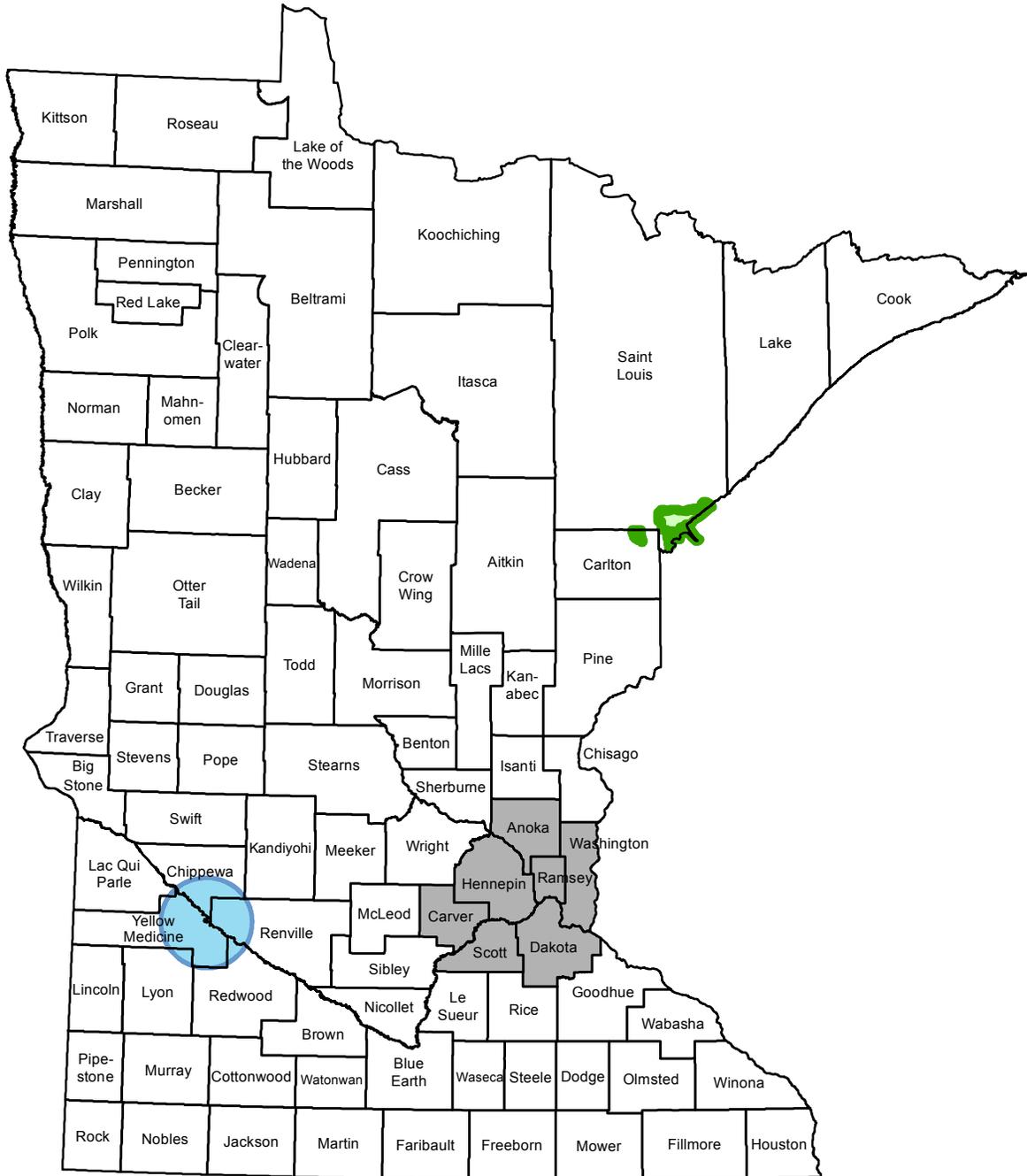
Community Neighborhood Housing Services dba NeighborWorks Home Partners	Affordable Homes for Saint Paul	EDHC	Grant	\$ 100,000
Dayton's Bluff Neighborhood Housing Services	Village on Rivoli Phase II	EDHC	Grant	\$ 228,540
First Homes Properties	First Homes CLT New Construction Expansion	EDHC HIB	Grant; Loan	\$ 1,687,000
Habitat for Humanity of Minnesota, Inc.	Habitat for Humanity of Minnesota- Impact Fund #6	EDHC	Loan	\$ 375,000
Hennepin County Housing and Redevelopment Authority	Healthy Homes Assistance Project	EDHC	Grant; Loan	\$ 75,000
Historic Saint Paul	412 Goodrich Avenue	EDHC	Grant	\$ 50,000
Housing & Redevelopment Authority of Hutchinson, MN	2018 Impact Workforce Housing Initiative	EDHC	Loan	\$ 125,000
Minnesota Valley Action Council	Mankato Mobile Home Replacement Program II	EDHC	Grant	\$ 110,000
One Roof Community Housing	One Roof Community Housing Owner-Occupied-Rehab	EDHC	Grant; Loan	\$ 273,100
One Roof Community Housing	One Roof Community Housing Acquisition-Rehab-Resale	EDHC HIB Pool 2	Grant; Loan	\$ 550,000
One Roof Community Housing	One Roof Community Housing New Construction	EDHC HIB Pool 2	Grant; Loan	\$ 600,000
PRG Inc.	Infill Housing	EDHC	Grant	\$ 235,998
Rebuilding Together Twin Cities	Critical Repairs for Low-Income Homeowners in N MPLS, S MPLS and St. Paul	EDHC	Grant	\$ 160,000
Southwest Minnesota Housing Partnership	Southwest Regional Rehab Pool	EDHC	Grant; Loan	\$ 80,000
Three Rivers Community Action, Inc.	Emerging Markets Gap Financing Program	EDHC	Loan	\$ 100,000
Twin Cities Habitat for Humanity	2018 Scattered Site New Construction	EDHC	Grant; Loan	\$ 1,105,000
Twin Cities Habitat for Humanity	TC Habitat 2018 SAAG	EDHC	Grant; Loan	\$ 512,500
Twin Cities Habitat for Humanity	Twin Cities Habitat for Humanity- Scattered Site Acquisition-Rehab-Resale 2018	EDHC	Grant; Loan	\$ 238,500
United Community Action Partnership, Inc.	Marshall Parkway II Home Ownership Program	EDHC Pool 2	Grant; Loan	\$ 739,760
Upper Sioux Community Housing Authority	2018 USCHA Homeownership Program	EDHC Pool 2	Grant	\$ 833,333
West Hennepin Affordable Housing Land Trust	Homes Within Reach	EDHC HIB	Grant; Loan	\$ 440,000
Total Awarded:				\$ 11,927,951

1. The execution of the grant or loan contract for all funds provided by the Agency in form and substance acceptable to Agency staff shall occur no later than nine months from the adoption date of this Resolution; and all funds must be expended and all reporting of the use of funds shall be completed within 20 months from the effective date of the grant or loan contract; and
2. With respect to loans funded with bond proceeds, such funding is contingent upon the Agency being able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and
3. The applicant and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the grant or loan contract, to the construction of the homeownership housing units, and the origination and closing of deferred loans.

Adopted this 1st day of November 2018

CHAIRMAN

Greater Minnesota Impact Fund Acquisition, Rehabilitation, Resale Recommended Applications

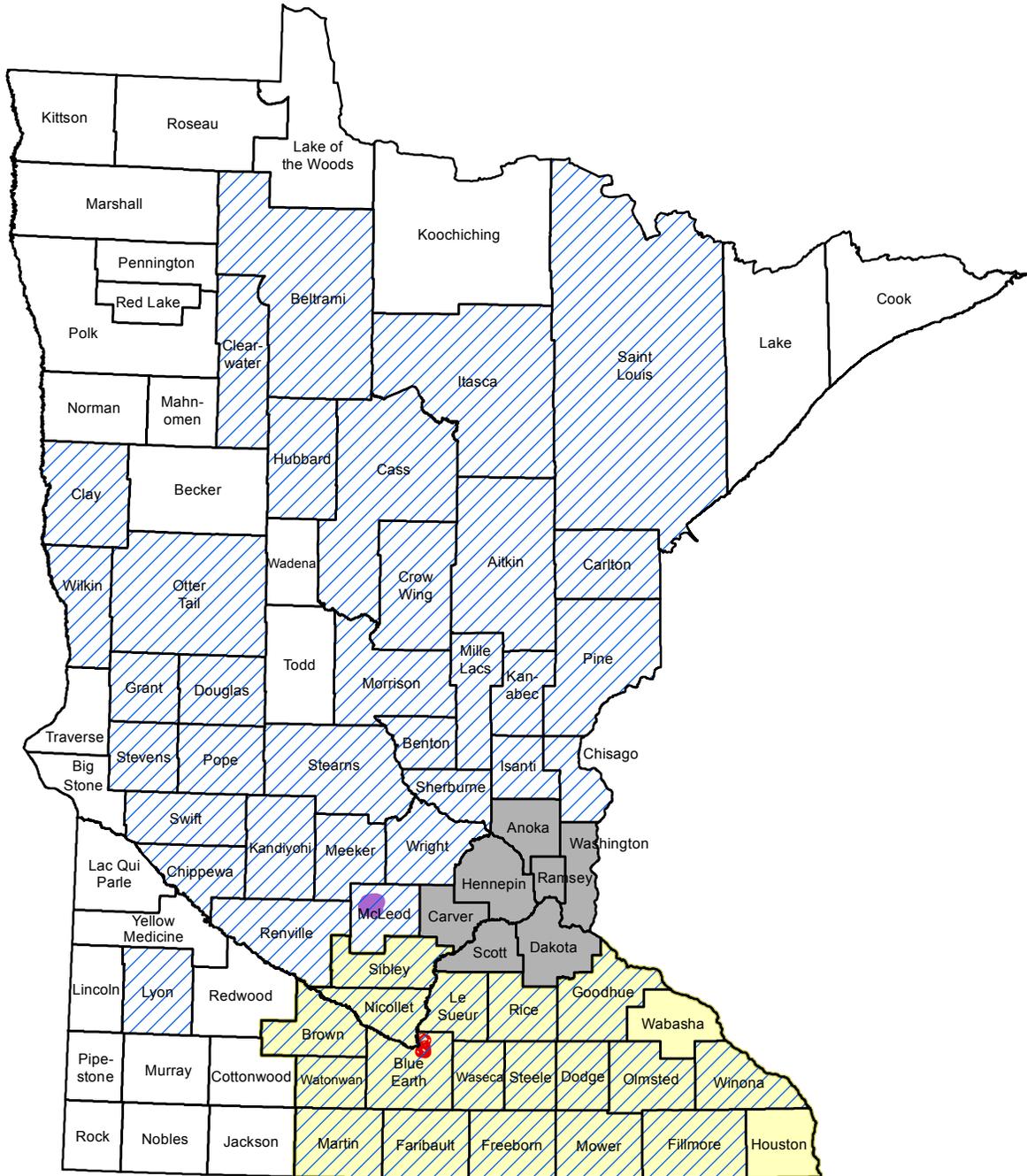


Acquisition, Rehabilitation, Resale Recommended Applicants

-  One Roof
-  Upper Sioux Community



Greater Minnesota Impact Fund Affordability Gap Recommended Applications

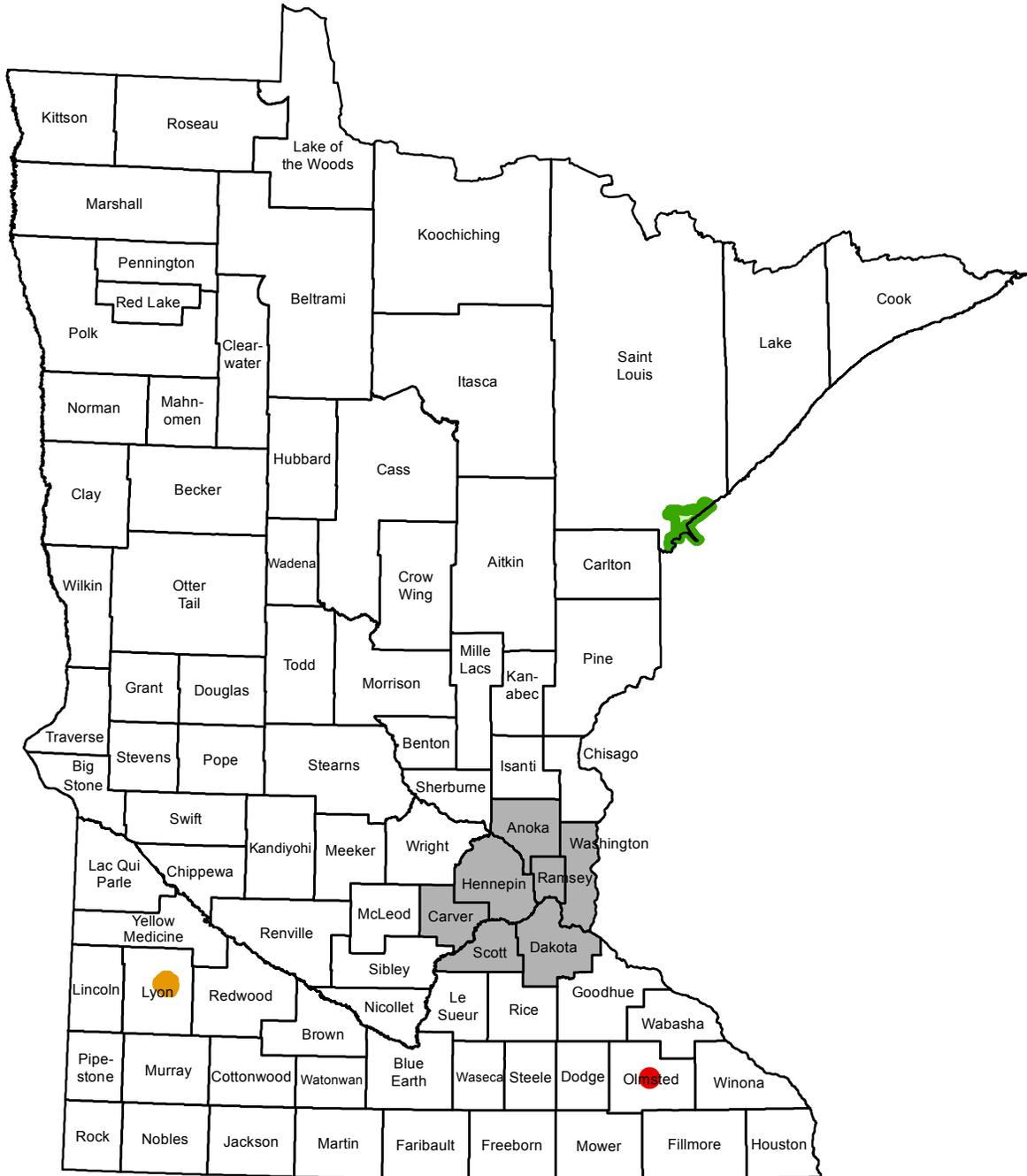


Affordability Gap Recommended Applicants

-  Habitat for Humanity MN
-  Hutchinson HRA
-  Minnesota Valley Action Council
-  Three Rivers Community Action



Greater Minnesota Impact Fund New Construction Recommended Applications

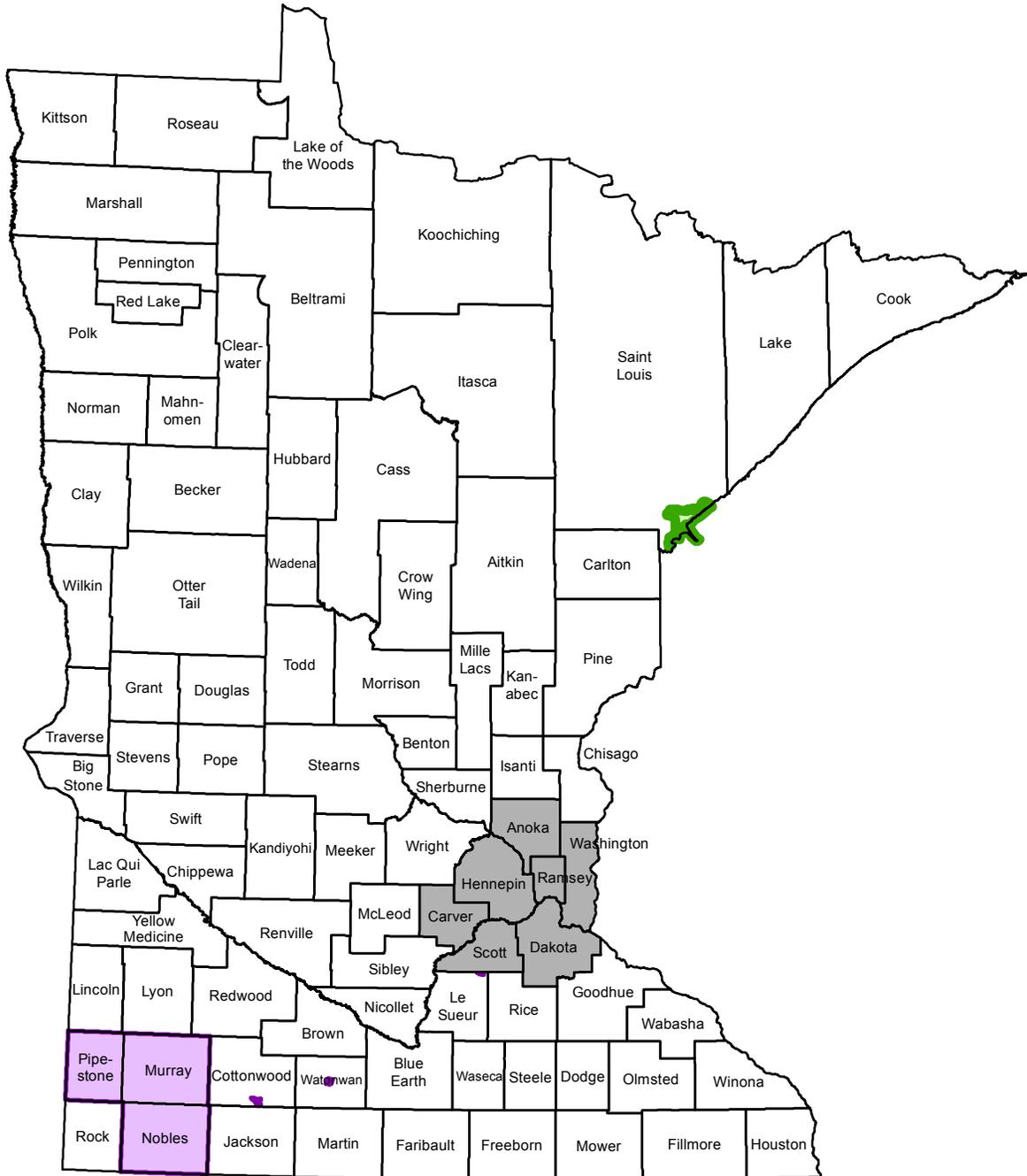


New Construction Recommended Applicants

- First Homes CLT
- United CAP
- One Roof



Greater Minnesota Impact Fund Owner Occupied Rehabilitation Recommended Applications

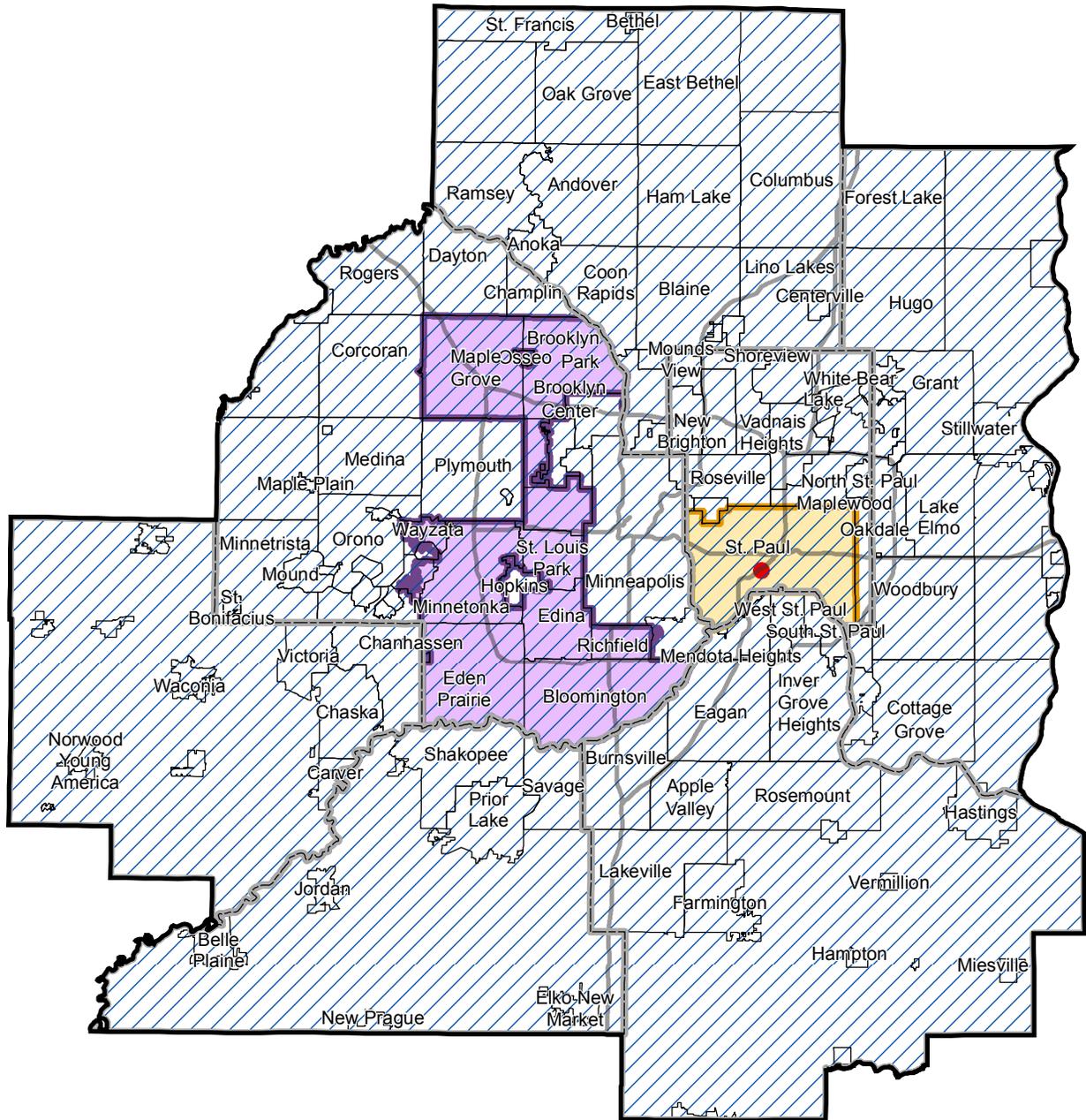


Owner Occupied Rehabilitation Recommended Applicants

- One Roof
- Southwest MN Housing Partnership



7-County Metro Impact Fund Acquisition, Rehabilitation, Resale Recommended Applications



Acquisition, Rehabilitation, Resale Recommended Applicants

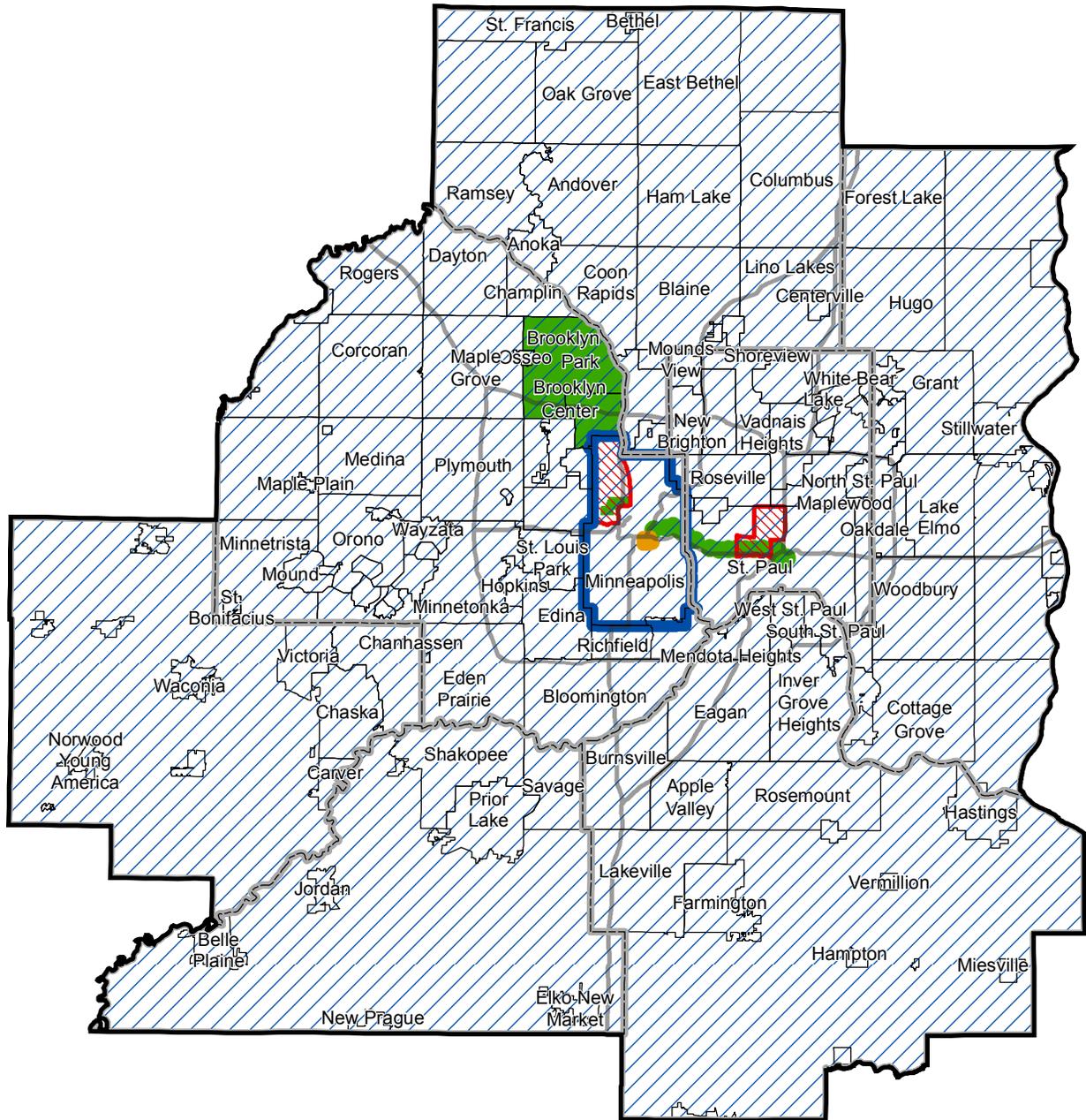
-  Historic St Paul
-  West Hennepin Affordable Housing Land Trust

-  Community Neighborhood Housing Services dba Neighbor Works Home Partners

-  Twin Cities Habitat for Humanity



7-County Metro Impact Fund Affordability Gap Recommended Applications

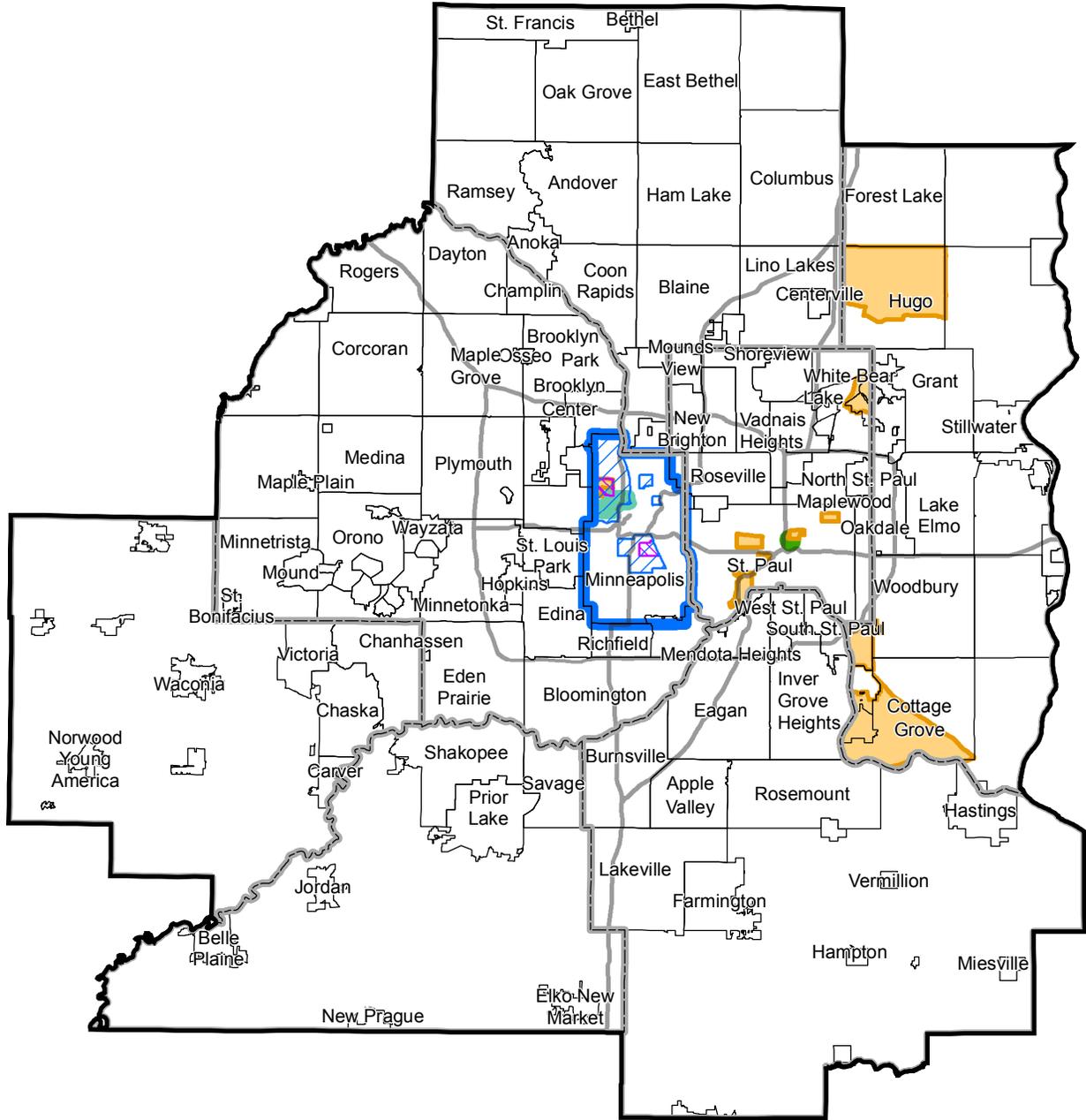


Affordability Gap Recommended Applicants

- American Indian Community Development Corporation
- Build Wealth
- City of Lakes CLT
- Community Neighborhood Housing Services dba NeighborWorks Home Partners
- Twin Cities Habitat for Humanity



7-County Metro Impact Fund New Construction Recommended Applications

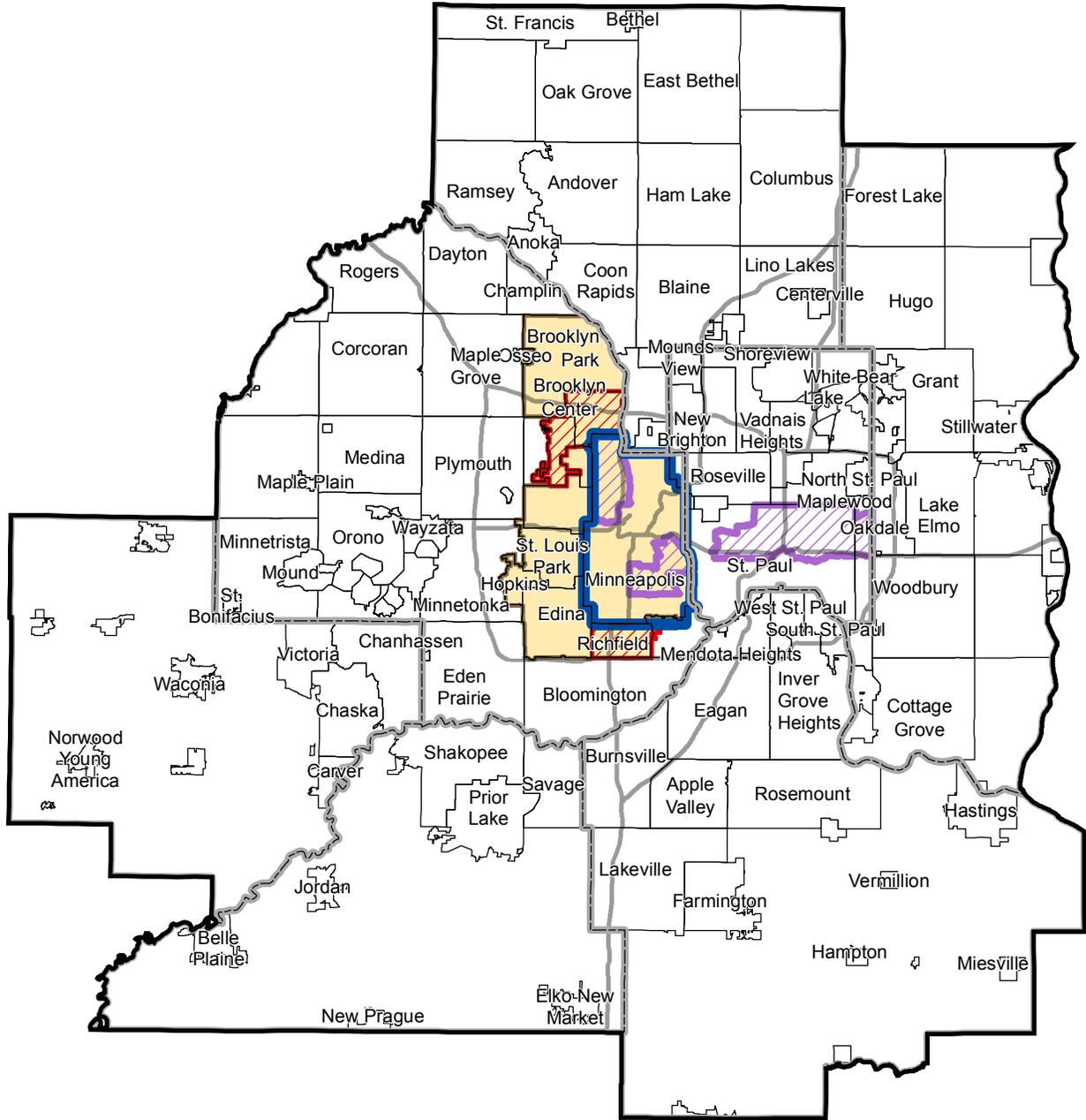


New Construction Recommended Applicants

- Build Wealth
- Daytons Bluff
- City of Lakes CLT
- PRG Inc.
- City of Minneapolis
- Twin Cities Habitat for Humanity



7-County Metro Impact Fund Owner Occupied Rehabilitation Recommended Applications



Owner Occupied Rehabilitation Recommended Applicants

- City of Lakes CLT
- Hennepin County HRA
- Center for Energy and Environment
- Rebuilding Together



American Indian Community Development Corporation	
Project	Pokegama North
Location	South Minneapolis – Ventura Village neighborhood
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	4	\$ 200,000
Funding Recommended	3	\$ 150,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>American Indian Community Development Corporation (AICDC) is a nonprofit organization with the mission to provide culturally unique initiatives, housing, and entrepreneurial programs that will strengthen American Indian communities.</p> <p>AICDC has developed six single family homes in Minneapolis. It will be working with Johnson Property Services, LLC on the development of the modular homes. Johnson Property Services, LLC has worked with AICDC on the acquisition and rehabilitation of 40 housing units over the past two years. AICDC also owns and operates a real estate company, Many Rivers Group, LLC.</p> <p>Woodlands National Bank is an experienced Section 184 mortgage lender and will determine homebuyer eligibility and provide loan origination, loan processing, and closing services.</p>

Project Description
<p>The funds will be used to provide downpayment assistance to homebuyers purchasing three homes developed by AICDC or its partners in the Ventura Village neighborhood of South Minneapolis. The applicant will serve households at or below 60 percent area median income (AMI).</p> <p>The lots are currently owned by AICDC or its affiliates. These lots are the same lots that were acquired using Impact Funds. AICDC will partner with Johnson Property Services LLC, a general contractor, who will oversee the construction and work with Dynamic Homes on the development of the modular housing units that will be placed on the lots.</p> <p>This project furthers the Agency’s strategic priority to reduce to Minnesota’s race and ethnicity homeownership disparity by reaching out to American Indian households. The homeownership disparity between white, non-Hispanic households and American Indian households is over 30 percent. AICDC will market this project to American Indian households and will work with households that participate in Bii Gii Wiin’s financial wellness and homebuyer education and counseling program.</p> <p>AICDC has committed financial leverage from its own sources and Bii Gii Wiin Community Development Loan Fund.</p>

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Impact Fund Affordability Gap Subsidy Per Unit: \$ 50,000

Community Need

Ventura Village is home to the largest population of urban American Indians in the state. Seventy-nine percent of households in the area are households of color. Eighty-eight percent of renters are cost-burdened. This project will enable these households to purchase and remain in the community.

The area is also accessible to jobs and transit. There are 207,365 jobs within five miles and an employment rate of just under three percent. This is a prime neighborhood for creating affordable workforce housing.

The neighborhood is mostly developed with few vacant lots available for affordable housing. Most of the housing stock in the neighborhood is older with floor plans that do not meet the needs of the homebuyers AICDC intends to reach, particularly those with larger families. The lots currently held by AICDC and its affiliates are an opportunity to create new housing to meet the demands of those wishing to purchase and remain in the community. The homes that AICDC proposes to build will have three or four bedrooms, creating enough living space for larger families.

There is currently less than a month's supply of housing available on the market. Typically, a five months supply is considered a balanced market. Additionally, home prices have increased 14 percent since 2016, making it more difficult for low- to moderate-income homebuyers to purchase homes. AICDC's new homes will increase the supply of housing and the requested affordability gap will enable homebuyers to purchase these homes.

Build Wealth MN, Inc. (BWM)	
Project	Family Stabilization Plan & Irving Infill Development Plan Affordability Gap
Location	Near North Minneapolis, Eastside St. Paul, Brooklyn Park, Brooklyn Center, and the HOMECo Pilot Project target area
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	85	\$ 846,000
Funding Recommended	25	\$ 246,875

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Build Wealth MN, Inc. (BWM) is a nonprofit organization with the mission to strengthen underserved communities by empowering families to build sustainable social and economic wealth.</p> <p>In 2011, BWM was designated as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury. Since this designation, BWM has directly administered more than \$16 million and leveraged more than \$40 million to its participants through community lending partners.</p> <p>In 2016, BWM, in partnership with the City of Minneapolis and the Land Bank Twin Cities, began purchasing property in North Minneapolis with the intent to build new homes for families that have successfully completed its Family Stabilization Program (FSP) financial wellness education program. To date, BWM has built one unit of new construction housing and successfully sold the home to an income qualified buyer in January 2018.</p>

Project Description
<p>The funds will be used to provide downpayment and closing cost assistance to 25 households in the Near North Minneapolis, the Eastside of St. Paul, the Cities of Brooklyn Park and Brooklyn Center, and within the HOMECo Pilot Project service area. The applicant will serve households at or below 80 percent AMI.</p> <p>The project is a part of BWM's FSP and Irving Infill Development Program (IIDP). FSP is a two-year program that includes 12 weeks of classroom training followed by 20 months of personalized financial coaching and mentoring to help achieve financial goals. The IIDP is a focused effort to acquire and develop vacant lots in the Near North neighborhood of North Minneapolis as part of an overall infill strategy of the City of Minneapolis.</p> <p>BWM will provide downpayment and closing cost deferred loans as part of its comprehensive strategy to help families prosper by embracing wealth building activities including access to sustainable affordable housing. It will offer the loans to income qualified homebuyers participating in the FSP program or purchasing a home through the IIDP. It will also market the program to households that require the use of non-interest-bearing financial products.</p>

The project furthers the Agency's Strategic priority to reduce Minnesota's racial and ethnic homeownership disparity through its culturally specific programming and its ongoing efforts through the HOMECo initiative, a collaborative with the mission to create opportunities for wealth building among households of color through advocacy, financial education, and the development of comprehensive housing solutions.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$8,825

Community Need

Near North Minneapolis is one of the most diverse communities in the Twin Cities metropolitan area. According to the U.S. Census Bureau's 2016 American Community Survey, 87 percent of households in the target area are households of color. Underserved households living in challenged neighborhoods need access to affordable homeownership opportunities to build sustainable economic wealth. The lack of such wealth has a direct correlation to generational poverty which is often the plight of urban core neighborhoods.

Data from Minnesota Compass indicates that, in 2016, the median household income in Near North was \$27,728, and 41 percent of people had income below the poverty level. Furthermore, 55 percent of all households and 30 percent of owner households were cost-burdened.

Minnesota Compass reports that since 1990, homeownership rates in the Near North target area have steadily declined. Its data indicates that in 1990, 52 percent of households were owner-occupied while in 2016, only 28.8 percent of households were owner-occupied. While at the same time, the average sales price of homes are increasing. In April 2018, the Minneapolis Area Association of Realtors notes that the median sales price of a home was \$266,000. There was a 1.8 months supply of available homes for purchase with an average of 53 days on the market.

Build Wealth MN, Inc. (BWM)	
Project	Irving-James Near North Infill Development (Irving-James Infill)
Location	City of Minneapolis – Near North
Activity	New Construction

	# of Units		Total
Funding Requested	5	\$	300,000
Funding Recommended	3	\$	180,000

Co-Funder Information	
Metropolitan Council	\$ 35,700

Organization Information
<p>Build Wealth MN, Inc. (BWM) is a nonprofit organization with the mission to strengthen underserved communities by empowering families to build sustainable social and economic wealth.</p> <p>In 2011, BWM was designated as a CDFI by the U.S. Department of the Treasury. Since this designation, BWM has directly administered more than \$16 million and leveraged more than \$40 million to its participants through community lending partners.</p> <p>In 2016, BWM, in partnership with the City of Minneapolis and the Land Bank Twin Cities, began purchasing property in North Minneapolis with the intent to build new homes for families that have successfully completed its FSP) financial wellness education program. To date, BWM has built one unit of new construction housing and successfully sold the home to an income qualified buyer in January 2018.</p>

Project Description
<p>The funds will be used to construct new homes on vacant lots located on Irving and James Avenues in the Near North neighborhood in the City of Minneapolis. The applicant will serve households at or below 80 percent AMI.</p> <p>The Irving-James Infill project is part of BWM's Irving Infill Development Plan (IIDP). The IIDP is a focused effort to acquire and develop vacant lots located within a 10 block cluster in the Near North neighborhood of Minneapolis through a phased development strategy of 50 new construction housing units over a three year period. The Irving-James Infill project will narrow its efforts and target vacant sites for new construction single family homes located within a three block cluster along Irving and James Avenue North in the Near North neighborhood.</p> <p>BWM has partnered with experienced developers, general contractors, and other community partners. Westar Homes provides construction management guidance including developing cost projections, scheduling, and quality control provisions. BWM also works closely with Terry Robertson of C. Allan Homes LLC, who brings more than 25 years of experience in building new homes throughout the Twin Cities metropolitan area.</p> <p>BWM's proposal meets the Agency's Strategic priority of addressing specific and critical local housing needs. The Irving-James Infill project target area represents a community in great need for additional</p>

quality, affordable, sustainable housing. Moreover, the proposal meets the Agency's Strategic priority to reduce Minnesota's racial and ethnic homeownership disparity. BWM's commitment to reducing homeownership disparities and strengthening underserved communities is demonstrated in its approach to provide culturally specific programming and to direct lending capital through an assortment of safe financing options.

Costs and Subsidy

Typical Development Cost Per Unit: \$290,000

Historical High Cost Threshold: \$359,706

Percent Below Historical High Cost Threshold: 19%

The anticipated per-unit construction cost of \$250,000 is below the industry average of \$360,392 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit: \$60,000

Historical High Subsidy Threshold: \$54,390

Percent Above Historical High Subsidy Threshold: 10%

Community Need

Near North Minneapolis is one of the most diverse communities in the Twin Cities metropolitan area. According to the U.S. Census Bureau's 2016 American Community Survey, 87 percent of households in the target area are households of color. Underserved households living in challenged neighborhoods need access to affordable homeownership opportunities to build sustainable economic wealth. The lack of such wealth has a direct correlation to generational poverty which is often the plight of urban core neighborhoods.

Data from Minnesota Compass indicates that, in 2016, the median household income in the Near North neighborhood was \$27,728 and 41 percent of people had income below the poverty level. Furthermore, 55 percent of all households and 30 percent of owner households were cost-burdened.

Minnesota Compass reports that since 1990, homeownership rates in the Near North target area have steadily declined. Its data indicates that in 1990, 52 percent of households were owner-occupied while in 2016, only 28.8 percent of households were owner-occupied. While at the same time, the average sales price of homes are increasing. In April 2018, the Minneapolis Area Association of Realtors notes that the median sales price of a home was \$266,000. There was a 1.8 months supply of available homes for purchase with an average of 53 days on the market.

In an effort to provide affordable homeownership opportunities in the Irving-James Infill target area, BWM proposes to purchase and convert City owned vacant lots into newly constructed, energy efficient, affordable single family housing. It will also pair affordability gap assistance with qualifying buyers to assist with the downpayment and closing costs needed to purchase a home.

Center for Energy and Environment (CEE)	
Project	Brooklyn Center, Crystal and Richfield Interest Rate Subsidy
Location	Cities of Brooklyn Center, Crystal, and Richfield
Activity	Owner-Occupied Rehabilitation

	# of Units		Total
Funding Requested	45	\$	80,625
Funding Recommended	37	\$	62,345

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>The Center for Energy and Environment (CEE) is a nonprofit organization with the mission to promote energy efficiency to strengthen the economy while improving the environment.</p> <p>CEE is a non-traditional lender and is the highest producing lender in the Fix Up lender network. In addition to administering a current Community Fix Up Loan (CFUL) initiative for the cities of Brooklyn Center, Crystal and Richfield, CEE administers a CFUL initiative for the cities of St. Louis Park, Blaine, New Hope, Anoka, and four Minneapolis neighborhoods. CEE also administers loan programs for metro area cities and neighborhoods, in addition to its own loan products.</p>

Project Description
<p>The funds will be used to provide a discounted CFUL interest rate for households in the cities of Brooklyn Center, Crystal, and Richfield. The applicant will serve households at or below 115 percent AMI in the cities of Brooklyn Center and Richfield, and at or below 110 percent AMI in the city of Crystal.</p> <p>The grant funds will be used to discount CFUL interest rates to 3% with each city contributing matching funds. The average discount amount for a \$14,000 CFUL with a 120 month repayment is \$1,685. This is typical of CFUL initiatives. All improvements allowed under the Fix Up loan program will be allowed under this initiative.</p> <p>CEE has committed financial leverage from the cities of Brooklyn Center, Crystal, and Richfield. Each city has committed \$26,875 to provide discount funds to match the Impact Fund grant amount.</p>

Costs and Subsidy
<p><u>Typical Development Cost Per Unit</u>: Not applicable</p> <p><u>Typical Impact Fund Subsidy Per Unit</u>: \$1,685</p>

Community Need
<p>All three of these communities have aging housing stock with an average age of 45 years. Annual median incomes range from \$46,400 to \$60,494. Poverty rates are between nine percent and 15 percent in these cities.</p>

This CFUL initiative offers loans with a lower interest rate and more affordable monthly payments than traditional loan products. In the 2016-2017 CFUL initiative, the average borrower served had an annual household income of \$66,800, only slightly higher than the median income for the target area.

City of Lakes Community Land Trust (CLCLT)	
Project	CLCLT HIP Affordability Gap
Location	City of Minneapolis
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	20	\$ 1,000,000
Funding Recommended	20	\$ 1,000,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>The City of Lakes Community Land Trust (CLCLT) is a nonprofit organization with the mission to create community ownership that preserves affordability and inclusivity through the community land trust (CLT) model.</p> <p>Since 2001, the CLCLT has assisted 310 households into affordable, sustainable homeownership. This includes 53 resales through which the CLCLT has been able to keep homes affordable for other income-qualified households. The median income for all CLCLT homeowners is \$37,500 or approximately 51 percent AMI and 53 percent are households of color.</p> <p>The CLCLT has received 24 Minnesota Housing awards, totaling approximately \$8.2 million, and in all cases, the CLCLT has met or exceeded the required number of homes.</p>

Project Description
<p>The funds will be used to provide downpayment and closing cost assistance for 20 borrowers to purchase homes through CLCLT's Homebuyer Initiated Program (HIP) in the City of Minneapolis. The applicant will serve households at or below 80 percent AMI.</p> <p>CLCLT's HIP is a scattered-site, buyer-initiated program through which low- and moderate-income households choose a home within their purchasing power. Funds are also available to the homebuyers to rehabilitate the homes that they purchase. CLCLT is also applying for owner-occupied rehabilitation funds for HIP.</p> <p>HIP continues to be the organization's most popular homeownership option. Over the life of the program, HIP has been very effective in serving lower-income households; however, the current housing market is quickly outpacing lower-income households' ability to purchase, forcing a deepening need for affordability gap assistance. For buyers, being able to choose continues to be the most compelling and welcoming element of HIP. For the CLCLT, providing an avenue for personal choice has resulted in a diverse property portfolio of homes scattered throughout 43 Minneapolis neighborhoods. In 2017, the CLCLT assisted 17 households into perpetually affordable homeownership through HIP. The average HIP buyer in 2017 was at 48 percent AMI.</p> <p>The City of Lakes Community Realty (CLR) is a subsidiary of the CLCLT and will be responsible for marketing CLCLT developed homes and assisting with the resale of existing CLCLT homes.</p>

NeighborWorks Home Partners will provide homebuyer education (Homestretch) classes and buyer post-purchase counseling services.

This project furthers Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity. CLCLT has identified specific tools to serve households of color or Hispanic ethnicity, including word of mouth; particularly effective because CLCLT is a mature land trust and has effectively served households of color or Hispanic ethnicity in the past.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$50,000

Community Need

According to Community Profiles, 67 percent of homeowners in the City of Minneapolis are cost-burdened. The median household income is \$50,900 and median home price is \$217,525. Using a 5% interest rate, a household earning Minneapolis' median income could afford approximately \$170,000 in a mortgage before becoming cost-burdened. The average Minneapolis household would need close to \$50,000 to achieve homeownership affordable to their individual circumstances. The Minneapolis Association of Realtors (MAAR) recently reported that the median home price for the region is \$267,000, demonstrating an even greater need for affordability gap assistance. For CLCLT buyers the affordability gap is greater still considering the average Minneapolis household income is 35 percent more than the average household income of a CLCLT buyer.

In 2017, the average affordability gap investment for CLCLT buyers was \$45,000. This level of affordability gap helped the majority of buyers seeking assistance from the CLCLT but not all buyers earnestly seeking homeownership. Four HIP buyers in the last nine months have chosen to stop looking for a home because in spite of their efforts, their purchasing power was not enough in this highly competitive market. After losing out on multiple bids, they opted to pause their home search.

The CLCLT and MAAR data indicate a growing need to provide deeper affordability gap assistance. The average affordability gap investment the CLCLT is able to provide does still offer opportunity for many households to purchase in some areas of South and North Minneapolis. However, this level of assistance does not provide opportunity for low- and moderate-income households to achieve affordable homeownership in the higher market areas such as Southwest and Southeast Minneapolis.

City of Lakes Community Land Trust (CLCLT)	
Project	CLCLT HIP Owner Occupied Rehab
Location	City of Minneapolis
Activity	Owner-Occupied Rehabilitation

	# of Units		Total
Funding Requested	20	\$	500,000
Funding Recommended	20	\$	500,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>The City of Lakes Community Land Trust (CLCLT) is a nonprofit organization with the mission to create community ownership that preserves affordability and inclusivity through the community land trust model.</p> <p>Since 2002, the CLCLT has assisted 310 households into affordable, sustainable homeownership. This includes 53 resales through which the CLCLT has been able to keep homes affordable for other income-qualified households. The median income for all CLCLT homeowners is \$37,500 or approximately 51 percent AMI and 53 percent are households of color.</p> <p>The CLCLT has received 24 Minnesota Housing awards, totaling approximately \$8.2 million, and in all cases, the CLCLT has met or exceeded the required number of homes.</p>

Project Description
<p>The funds will be used for owner-occupied rehabilitation for 20 homes in the City of Minneapolis through the City of Lakes Community Land Trust (CLCLT)'s Homebuyer Initiated Program (HIP). The applicant will serve households at or below 80 percent AMI.</p> <p>CLCLT's HIP is a scattered-site, buyer-initiated program through which low- and moderate-income households choose a home within their purchasing power in Minneapolis. The owner-occupied rehabilitation funds enable these buyers to rehabilitate their homes immediately after the purchase. The rehabilitation funds will address deferred maintenance such as mechanical, safety, and code issues, environmental hazards (e.g. lead, radon), and some energy efficiency needs that a house has at time of purchase. CLCLT is also being recommended for funding for downpayment/affordability gap funds for HIP.</p> <p>CLCLT's HIP furthers Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity. CLCLT has identified specific tools to reach households of color or Hispanic ethnicity, including word of mouth (particularly effective because CLCLT is a mature land trust and has effectively served households of color or Hispanic ethnicity in the past).</p> <p>CLCLT has committed financial leverage from Hennepin County Environmental Response Fund (ERF).</p>

Costs and Subsidy

Typical Total Development Cost Per Unit: \$34,350

Historical High Cost Threshold: \$32,922

Percent Above Historical High Cost Threshold: 4%

Typical Impact Fund Subsidy Per Unit: \$25,000

Historical High Cost Threshold: \$19,589

Percent Above Historical High Cost Threshold: 28%

While CLCLT has some leverage from Hennepin County for this project, the higher subsidy is needed due to the lack of other leverage.

Community Need

The average age of housing in Minneapolis is 76 years and close to 74 percent of all owner-occupied homes were built before 1950. The majority of the 149 HIP homes purchased thus far by CLCLT buyers have required some level of assistance to address deferred maintenance, safety and code issues, lead, asbestos, and energy efficiency. On average, a HIP home requires, at minimum, \$25,000 to address identified deferred maintenance, safety/code issues, environmental hazards, and energy efficiency improvements. The majority of homes require significantly more, usually for asbestos and lead remediation and to complete energy efficiency suggestions. The goal of HIP's owner-occupied rehabilitation completed post-purchase is to minimize the potential for a CLCLT buyer to experience a significant home-related repair within the first two years of homeownership and the potential for such a repair to derail a lower-income homeowner.

There are other programs that are potential options for future repair and home improvement needs of CLCLT HIP buyers; however, shortly after closing, it is not in the best interest of a low- and moderate-income homeowner to incur more debt, and in some cases, may not be able to qualify for other programs. The owner-occupied rehabilitation associated with HIP is focused on more immediate deferred maintenance and safety/code issues. Most commonly post-purchase HIP-related rehabilitation addresses roofs, siding, lead, asbestos, radon, and electrical and plumbing issues and is completed within six months of closing. Also because of the limited equity CLCLT owners receive at time of resale, it is important to minimize the number of additional, recapture liens executed on a property.

City of Lakes Community Land Trust (CLCLT)	
Project	CLCLT New Construction
Location	City of Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	10	\$ 700,000
Funding Recommended	3	\$ 210,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>The City of Lakes Community Land Trust (CLCLT) is a nonprofit organization with the mission to create community ownership that preserves affordability and inclusivity through the CLT model.</p> <p>Since 2002, the CLCLT has assisted 310 households into affordable, sustainable homeownership. This includes 53 resales through which the CLCLT has been able to keep homes affordable for other income-qualified households. The median income for all CLCLT homeowners is \$37,500 or approximately 51 percent AMI and 53 percent are households of color.</p> <p>The CLCLT has received 24 Minnesota Housing awards, totaling approximately \$8.2 million, and in all cases, the CLCLT has met or exceeded the required number of homes.</p>

Project Description
<p>The funds will be used for Value Gap and Affordability Gap/downpayment assistance in the development and sale of new construction single family homes on in-fill lots in the City of Minneapolis. The applicant will serve households at or below 80 percent AMI.</p> <p>The City of Lakes Community Land Trust (CLCLT) New Construction housing activity is a growing component of the organization's ongoing efforts to create and preserve affordable homeownership in Minneapolis. Through its New Construction activity, the CLCLT is able to offer different housing types to low- and moderate-income buyers. For example, the first two homes constructed in 2015 were multi-generational, single-family homes with accessory dwelling units attached. This design was developed in response to buyer inquiries about options for extended family members to live in one dwelling or near each other. The CLCLT is presently constructing two additional multi-generational properties.</p> <p>The CLCLT will have the following implementation partners: The City of Lakes Community Realty (CLR) is a subsidiary of the CLCLT and is responsible for marketing of CLCLT developed homes and assisting with resale of existing CLCLT homes. NeighborWorks Home Partners will provide homebuyer education (Homestretch) classes and buyer post-purchase counseling services.</p> <p>This project furthers Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity. CLCLT has identified specific tools to serve households of color or Hispanic ethnicity, including word of mouth (particularly effective because CLCLT is a mature land trust and has effectively served households of color or Hispanic ethnicity in the past).</p>

CLCLT has committed financial leverage from the City of Minneapolis Community Planning and Economic Development (CPED).

Costs and Subsidy

Typical Development Cost Per Unit: \$315,000
 Historical High Cost Threshold: \$382,842
 Percent Below Historical High Cost Threshold: 18%

The anticipated per-unit construction cost of \$240,000 is below the industry average of \$240,260 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit: \$70,000
 Historical High Subsidy Threshold: \$60,279
 Percent Above Historical High Subsidy Threshold: 16%

The subsidy includes \$35,000 for affordability gap. CLCLT estimates that the appraised value of each unit will be \$250,000. This is higher than the historic high appraised value for similar new construction units in Minneapolis and St. Paul. As a result, the affordability gap and therefore the need for subsidy is greater.

Community Need

Community Profiles indicates that 67 percent of homeowners in Minneapolis are cost-burdened. The median household income is \$50,900 and the median home price is \$217,525. Using a 5% interest rate, a household earning Minneapolis' median income could afford approximately \$170,000 in a mortgage before becoming cost-burdened. The average Minneapolis household would need close to \$50,000 in affordability gap assistance to achieve homeownership affordable to their individual circumstances. For low-income homebuyers, the gap is even more substantial.

Another indicator of the need for single-family, owner-occupied new construction homes is the MAAR's Weekly Activity Report for May 19, 2018, showing there is 1.9 months' supply of homes for sale overall and a declining affordability index over this same time last year. The number of vacant lots and current market inventory throughout the region fuel the current and significant new construction opportunities in Minneapolis. Circumstances that if managed thoughtfully, could be leveraged to create long-term affordable homeownership opportunities for generations of Minneapolis residents.

CLCLT's New Construction activities will add to the overall housing inventory. More importantly, it will add to the affordable homes segment of the housing market. The additional affordability investment associated with CLCLT homes provides ownership options for low- to moderate-income households; however, through the community land trust strategy, the benefit of the proposed activity is not limited to the first household. By creating affordability along with a new home, the CLCLT is securing that affordable housing inventory is available for low- and moderate-income households into the future and provide affordability homeownership opportunities to multiple households over time.

City of Minneapolis Community Planning & Economic Development (CPED)	
Project	Minneapolis Homes Development Assistance (MHDA)
Location	City of Minneapolis – North Minneapolis, South Central Minneapolis, and Northeast Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	25	\$ 1,000,000
Funding Recommended	20	\$ 800,000

Co-Funder Information	
N/A	\$ N/A

Organization Information

The vision of the City of Minneapolis’s Department of Community Planning and Economic Development (CPED) is to be a driving force for innovation, collaboration and sustainability by providing thoughtful design and access to the tools and resources needed for all Minneapolis residents and businesses to prosper.

Over the past five years, Minneapolis CPED and its developer partners have completed 105 similar units. The MHDA program is closely modeled after the successful Green Homes North program.

Project Description

The funds will be used to provide value gap for the new construction of homes in North Minneapolis, South Central Minneapolis, and Northeast Minneapolis. The applicant will serve households at or below 115 percent AMI but will prioritize serving households at or below 80 percent AMI.

The Minneapolis Homes: Buy. Build. Rehab. (MHDA) program provides value and affordability gap to individual homeowners and developers to build new homes through Minneapolis CPED’s programs. MHDA funds are awarded through an RFP. Applicants propose housing development projects for specific City-owned lots. The City will prioritize projects that create mixed-income neighborhoods through requiring long-term affordability (LTA) in rapidly appreciating neighborhoods, reduce racial disparities through utilizing Disadvantaged Business Enterprises and marketing to underserved households, and create community partnerships to achieve higher impact in neighborhoods.

The MHDA program builds off of the framework of the Green Homes North program, which received Impact Funds multiple times in past years. Elements of Green Homes North continue through the MHDA program including capacity building training for new developers, emphasis on workforce development partnerships, and encouragement of sustainable and diverse home designs.

The project furthers the Agency’s strategic priority to reduce Minnesota’s racial and ethnic homeownership disparity by marketing to households and developers of color. This has included appearing on Hmong radio and KMOJ, meetings with members of the Somali community, and attending community festivals and housing fairs. It also addresses the Agency’s strategic priority to finance housing responsiveness to Minnesota’s changing demographics. The City will include points in its MHDA RFP for projects that incorporate universal design or visitability to enable seniors to age in place.

Minneapolis CPED has committed leverage from the City of Minneapolis and federal HOME Funds.

Costs and Subsidy

Typical Development Cost Per Unit: \$305,000

Historical High Cost Threshold: \$359,706

Percent Below Historical High Cost Threshold: 15%

The anticipated per-unit construction cost of \$253,000 is below the industry average of \$315,940 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit: \$40,000

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 26%

Community Need

The City currently owns 472 vacant lots that are eligible for development through the MHDA. This includes lots with Agency Neighborhood Stabilization Program (NSP) investments. NSP lots will be prioritized in the MHDA RFP. Many of these properties were acquired during the Great Recession when many foreclosed homes were abandoned and vacant, causing instability and a decrease in home values.

Between 2012 and 2017, home prices in the City of Minneapolis rose 160 percent. In some neighborhoods such as North Minneapolis, some home prices have risen 230 percent, causing the prices to double and making homeownership more difficult to achieve for low- to moderate-income buyers. Homes developed through the City's programs, such as Green Homes North, have historically sold for much lower than the average sale price of new construction homes in Minneapolis. Between 2014 and 2016, the average Green Homes North home sold for \$183,900 as compared to the average of \$566,000 for all new construction homes built in the city. It is the goal to continue to develop homes at a purchase price affordable to low- and moderate-income homebuyers.

In North Minneapolis, 46 percent of households are cost-burdened and 51 percent of households rent their homes. In South Central and Northeast Minneapolis, 40 percent of households are cost-burdened and 56 percent of households rent their homes. The average rent for a 3-bedroom unit in the City of Minneapolis is \$1885 per month. In comparison, the average purchase price of homes developed through the MHDA program is expected to be \$230,000. With downpayment assistance and affordability gap financing through the City and other sources, the monthly payment for a home at this purchase price would be less than the \$1885 per month rent.

The MHDA program provides an opportunity for renters and homeowners in North, South Central, and Northeast Minneapolis to purchase new construction property, while also reducing the number of vacant lots across the city.

Community Neighborhood Housing Services dba NeighborWorks Home Partners	
Project	Community Keys
Location	St. Paul's Frogtown, Midway, and North End neighborhoods; Minneapolis' Shingle Creek, Lind-Bohanon, Humbolt, Webber-Camden, Cleveland, Folwell, McKinley, Willard-Hay, Near North, Jordan, Hawthorne, Harrison, and Sumner-Glenwood Heritage Park neighborhoods
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	20	\$ 160,000
Funding Recommended	20	\$ 160,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission to revitalize neighborhoods by creating and supporting successful homeownership. NWHP provides comprehensive homeownership services including financial capabilities education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers downpayment assistance, home improvement financing and construction management, land trust, foreclosure prevention and single family housing development.</p> <p>NWHP was chartered as a NeighborWorks America organization in 1982 and designated a NeighborWorks HomeOwnership Center in 2007. In 2001, NWHP was certified by the U.S. Department of the treasury as a CDFI and is a HUD-approved Local Housing Counseling Agency (LHCA) and downpayment assistance lender. NWHP is also registered with the Nationwide Multistate Licensing System and Registry (NMLS). NWHP also has experience in providing downpayment assistance programs including administering programs with Wells Fargo, CDFI, NeighborWorks America, Federal Home Loan Bank and Minnesota Housing Impact funds. NWHP currently offers several second mortgage downpayment assistance products and has administered the Community Keys program with Agency Impact Fund dollars for the past four years.</p>

Project Description
<p>The funds will be used to provide downpayment assistance to 20 borrowers to purchase owner-occupied single family homes in the targeted neighborhoods in St. Paul and Minneapolis. The applicant will serve households at or below 115 percent AMI.</p> <p>This project is a part of NWHP's Community Keys program which provides downpayment assistance of up to \$15,000. The Impact Fund will fund \$7,500 of this total. Community Keys will target households that do not qualify for other downpayment assistance programs due to things such as credit history and program requirements. Downpayment assistance is especially needed in this market with increasing property values and sellers less likely to contribute to closing costs. This program will increase the number of homeowners in the target areas and reduce homebuyers' monthly housing expenses.</p>

This project also aligns with the work of the Frogtown Rondo Home Fund and the Northside Home Fund to implement a shared strategy for housing improvement and to intentionally link housing activities to other neighborhood improvement efforts. As property values and home prices have far outpaced employment and income gains, Community Keys downpayment assistance program will help low- to moderate-middle income families overcome the affordability barrier to homeownership to not only create stability for each family served but also to help the broader neighborhood as a whole.

This project furthers the Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity by investing in homeownership opportunities for households of color. In the past five years, 50 households served by NWHP are households of color or Hispanic ethnicity.

NWHP has committed financial leverage from the U.S. Department of Treasury CDFI Fund.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$7,500

Community Need

Recent public investments in transit, education, and greenspace have triggered a rapid rebound in the housing market in the proposed target areas. This project will help households afford to remain in or move into these core urban neighborhoods with plentiful access to jobs and transportation. According to Community Profiles, there are between 129,906 to 144,339 jobs in the St. Paul target area and 140,962 to 206,462 in the Minneapolis target areas. The average distance to work is 6.4 miles in St. Paul and 7.55 miles in Minneapolis.

The median household income for the targeted neighborhoods in St. Paul is \$27,292, which is more than \$30,000 below the statewide median household income. The median household income for the targeted neighborhoods in Minneapolis is \$37,706, which is over \$20,000 below the statewide median household income. According to Community Profiles, close to 70 percent of households in St. Paul and 74 percent of households in Minneapolis are cost-burdened. These areas have some of the highest poverty rates across the state with the poverty rate at 44 percent in St. Paul and 33 percent in Minneapolis. Both are three times higher than the State of Minnesota's poverty rate. These target areas are also home to large numbers of households of color.

Home prices in both cities have been rising. In Minneapolis, home prices have risen close to nine percent over the past year and in St. Paul, home prices have risen over 19 percent. The average sales price in the St. Paul target areas is \$120,279 and \$132,283 in the Minneapolis target areas. Many low- to moderate-middle income buyers are already cost-burdened and this has created yet another barrier for low- to moderate-income buyers who want to purchase in these cities. Downpayment assistance through Community Keys will enable low- to moderate-income buyers to purchase homes in these areas.

Community Neighborhood Housing Services dba NeighborWorks Home Partners	
Project	Affordable Homes for St. Paul
Location	City of St. Paul
Activity	Acquisition, Rehabilitation, Resale

	# of Units	Total
Funding Requested	2	\$ 100,000
Funding Recommended	2	\$ 100,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission to revitalize neighborhoods by creating and supporting successful homeownership. NWHP provides comprehensive homeownership services including financial capabilities education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers downpayment assistance, home improvement financing and construction management, land trust, foreclosure prevention and single family housing development.</p> <p>NWHP was chartered as a NeighborWorks America organization in 1982 and designated a NeighborWorks HomeOwnership Center in 2007. In 2001, NWHP was certified by the U.S. Department of the treasury as a CDFI and is a HUD-approved LHCA and downpayment assistance lender. NWHP is also registered with the Nationwide Multistate Licensing System and Registry (NMLS). NWHP also has experience in providing downpayment assistance programs including administering programs with Wells Fargo, CDFI, NeighborWorks America, Federal Home Loan Bank and Minnesota Housing Impact funds.</p> <p>NWHP has over 20 years of experience in administering a single family housing development program which includes acquiring and rehabilitating vacant homes and building new homes on vacant lots. NWHP's Community Land Trust (CLT) has been in operation since 2004 and created long term affordable housing in the Frogtown and Summit University neighborhoods.</p>

Project Description
<p>The funds will be used to rehabilitate two homes in the City of St. Paul. The applicant proposes to serve households at or below 80 percent AMI.</p> <p>NWHP will purchase and renovate two homes in the city of St. Paul to be sold to low-income buyers. Over the past five years, NWHP has renovated 22 housing units. Ten were sold to owner occupants and 12 units are held in their rental portfolio in partnership with Project for Pride in Living. Given the low inventory of single-family homes, especially those affordable to low- and moderate-income buyers, the project will provide families with a chance at economic mobility through affordable homeownership.</p> <p>This project furthers the Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity by reaching out to underserved households. In the past five years, 65 percent of households served have been households of color or Hispanic ethnicity.</p>

NWHP has committed financial leverage from the City of St. Paul Community Development Block Grant.

Costs and Subsidy

Typical Development Cost Per Unit: \$269,000

Historical High Cost Threshold: \$311,326

Percent Below Historical High Cost Threshold: 14%

Typical Impact Fund Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$44,400

Percent Above Historical High Subsidy Threshold: 13%

NWHP estimates that the appraised value of each unit will be \$165,000. This is higher than the historic high appraised value for similar acquisition, rehabilitation, resale units in Minneapolis and St. Paul. As a result, the affordability gap and therefore need for subsidy is greater.

Community Need

There is pervasive poverty and a high number of households that are cost-burdened in St. Paul. The median household income for the City of St. Paul is \$46,827, which is \$11,000 below the State of Minnesota household median income. Close to 70 percent of renters and 62 percent of homeowners are cost-burdened, and the poverty rate for St. Paul as a whole is 21 percent with the poverty rate ranging within 3.6 percent to 54.2 percent in specific neighborhoods.

There is also a large population of households of color in St. Paul where 42 percent of residents are communities of color. Some census tracts within the City have up to 91 percent households of color. Across the City of St. Paul, 73 percent of owner-occupied homes were built before 1950, with many homes needing repairs due to deferred maintenance.

The median sales prices in St. Paul has risen 19.7 percent and the low inventory over the past year has created additional barriers to homeownership. There was a 36 percent decrease in the number of homes available in the past year with 373 homes for sale throughout St. Paul in April 2018. With high competition for home purchases, sellers are typically not making needed repairs prior to closing, leaving some homebuyers with immediate repair issues. Most of the low- to moderate-income buyers have few funds to make repairs or take on additional payments for a home improvement loan. A fully renovated home, such as those proposed under this project, will start buyers off with stable, quality housing and put vacant homes back on the tax rolls.

The Affordable Homes for St. Paul program addresses priorities in the Frogtown Rondo Home Fund cooperatively developed plan, supporting the North End Neighborhood Organization (NENO), and addresses some of the priorities addressed in the City of St. Paul's 2015-2019 Consolidated Plan.

Dayton’s Bluff Neighborhood Housing Services	
Project	Village on Rivoli Phase II
Location	Railroad Island in St. Paul
Activity	New Construction

	# of Units		Total
Funding Requested	5	\$	228,540
Funding Recommended	5	\$	228,540

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Dayton’s Bluff Neighborhood Housing Services (DBNHS) is a nonprofit organization with over 38 years of experience developing, financing and selling both newly-constructed and rehabilitated affordable housing in St. Paul.</p> <p>Since its inception, DBNHS has rehabilitated or constructed 3,423 affordable ownership and rental housing units at a cost of \$323,028,905. Most of the homes are located in St. Paul’s East Side. In 2017, DBNHS developed and sold 17 single family homes. So far in 2018, DBNHS has developed and sold five new single family houses; seven houses are nearing completion (all are under sales purchase agreements) and seven more that have just been started.</p> <p>DBNHS is an active Impact Fund administrator and has met or exceeded the number of units awarded under past Impact Fund awards.</p>

Project Description
<p>The funds will be used to build five homes in the Railroad Island neighborhood on the East Side of St. Paul. While this project is also on Railroad Island, it is different from the large-family Rivoli Street homes project that the Agency funded in 2013, 2014, and 2016. In 2017, the Agency provided Impact Funds for four units in Phase II. The applicant will serve households at or below 115 percent AMI.</p> <p>Phase II of the Village on Rivoli development is part of the Railroad Island Housing Initiative. The goal of the Initiative is to build and sell 100 new ownership housing units in St. Paul’s Railroad Island neighborhood. To date, DBNHS has completed and sold 45 ownership units.</p> <p>Railroad Island was selected as the target area because it is one of the oldest and poorest neighborhoods in St. Paul. Much of its housing is substandard and uneconomical to rehabilitate. Sixty-seven percent of its housing stock needs rehabilitation in excess of \$50,000. One tool the City of St. Paul uses to address the issue of vacant houses is to condemn and demolish, allowing rebuilding to occur.</p> <p>This project furthers Agency’s strategic priority to address Minnesota’s racial and ethnic homeownership disparity. There is a large population of households of color in the neighborhood and DBNHS will market to these communities. Of the approximately 24,551 residents living within one-mile radius of the proposed site, 66 percent are households of color. Within a three-mile radius, the total population is 151,689 of which 59 percent are households of color.</p>

Dayton's Bluff Neighborhood Housing Services has committed financial leverage from Sales Tax Revitalization (STAR) Loan and Grant Program and Metropolitan Council.

Costs and Subsidy

Typical Development Cost Per Smaller Unit: \$323,255

Historical High Cost Threshold: \$359,706

Percent Below Historical High Cost Threshold: 10%

Typical Impact Fund Subsidy Per Unit Per Smaller Unit: \$42,270

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 22%

Typical Development Cost Per Larger Unit: \$406,520

Historical High Cost Threshold: \$359,706

Percent Above Historical High Cost Threshold: 13%

The typical development cost is higher because the homes will be built on a steep hill. As a result, there are additional foundation and site work costs that are typically not applicable to the construction of other homes.

Typical Impact Fund Subsidy Per Larger Unit: \$50,865

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 6%

Community Need

According to the 2018 Community Profiles data, Village on Rivoli is classified as a Workforce Job Growth and Long Commute Community Workforce Housing Area. Beacon Bluff, the old 3M plant site, is located eight blocks east of the Village on Rivoli. According to the St. Paul Port Authority, Beacon Bluff has the potential to provide 1000+ living wage jobs. One primary concern of businesses looking to locate their business at Beacon Bluff is a lack of quality workforce housing. The Village on Rivoli's housing is being designed and developed specifically to address this concern. A new HealthPartners clinic recently opened a health care facility on the East Side of St. Paul that provides 185 jobs.

The site is a short bike ride from the Green Line Light Rail station near Regions Hospital. A new bike trail will connect Village on Rivoli with the city bike route to the light rail station and downtown St. Paul.

In addition to the new homes, the project includes a large green space, an orchard, a community garden, a bike trail connecting to local transit and a community solar garden to provide lower cost electricity to Railroad Island's low-income residents. Both the agricultural area and the solar garden will serve as a youth employment and training site. In partnership with the Neighborhood Development Center, DBNHS is currently expanding its construction training efforts by developing a contractor business incubator and youth built training center less than one block from Beacon Bluff.

First Homes Properties	
Project	New Construction Expansion
Location	Rochester
Activity	New Construction

	# of Units	Total
Funding Requested	14	\$ 1,943,879
Funding Recommended	14	\$ 1,687,000

Co-Funder Information	
Greater Minnesota Housing Fund	\$ 60,000

Organization Information
<p>First Homes Properties (First Homes) is a nonprofit community land trust (CLT) that seeks to advance its mission of providing leadership to create a permanent supply of workforce housing through collaborative partnerships in the greater Rochester area.</p> <p>First Homes is a subsidiary of the Rochester Area Foundation and has been in existence since 2000. It manages 209 community land trust homes and has coordinated 146 resales since 2004. First Homes has been a community leader in the creation of workforce housing since 1999. First Homes has helped to produce and finance more than 1,100 units of workforce housing, including single family new construction, new construction gap loans, multifamily rental projects, and acquisition, rehabilitation, and resale of existing single family homes.</p> <p>First Homes is experienced with single family development and its current staff has some experience with administration of Impact Fund awards.</p>

Project Description
<p>The funds will be used to provide value gap to construct fourteen new homes in the City of Rochester and to provide affordability gap to the homebuyers of these fourteen homes. The recommended funding amount is lower despite funding the requested number of units due to a reduction in the need for affordability gap and a reduction in the developer fee. The applicant will serve households at or below 80 percent AMI.</p> <p>This project expands the CLT portfolio of First Homes. It includes two single-family homes constructed on infill lots and 12 villa townhome units constructed on three lots located near a current townhome development. One of the townhome four-plexes will be constructed to match the design of the existing townhomes and the other two four-plexes will be one level living with walk-out basements.</p> <p>This project furthers Agency's strategic priority to address specific and critical local housing needs. There is a great need for affordable housing in the Rochester area. Local leaders have prioritized affordable housing through the Coalition for Rochester Area Housing and production of this proposal.</p> <p>This project also addresses the Agency's strategic priority to finance housing responsive to Minnesota's changing demographics, through its commitment to help seniors age in place. First Homes will build at least one home that meets universal design or Type A Accessible standards, is building in areas well</p>

served by transit, and will reach out to senior-focused social service agencies in marketing units for sale.

Finally, this proposal meets the Agency's funding priority of providing workforce housing. Mayo Clinic, the area's largest employer, plans to add 2,000 jobs annually over the next 20 years. These jobs and the people who fill them will in turn demand goods and services, leading to growth at other companies and still greater demand for housing.

First Homes Properties has committed financial leverage from Impact Finance (an affiliate of First Homes), Home Federal Savings Bank, First Alliance Credit Union, CRW Architecture & Design Group, Veit Disposal, Villas of Valley Side Homeowners Association, Regulatory incentive (Olmsted County waiver of tipping fees), Coalition for Rochester Area Housing and Olmsted County Sheriff's Office.

Costs and Subsidy

Typical Development Cost Per Unit (Villas): \$300,883

Historical High Cost Threshold: \$382,842

Percent Below Historical High Cost Threshold: 21%

The anticipated per-unit construction cost of \$242,000 is above the industry average of \$220,000 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit (One-Story Villas): \$115,350

Historical High Cost Threshold: \$60,279

Percent Above Historical High Subsidy Threshold: 91%

Typical Impact Fund Subsidy Per Unit (Two-Story Villas): \$128,650

Historical High Cost Threshold: \$60,279

Percent Above Historical High Subsidy Threshold: 113%

The subsidy includes \$81,000 to \$85,000 for value gap. First Homes estimates that the appraised value of units will range from \$195,000 to \$215,000. This is lower than the historic high appraised value for CLT units across the state. Most of the CLT data consists of homes in the Twin Cities metropolitan area. As a result, the appraised values are higher than in a larger Greater Minnesota city such as Rochester. As a result, the value gap and therefore the need for subsidy is greater.

Typical Development Cost Per Unit (First Infill Unit): \$297,900

Historical High Cost Threshold: \$382,842

Percent Below Historical High Cost Threshold: 22%

The anticipated per-unit construction cost of \$259,500 is above the industry average of \$224,000 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit (First Infill Unit): \$72,200

Historical High Cost Threshold: \$60,279

Percent Above Historical High Subsidy Threshold: 20%

The subsidy includes \$45,000 for affordability gap. The buyers that First Homes intends to serve are lower-income and therefore require a larger affordability gap subsidy.

Typical Development Cost Per (Second Infill Unit): \$317,629

Historical High Cost Threshold: \$382,842

Percent Below Historical High Cost Threshold: 17%

The anticipated per-unit construction cost of \$235,485 is above the industry average of \$224,000 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit (Second Infill Unit): \$122,400

Historical High Cost Threshold: \$60,279

Percent Above Historical High Subsidy Threshold: 103%

The subsidy includes \$77,400 for value gap. First Homes estimates that the appraised value of the unit will be \$225,000. This is lower than the historic high appraised value for CLT units across the state. Most of the CLT data consists of homes in the Twin Cities metropolitan area. The appraised values are higher than in a larger Greater Minnesota city such as Rochester. As a result, the value gap and therefore the need for subsidy is greater.

The subsidy also includes \$45,000 for affordability gap. The buyers that First Homes intends to serve are lower-income and therefore require a larger affordability gap subsidy.

Community Need

Olmsted County, including Rochester in particular, has experienced a rapid increase in home prices owing in large part to a lack of inventory. The need for affordable housing has reached a critical stage. In 2016, the median home price in Olmsted County was \$187,000. As of April 1, 2018, it was \$236,000. Nearly half of all homeowners in Olmsted County are cost-burdened. Four in ten Olmsted County households earn less than \$50,000 annually, yet few homes are available at price points below \$200,000. A healthy inventory of such homes would be between 175 and 200. Builders are either unable to profitably build and sell homes at a price point under \$200,000, or are unwilling to absorb the risk that the market may not accept a home built to be profitable at a price point under \$200,000.

First Homes will aid the families most disadvantaged and cost-burdened by the housing shortage through developing new units. It will create more access to affordable housing for low- to moderate-income homebuyers through providing Affordability Gap assistance. Finally, in perpetuating affordability through the land trust model, First Homes will ensure these units are available to meet what is projected to be a long-term affordability challenge in Rochester.

Habitat for Humanity of Minnesota, Inc.	
Project	Impact Fund #6
Location	52 counties throughout the State of Minnesota – Aitkin, Beltrami, Benton, Blue Earth, Brown, Carlton, Cass, Chippewa, Chisago, Clay, Clearwater, Crow Wing, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Hubbard, Isanti, Itasca, Kanabec, Kandiyohi, LeSueur, Lyon, Martin, McLeod, Meeker, Mille Lacs, Morrison, Mower, Nicollet, Olmstead, Otter Tail, Pine, Pope, Renville, Rice, Sherburne, Sibley, St. Louis, Stearns, Steele, Stevens, Swift, Waseca, Watonwan, Wilkin, Winona and Wright
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	25	\$ 375,000
Funding Recommended	25	\$ 375,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Habitat for Humanity of Minnesota, Inc. (HFH-MN) is nonprofit organization founded in 1997 to serve, support, and train its Habitat affiliates. Each Habitat affiliate has an independent Board of Directors that is locally formed and governed under the umbrella of Habitat for Humanity International.</p> <p>Over the past five years, Habitat affiliates have built over 113 units similar to those proposed in this year's application. To date, Habitat affiliates have expended over \$2,996,200 of Impact Funds to build 209 units in 74 cities and towns across 34 counties in Minnesota.</p>

Project Description
<p>The funds will be used to provide downpayment assistance for homebuyers of HFH-MN new construction homes in 52 counties throughout the State of Minnesota. The applicant will serve households at or below 60 percent AMI.</p> <p>HFH-MN's model is unique. HFH-MN will partner with 25 Greater Minnesota Habitat affiliates (Habitat affiliates) to construct 25 single family homes . HFH-MN will distribute Impact Fund dollars to its affiliates, who will select income eligible households and construct homes tailored to suit their housing needs. Habitat affiliates will partner with a low-income household that is in need of housing and who will contribute sweat equity into the project. With the help of donated materials, labor, and land, HFH-MN is able to provide selected households with zero percent interest mortgages with a lower than average first mortgage amount. Impact Fund dollars are a critical component to keeping the first mortgage at an amount that the Habitat homebuyer can afford.</p> <p>This project is responsive to addressing Minnesota's workforce housing needs through constructing homes in communities with employment opportunities and job growth, and by providing affordability gap assistance to homebuyers in need. Eighty-four percent of the counties within the target area of this proposal are considered communities with job growth and/or are considered top job centers. All of the target areas within this proposal are considered workforce housing areas. HFH-MN homes are affordable to those holding the lowest-wage jobs that are most common and essential for the economic</p>

vitality of a community.

HFH-MN has committed financial leverage from Habitat Affiliates.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: \$15,000

Historical High Subsidy Threshold: \$16,317

Percent Below Historical High Subsidy Threshold: 8%

Community Need

HFH-MN homebuyers are very low-income households, earning on average \$27,589 or 33 percent AMI. Affordability gap assistance provided by Habitat affiliates makes homeownership a reality for homebuyers that cannot typically qualify for a conventional mortgage due to their inability to pay a conventional mortgage rate. Wages paid by the employers throughout the target areas are too low to support the purchase of available median-priced homes for sale. Fifty-three percent of low-income homebuyers in the target areas are cost-burdened and spend 30 percent or more of their monthly income on housing. Over half of the housing stock in the target areas were constructed prior to 1950, and 95 percent of the target areas are designated as rural/tribal areas. Sixty percent of the target areas have a walk score of 50 or more and each service area is within five miles of over 2,000 low-to moderate-wage jobs.

Given the very low income of HFH-MN homebuyers, Habitat affiliates take into account future utility and maintenance costs and traditionally build small, simple, and efficient homes that preserve affordability for the long term. Habitat affiliates are able to meet the needs of each specific homebuyer by first selecting the homebuyer, then locating and designing a home to meet their specific needs. The project sites that are selected are in close proximity to the selected homebuyer's work, school(s) and support systems. To date, 72 percent of households served are single headed households, 26 percent are households of color, and 25 percent are households with a family member with a disability. The Impact Fund has helped build 60 large family homes (i.e., homes with four or more bedroom). Twelve affiliates have built four to six bedroom homes for families with seven or more household members. Ninety-two percent of HFH-MN homebuyers served reported that their overall quality of life was improved and attributed the improvement to HFH-MN.

Hennepin County Housing and Redevelopment Authority	
Project	Healthy Homes Assistance Project
Location	Hennepin County Suburbs and Minneapolis
Activity	Owner-Occupied Rehabilitation

	# of Units		Total
Funding Requested	14	\$	75,000
Funding Recommended	14	\$	75,000

Co-Funder Information	
N/A	\$ N/A

Organization Information

Hennepin County Housing and Redevelopment Authority’s (Hennepin County HRA) is a government entity with the mission to serve the residents of Hennepin County and its municipalities by undertaking or assisting housing projects that will provide decent, affordable housing and economic development or redevelopment projects at the lowest possible cost to the county residents.

Hennepin County HRA has administered local, federal and state-funded housing programs for over 30 years and has a proven track record under previous Impact Fund awards. Over the past five years, Hennepin County HRA completed 38 homes with Impact Fund awards. With its federal Healthy Homes grant, it has repaired the health and safety hazards in 220 homes. Its lead-based paint grant program serves an average of 75 households per year and its single family rehabilitation program serves an average of 45 homes per year.

Project Description

The funds will be used for owner-occupied rehabilitation under Hennepin County HRA’s Healthy Homes Assistance Project (HHAP). The applicant will serve households at or below 115 percent AMI, primarily in suburban Hennepin County. In limited cases, Hennepin County HRA may serve households in the City of Minneapolis in need of lead remediation if there are no other resources available to the homeowner.

HHAP provides funds to homeowners of single family and manufactured homes to address health and safety hazards in the home. Anticipated typical repairs include emergency health and safety items such as hot water heaters, sewer problems, plumbing, roof leaks or other immediate needs such as the addition of grab bars to prevent falls in bathrooms. It will also use the funds to address structural issues in manufactured housing and radon systems.

Impact Funds will fill the gap in existing owner-occupied rehabilitation resources by reaching out to households and addressing repairs that are ineligible for funding from other existing programs, , in suburban cities where federal rehabilitation funds are scarce, or where the repairs needed are small.

This project furthers the Agency’s strategic priority to address Minnesota’s changing demographics by enabling seniors to age in place.

Hennepin County HRA has committed financial leverage from the Federal - Hennepin County Lead-based paint grant and Federal – Hennepin County Rehabilitation Program.

Costs and Subsidy

Typical Development Cost Per Unit: \$9,067
Historical High Cost Threshold: \$17,295
Percent Below Historical High Cost Threshold: 48%

Projected costs of rehabilitation are low because the proposed repair items will be lower cost, small repairs. It will not include large rehabilitation projects.

Typical Impact Fund Subsidy Per Unit: \$5,357
Historical High Cost Threshold: \$6,345
Percent Below Historical High Cost Threshold: 16%

Community Need

A Hennepin County study found that a high percentage of homeowners in the inner-ring suburbs are cost-burdened. Those that are cost-burdened tend to have limited equity in their homes, deferred maintenance issues, wage insecurity, or the fixed income of a senior. These households are less able to afford an emergency repair on their own. They may even be unable to make smaller repairs that can prevent future bigger problems.

This same study also found that senior homeowners are staying in their homes longer. They prefer to remain in their single family homes even into their 70s rather than moving into apartments or assisted living. Many of these senior households are on limited or fixed income and therefore cost-burdened. Hennepin County has seen an increase in the number of seniors reaching out to them with rehabilitation needs.

Hennepin County, especially the inner ring suburbs and the City of Minneapolis, has an older than average housing stock. Many of these homes have deferred maintenance issues that cost-burdened households are been unable to address on their own.

In addition to senior households, Hennepin County works with many families with small children. It has received referrals from Park Nicollet and Hennepin County Medical Center (HCMC) for children struggling with asthma. Children spend much of their time indoors making it imperative that the home environment is as healthy and safe as possible.

This project will fill the gap where existing programs are unable to address the needs of homeowners by focusing on emergency and smaller repairs in suburban communities. It will also help to supplement existing programs where loan limits are unable to address all the health and safety issues in a home.

Historic Saint Paul	
Project	412 Goodrich Avenue
Location	St. Paul's West Seventh neighborhood
Activity	Acquisition, Rehabilitation, Resale

	# of Units		Total
Funding Requested	1	\$	50,000
Funding Recommended	1	\$	50,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Historic Saint Paul is a nonprofit organization with the mission to preserve and promote the cultural heritage, character and vitality of St. Paul neighborhoods.</p> <p>Over the past five years, Historic Saint Paul has been involved with rehabilitation of four vacant properties through a partnership referred to as Preserve Frogtown. All have been or will be supported with Minnesota Housing Impact Fund dollars awarded to Land Bank Twin Cities. Historic Saint Paul also recently completed rehabilitation of a vacant property in Dayton's Bluff that had been under "remove or repair" orders from the City of St. Paul.</p>

Project Description
<p>The funds will be used for value gap for the acquisition, rehabilitation and resale of one home at 412 Goodrich Avenue in St. Paul's West Seventh neighborhood. The home will be sold to a household at or below 115 percent AMI.</p> <p>Over the past five years the applicant has been actively engaged in the redevelopment of vacant properties that reflect the history and character of its focus neighborhoods, including Frogtown, Dayton's Bluff, and West Seventh. It is committed to using salvaged materials and plans to partner with YouthBuild on interior demolition.</p> <p>An early pioneer built the home at 412 Goodrich in 1856, prior to Minnesota's 1858 statehood. It is currently under remove or repair orders by the City of St. Paul. When local residents and members of the Little Bohemia Neighborhood Association learned that this home was at risk of demolition, they reached out to Historic Saint Paul partnership to rehabilitate the property to ensure its preservation and reuse.</p> <p>This project furthers Agency's strategic priority to address specific and critical local housing needs. This proposal is a culmination of grassroots community efforts to organize around preserving what many in the community see as a neighborhood asset. These efforts have included taking ownership of the property from the city, obtaining commitments from the city to delay demolition, publicizing the project through media, and organizing fundraising and awareness events in partnership with local businesses. The applicant and others involved in the project aim to continue fundraising efforts to ensure a successful project.</p>

This proposal meets the Agency's funding priority of supporting community recovery efforts. This proposal is one of only four proposals to receive full points under the community recovery priority, and addresses a particularly derelict structure. Without intervention, it is likely that 412 Goodrich would have become a vacant lot and an historic, salvageable structure would become landfill.

Historic Saint Paul has committed financial leverage from contributions from individuals.

Costs and Subsidy

Typical Development Cost Per Unit: \$293,800

Historical High Cost Threshold: \$311,326

Percent Below Historical High Cost Threshold: 6%

Typical Impact Fund Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$44,400

Percent Above Historical High Subsidy Threshold: 13%

While the total value gap is lower than the historic high value gap, Historic Saint Paul requires more subsidy because it does not have leverage sufficient to cover the full value gap.

Community Need

The area has one of the highest percentages of cost-burdened households and one of the lowest median household incomes in the state. Over three-quarters of lower-income households in the target area are cost-burdened and the median household income is \$41,193. The median age of homes in the area is 76 years and 62 percent of owner-occupied homes were built before 1950.

The supply of affordable homes is tight, with only one month of supply in the \$154,000 to \$219,999 price range. Median sales prices increased 46 percent from April 2017 to April 2018.

These conditions have created a situation where many homes in the area need significant rehabilitation but few buyers are able to make the investment. In bringing a dilapidated property back into circulation, this proposal promises to modestly ease the local affordability crunch while improving the overall quality of the neighborhood's housing stock. In saving one of the area's, and the state's, earliest homes, this proposal furthers a community interest in preserving history.

Housing and Redevelopment Authority of Hutchinson, MN	
Project	2018 Impact Workforce Housing Initiative
Location	City of Hutchinson, southeast area including the Summerset Additions, Southfork, Southwind, and Kottke Court (River Pointe Villas)
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	5	\$ 125,000
Funding Recommended	5	\$ 125,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>The Housing and Redevelopment Authority of Hutchinson, MN is a government entity with the mission to be a proactive advocate of housing in the community by facilitating the availability of a broad spectrum of decent, safe and affordable housing and collaborating with other agencies and the private sector to help meet community needs.</p> <p>Prior to the Great Recession, the Hutchinson HRA administered over 60 affordability gap loans from 1998 to 2008. These loans were funded through the Minnesota Department of Employment and Economic Development’s (DEED) Small Cities Development Program (SCDP), Minnesota Housing, and Greater Minnesota Housing Fund. The HRA also administers other loan programs in the City of Hutchinson, including an owner-occupied rehabilitation program and Minnesota Housing’s Rehabilitation Loan Program and Fix Up Loan Program.</p>

Project Description
<p>The funds will be used to provide downpayment assistance for homebuyers purchasing in the City of Hutchinson. The applicant proposes to serve households at or below 115 percent AMI.</p> <p>Hutchinson HRA conducted a housing market study in 2017 that found that while there is a very low inventory of listings for owner-occupied homes, there are over 200 lots available to be developed within the city. In 2017, 27 new homes were constructed in Hutchinson, most selling for \$250,000 to \$350,000. To create more affordable workforce housing, the Hutchinson HRA has identified three builders that have agreed to participate in its Workforce Housing Initiative to build ten slab-on-grade patio homes or split entry homes for \$215,300 or less. The requested Impact Funds will provide downpayment assistance to the buyers of five of these ten homes. The three builders already have control of the ten lots to be developed.</p> <p>The applicant requests these funds because it expects that homebuyers will need additional downpayment assistance beyond what is available through existing programs. Funds will be committed on a first come, first served basis.</p> <p>The City of Hutchinson has committed financial leverage from its own financial resources.</p>

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$25,000

Community Need

The Hutchinson HRA conducted an employer survey that projects 363 permanent job openings in Hutchinson over the next three years, increasing the need for more housing affordable for the growing workforce. In May 2018, the Workforce Housing Task Force found that expanding owner-occupied housing for the local workforce is one of the key priorities for the City. The partnership with the three developers will increase the housing inventory available to the Hutchinson workforce. The affordability gap requested will enable lower income households to purchase these homes. The City is also exploring rental housing and rehabilitation of owner-occupied housing as additional ways to increase and preserve workforce housing.

Minnesota Valley Action Council (MVAC)	
Project	Mankato Mobile Home Replacement II
Location	City of Mankato
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	5	\$ 110,000
Funding Recommended	5	\$ 110,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Minnesota Valley Action Council (MVAC) is a nonprofit organization with the mission to develop resources and opportunities that empower people in low-wage work to secure affordable housing, viable transportation, employment, training for employment, and educational opportunities for children. It has served the counties of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley and Waseca since 1965.</p> <p>In 2016, the Impact Fund provided funding for the Mobile Home Replacement Pilot Program to replace three manufactured homes, and additional financing was provided by the Incentive fund for two additional homes. MVAC administers Minnesota Housing’s Fix Up Loan Program and Rehabilitation Loan Programs.</p>

Project Description
<p>The funds will be used to replace five substandard manufactured homes with newer manufactured homes in the City of Mankato. The applicant will serve households at or below 30 percent AMI.</p> <p>This is the second phase of the Mankato Mobile Home Replacement program. Initially, three manufactured home parks participated in the pilot program, and now six manufactured home parks are interested in participating. This program targets owner-occupied manufactured homes in substandard condition that are unfeasible to rehabilitate. The substandard manufactured homes are replaced with a newer home and destroyed. Applications are processed as first come, first served, and funds will be provided to homeowners as a deferred loan with pro-rated forgiveness.</p>

Costs and Subsidy
<p><u>Typical Development Cost Per Unit</u>: Not applicable</p> <p><u>Typical Impact Fund Subsidy Per Unit</u>: \$22,000</p>

Community Need

There are few programs that provide financing to repair manufactured homes on rented lots or to purchase a manufactured home that will be placed on a rented lot. This program serves borrowers at or below 30 AMI that cannot afford to rehabilitate or replace their homes. Minnesota Housing's Rehabilitation Loan Program (RLP) provides funds to rehabilitate personal property manufactured homes, but does not provide a way to replace a manufactured home that cannot be repaired through the program. The applicant's proposal serves a special niche and critical unmet need.

One Roof Community Housing	
Project	One Roof Community Housing - Owner-Occupied Rehabilitation
Location	City of Duluth
Activity	Owner-Occupied Rehabilitation

	# of Units		Total
Funding Requested	33	\$	400,000
Funding Recommended	33	\$	273,100

Co-Funder Information	
N/A	\$ N/A

Organization Information

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods.

One Roof develops affordable CLT homes and rental housing, offers downpayment and closing costs assistance, homebuyer education and credit counseling, and loans for owner-occupied rehabilitation.

Over the past five years One Roof has processed and closed 310 owner-occupied rehabilitation loans similar to the projects proposed in this application. One Roof currently averages a lending rate of 75-plus loans per year. One Roof also offers the Agency’s Rehabilitation Loan Program and Community Fix Up Loan Program.

Project Description

The funds will be used to enable homeowners to rehabilitate their manufactured or single family homes. Funds will also be used to write down the interest rate of Community Fix Up Loans. The recommended dollar amount is lower than the requested dollar amount because the subsidy per unit is lower than initially expected. One Roof is able to stretch the dollars further because the per unit subsidy for manufactured homes and CFUL interest rate write-downs are lower. One Roof will serve households at or below 115 percent AMI.

One Roof will originate owner-occupied rehabilitation loans through its lending arm, One Roof Community Lending. The program focuses on providing loans to low-income homeowners who need to make repairs but are unable to obtain the necessary financing for the rehabilitation.

This project furthers the Agency’s strategic priority to address specific and critical local housing needs. In this case, this project will provide financing to preserve existing housing that is affordable to the local workforce in the City of Duluth.

One Roof has committed financial leverage from the Neighborhood Housing Services of Duluth, Inc.

Costs and Subsidy

Typical Development Cost Per Unit for Single Family Homes: \$40,000

Historical High Cost Threshold: \$23,604

Percent Above Historical High Cost Threshold: 69%

The typical development cost per unit is higher because the funds will be used for larger projects such as electrical, plumbing, and roofing repair that tend to cost more.

Typical Impact Fund Subsidy Per Unit for Single Family Homes: \$20,000

Historical High Cost Threshold: \$16,946

Percent Above Historical High Cost Threshold: 18%

The higher subsidy needed is due to the higher cost of repairs.

Typical Impact Fund Subsidy Per Unit for Manufactured Homes: \$10,000

Historical High Cost Threshold: \$16,946

Percent Below Historical High Cost Threshold: 40%

Typical Impact Fund Subsidy Per CFUL Write-Down: \$3,155

Community Need

Close to 46 percent of homes in Duluth were built before 1940, indicating that most of its housing stock is beyond its average lifespan. When older housing stock lacks routine maintenance, it becomes substandard. Housing repair and rehabilitation issues that are not addressed lead to more condemned housing units that are unfit for habitation. In order to preserve existing housing stock, focused rehabilitation activity is needed. One Roof will prioritize households that cannot qualify for existing rehabilitation loan products.

According to figures obtained from DEED, while the average annual wage in Duluth increased by 21 percent between 2010 and 2016, it continues to lag behind the state median of \$53,560. The typical homeowner is employed in full time, low wage service job. All but two of the 13 census tracts proposed in this application fall within five miles of at least 15,000 low and moderate wage jobs.

Roughly 60 percent of homeowners in the target area are cost-burdened. Many of these households do not have the financial ability to address repairs when they arise. When necessary maintenance and repairs are ignored, homes go into disrepair and the costs of rehabilitation rise. The high percentage of cost-burdened homeowners plus the advanced age of the housing stock within the target area creates an ongoing need for owner-occupied-rehabilitation.

As a mission driven lender, One Roof works to layer multiple funding sources to ensure that the borrower is provided with the most sustainable loan possible. While there are financial institutions in the area that finance home improvements, they generally do not serve low- to moderate-income borrowers, or homeowners with little credit or equity in their property. Most One Roof borrowers have been turned down by one or more lender. In 2016, One Roof funded and administered 10 percent of licensed home rehabilitation activity in Duluth.

One Roof Community Housing	
Project	One Roof Community Housing Acquisition-Rehab-Resale
Location	City of Duluth, Proctor, Hermantown and Cloquet
Activity	Acquisition, Rehabilitation, Resale

	# of Units	Total
Funding Requested	12	\$ 950,000
Funding Recommended	6	\$ 550,000

Co-Funder Information	
Greater Minnesota Housing Fund	\$ 42,500

Organization Information
<p>One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods.</p> <p>One Roof develops affordable CLT homes and rental housing, offers downpayment and closing costs assistance, homebuyer education and credit counseling, and loans for owner-occupied rehabilitation. As of May 2018, One Roof has successfully completed 123 acquisition, rehabilitation, resale units, similar to those outlined in this proposal.</p>

Project Description
<p>The funds will be used to acquire and rehabilitate homes in the City of Duluth. The recommended funding amount includes \$250,000 in repayable interim loan funds for the construction of the homes. Homes located in economic integration areas will be sold through One Roof's CLT program, to households earning less than 80 percent AMI. The Homes, located in community recovery areas will be sold fee-simple to households that earn up to 115 percent AMI.</p> <p>Through its internal construction company, Common Ground LLC, One Roof will act as developer for all acquisition rehabilitation projects. One Roof will also act as realtor and market the completed homes through its realty company, One Roof Community Realty.</p> <p>The target areas within this proposal are divided into economic integration areas and community recovery areas. Economic integration areas are based on median family income and access to jobs, while community recovery areas are communities with lower median household incomes, older housing stock and higher than average declines in homes sales prices. Historically, One Roof has focused work in community recovery areas throughout Duluth. By incorporating acquisition, rehabilitation, and resale in economic integration areas, One Roof will expand equitable access to housing for low- to moderate-income households. One Roof seeks to make all of Duluth's neighborhoods accessible to lower income individuals, and in doing so, hopes to reduce the degree of disparity that exists within the city. The concept of equitable access to housing is supported in Duluth's 2017 Housing Action Framework.</p> <p>One Roof has partnered with the Fond du Lac Band of Lake Superior Chippewa to develop two units. It has committed financial leverage from St. Louis County and Odyssey Development.</p>

Costs and Subsidy

Typical Development Cost Per Fee Simple Unit: \$223,000

Historical High Cost Threshold: \$203,368

Percent Above Historical High Cost Threshold: 10%

The typical development cost per unit is higher due to higher rehabilitation costs and higher soft costs. Despite this, the developer fee is still below the 10 percent allowed under the Impact Fund.

Typical Impact Fund Value Gap Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$28,291

Percent Above Historical High Subsidy Threshold: 77%

One Roof estimates that the appraised value of units will be \$173,000. This is lower than the historic high appraised value for similar acquisition, rehabilitation, resale units in a larger Greater Minnesota city such as Duluth. As a result, the value gap and therefore the need for subsidy is greater.

Typical Development Cost Per CLT Unit: \$229,000

Historical High Cost Threshold: \$311,178

Percent Below Historical High Cost Threshold: 26%

Typical Impact Fund Value Gap and Affordability Gap Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$55,056

Percent Below Historical High Subsidy Threshold: 9%

Community Need

According to figures obtained from DEED, the average annual wage in Duluth increased by 21 percent between 2010 and 2016 but the current average annual wage continues to lag behind the state median of \$53,560. On average, 60 percent of the homebuyers served by One Roof are at or below 60 percent AMI and over 80 percent are first-time homebuyers. The typical homeowner is usually employed in full time, low wage service job. All but two of the 13 census tracts proposed in this application fall within five miles of at least 15,000 low and moderate wage jobs.

Additionally, the Duluth Consolidated plan reported that the average lifespan of a house in Duluth is 40 to 50 years with significant annual maintenance. Over 45 percent of housing units in Duluth were built before 1940, indicating that most of its housing stock is beyond its average lifespan. Housing repair and rehabilitation issues that are not addressed lead to more condemned housing units that are unfit for habitation. In order to preserve existing housing stock, rehabilitation activity is needed.

The proposed project addresses the Agency's strategic priority to finance housing responsive to Minnesota's changing demographics. Households consisting of five or more individuals have few available options for rental housing within Duluth and turn to One Roof's CLT program as a resource for larger family housing units. One Roof commits to completing at least one acquisition rehabilitation resale unit with four or more bedrooms.

One Roof Community Housing	
Project	One Roof Community Housing New Construction
Location	City of Duluth
Activity	New Construction

	# of Units		Total
Funding Requested	8	\$	800,000
Funding Recommended	4	\$	600,000

Co-Funder Information	
Greater Minnesota Housing Fund	\$ 8,500

Organization Information
<p>One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods.</p> <p>One Roof develops affordable CLT homes and affordable rental housing, offers downpayment and closing costs assistance, homebuyer education and credit counseling, and loans for owner-occupied rehabilitation.</p> <p>As of May 2018, One Roof has developed and sold 282 single family housing units, including 68 new construction units, in addition to its multifamily projects.</p>

Project Description
<p>The funds will be used to develop homes in economic integration areas in the City of Duluth. The recommended funding amount includes \$400,000 in repayable interim loan funds for the construction of the homes. Homes will be sold to households at or below 115 percent AMI. Homes sold through One Roof's CLT will serve households at or below 80 percent AMI.</p> <p>Historically, One Roof has worked to develop housing in disinvested areas throughout Duluth. This project shifts the focus to developing housing in neighborhoods that have generally been inaccessible to low- to moderate-income households. This geographic shift comes with higher development costs, but will help advance equity of housing choice in the city. One Roof seeks to make all of Duluth's neighborhoods accessible to low- to moderate-income individuals, and in doing so, hopes to reduce the degree of disparity that exists within the city. The concept of equitable access to housing is supported in Duluth's 2017 Housing Action Framework.</p> <p>One Roof will act as developer for all new construction homes, and will market the homes through its own realty company, One Roof Community Realty. It has also partnered with the Fond du Lac Band of Lake Superior Chippewa for the development of two new construction homes through this project.</p> <p>This project furthers the Agency's strategic priority to address specific and critical local housing needs through creating workforce housing. It also addresses the Agency's strategic priority to finance housing responsive to Minnesota's changing demographics through constructing new homes with convenient main level living to enable seniors to age in place.</p>

One Roof has committed financial leverage from the City of Duluth and Odyssey Development.

Costs and Subsidy

Typical Development Cost Per Fee Simple Unit: \$304,500

Historical High Cost Threshold: \$191,405

Percent Above Historical High Cost Threshold: 59%

The anticipated per-unit construction cost of \$228,255 for a fee simple unit is above the industry average of \$191,288 for a unit of similar new construction in a similar geographic area. The typical development cost per unit is higher due to higher construction costs and higher soft costs. Despite this, the developer fee is still below the 10 percent allowed under the Impact Fund.

Typical Impact Fund Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$16,650

Percent Above Historical High Subsidy Threshold: 200%

The subsidy is higher due to a lack of leverage for the fee simple units. This is comparison Note that there is leverage for the CLT units.

Typical Development Cost Per CLT Unit: \$287,000

Historical High Cost Threshold: \$382,842

Percent Below Historical High Cost Threshold: 25%

Typical Impact Fund Value Gap and Affordability Gap Subsidy Per Unit: \$50,000

Historical High Subsidy Threshold: \$60,279

Percent Below Historical High Subsidy Threshold: 17%

The subsidy includes \$38,000 in affordability gap. The buyers that One Roof intends to serve with the CLT units are lower-income and therefore require a larger affordability gap subsidy.

Community Need

According to figures obtained from DEED, the average annual wage in Duluth increased by 21 percent between 2010 and 2016 but the current average annual wage continues to lag behind the state median of \$53,560. On average, 60 percent of the homebuyers served by One Roof are at or below 60 percent AMI and over 80 percent are first-time homebuyers. The typical homeowner is usually employed in full time, low wage service job. All but two of the 13 census tracts proposed in this application fall within five miles of at least 15,000 low and moderate wage jobs.

According to Duluth's Consolidated Plan, nearly 46 percent of units in Duluth were built before 1940. This indicates that most of Duluth's housing stock is beyond its average lifespan. New construction activity will be needed to increase the supply of all types of housing in the area. One Roof is one of Duluth's only developers constructing new homes at a price point that is accessible for low- to moderate-income households in Duluth.

Wages paid by the community's growing businesses are too low to support the purchase of available median-priced homes for sale in the area. Increasing construction costs have only exacerbated this issue. From January 2017 to April 2018, close to 2,000 homes were sold within the target areas identified in this application. Only 80 of these homes were sold at a price considered to be affordable to a household earning 60 percent AMI. This amounts to 7 percent of the housing stock in the area as being considered affordable to lower-income households.

One Roof is able to offer high-quality, energy-efficient homes at prices below the median sales price, despite the fact that the market values of its homes are significantly higher than that median. These homes are affordable not only in the form of low mortgage payments, but also through the assurance that homes will be affordable to maintain, heat, and operate.

PRG, Inc.	
Project	Infill Housing
Location	North Minneapolis and Phillips neighborhood of South Minneapolis
Activity	New Construction

	# of Units		Total
Funding Requested	6	\$	235,998
Funding Recommended	6	\$	235,998

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>PRG, Inc is a nonprofit organization that develops quality, affordable housing and provides related services since 1976. PRG's purpose is to enhance neighborhood stability and family self-sufficiency. PRG serves the seven-county metropolitan area at the request of neighborhood groups and other stakeholders. It combines housing education and one-on-one counseling with bricks and mortar development to build family self-sufficiency and neighborhood stability.</p> <p>PRG has developed nearly 700 units of housing with almost 200 units being single family acquisition, rehabilitation, resale and infill new construction projects. PRG has developed and sold 97 single-family homes, both rehabilitation and new construction, since 2010 with 73 percent purchased by households of color.</p>

Project Description
<p>The funds will be used to build six new construction homes in North Minneapolis and the Phillips neighborhood of South Minneapolis. The applicant proposes to serve households at or below 80 percent AMI.</p> <p>PRG's urban Infill Housing program is designed to address vacant land and increase the supply of quality, affordable, homeownership opportunities for lower income households, particularly those with large families. Two of the six units will be in the Phillips neighborhood and will remain permanently affordable through the City of Lakes Community Land Trust (CLCLT). Since 2016, PRG's program design has resulted in home sales to households earning an average of 65 percent AMI with an average household size of 4.7 people.</p> <p>This project furthers the Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity by marketing its homeownership opportunities to households of color. Over the past five years, 57 percent of households served have been households of color.</p>

Costs and Subsidy

Typical Development Cost Per Unit: \$341,000

Historical High Cost Threshold: \$359,706

Percent Below Historical High Cost Threshold: 5%

The anticipated per-unit construction cost of \$245,725 is below the industry average of \$283,188 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit: \$39,333

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 28%

Community Need

According to Community Profiles, there are 204,000 jobs within the target areas. The average distance to work is eight miles and the unemployment rate is close to 3 percent. Households of color represent 81 percent of total households in the target areas. The demand is strong for larger units due in part to the large number of households of color, particularly East African, Southeast Asian and Latino immigrant households with larger families. This need is demonstrated by the fact that over the past five years more than 32 percent of PRG homes have been purchased by households of five or more family members.

Approximately 69 percent of non-owner-occupied households are rent burdened. The homeownership rate is 35 percent below what is typically viewed as necessary for community stability. The median household income is just over \$35,000 which demonstrates a need for ownership units that are affordable to low- to moderate-income households.

PRG has provided pre-purchase services to 1,072 households of color in the last three years. Historically, 52 percent of those households have gone on to purchase within a three year period. This translates to approximately 186 households of color per year that are mortgage ready and actively looking to purchase a home.

The need for single family, owner-occupied new construction homes in the target areas are in high demand as many households seeking to purchase a home in these neighborhoods are larger households and looking for a home that can efficiently add additional living space. PRG's project will address the vacant land inventory within the city by providing affordable homeownership opportunities. It will address the need for large family homes through creating space in the basement for future expansion to adequately meet the needs of larger households.

Rebuilding Together Twin Cities	
Project	Critical Repair Projects for Low-Income Homeowners
Location	North and South Minneapolis and St. Paul
Activity	Owner-Occupied Rehabilitation

	# of Units		Total
Funding Requested	20	\$	160,000
Funding Recommended	20	\$	160,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Rebuilding Together Twin Cities is a nonprofit organization that transforms the lives of low-income homeowners by improving the safety and health of their homes and revitalizes communities.</p> <p>Rebuilding Together coordinates the volunteers, skilled labor, tools and supplies necessary to repair the homes. Their efforts are focused on serving older adults, individuals living with disabilities, active and retired members of the armed services, and families with children. The applicant is one of 13 affiliates of National Rebuilding Together, a nonprofit organization established in 1988.</p> <p>Over the past 20 years, with the help of over 10,000 volunteers, Rebuilding Together has completed repairs on 951 homes in the Twin Cities metro area. They have successfully completed 59 projects with the support of the Impact Fund since 2012.</p>

Project Description
<p>The funds will be used to provide loans to homeowners to rehabilitate homes in North Minneapolis, South Minneapolis, and St. Paul. The applicant has 79 homeowners on a Critical Repair Project waiting list who reside in these locations. The applicant will serve households at or below 50 percent AMI.</p> <p>The proposed activity is a part of Rebuilding Together's Access for Always Program and Essential Systems Repair Program. These programs are designed to address accessibility and livability needs of low-income homeowners. This includes critical health and safety repairs and large accessibility modification work for low-income homeowners. Repairs may include re-roofing, installing handicap ramps, widening doorways, weatherizing and making energy efficiency improvements, repairing plumbing and electrical and installing new windows, doors and siding.</p> <p>Rebuilding Together works closely with local community partners to identify assistance programs to provide more comprehensive services for each homeowner that is assisted. In order to produce revitalization work reflective of the communities it serves, Rebuilding Together effectively engages with community partners and residents to strategically shape the focus of their work.</p> <p>This project furthers Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity. It will strategically market the program to immigrant communities. Rebuilding Together has designed rehabilitation projects to meet the needs of these communities by adding space to homes to accommodate large and multigenerational families. The project is responsive to Minnesota's changing</p>

demographic by reaching out to individuals who are 55 and older and completing rehabilitations to allow seniors to age in place.

Rebuilding Together has committed financial leverage from Wells Fargo, The Opus Group, Lowe's Charitable and Educational Foundation, and Federal Home Loan Bank of Des Moines.

Costs and Subsidy

Typical Impact Fund Subsidy Per Unit: \$8,000

Historical Impact Fund Subsidy Per Unit: \$19,589

Percent Below Historical High Cost Threshold: 59%

It is anticipated, on average \$15,640 will be required per rehabilitation project. The balance of funds will come from committed leveraged funds. Cost containment measures include using volunteer and homeowner labor, using donated materials and reusing building materials when possible. Applicant estimates \$3,650 cost savings per unit.

Community Need

There is a high need for this program in these three target areas due to the number of cost-burdened households living in the areas and the age of the homes. Rebuilding Together has been effective in reaching the households most in need. Last year, 100 percent of the homeowners Rebuilding Together served were at or below 50 percent AMI and 57 percent were at or below 30 percent AMI.

In North Minneapolis 61 percent of homeowners are cost-burdened. The median household income is \$37,706 and the poverty rate is 33 percent. Close to 16 percent of individuals are over the age of 55 and over 78 percent of households are households of color. Eighty-six percent of homes were built prior to 1979.

In South Minneapolis close to 63 percent of homeowners are cost-burdened. The median household income is \$61,647 and the poverty rate is over 33 percent. Close to 21 percent of individuals are over the age of 55 years and over 40 percent of households are households of color. Ninety-five percent of homes were built prior to 1979.

In St. Paul 56 percent of homeowners are cost-burdened. The median household income is \$50,820 and the poverty rate is close to 30 percent. Close to 16 percent of individuals are over the age of 55 years and 66 percent of households are households of color. Close to 87 percent of homes were built prior to 1979.

While there are other rehabilitation programs available in Rebuilding Together's proposed target areas, most require monthly payments. Most homeowners served through the applicant's program are extremely low-income and do not have the resources to make monthly payments. The applicant receives frequent calls from homeowners who have been referred by the City of Minneapolis. Rebuilding Together avoids duplication of services through determining household eligibility for other programs and prioritizing non-Impact Fund resources where available.

Southwest Minnesota Housing Partnership (SWMHP)	
Project	SWMHP Regional Rehabilitation Pool
Location	Murray, Nobles and Pipestone counties, and the cities of New Prague, St. James, and Windom
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	10	\$ 160,000
Funding Recommended	5	\$ 80,000

Co-Funder Information	
Greater Minnesota Housing Fund	\$ 34,000

Organization Information
<p>Southwest Minnesota Housing Partnership (SWMHP) is a nonprofit Community Development Corporation serving 36 counties in Minnesota. SWMHP's mission is to create thriving places to live, grow and work through partnerships with communities.</p> <p>SWMHP has been managing the SWMHP Regional Rehabilitation Pool since 2002, providing 216 homeowners with nearly \$1.2M in funding for owner-occupied rehabilitation projects.</p>

Project Description
<p>The funds will be used to provide loans to homeowners to rehabilitate their homes in Murray, Nobles and Pipestone counties, and the cities of New Prague, St. James, and Windom. The applicant will serve households at or below 100 percent AMI.</p> <p>The project is a part of SWMHP's Regional Rehabilitation Pool. This pool of funds serves a large geography in southern Minnesota, most of which are Small Cities Development Program (SCDP) target areas. When possible, Impact Funds will be used in conjunction with SCDP.</p> <p>A variety of home improvements are eligible under the program including roofing, windows, siding, electrical, plumbing, lead hazard reduction, accessibility improvements and energy efficiency improvements. The highest priority work is based on the Housing Quality Standards (HQS) inspection.</p> <p>SWMHP has committed financial leverage from Rural Development Housing Preservation.</p>

Costs and Subsidy
<p>Typical Development Cost Per Unit: Not applicable</p> <p>Typical Impact Fund Subsidy Per Unit: \$15,000 Historical Impact Fund Subsidy Per Unit: \$16,946 Percent below Historical High Cost Threshold: 11%</p>

Community Need

The proposed target area contains 20,993 households and 31 percent of the population is over the age of 55. The median home sales price is \$94,680 and the average age of the housing stock is 51.3 years. Median household incomes across the target area range from \$46,990 to \$70,110.

In the target area, 44 percent of the population is cost-burdened. SWMHP has found that lower income households, particularly households of color, tend to live in older homes and are unable to afford to address deferred maintenance issues on their homes. This project will allow homeowners to repair their homes without putting additional pressure on their budget with an additional payment.

This project prioritizes households that are unable to access existing rehabilitation programs. For example, households that do not meet minimum credit score or loan to value requirements, cannot make monthly payments, or cannot afford fees.

Three Rivers Community Action, Inc.	
Project	Emerging Markets Gap Financing Program
Location	20 counties of Southeastern Minnesota - Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	10	\$ 100,000
Funding Recommended	10	\$ 100,000

Co-Funder Information	
Greater Minnesota Housing Fund	\$ 85,000

Organization Information
<p>Three Rivers Community Action, Inc. (Three Rivers) is a nonprofit organization with the mission to work with community partners to address basic needs of the people in its service area, thereby improving the quality of life of the individual, family and community.</p> <p>Three Rivers is a HUD certified Community Housing Development Organization (CHDO) that creates affordable housing throughout 20 counties of Southeast and South Central Minnesota. In addition to housing development, Three Rivers administers the following housing focused programs: emergency assistance, downpayment assistance, homelessness prevention, homeownership programs, financial literacy and coaching, pre-purchase counseling and homebuyer education.</p> <p>Since 2008, Three Rivers has administered 113 affordability gap loans totaling \$1,141,005 with Impact Funds. Seventy-nine percent of these loans served households of color, with the remainder serving single female headed households and households with an individual with a disability.</p>

Project Description
<p>The funds will be used to provide affordability gap financing for 10 homebuyers to purchase homes in 20 counties throughout Southeastern Minnesota. The applicant will serve households at or below 80 percent AMI.</p> <p>The Emerging Markets Gap Financing program has been offered by Three Rivers since 2008, and is a part of the organization's Achieve Homeownership program, established to identify and address the homeownership barriers faced by the region's growing number of households of color. The Achieve Homeownership program uses culturally-tailored programming to address specific needs of the region's new immigrants through offering financial literacy classes, intensive financial coaching, and through providing matched savings incentives through the Family Assets for Independence in Minnesota (FAIM) program.</p> <p>This proposal furthers the Agency's strategic priority to reduce Minnesota's racial and ethnic homeownership disparity by marketing its program to underserved households, primarily households of color. Many of the households served are low-income and are considered large families, a combination that sometimes requires multiple sources of financial assistance to achieve homeownership. By</p>

providing downpayment assistance, Three Rivers is able to break down the cost barrier and provide households with the financial boost they need to enter homeownership for the first time.

The proposal also addresses the need for workforce housing in the southeastern region of the state. Three Rivers has focused its program activity in areas that are recognized for employment opportunities and job growth. All of the counties that make up the target area within this proposal are considered Workforce Housing Communities based on Community Profiles data. As home prices rise, Three Rivers is able to provide households with the financial assistance needed to afford homeownership.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$10,000

Community Need

The 2017, the Minnesota Compass reported that the statewide gap between homeownership rates for white households and households of color is at 35 percent; one of the widest disparity gaps in the country. While the state's population is becoming more diverse, households of color are not purchasing homes at the same rates as white households. Emerging Market's Gap Financing program was created by Three Rivers to specifically address the homeownership disparities faced by households of color in Minnesota.

The employment opportunities in the target area are strong, but the level of pay from the typical job is limited and not adequate to support the purchase of a median priced home. The majority of households that the applicant proposes to serve have annual incomes of approximately 46 percent of the state median income. Three River's CounselorMax data shows that the majority of these households have larger household sizes, ranging on average from four to eight family members.

According to the 2017 Annual Report from the Southeast Minnesota Realtors Group, the median sales prices of single family homes have increased 7 percent across the region, as compared to 2016. When affordable homes come on the market, they sell quickly, usually with multiple offers that are often more than the asking price.

Three Rivers requires its participants to first explore other sources of downpayment assistance before applying for funds from Three Rivers. Homebuyers accepted into the Emerging Markets Gap Finance program must use an affordable first mortgage product, contribute a minimum of \$500 of their own funds, have exhausted all other downpayment assistance sources, complete a Home Stretch course and purchase a home in one of the 20 counties of southeastern Minnesota. Homebuyers are able to access additional homeownership programming and resources offered by Three Rivers as needed. This comprehensive approach helps to position the buyer to achieve affordable, sustainable homeownership.

Twin Cities Habitat for Humanity	
Project	2018 Scattered Site New Construction
Location	Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties)
Activity	New Construction and Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	35	\$ 1,385,000
Funding Recommended	27	\$ 1,105,000

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Twin Cities Habitat for Humanity is a nonprofit organization that aims to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. Twin Cities Habitat achieves its mission through four key programs: new construction or rehabilitation of homes to be sold to low-income families, Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis, A Brush With Kindness that provides painting and home repair to low income owner occupants, and its advocacy work aimed at changing public perceptions around affordable housing and achieving sound public policy in the housing arena.</p> <p>One of Twin Cities Habitat's core strengths is its ability to carry out development, construction, marketing, and counseling and education functions in house through a vertically integrated production model. To do so, Twin Cities Habitat serves as the builder, the bank, and the bridge to affordable homeownership for households earning between 30 percent and 80 percent AMI.</p> <p>Twin Cities Habitat has built and sold homes to over 1,000 households in the seven-county metropolitan area since 1985. Over the past five years, Twin Cities Habitat has completed 169 units similar to those proposed under this project. It receives more than 1,000 enquires about its homeownership programs and ultimately receives completed, eligible applications from over 150 qualified buyers each year.</p>

Project Description
<p>The funds will be used for the construction and sale of homes in the seven-county Twin Cities metropolitan area. Funds will be used for Value Gap for four of these homes, and for Affordability Gap/downpayment assistance for all units. While the applicant will focus on the following cities: Minneapolis, St. Paul, Hugo, Cottage Grove, White Bear Lake, and Newport, it may also serve the broader seven-county metropolitan area. The applicant will serve households at or below 80 percent AMI.</p> <p>This proposal leverages significant public and philanthropic investment as well as the value and energy of large numbers of volunteers. The applicant's mortgage subsidiary, TCHFH Lending, Inc., will provide first-mortgage financing. The applicant will serve as general contractor and supply materials for its projects.</p> <p>This proposal furthers the Agency's strategic priority to finance housing responsive to Minnesota's</p>

changing demographics. Half of the homes funded under this proposal will be suitable for large families, with at least four bedrooms. This proposal also furthers the Agency's strategic priority of reducing the racial and ethnic homeownership disparity. Over the past four years, over 90 percent of clients served by the applicant have been households of color. Lastly, this proposal furthers the economic integration funding priority. Under recent Impact Fund awards, the applicant has completed projects in Hugo, Bloomington, Prior Lake, Blaine, North Saint Paul, Woodbury, Eagan, and White Bear Lake, among many other localities including Minneapolis and St. Paul.

Twin Cities Habitat has committed financial leverage from volunteer labor and donated materials, applicant's own resources, City of Minneapolis, Washington County Community Development Agency, borrowers' own funds, Federal Home Loan Bank of Des Moines, and Ramsey County Housing and Redevelopment Authority.

Costs and Subsidy

Typical Development Cost Per Unit: \$274,800

Historical High Cost Threshold: \$359,706

Percent Below Historical High Cost Threshold: 24%

The anticipated per-unit construction cost of \$200,094 is below the industry average of \$253,643 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: \$40,000

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 26%

Typical Impact Fund Affordability Gap Subsidy Per Unit: \$35,000

Historical High Subsidy Threshold: \$54,390

Percent Below Historical High Subsidy Threshold: 36%

Community Need

Twin Cities Habitat homes are in high demand. At any given time, there are as many as 150 qualified families in Twin Cities Habitat's applicant pool. Nearly every Twin Cities Habitat home attracts interest from multiple eligible buyers. Of the hundreds of homes the applicant has built or rehabilitated over the past decade, all have been matched to eligible buyers prior to construction completion and with sufficient time for the buyers to complete homebuyer education and contribute sweat equity.

Twin Cities Habitat is unique among applicants in providing seller financing. There are few other options available for its homebuyers in terms of downpayment and closing cost assistance. Few pair with Habitat first mortgage financing, many are not available in the entire target area, and many are not available to households earning more than 60 percent AMI. Without this award, Twin Cities Habitat and the families it serves would need to seek other sources of funds, adapt their programs and expectations to accommodate lower levels of financial support, or both.

Twin Cities Habitat for Humanity	
Project	TC Habitat 2018 Stand-Alone Affordability Gap (SAAG)
Location	Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties)
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	35	\$ 717,430
Funding Recommended	25	\$ 512,500

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Twin Cities Habitat for Humanity is a nonprofit organization that aims to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. Twin Cities Habitat achieves its mission through four key programs: new construction or rehabilitation of homes to be sold to low-income families, Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis, A Brush With Kindness that provides painting and home repair to low income owner occupants, and its advocacy work aimed at changing public perceptions around affordable housing and achieving sound public policy in the housing arena.</p> <p>One of Twin Cities Habitat’s core strengths is its ability to carry out development, construction, marketing, and counseling and education functions in house through a vertically integrated production model. To do so, Twin Cities Habitat serves as the builder, the bank, and the bridge to affordable homeownership for households earning between 30 percent and 80 percent AMI.</p> <p>Twin Cities Habitat has built and sold homes to over 1,000 households in the seven-county metropolitan area since 1985. Twin Cities Habitat launched its open market program several years ago, serving 34 households as of June 2018. It receives more than 1,000 enquires about its homeownership programs and ultimately receives completed, eligible applications from over 150 qualified buyers each year.</p>

Project Description
<p>The funds will be used to provide Affordability Gap assistance to households purchasing homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent AMI.</p> <p>This proposal is a part of Twin Cities Habitat’s SAAG or stand-alone affordability gap program, which is expanded open market program, which focuses on moderate income households and expands home buying options to properties sold by third parties in the open market. Like those served under the traditional Habitat for Humanity model, households in the open market program receive counseling and education from Twin Cities Habitat and first-mortgage financing from its subsidiary, TCHFH Lending, Inc. While the applicant will focus on financing purchases of homes sold by third parties, some homebuyers under this program may wish to purchase homes built or rehabilitated by Twin Cities Habitat.</p>

This proposal leverages significant philanthropic investment in Twin Cities Habitat's first-mortgage program and will allow Twin Cities Habitat to serve more households than it would otherwise. The Applicant provided a list of 15 homeownership education and counseling providers interested in referring homebuyers to the Applicant's programs.

This proposal furthers the Agency's strategic priority to reduce the racial and ethnic homeownership disparity. Over the past four years, over 90 percent of clients served by the Applicant have been households of color. This proposal also furthers the economic integration funding priority. Under recent Impact Fund awards, the Applicant has completed projects in Hugo, Bloomington, Prior Lake, Blaine, North Saint Paul, Woodbury, Eagan, and White Bear Lake, among many other localities including Minneapolis and St. Paul. Over the past two years, 76 percent of purchases under the applicant's open market program have been in the suburbs.

Twin Cities Habitat has committed financial leverage from its own resources.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$20,498

Community Need

Choices for entry-level buyers are very limited. The applicant notes that inventory is down to less than one month for homes priced within reach of the households it serves. Through this award, Twin Cities Habitat will provide these families with greater choice. Just \$20,000 in Affordability Gap assistance typically doubles, and sometimes more than triples, the number of homes available to entry-level buyers.

Twin Cities Habitat is unique among applicants in providing first-mortgage financing, often in the form of seller financing. There are few other options available for its homebuyers in terms of downpayment and closing cost assistance, because they do not pair with Habitat first mortgage financing, are not available in the entire target area, or unavailable to households earning more than 60 percent AMI. Without this award, Twin Cities Habitat and the families it serves would need to seek other sources of funds, adapt their programs and expectations to accommodate lower levels of financial support, or both.

Twin Cities Habitat for Humanity	
Project	2018 Scattered Site Acquisition-Rehab-Resale
Location	Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties)
Activity	Acquisition, Rehabilitation, Resale and Affordability Gap/Downpayment Assistance

	# of Units		Total
Funding Requested	30	\$	900,000
Funding Recommended	10	\$	238,500

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>Twin Cities Habitat for Humanity is a nonprofit organization that aims to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. Twin Cities Habitat achieves its mission through four key programs: new construction or rehabilitation of homes to be sold to low-income families, Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis, A Brush With Kindness that provides painting and home repair to low income owner occupants, and its advocacy work aimed at changing public perceptions around affordable housing and achieving sound public policy in the housing arena.</p> <p>One of Twin Cities Habitat's core strengths is its ability to carry out development, construction, marketing, and counseling and education functions in house through a vertically integrated production model. To do so, Twin Cities Habitat serves as the builder, the bank, and the bridge to affordable homeownership for households earning between 30 percent and 80 percent AMI.</p> <p>Twin Cities Habitat has built and sold homes to over 1,000 households in the seven-county metropolitan area since 1985. Over the past five years, Twin Cities Habitat has completed 169 units similar to those proposed under this project. It receives more than 1,000 enquires about its homeownership programs and ultimately receives completed, eligible applications from over 150 qualified buyers each year.</p>

Project Description
<p>The funds will be used to provide Value Gap and Affordability Gap assistance in the acquisition, rehabilitation and resale of homes in the seven-county Twin Cities metropolitan area, with a focus on St. Paul and surrounding suburbs. The applicant will serve households at or below 80 percent AMI.</p> <p>Twin Cities Habitat's acquisition, rehabilitation, and resale activity is entering its second year. Under this model, homebuyers take the lead in deciding where to purchase. Through the first year, homebuyers largely chose to buy in the suburbs. The typical home acquired and rehabilitated by Habitat is 45 years old and in need of light rehabilitation, estimated to cost between \$1,000 and \$15,000. Households served under this proposal will receive first-mortgage financing from the applicant's mortgage subsidiary, TCHFH Lending, Inc. The applicant will serve as general contractor and supply materials for its projects.</p>

This proposal furthers the Agency's strategic priority to reduce the racial and ethnic homeownership disparity. Over the past four years, over 90 percent of clients served by the applicant have been households of color. This proposal also furthers the economic integration funding priority. Under recent Impact Fund awards, the applicant has completed projects in Hugo, Bloomington, Prior Lake, Blaine, North St. Paul, Woodbury, Eagan, and White Bear Lake, among many other localities including Minneapolis and St. Paul.

Twin Cities Habitat has committed financial leverage from its own resources and borrowers' contributions.

Costs and Subsidy

Typical Development Cost Per Unit: \$264,708

Historical High Cost Threshold: \$301,349 (average for Twin Cities suburbs, Minneapolis and St. Paul)

Percent Below Historical High Cost Threshold: 12%

Typical Impact Fund Subsidy Value Gap Per Unit: \$8,850

Historical High Subsidy Threshold: \$36,587 (average for Twin Cities suburbs, Minneapolis and St. Paul)

Percent Below Historical High Subsidy Threshold: 76%

Typical Impact Fund Subsidy Affordability Gap Per Unit: \$15,000

Historical High Subsidy Threshold: \$36,587 (average for Twin Cities suburbs, Minneapolis and St. Paul)

Percent Below Historical High Subsidy Threshold: 59%

Community Need

Through this proposal, Twin Cities Habitat seeks to provide families with higher-quality and more affordable housing than would otherwise be available to them. Need for quality, affordable housing is particularly acute among communities of color. Twin Cities Habitat has a proven record of serving households of color and of managing single family development projects.

Twin Cities Habitat is unique among applicants in providing first-mortgage financing, often in the form of seller financing. There are few other options available for its homebuyers in terms of downpayment and closing cost assistance, because they do not pair with Habitat first mortgage financing, are not available in the entire target area, or unavailable to households earning more than 60 percent AMI. Without this award, Twin Cities Habitat and the families it serves would need to seek other sources of funds, adapt their programs and expectations to accommodate lower levels of financial support, or both.

United Community Action Partnership, Inc. (UCAP)	
Project	Marshall Parkway II Home Ownership Program (Marshall Parkway II)
Location	City of Marshall in Lyon County
Activity	New Construction

	# of Units		Total
Funding Requested	6	\$	739,760
Funding Recommended	6	\$	739,760

Co-Funder Information	
N/A	\$ N/A

Organization Information
<p>United Community Action Partnership, Inc. (UCAP) is a nonprofit corporation with the mission to eliminate poverty by empowering individuals and strengthening communities. UCAP achieves this mission with the help of over 200 employees administering multiple programs and services operating in nine office locations throughout southwestern Minnesota. Holding true to its grassroots history, the composition of its governing board is representative of and led by the communities of the nine counties it serves.</p> <p>Through a multi-agency collaborative effort, UCAP has implemented an efficient process leveraging new and existing resources that address the housing needs of the community. Currently, UCAP provides two homeownership programs, the Minnesota Urban Rural Homesteading (MURL) program and Marshall Parkway II Home Ownership Program (Marshall Parkway II). The Marshall Parkway II pilot program started in 2016. The Impact Funds was the primary source of funds for the pilot and provided UCAP (then Western Community Action) with an interim loan and value gap grant funds to develop 5 new construction homes on infill lots in a planned development of the City of Marshall.</p>

Project Description
<p>The funds will be used for the new construction of six homes on infill lots located in the City of Marshall. The total recommended funding amount includes \$500,000 in repayable interim loan funds for the construction of the homes. The applicant will serve households at or below 115 percent AMI.</p> <p>This project is the second phase of the Marshall Parkway II. The second phase will include two types of construction design styles. The first design style will be one-story ramblers with two bedrooms and one bath. The second design style will be two-story single family homes with three bedrooms and one and a half baths.</p> <p>UCAP will work with three main implementation partners to assist in key functions of its proposal. Ace Home and Hardware has provided building plans and project estimates for construction costs. Its project manager has been designing and building homes in Marshall since 1976. Ace Home and Hardware served as the general contractor in phase one of UCAP's Marshall Parkway II program. It will also partner with Southwest Minnesota Housing Partnership to provide homebuyer education and counseling services to potential homebuyers. Finally, Keller Williams Preferred Realty will provide local market insight and valuable contributions to estimating sales projections.</p>

This project furthers the Agency's Strategic priority to address specific and critical local housing needs. The Marshall Parkway II program target area is a community that demonstrates a need for workforce housing and economic integration. The proposal includes pending commitments from a major local employer, the City of Marshall and the Marshall Economic Development Authority showing local support of UCAP and its strategies to address the workforce housing needs of the City.

This proposal furthers the Agency's strategic priority to finance housing responsive to Minnesota's changing demographics by constructing homes that will enable seniors to age in place. All of the homes will meet the visitability requirements and some will include universal design elements.

Costs and Subsidy

Typical Development Cost Per Unit (Rambler): \$194,960

Historical High Cost Threshold: \$192,585

Percent Above Historical High Cost Threshold: 1%

The anticipated per-unit construction cost is below the industry average of \$171,210.50 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Subsidy Per Unit: \$39,960

Historical High Subsidy Threshold: \$16,951

Percent Above Historical High Subsidy Threshold: 135%

UCAP estimates that the appraised value of the completed homes will be \$155,000. It was intentional about building homes within the \$155,000 price range so that they will be affordable to low-income households. This is lower than the historic high appraised value for similar new construction units in rural Greater Minnesota communities such as Marshall. As a result, the value gap and therefore the need for subsidy is greater.

Typical Development Cost Per Unit (Two Story): \$208,893

Historical High Cost Threshold: \$192,585

Percent Above Historical High Cost Threshold: 8%

The anticipated per-unit construction cost is below the industry average of \$206,635.50 for a unit of similar new construction in a similar geographic area.-UCAP notes that the overall cost of construction materials has increased by approximately 30 percent since its last proposal in 2016. UCAP has taken measures to reduce costs. UCAP has access to below market rate construction financing for an estimated cost savings of nearly \$2,100 per unit. It estimates regulatory incentive cost saving of \$693 per unit. To contain costs, it will also implement a rigorous competitive bidding process for an anticipated cost savings of approximately \$12,352 per unit.

Typical Impact Fund Subsidy Per Unit: \$43,893

Historical High Subsidy Threshold: \$16,951

Percent Above Historical High Subsidy Threshold: 159%

UCAP estimates that the appraised value of the completed homes will be \$165,000. It was intentional about building homes within the \$165,000 price range so that they will be affordable to low-income households. This is lower than the historic high appraised value for similar new construction units in rural Greater Minnesota communities such as Marshall. As a result, the value gap and therefore the need for subsidy is greater.

Community Need

The Marshall Parkway II target area demonstrates a strong need for additional workforce housing. The manufacturing industry is the largest employment sector in Marshall. Between 2010 and 2017, the annual employment rate in the City of Marshall increased and the overall unemployment rate decreased to 2 percent. The 2015 Maxfield Research comprehensive housing needs analysis reports that a significantly high number of nonresidents commute to the City for work and that 26 percent of those commuters are traveling distances of over 50 miles.

According to the 2016 U.S. Census Bureau American Community Survey, the median household income in the City of Marshall was \$44,561 and \$51,920 in Lyon County. The Maxfield Research report found that the poverty rate in the City of Marshall is at 16 percent and over 52 percent of households are cost-burdened.

The West Central Association of Realtors reports that in 2018, the median sales price of a home in Marshall increased by nearly 10 percent. Currently, there are only 8 two to three-bedroom homes for sale under \$175,000 in the City. Furthermore, the average sales price of a new construction home is \$215,000. In addition, there is a significant need for additional owner-occupied single family housing of which at least 22 percent of the demand is needed for the senior population.

UCAP's goal for the second phase of its Marshall Parkway II program is to construct quality homes and to target sales at a price point between \$150,000 and \$175,000. It anticipates that its one-story homes with universal design elements will meet the needs of aging households wanting to downsize. In addition, it expects that its two-story homes will provide an affordable option for working families in search of homeownership.

Upper Sioux Community Housing Authority	
Project	2018 USCHA Homeownership Program
Location	Upper Sioux reservation and 15 mile service area
Activity	Tribal Indian Housing Program

	# of Units	Total
Funding Requested	12	\$ 1,000,000
Funding Recommended	10	\$ 833,333

Co-Funder Information	
N/A	\$ N/A

Organization Information

The Upper Sioux Community Housing Authority (USCHA) is a part of the Upper Sioux Community, a federally recognized tribal entity. It strives to provide decent, safe, and sanitary housing through the elimination of substandard housing and homelessness by providing supportive services and financial assistance programs. It seeks to increase affordable homeownership opportunities to improve the living conditions for all of its members.

The USCHA has been administering the Tribal Indian Housing Program (TIHP) since 1999. For a good portion of that time, it administered TIHP for both the Upper Sioux and Lower Sioux Communities. The Lower Sioux TIHP portfolio was taken on by the Lower Sioux Indian Community in 2016. USCHA has been successful in processing, administering, and servicing loans.

Project Description

The funds will be used to provide first mortgage financing to enrolled Upper Sioux Community members on the Upper Sioux Reservation and within the Upper Sioux Community’s 15 mile service area. The applicant will serve households up to 115 percent AMI.

The Agency’s Tribal Indian Housing Program (TIHP) is a long-standing program that provided funding to local tribes to provide first mortgage financing, downpayment assistance, and owner-occupied rehabilitation services to its tribally enrolled members. USCHA is one of four TIHP program administrators.

USCHA will provide 100 percent financing for home purchases in alignment with its TIHP Housing Plan and the Agency’s TIHP Manual. USCHA has allocated all of its existing TIHP funds. As a result, it needs additional funds to serve its community.

This project furthers the Agency’s strategic priority to reduce to Minnesota’s race and ethnic homeownership disparity by reaching out to American Indian households. Upper Sioux will market the project to tribally enrolled members.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: \$83,333

Community Need

Households interested in purchasing on the reservation often have a difficult time accessing first mortgage financing for home purchases due to how land is titled on tribal trust land. While the HUD Section 184 program is a first mortgage option for purchases on tribal trust land, USCHA provides an affordable opportunity for first mortgage financing that is compatible with purchasing on tribal trust land. Off reservation, enrolled members have more first mortgage options but most programs require some downpayment.

All of the households USCHA has served over the past five years have been households of color. Every year over the past five years, more than 70 percent of households served have been single headed households.

West Hennepin Affordable Housing Land Trust (WHAHLT)	
Project	Homes Within Reach (HWR)
Location	12 suburban Cities in Hennepin County
Activity	Acquisition, Rehabilitation, Resale

	# of Units		Total
Funding Requested	8	\$	440,000
Funding Recommended	8	\$	440,000

Co-Funder Information	
Metropolitan Council	\$ 110,000

Organization Information
<p>West Hennepin Affordable Housing Land Trust (WHAHLT) is a nonprofit, community housing development organization (CHDO) committed to transforming people's lives through homeownership. Its mission is to use the CLT model to create and preserve permanently affordable ownership housing for low- to moderate-income working families that otherwise would be unable to purchase a home in the suburban communities of Hennepin County.</p> <p>WHAHLT formed in 2001 and shortly thereafter, acquired, rehabilitated, and sold its first home in the City of Minnetonka. Since then it has expanded its CLT model into eleven other suburban Hennepin County communities. The Homes Within Reach (HWR) program launched in 2004 and quickly became instrumental in helping the organization demonstrate its capacity to sustain operations, expand its service area, grow its property inventory, and ultimately to help families to achieve long-term affordable homeownership.</p> <p>WHAHLT's history demonstrates its ability to reach underserved populations. During the past sixteen years, it has assisted 167 low- to moderate-income families to become homeowners; 40 percent of which were households of color. As of June 2017, it had accumulated an inventory of 145 land parcels overseeing the rehabilitation work on 75 percent of its inventory. It has sold 143 homes to low- to moderate-income households and has assisted with 25 resale transactions.</p>

Project Description
<p>The funds will be used to acquire, rehabilitate, and resell eight single family homes through the CLT model in twelve suburban communities located in Hennepin County. These communities include the following cities: Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park, and Wayzata. The applicant will serve households at or below 80 percent AMI.</p> <p>This project is part of WHAHLT's Homes Within Reach (HWR) program. The steady growth of WHAHLT's HWR program has been supported by the work of its staff, its team of consultants and vendors, and by its network of key partnerships, including strong relationships with many local communities throughout Hennepin County's western suburbs.</p> <p>WHAHLT's proposal meets the Agency's Strategic priority to address specific and critical local housing needs. The HWR program target area includes communities that have demonstrated a great need for</p>

workforce housing and economic integration. The proposal includes financial commitments from several local stakeholders showing their support of WHAHLT and its strategies to address the need for additional workforce housing throughout the suburban communities of Hennepin County.

WHAHLT has committed financial leverage from Hennepin County, the City of Eden Prairie CDBG, City of Edina CDBG, City of Maple Grove CDBG, City of Richfield CDBG, City of Minnetonka LCA, City of St. Louis Park CDBG and City of St. Louis Park.

Costs and Subsidy

Typical Development Cost Per Unit: \$329,500

Historical High Cost Threshold: \$311,178

Percent Above Historical High Cost Threshold: 6%

WHAHLT has access to and utilizes below market interest rate interim financing which is estimated to be a \$5,000 savings per unit.

Typical Impact Fund Subsidy Per Unit: \$55,000

Historical High Subsidy Threshold: \$55,056

Percent Below Historical High Subsidy Threshold: 0.10%

The total subsidy per unit will vary depending on its location and the amount of funding committed by the applicable City for HWR.

Community Need

WHAHLT's HWR program service area includes communities that have proximity to job centers, demonstrate a high or moderate need for homeownership, and a need for economic integration. The HWR target area has five-year job growth and long-distance commuting. The cities of Eden Prairie and Bloomington are two of the five top job centers in the Twin Cities metropolitan area. In addition, seven communities in HWR's target area have a net growth of 500 jobs or more between 2009 and 2016. The average distance traveled to work is 9.85 miles.

Fifty-nine percent of homeowners in the HWR target area are cost-burdened. While the median family income in the HWR target area is \$72,346 per household, the median family income of HWR program participants is \$49,705.

Demand for living in the suburbs and limited inventory has led to increased home values that have made it more difficult for low- to moderate-income working families to afford purchasing in the Hennepin County suburbs. According to the Minneapolis Area Association of Realtors, as of April 2018, there was less than a five month supply of homes in the HWR target area communities. The 2017 Minnesota Housing Community Profile Report indicates that the median home price in the HWR target market is \$238,197. In comparison, HWR program average sale price in 2017 was \$142,222.

Land costs in suburban Hennepin County are higher than other locations in the county, making it more difficult for low- to moderate-income households to purchase homes in these areas. Over the past 16 years, land values in the target area have ranged from \$50,000 to \$175,000. In 2017, the median land value was \$110,000. Through the CLT model, WHAHLT is able to bring homeownership within reach by

removing the land value from the mortgage equation by approximately 30 to 60 percent per property, depending on location.

As a community land trust, the investment in the land cost is protected through a resale restriction and a 99-year ground lease restricting future buyers to low- to moderate-income households. The CLT model offers a significant affordability enhancement in areas where housing values can be some of the highest in Hennepin County.

2018 Single Family RFP Summary Spreadsheet

Location - Administrator - Project Name	Impact Fund Unit Count			Priorities* # of Units	Minnesota Housing Funding					Funding Partners			Total Funding		
	Rehab/ Existing	New	Total Units		80% AMI	Workforce Housing	EDHC (excludes Indian Set-Aside)	HIB	EDHC Indian Set-Aside	Interim Loan	Greater Minnesota Housing Fund	Metro Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
METRO AREA															
Minneapolis															
American Indian Community Development Corporation – Pokegama North		3	3	3	3			\$ 150,000				\$ 150,000	\$ -	\$ 150,000	
Build Wealth, MN, Inc. – Family Stabilization Plan	22	3	25	25	25	\$ 246,875						\$ 246,875	\$ -	\$ 246,875	
Build Wealth, MN, Inc. – Irving-James Near North Infill Development		3	3	3	3	\$ 180,000				\$ 35,700		\$ 180,000	\$ 35,700	\$ 215,700	
City of Lakes Community Land Trust – Homebuyer Initiated Program - Affordability Gap	20		20	20	20	\$ 600,000	\$ 400,000					\$ 1,000,000	\$ -	\$ 1,000,000	
City of Lakes Community Land Trust – Homebuyer Initiated Program - Owner-Occupied Rehabilitation		0	0	0	0	\$ 500,000						\$ 500,000	\$ -	\$ 500,000	
City of Lakes Community Land Trust – New Construction: Single-Family Homes		3	3	3	3	\$ 150,000	\$ 60,000					\$ 210,000	\$ -	\$ 210,000	
City of Minneapolis Community Planning and Economic Development – Minneapolis Homes Development Assistance		20	20	20	15	\$ 800,000						\$ 800,000	\$ -	\$ 800,000	
PRG, Inc. – Infill Housing		6	6	6	6	\$ 235,998						\$ 235,998	\$ -	\$ 235,998	
Total Minneapolis	42	38	80	80	75	\$ 2,712,873	\$ 460,000	\$ 150,000	\$ -	\$ 35,700	\$ -	\$ 3,322,873	\$ 35,700	\$ 3,358,573	
St. Paul															
Dayton's Bluff Neighborhood Housing Services – Village on Rivoli Phase II		5	5	2	5	\$ 228,540						\$ 228,540	\$ -	\$ 228,540	
Historic Saint Paul Corporation – 412 Goodrich Rehabilitation	1	1	1	0	1	\$ 50,000						\$ 50,000	\$ -	\$ 50,000	
Total Saint Paul	1	5	6	2	6	\$ 278,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,540	\$ -	\$ 278,540	
Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)															
Center for Energy and Environment – Brooklyn Center, Crystal, & Richfield Interest Rate Subsidy	37		37	35	37	\$ 62,345						\$ 62,345	\$ -	\$ 62,345	
Community Neighborhood Housing Services dba NeighborWorks Home Partners – Community Keys	20		20	18	20	\$ 160,000						\$ 160,000	\$ -	\$ 160,000	
Community Neighborhood Housing Services dba NeighborWorks Home Partners – Affordable Homes for Saint Paul	2		2	2	2	\$ 100,000						\$ 100,000	\$ -	\$ 100,000	
Hennepin County Housing and Redevelopment Authority – Healthy Homes Assistance Project	14		14	12	14	\$ 75,000						\$ 75,000	\$ -	\$ 75,000	
Rebuilding Together - Twin Cities – Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis and St. Paul	20		20	20	20	\$ 160,000						\$ 160,000	\$ -	\$ 160,000	
Twin Cities Habitat for Humanity, Inc. – 2018 Scattered Site New Construction		27	27	27	27	\$ 1,105,000						\$ 1,105,000	\$ -	\$ 1,105,000	
Twin Cities Habitat for Humanity, Inc. – TC Habitat 2018 SAAG	25		25	25	25	\$ 512,500						\$ 512,500	\$ -	\$ 512,500	
Twin Cities Habitat for Humanity, Inc. – 2018 Scattered Site Acquisition-Rehab-Resale	10		10	10	10	\$ 238,500						\$ 238,500	\$ -	\$ 238,500	
West Hennepin Affordable Housing Land Trust – Homes Within Reach	10		10	10	10	\$ 220,000	\$ 220,000				\$ 110,000	\$ 440,000	\$ 110,000	\$ 550,000	
Total Seven-County Metro Area	138	27	165	159	165	\$ 2,633,345	\$ 220,000	\$ -	\$ -	\$ 110,000	\$ -	\$ 2,853,345	\$ 110,000	\$ 2,963,345	
Total METRO AREA	181	70	251	241	246	\$ 5,624,758	\$ 680,000	\$ 150,000	\$ -	\$ 145,700	\$ -	\$ 6,454,758	\$ 145,700	\$ 6,600,458	

2018 Single Family RFP Summary Spreadsheet

Location - Administrator - Project Name	Impact Fund Unit Count			Priorities* # of Units	Minnesota Housing Funding				Funding Partners			Total Funding		
	Rehab/ Existing	New	Total Units		80% AMI	EDHC (excludes Indian Set-Aside)	HIB	EDHC Indian Set-Aside	Interim Loan	Greater Minnesota Housing Fund	Met Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
GREATER MINNESOTA														
Northeast														
One Roof Community Housing – One Roof Community Housing Acquisition-Rehab-Resale	6		6	4	\$ 130,000	\$ 70,000	\$ 100,000	\$ 250,000	\$ 42,500		\$ 550,000	\$ 42,500	\$ 592,500	
One Roof Community Housing – One Roof Community Housing New Construction		4	4	2	\$ 16,000	\$ 84,000	\$ 100,000	\$ 400,000	\$ 8,500		\$ 600,000	\$ 8,500	\$ 608,500	
One Roof Community Housing – One Roof Community Housing Owner-Occupied-Rehab	33		33	31	\$ 273,100						\$ 273,100	\$ -	\$ 273,100	
Total Northeast	39	4	43	37	\$ 419,100	\$ 154,000	\$ 200,000	\$ 650,000	\$ 51,000	\$ -	\$ 1,423,100	\$ 51,000	\$ 1,474,100	
Southeast														
First Homes Properties - First Homes CLT Infill Housing Development		14	14	14	\$ 1,632,000	\$ 55,000			\$ 60,000		\$ 1,687,000	\$ 60,000	\$ 1,747,000	
Minnesota Valley Action Council, Inc. – Mankato Mobile Home Replacement II		5	5	5	\$ 110,000						\$ 110,000	\$ -	\$ 110,000	
Three Rivers Community Action, Inc. – Emerging Markets Gap Financing	10		10	10	\$ 100,000				\$ 85,000		\$ 100,000	\$ 85,000	\$ 185,000	
Total Southeast	10	19	29	29	\$ 1,842,000	\$ 55,000	\$ -	\$ -	\$ 145,000	\$ -	\$ 1,897,000	\$ 145,000	\$ 2,042,000	
Southwest														
Housing and Redevelopment Authority of Hutchinson, MIN – 2018 Impact Workforce Housing Initiative		5	5	4	\$ 125,000						\$ 125,000	\$ -	\$ 125,000	
Southwest Minnesota Housing Partnership – SWMHP Regional Rehabilitation Pool	5		5	4	\$ 80,000				\$ 34,000		\$ 80,000	\$ 34,000	\$ 114,000	
United Community Action Partnership, Inc. – Marshall Parkway II Home Ownership Program		6	6	2	\$ 239,760		\$ 500,000				\$ 739,760	\$ -	\$ 739,760	
Upper Sioux Community Housing Authority – 2018 USCHA Homeownership Program	10		10	9			\$ 833,333				\$ 833,333	\$ -	\$ 833,333	
Total Southwest	15	11	26	19	\$ 444,760	\$ -	\$ 833,333	\$ 500,000	\$ 34,000	\$ -	\$ 1,778,093	\$ 34,000	\$ 1,812,093	
Multiple Regions/Statewide														
Habitat for Humanity of Minnesota, Inc – Impact Fund #6		25	25	25	\$ 375,000						\$ 375,000	\$ -	\$ 375,000	
Total Multiple Regions/Statewide	0	25	25	25	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ -	\$ 375,000	
Total GREATER MINNESOTA	64	59	123	110	3,080,860	209,000	1,033,333	1,150,000	230,000	0	5,473,193	230,000	5,703,193	
Total STATEWIDE	245	129	374	351	\$ 8,705,618	\$ 889,000	\$ 1,183,333	\$ 1,150,000	\$ 230,000	\$ 145,700	\$ 11,927,951	\$ 375,700	\$ 12,303,651	

Note: All Co-Funder awards are contingent upon individual board approval.

*Units may achieve multiple priorities

KEY:

Exist: Includes Acquisition/Rehabilitation/Resale, Stand-Alone Affordability Gap, and Owner-Occupied Rehabilitation.

Workforce Housing: Proposed units will be in communities that have had job growth, are top job centers, have seen employers significantly increase jobs, or have long commutes

80% AMI: Proposed units will serve households up to 80 percent of area median income (AMI)

EDHC: Economic Development & Housing Challenge Program

HIB: Housing Infrastructure Bond Proceeds

Met Council: Metropolitan Council

New: Includes New Construction

2018 Minnesota Housing Single Family Non-Recommended Applications

Administrator - Project Name - Location	Funding Requested
GREATER MINNESOTA	
Northwest	
Northwest Community Action, Inc. – New Construction Project Hallock, Minnesota	\$555,000
Total GREATER MINNESOTA - 1 project	\$555,000
City of Lakes Community Land Trust – LEEF Townhomes	\$1,120,000
Two Rivers Community Land Trust – The Green House Project	\$310,105
Total METRO - 2 projects	\$1,430,105
Total STATEWIDE - 3 projects	\$1,985,105

Item: 2018 Multifamily Selections, Amortizing and Deferred Loans, and 2019 Housing Tax Credits and Reservations of Tax-exempt Bond Volume Cap Authority

Staff Contact(s):

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Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests the following approvals related to the Multifamily portion of the 2018 Consolidated Request for Proposals (RFP):

- Adoption of a resolution approving the selection of projects, and the commitment of deferred financing related to the following programs and/or funding sources:
 - Economic Development and Housing Challenge (EDHC)
 - Preservation Affordable Rental Investment Fund (PARIF)
 - National Housing Trust Fund (NHTF)
 - HOME Investment Partnership (HOME)
 - Housing Infrastructure Bond (HIB) Proceeds
- Adoption of a resolution approving the allocation of federal Low Income Housing Tax Credits (LIHTC) and the granting of waivers related to federal Low Income Housing Tax Credits
- Adoption of a resolution approving selections under the Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) programs
- Adoption of a resolution approving the reservation of estimated tax-exempt bond volume cap authority

Fiscal Impact:

The Consolidated RFP funding recommendations include numerous funding sources.

In the 2019 Affordable Housing Plan (AHP), the Board approved \$105 million for multifamily amortizing first mortgage lending financed from Housing Investment Fund – Pool 2 resources, bond proceeds or other mortgage capital.

In the 2019 AHP, the Board also approved a budget for deferred lending that included \$5 million under the multifamily Flexible Capital Account (Housing Affordability Fund – Pool 3), which will fund selections under the FFCC program.

Other remaining deferred funding is from state or federal appropriations and does not materially affect the Agency's financial condition. Housing Tax Credits (HTC) are a federal resource and do not materially affect the Agency's financial condition.

From these selected projects and funding commitments, Agency staff estimates it will generate approximately \$225,000 in income from construction oversight fees, an estimated \$540,000 from other processing and origination fees, as well as other interest or spread income on interest bearing loans.

Tax-exempt bonds are a resource that can be used to finance both single-family and multifamily lending. Certain tax-exempt bonds also require volume cap that is limited by, and subject to, federal and state law.

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
- Selections
- Trends
- Predictive cost model
- Waivers requested
- Resolutions
- Funding recommendation map
- Summaries of funding recommendations
 - Consolidated
 - Detailed
 - Strategic Priority
- Development summaries
- Non-selected applications

BACKGROUND

Minnesota Housing's annual Consolidated RFP process allows housing sponsors to apply for certain resources from the Agency and its funding partners using a common application and procedure. As of the June 14, 2018 application deadline, Minnesota Housing and its funding partners received applications for 63 proposals that requested approximately \$173 million in deferred loans, \$100 million in permanent first mortgage financing, and \$44 million in Agency-administered 2019 Round 1 competitive 9% HTC.

On July 27, 2017, the Board approved the 2019 HTC Qualified Allocation Plan (QAP), self-scoring worksheet, HTC program procedural manual and timetables for applications. The total Minnesota 9% HTC allocation is approximately \$16,729,818.

Through the authority specified in Minn. Stat. § 462A.222 and 462A.223, Duluth; Rochester; St. Cloud; Washington County; Minneapolis; St. Paul and Dakota County are authorized to administer HTC allocations as suballocators.

The city of Minneapolis, St. Paul, Dakota County and Washington County administer their tax credits locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with Minnesota Housing. Their credits are apportioned back to the Agency for selection processes and certain allocation and compliance functions. The Agency administers \$12,413,026 in 9% HTC allocations including \$857,335 from Joint Powers suballocator credits.

In addition to the annual Consolidated RFP process, amortizing mortgage financing and preservation funding is also available from Minnesota Housing on an open pipeline basis for developments that meet the eligibility criteria outlined in the Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2.

Additionally, a second, competitive 9% HTC application round (2019 Round 2) will close on January 31, 2019, incorporating any remaining tax credits or tax credits returned following the conclusion of 2019 Round 1.

Proposals submitted to Minnesota Housing are extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with Minnesota Housing's mission and strategic priorities
- Compliance with statutes and program rules
- Consistency with program priorities
- Financial feasibility, market need, architectural suitability and overall development team capacity

SELECTIONS

Sixty-three developments submitted proposals. If approved by the Board, Minnesota Housing and funding partners will provide funding for 25 developments using various combinations of LMIR bridge and permanent first mortgage financing, Minnesota Housing deferred loan capital, Housing Tax Credits, funding partner contributions, and rental assistance.¹ The recommended developments assist to remove barriers and provide equitable access to affordable housing opportunities throughout Minnesota communities.

Funding Type	Selections	Totals
Permanent First Mortgage Financing	10	\$ 22,963,000
LMIR Bridge First Mortgage Financing	5	\$ 21,206,000
Minnesota Housing Deferred Loan Capital	11	\$ 48,887,288
Housing Tax Credits (9%)	13	\$ 12,319,797
Funding Partner Contributions	7	\$ 3,354,300

Amortizing Mortgages

In 2018, all Minnesota Housing first mortgages are being proposed to be processed under the LMIR program. Developments recommended for LMIR first mortgage selection are anticipated to be funded through Housing Investment Fund – Pool 2 resources or other mortgage capital and to be insured under the HUD Risk-Share Mortgage Insurance Program. Under the Federal Financing Bank HUD Risk-Sharing Program, such loans may be sold to the Federal Financing Bank. The LMIR mortgage terms will generally be a 30 to 40-year amortization with fixed rates, and they must be in first lien position. The loans will be processed under HUD’s Risk-Share Mortgage Insurance Program, and a mortgage insurance premium of 0.125 percent will be collected in addition to the interest charged on the loan.

Several developments are also being recommended for LMIR Bridge Loans, which will likely be funded with the proceeds of short-term tax-exempt bonds issued by the Agency. The bonds will be structured to ensure the developments will be eligible for 4% tax credits. The Bridge Loans generally will have 18- to 24-month terms, be in first lien position and carry a fixed interest rate.

Additionally, Minnesota Housing staff recommends that some developments be selected for deferred funding through the FFCC program, which is only available in conjunction with LMIR loans or other agency first mortgage funding. FFCC is funded through the Housing Affordability Fund – Pool 3. Selections for the LMIR and FFCC loans through this RFP do not represent commitments for funding. Board approval will be sought for all LMIR and FFCC loans in order to enter into loan commitments prior to closing of the loans.

Deferred Loans

Developments recommended for deferred loans will be funded through the Housing Affordability Fund – Pool 3, state and federal appropriations or proceeds of state appropriation housing infrastructure bonds. PARIF funds appropriated by the Minnesota Legislature fund the preservation of federally

¹ *Maya Commons received a commitment of resources exclusively from the Metropolitan Council contingent on their approval process. This project is included in aggregate totals due to the availability of funds from all sources.*

assisted housing units. EDHC funds appropriated by the legislature will be used to finance new construction throughout the state.

National Housing Trust Fund resources will support new construction of supportive housing units serving very low-income households. HOME resources will be used to finance new construction throughout the state and will support projects with units that meet several strategic priorities, including permanent supportive housing units serving high priority homeless and people with disabilities, and Greater Minnesota workforce housing needs.

Proceeds of housing infrastructure bonds will be used to finance loans for the construction, acquisition and rehabilitation of permanent supportive housing, including providing permanent supportive housing for people with behavioral health needs; and acquisition, rehabilitation, or refinancing of federally assisted rental housing.

The deferred loans recommended for selection will generally be 30-year, deferred loans repayable upon maturity.

Geographic Distribution

Of the 25 recommended proposals, 13 are in the seven-county Twin Cities metropolitan area, including four in the cities of Minneapolis and St. Paul and nine in suburban locations.² The remaining 12 proposals are in Greater Minnesota.

One development, Maya Commons, received a funding commitment from the Metropolitan Council, contingent on their approval process. Although this project is not recommended to receive funds from a source administered by Minnesota Housing, it is included in the aggregate totals because the totals do reflect sources provided through the consolidated RFP by our funding partners.

Project Location	Recommended Selections	Percentage of Total	Recommended Amount	Percentage of Total
Metro	13	52.0%	\$ 32,928,531	43.8%
<i>Central City</i>	4	16.0%	\$ 12,213,555	16.2%
<i>Suburban</i>	9	36.0%	\$ 20,714,976	27.5%
Greater Minnesota	12	48.0%	\$ 42,276,057	56.2%
Total	25	100.0%	\$ 75,204,588	100.0%

Two recommended proposals requested Project-based Rental Assistance from the Metro Housing and Redevelopment Authority of the Metropolitan Council. The Metropolitan Council expects to award up to 15 project-based vouchers and will announce awards independently following the conclusion of Minnesota Housing’s RFP recommendations.

The 13 proposals recommended for 9% HTCs are estimated to generate over \$86.8 million in equity, assuming the current level of \$0.87-0.89 investor credit pricing. Effective with HTC 2019 Round 1,

² One project, Galway Place/Community Plaza, serves two distinct locations by preserving 40 units in St. Paul and 36 units in Coon Rapids, effectively bringing the total suburban locations to 10. This is considered a single project for data reporting purposes and is coded from the St. Paul address.

projects could elect to extend the long-term affordability and maintain the duration of low-income use beyond 30 years to a minimum of 40 years. Twenty-two of 23 projects recommended for 9% HTC or for deferred loans with a 4% HTC structure indicated as part of the application that they will extend affordability to 40 years.

Meeting Agency Priorities

Of the 1,343 total units recommended for Board approval, 991 new affordable units will be developed. Of the 1,343 units, 317 federally assisted units will be preserved.

The affordable housing units meet the following Agency strategic priorities:

- **Preservation of federally-subsidized rental housing**
There are 317 units in five projects recommended for Board approval this year that meet the Agency priority of preserving federally subsidized rental housing. This reflects an increase of 63 percent in total units preserved over last year. Investing in these units will address critical capital needs, facilitate a necessary change in ownership or prevent imminent risk of loss due to market conversion. It will also position the properties to maintain their subsidy for the long term.
- **Addressing specific and critical needs in rental housing markets**
There are 991 new construction affordable units recommended for Board approval, meeting the Agency's priority of addressing critical needs in the rental housing market.
- **Preventing and ending homelessness**
The Agency has made significant strides in its efforts to create new supportive housing units to meet the goals of Heading Home Together: Minnesota's Plan to Prevent and End Homelessness. The 2018-2020 plan continues its goal set in the 2014 plan to create 5,000 new housing opportunities for people experiencing or are at- risk of homelessness. To date, the agency has contributed to the creation of approximately 3,400 new supportive housing units and affordable housing units for households with incomes at 30% of area median income (AMI).

If the Board approves the recommended selections, a total of 37 additional affordable and 344 supportive housing units will directly support the 5,000-unit goal in the Plan to Prevent and End Homelessness. Two-hundred two units will serve people with behavioral health needs, of which 70 units will be funded with HIB proceeds for that purpose.³ A total of 251 permanent supportive housing units will serve people experiencing homelessness, with 74 percent serving high priority homeless households, who are households prioritized by the state's Coordinated Entry (CE) system. These permanent supportive housing opportunities are in 22 of the recommended projects.
- **Housing responsive to changing demographics**
RFP selections continue to advance the objectives of Minnesota's Olmstead Plan, with 93 units specifically set aside to serve people with disabilities in 16 properties this year. In addition, the projects recommended for selection continue to provide a significant number of units for larger

³ Two developments recommended for selection will use proceeds from Housing Infrastructure Bonds to support rental units set-aside and rented to people with behavioral health needs. One additional development will serve people with behavioral health needs, but is financed through sources other than Housing Infrastructure bonds.

families, with a total of 937 two-bedroom units, or 71 percent of total units, serving these households.

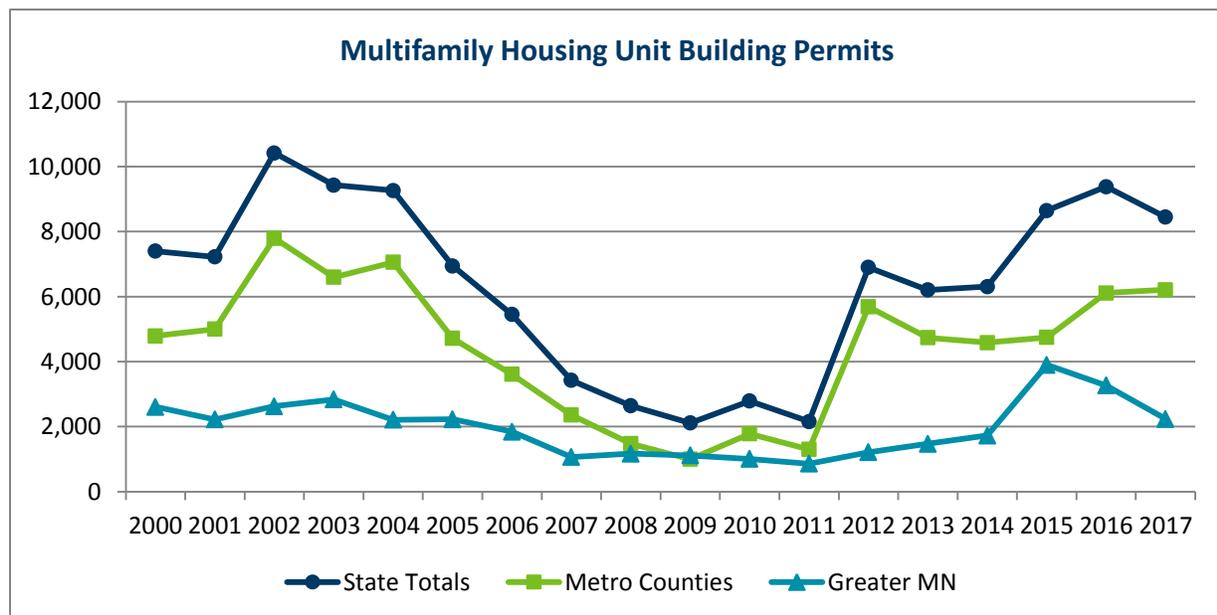
TRENDS

Market Conditions

Minnesota has a shortage of affordable rental housing. According to the U.S. Census Bureau, the percentage of Minnesota renters who are cost burdened (paying 30 percent or more of their income on rent) has increased from 37 percent in 2000 to 46 percent in 2017. Among lower-income renters (with incomes less than \$50,000), 69 percent are cost burdened. Specifically, about 247,000 lower-income renter households in Minnesota are cost burdened.

The need for more affordable housing is increasing with rising rents. The rental vacancy rate in much of Minnesota is well below the 5 percent that is generally considered optimal for a balanced market. According to Marquette Advisor’s *Apartment Trends*, the rental vacancy rate for the Twin Cities metro area was 2.2 percent for the second quarter of 2018. Data from CoStar shows vacancy rates below 5 percent for much of Greater Minnesota. Low vacancy rates and a shortage of rental housing lead to rising rents.

Low vacancy rates have occurred for three reasons. First, with the improving economy there are more households due to fewer households doubling up and fewer young adults living with their parents. Second, the homeownership rate in Minnesota dropped from 76 percent in 2006 to 71 percent in 2017. With fewer households owning and more households renting, the demand for rental units increased and rental vacancy rates declined. Third, as shown in the table below, very few new rental units were created during the Great Recession and immediately after (2008-2011). Construction of new units did not keep pace with the increasing demand. Production picked up in 2012 and again in 2015-2016.



Source: HUD SOCDs Buildings Permits Database

Overall, Minnesota’s economy is stronger than the rest of the country. In August of 2018, the state’s seasonally adjusted unemployment rate was 2.9 percent, as compared to 3.9 percent nationally. The

low unemployment rate must consistently translate into higher wages for renters. While the median income for renters has not kept pace with inflation and rent increases since 2000, the situation has improved in recent years with the median income of Minnesota renters growing faster than the median rent. Since 2010, the percentage of Minnesota renters who are cost burdened has declined from 50 percent to 46 percent. We need that trend to continue. Increasing the supply of affordable housing and preserving what we already have is critical.

As mentioned previously, Minnesota Housing staff recommends 1,343 units for funding. Largely reflective of the low vacancy rates throughout the state and overall strong economy, the percent of new construction units recommended for funding is 74 percent of total units this year. There are 10 new construction developments recommended for funding in the Twin Cities metropolitan area and 11 in Greater Minnesota for a total of 991 units.

Market conditions remain favorable for development even in a rising interest rate environment, with tax credit equity markets stabilizing from previous volatility resulting from tax reform and the decrease in the corporate tax rate. As a result, twelve of the thirteen 9% HTC projects are progressing with no deferred loan needs. The nine projects with deferred loan needs using a 4% HTC structure that are recommended for selection are expected to generate 4% tax credit equity proceeds of \$32 million. Demand for the use of tax-exempt bonds continues to be strong, as developers and communities face a shortage of volume cap for private activity tax-exempt bonding.

The average per unit deferred loan award is \$91,446. With 344 units of permanent supportive housing recommended for funding this year, it is important to note that HIB proceeds are a particularly important resource for this housing activity, which tends to have a larger need for deferred loan resources. These resources are critical to our objective to provide equitable access to housing by focusing on the most vulnerable populations with the fewest housing choices.

Geography

This year's selections are similarly weighted between the Twin Cities metro and Greater Minnesota, with 52 percent of projects located in the Twin Cities metropolitan area and 48 percent located in Greater Minnesota.

Several projects will contribute new units to the housing supply in Greater Minnesota communities. Of the newly developed units, 476 respond to the housing needs of workers in communities that have experienced job growth, are expecting future expansion, or where there is a shortage of housing that is limiting job expansion. This is a 35 percent increase in the total number of greater Minnesota workforce housing units compared with 2017.

In the Twin Cities metro, selections will increase housing options in areas of opportunity with 832 units created or preserved in these areas or in projects having these characteristics. This is a 23 percent increase from last year, with 309 units of new construction added in economic integration areas and 222 two-plus-bedroom units of new construction units added in areas with high performing schools (over 42 percent of new construction units in the Twin Cities metropolitan area). One hundred eighty-five units will also be accessible to fixed transit.

WAIVERS REQUESTED

Predictive Cost Model

Minnesota Housing staff analyzes all proposals on a total cost and per unit cost basis using a predictive cost model. Minnesota Housing's research division developed this model as a method to identify proposals having higher than expected costs. Staff works with applicants to understand and mitigate high costs, but when they are above the predictive cost model, staff follows the Board-approved policy that requires them to provide to the Board the rationale for recommending proposals that exceed the predictive cost model estimate by greater than 25 percent.

Of the projects recommended for selection in the 2018 RFP, three projects exceed the predictive cost model estimate.

Mill Townhomes

The budgeted TDC per unit of \$266,010 is 34.4% over the \$197,886 estimate from the predictive cost model. A staff architect reviewed the costs in more detail, did not find anything unusual that would explain the high costs, and found the budgeted costs to be reasonable. Research staff believes that because the agency has not financed many townhouses in rural areas in recent years, the data used to develop the predictive cost model may not have the most up-to-date cost information for townhouses in these areas. Research staff also used data from RSMeans (a provider of industry-wide cost data) and found that RSMeans' construction costs for a townhouse project in this area are higher than the construction costs from the predictive cost model. Using RSMeans construction cost data increases the predicted TDC per unit to \$223,880. Using that data, the budgeted TDC per unit of \$266,010 is 18% above the predicted cost.

Hilltop Cottages

The budgeted TDC per unit of \$250,845 is 26.4% over the \$198,417 estimate from the predictive cost model. A staff architect reviewed the costs in more detail, did not find anything usual that would explain the high costs, and found the budgeted costs to be reasonable. Research staff believes that because the agency has not financed many townhouses in rural areas in recent years, the data used to develop the predictive cost model may not have the most up-to-date cost information for townhouses in these areas. Research staff also used data from RSMeans (a provider of industry-wide cost data) and found that RSMeans' construction costs for a townhouse project in this area are higher than the construction costs from the predictive cost model. Using RSMeans construction cost data increases the predicted TDC per unit to \$206,193. Using that data, the budgeted TDC per unit of \$250,845 is 21.7% above the predicted cost.

Jeremiah Project

The budgeted TDC per unit of \$327,529 is 59% over the estimate from the predictive cost model because the space includes a daycare facility and extra community space that the model does not take into account. If only the housing costs are used in the model, the project would be at or below the estimate from the predictive cost model.

Conifer II

Another project submitted a proposal that requires a full-scale redesign, and it is expected that the redesign will be within or close to the predictive cost model for a project of that type.

Housing Tax Credit Waiver of Development Allocation Credit Limits

Article 7.0 of the 2019 QAP and Chapter 2.E. of the 2019 HTC Program Procedural Manual states that no developer or general partner may receive tax credits in excess of 10 percent of the state's per capita volume in any calendar year, and no individual development may receive tax credits in excess of \$1,200,000. For 2019, the 10 percent developer cap is \$1,672,981. The Board may waive these limits for projects that involve planned community development, historic preservation, preservation of existing federally assisted housing, housing with rents affordable to households at or below 30% of median income, or waive limits in response to significant proposed expansions in area employment or natural disaster recovery efforts.

Staff recommends three waivers: one development waiver and two developer waivers, as follows:

Jeremiah Program

Staff recommends a waiver to the \$1,200,000 per development cap to allow for an aggregate amount of \$1,382,793 for the Jeremiah Program development in Rochester submitted by the Jeremiah Program. The amount of the waiver request is \$182,793. The development is eligible for Minnesota Housing's per development waiver criteria because it provides rents affordable to households at or below 30 percent of the median income, there is significant proposed expansion in area employment and a significant planned community development effort from the local community.

This 40-unit development located in the City of Rochester in Olmstead County, requests \$1,382,793 in tax credits. The project includes nine rental assistance units with rents affordable to households at or below 30 percent of median income. A waiver of the \$1,200,000 per development cap will allow the applicant to maximize the amount of equity available to fund development costs.

Trail Pointe Ridge and The Willows

Staff recommends a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year to allow for an aggregate amount of \$2,400,000, combined for Trail Pointe Ridge and The Willows, projects that were submitted by CommonBond Communities. Both projects meet the eligible waiver criteria outlined in the 2019 QAP and 2019 HTC Program Procedural Manual by providing housing with rents affordable to households at or below 30 percent of median income, planned community development and through its location in an area with significant expansion in area employment. The waiver request is \$721,019 above the limit.

Trail Pointe Ridge is a 58-unit development recommended for \$1,200,000 in tax credits, and The Willows is a 60-unit development also recommended for \$1,200,000 in tax credits. The developments are located in the cities of Eden Prairie and Shakopee (counties of Hennepin and Scott respectively) and further the goals of not only responding to significant proposed expansions in area employment, but also including six units in each development that will serve people with disabilities with rents affordable to households at or below 30 percent of median income.

Trail Pointe Ridge and The Willows also include rental assistance for four units (Trail Pointe Ridge) and for 10 units (The Willows) for households with rents affordable to incomes at or below 30 percent of median income. Both mortgage amounts are underwritten to

Minnesota Housing's guidelines, the proposals contain costs using Minnesota Housing's methodology, the city, the county and the developer have committed substantial funds, and neither proposal includes a request for Minnesota Housing or funding partner deferred funds. A waiver of the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund development costs with no remaining funding gaps. The development team determined that the applicant/developer has the experience, capacity and ability to complete the proposed projects.

108 Place, Sarazin Flats II, Vista Ridge, and Willow Ridge East

Staff recommends a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year to allow for an aggregate amount of \$3,488,396 combined for 108 Place, Sarazin Flats II, Vista Ridge, and Willow Ridge East, projects that were submitted by MWF Properties, LLC. The request is for an amount that is \$1,815,415 above the limit. Each of the developments meet two of the eligible waiver criterion outlined in the 2019 QAP and 2019 HTC Program Procedural Manual by providing housing with rents affordable to households at or below 30 percent of median income and through its location in an area with significant expansions in area employment.

108 Place is a 42-unit development in Bloomington recommended for \$849,743 in tax credits. Sarazin Flats II is a 48-unit development in Shakopee recommended for \$1,007,002 in tax credits. Vista Ridge is a 52-unit development in Waconia recommended for \$988,257 in tax credits. Willow Ridge East is a 36-unit development in Vadnais Heights recommended for \$643,394 in tax credits. These new construction projects will provide workforce housing that achieves the goal of responding to significant proposed expansions in area employment, and each development includes four units that will serve people with disabilities with rents affordable to households at or below 30 percent of median income.

In addition, each development further restricts rental assistance to provide four units (108 Place and Willow Ridge East) and eight units (Vista Ridge and Sarazin Flats II) with rents affordable to households at or below 30 percent of median income. All mortgage amounts are underwritten according to Minnesota Housing's guidelines, the proposals contain costs using Minnesota Housing's methodology, the city and the developer have committed substantial funds, and neither proposal includes a request for Minnesota Housing or funding partner deferred funds. A waiver of the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund development costs and allow the remaining gap to be filled through seeking a larger mortgage with better terms. Staff review of the development team determined that the applicant/developer has the experience, capacity and ability to complete the proposed projects.

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

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND
COMMITMENT OF DEFERRED FINANCING FOR DEVELOPMENTS USING THE FOLLOWING PROGRAMS
AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC),
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF), NATIONAL HOUSING TRUST FUND
(NHTF), HOME INVESTMENT PARTNERSHIP PROGRAM (HOME), HOUSING INFRASTRUCTURE BOND
(HIB) PROCEEDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

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

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to enter into loan commitments and agreements, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective project selection letters:

Property #	Project #	Project Name	Funding Source	\$ Amount
D7960	M17840	Amorce I Limited Partnership	PARIF	\$ 5,697,235
D8098	M17888	Cahill Place Apartments	Housing Infrastructure Bonds	\$ 5,633,111
D8115	M17940	Conifer II	Housing Infrastructure Bonds	\$ 5,603,000
D8121	M17956	Dublin Heights	NHTF HOME	\$ 589,363 \$ 4,831,096
D2845	M17935	Emma's Place	Housing Infrastructure Bonds	\$ 821,163
D8145	M18021	Galway Place Townhomes & Community Plaza	PARIF	\$ 2,775,000
D7992	M18028	Hilltop Cottages	EDHC MF	\$ 4,351,572
D8108	M17917	Le Sueur Meadows II	EDHC MF HOME	\$ 499,000 \$ 4,501,000
D3145	M17996	Lydia Apartments	Housing Infrastructure Bonds	\$ 4,226,422
D7993	M17877	Mino-bimaadiziwin	EDHC MF	\$ 2,405,300
D8122	M17958	Region 5+ Supportive Housing	HOME NHTF	\$ 1,717,079 \$ 2,511,840
Total Awarded:				\$ 46,162,181

1. Agency staff shall review and approve the Mortgagor or Grantee; and
2. The issuance of a mortgage loan commitment for all EDHC, PARIF, National Housing Trust Fund, HOME, and loans from Agency resources, in form and substance acceptable to Agency staff, and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and
3. With respect to loans funded with bond proceeds, the Agency must be able to issue and sell tax-exempt bonds on terms acceptable to the Agency.
4. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development; and
5. Each PARIF mortgagor will enter into an agreement with the Agency that complies with subd. 8b of Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2015, First Special Session, Chapter 1, article 1, section 3, subdivision 7).

Adopted this 1st day of November 2018

CHAIRMAN

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

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING ALLOCATION OF AND GRANTING WAIVERS RELATED TO
FEDERAL LOW INCOME HOUSING TAX CREDITS
FOR CALENDAR YEAR 2019
TO CERTAIN QUALIFIED LOW-INCOME HOUSING BUILDINGS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. §§ 462A.221-.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit program provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Amended Qualified Allocation Plan (QAP) and Procedural Manual for the Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2019; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of the Low Income Housing Tax Credits to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

WHEREAS, upon meeting the requirements for allocation contained in the Manual and QAP, the Agency will allocate portions of the state allocation of Low Income Housing Tax Credits to certain developments;

Metro Selections

6 Projects

Property #	Project #	Project Name	Funding Source	\$ Amount
D8140	M18011	108 Place	9% Housing Tax Credits	\$ 849,743
D8143	M18009	Sarazin Flats II	9% Housing Tax Credits	\$ 1,007,002
D8106	M17910	The Willows	9% Housing Tax Credits	\$ 1,200,000
D8123	M17959	Trail Pointe Ridge	9% Housing Tax Credits	\$ 1,200,000
D8141	M18013	Vista Ridge	9% Housing Tax Credits	\$ 988,257
D8056	M17963	Willow Ridge East	9% Housing Tax Credits	\$ 643,394
			Total Reserved:	\$ 5,888,396

Greater Minnesota Selections
7 Projects

Property #	Project #	Project Name	Funding Source	\$ Amount
D8138	M17999	Connex	9% Housing Tax Credits	\$ 510,628
D1030	M17931	Country Terrace	9% Housing Tax Credits	\$ 206,771
D8094	M17875	First Avenue Lofts	9% Housing Tax Credits	\$ 1,126,541
D8128	M17969	Harvestview Place II	9% Housing Tax Credits	\$ 1,162,562
D8096	M17883	Jeremiah Program - Rochester	9% Housing Tax Credits	\$ 1,382,793
D8124	M17975	Leech Lake Homes VIII	9% Housing Tax Credits	\$ 924,294
D8116	M17943	The Mill Townhomes	9% Housing Tax Credits	\$ 1,117,812
Total Reserved:				\$ 6,431,401

Summary of Housing Tax Credit Selections

Total Number of Projects Selected for 9% Housing Tax Credits	13
Total Amount of 9% Housing Tax Credits Reserved	\$ 12,319,797

NOW, THEREFORE, BE IT RESOLVED:

1. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the Low Income Housing Tax Credits reservations for the above developments in the amounts shown for calendar year 2019 of the Low Income Housing Tax Credits, upon compliance with all of the requirements contained in the QAP and Manual and any other conditions set forth in the project's selection letter; and
2. Agency staff is authorized to allocate the portions of the state allocation of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP and Manual, including a waiver to the \$1,200,000 per development cap for the Jeremiah Program and waivers to the \$1,672,981 per developer cap for the developer of the 108 Place, Sarazin Flats II, Vista Ridge, and Willow Ridge East, projects and for the developer of the Trail Pointe Ridge and The Willows projects; and
3. The Board waives the predictive cost model threshold for the following projects, the Jeremiah Program, Mill Townhomes and Hilltop Cottages, based upon the information and documentation submitted as part of their proposals.
4. Notification letters concerning the above be forwarded to the approved applicants.

Adopted this 1st day of November 2018

 CHAIRMAN

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

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING SELECTIONS FOR LOW AND MODERATE INCOME RENTAL (LMIR) AND
FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAMS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and:

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby selects the below referenced developments for further processing under the LMIR , the LMIR Bridge Loan and the Flexible Financing for Capital Costs (FFCC) programs herein:

Property #	Project #	Project Name	Funding Source	\$ Awarded
D8098	M17888	Cahill Place Apartments	LMIR	\$ 836,000
D8121	M17956	Dublin Heights	LMIR	\$ 2,046,000
		Dublin Heights	LMIR Bridge Loan	\$ 5,535,000
		Dublin Heights	FFCC	\$ 963,331
D8128	M17969	Harvestview Place II	LMIR	\$ 6,148,000
D7992	M18028	Hilltop Cottages	LMIR	\$ 1,267,000
		Hilltop Cottages	LMIR Bridge Loan	\$ 4,281,000
		Hilltop Cottages	FFCC	\$ 162,644
D8108	M17917	Le Sueur Meadows II	LMIR	\$ 1,443,000
		Le Sueur Meadows II	LMIR Bridge Loan	\$ 4,495,000
		Le Sueur Meadows II	FFCC	\$ 548,792
D3145	M17996	Lydia Apartments	LMIR	\$ 1,200,000
		Lydia Apartments	LMIR Bridge Loan	\$ 2,300,000
D8122	M17958	Region 5+ Supportive Housing	LMIR Bridge Loan	\$ 4,595,000
			LMIR	\$ 1,771,000
			FFCC	\$ 1,050,340
D8116	M17943	The Mill Townhomes	LMIR	\$ 1,272,000
D8106	M17910	The Willows	LMIR	\$ 2,994,000
D8123	M17959	Trail Pointe Ridge	LMIR	\$ 3,986,000
			Total Awarded:	\$ 46,894,107

Adopted this 1st day of November 2018

CHAIRMAN

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

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING RESERVATION OF ESTIMATED TAX-EXEMPT PRIVATE ACTIVITY BOND
 VOLUME CAP SUFFICIENT TO QUALIFY LOANS FOR 4% LOW INCOME HOUSING TAX CREDITS**

WHEREAS, in conjunction with applications for 4% Low Income Housing Tax Credits, the Minnesota Housing Finance Agency (Agency) has received applications to issue tax-exempt private activity bonds to finance loans to pay a portion of the costs of acquisition and construction or rehabilitation of multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

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

Project #	Project #	Project Name	Funding Source (in whole or part)	Bond Type	Maximum Loan Principal Amount
D7992	M18028	Hilltop Cottages	Tax Exempt Bonds	Rental Housing Bond - Bridge Loan	\$4,281,000
D8098	M17888	Cahill Place Apartments	Tax Exempt Bonds	Housing Infrastructure Bonds	\$5,633,111
D8115	M17940	Conifer II	Tax Exempt Bonds	Housing Infrastructure Bonds	\$5,603,000
D8121	M17956	Dublin Heights	Tax Exempt Bonds	Rental Housing Bond - Bridge Loan	\$5,535,000
D8122	M17958	Region 5+ Supportive Housing	Tax Exempt Bonds	Rental Housing Bond - Bridge Loan	\$4,595,000
D8108	M17917	Le Sueur Meadows II	Tax Exempt Bonds	Rental Housing Bond - Bridge Loan	\$4,495,000
D3145	M17996	Lydia Apartments	Tax Exempt Bonds	Rental Housing Bond - Bridge Loan	\$2,300,000
			Tax Exempt Bonds	Housing Infrastructure Bonds	\$4,226,422
Total Maximum Loan Principal Amounts:					\$36,668,533

NOW THEREFORE, BE IT RESOLVED:

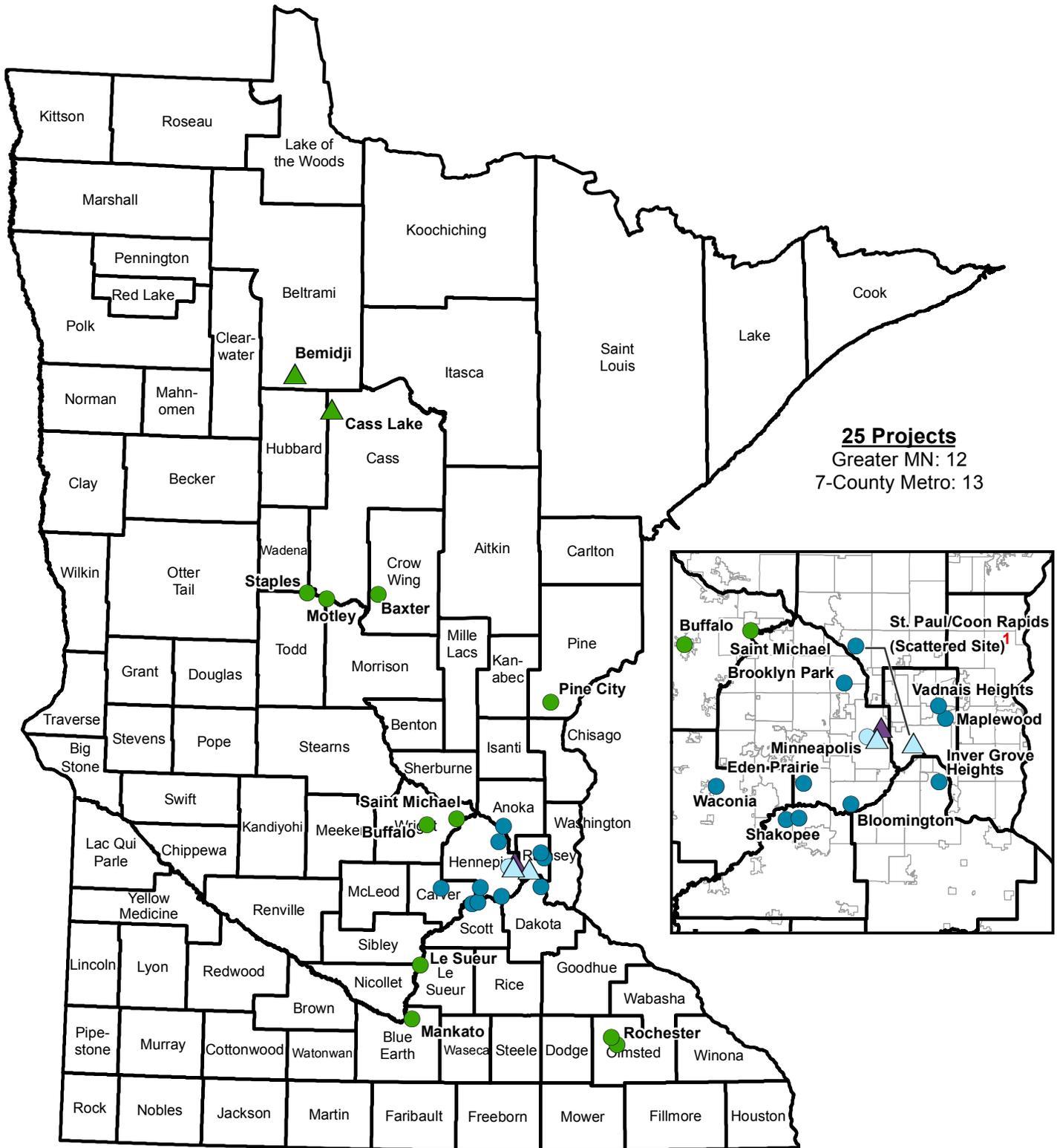
The Board hereby approves the above referenced developments for further processing for loans, in principal amounts not exceeding the principal amounts set forth above, to be made from sources available to the Agency, including proceeds of tax-exempt private activity bonds that the Agency is entitled to issue using its allocation of a portion of the state of Minnesota’s tax-exempt private activity

bond volume cap pursuant to Minn. St. ch. 474A. The Agency will reserve a portion of that allocated volume cap for the purpose of issuing bonds in principal amounts sufficient to qualify these loans for 4% Low Income Housing Tax Credits. The Agency will make these loans subject to the following conditions:

1. Agency staff reviews and approves the mortgagor; and
2. All conditions must have been met by the mortgagor for the Agency, including those in the project's selection letter, to provide funding for the development from grants or loans under the Consolidated RFP; and
3. The applicable project qualifies for and is awarded 4% Low Income Housing Tax Credits under the Internal Revenue Service and Agency rules, regulations and procedures, including the Qualified Allocation Plan of the Agency in effect when the bonds are issued; and
4. The applicable project qualifies under Section 142(d) of the Internal Revenue Code as a "qualified residential rental project" that may be financed by the issuance of "exempt facility bonds": and
5. The Agency is able to issue and sell its tax-exempt bonds on terms acceptable to the Agency:
and
6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the bonds, the security therefore, and the construction and operation of the development, as the Agency, in its sole discretion, deems necessary.

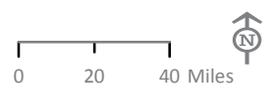
Adopted this 1st day of November 2018

CHAIRMAN



- ▲ In Opportunity Zone
- Greater MN
- Suburban
- Minneapolis/St. Paul
- ▲ Metropolitan Council Only Investment²

1. Community Plaza / Galway Place Townhomes are considered a single project.
2. The Consolidated RFP makes funds available from Minnesota Housing and its funding partners. One development (Maya Commons) received a commitment exclusively from the Metropolitan Council contingent on their approval process. This project is included in aggregate totals due to the availability of funds from all sources.



2018 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Developer	City	Total Units	Total Affordable Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
GREATER MINNESOTA										
Central										
Connex	St. Michael Development Group, LLC	St. Michael	48	48				\$4,697,308	\$3,364,293	\$10,965,748
Country Terrace	D. W. Jones, Inc.	Motley	24	23				\$1,733,140	\$896,870	\$2,630,010
First Avenue Lofts	Roers Investments LLC	Buffalo	60	47				\$10,081,534	\$4,090,749	\$14,472,283
Hilltop Cottages	Commonwealth Development Corporation	Pine City	35	35	\$1,267,000	\$4,514,216	\$749,289	\$2,346,740	\$9,313	\$8,886,558
Leech Lake Homes VIII	Leech Lake Band of Ojibwe Housing Authority	Cass Lake	30	30				\$7,670,873	\$346,872	\$8,017,745
Region 5+ Supportive Housing	Central Minnesota Housing Partnership, Inc.	Baxter	40	40	\$1,771,000	\$5,279,259		\$2,382,951	\$521,257	\$9,954,467
The Mill Townhomes	The Mill Townhomes, LLC	Staples	42	41	\$1,272,000			\$9,612,230	\$293,618	\$11,177,817
Northwest										
Conifer II	Headwaters Housing Development	Bemidji	32	32		\$5,603,000		\$2,193,205	\$951,240	\$8,747,664
Southeast										
Dublin Heights	CommonBond Communities	Mankato	45	36	\$2,046,000	\$6,383,790		\$2,089,635	\$534,363	\$11,053,788
Harvestview Place II	Harvestview Place Development II LLC	Rochester	76	76	\$6,148,000			\$10,694,501	\$182,541	\$17,025,042
Jeremiah Program - Rochester	Jeremiah Program	Rochester	40	40			\$250,711	\$11,683,433	\$1,167,016	\$13,101,160
Le Sueur Meadows II	CommonBond Communities	Le Sueur	39	39	\$1,443,000	\$5,548,792		\$2,246,032	\$187,092	\$9,424,916
TOTAL GREATER MINNESOTA			511	487	\$13,947,000	\$27,329,057	\$1,000,000	\$67,431,582	\$12,545,224	\$125,457,198

2018 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Developer	City	Total Units	Total Affordable Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
METRO										
Minneapolis										
Lydia Apartments	Beacon Interfaith Housing Collaborative		78	78	\$1,200,000	\$4,226,422		\$4,278,988	\$1,031,477	\$13,036,887
Maya Commons	Project for Pride in Living, Inc.		50	50			\$1,062,133		\$14,300,560	\$15,362,693
Mino-bimaadiziwin	RLBC Franklin Station Developer, LLC		109	109		\$2,405,300	\$344,700		\$31,845,301	\$34,594,782
Saint Paul										
Galway Place Townhomes & Community Plaza	CommonBond Communities	Saint Paul and Coon Rapids	76	76		\$2,775,000	\$200,000	\$5,251,979	\$10,472,278	\$18,699,257
Suburbs										
108 Place	Bloomington Group Development LLC	Bloomington	42	42				\$7,816,854	\$2,067,996	\$10,170,866
Amorce I Limited Partnership	Boisclair Corporation	Brooklyn Park	170	170		\$5,697,235		\$8,076,296	\$16,227,000	\$30,000,531
Cahill Place Apartments	Cahill Place Developer, LLC	Inver Grove Heights	40	40	\$836,000	\$5,633,111	\$565,000	\$2,975,596	\$2,218,942	\$12,228,649
Emma's Place	Emma Norton Services	Maplewood	13	13		\$821,163	\$182,467		\$759,426	\$1,763,056
Sarazin Flats II	Shakopee Group II Development LLC	Shakopee	48	48				\$9,263,492	\$2,057,118	\$12,015,366
The Willows	CommonBond Communities	Shakopee	60	60	\$2,994,000			\$11,220,000	\$967,112	\$15,181,112
Trail Pointe Ridge	CommonBond Communities	Eden Prairie	58	52	\$3,986,000			\$11,278,872	\$1,692,633	\$17,072,505
Vista Ridge	Waconia Group II Development LLC	Waconia	52	52				\$9,091,055	\$3,161,115	\$12,814,592
Willow Ridge East	Vadnais Group II Development LLC	Vadnais Heights	36	36				\$5,918,633	\$2,126,409	\$8,885,415
TOTAL METRO			832	826	\$9,016,000	\$21,558,231	\$2,354,300	\$75,171,765	\$88,927,367	\$201,825,709
TOTAL STATEWIDE			1343	1313	\$22,963,000	\$48,887,288	\$3,354,300	\$142,603,347	\$101,472,591	\$327,282,907

NOTE: Total units include affordable and market rate units.

Development Name	Developer	City	Total Units*	Total Affordable Units	Amortizing Loans		Deferred Loans				Tax Credit Allocations				Funding Partners			
					LMIR 1st Mortgage	LMIR Bridge	FFCC	HIB Loan	HIB Behavioral Health	PARIF	EDHC MF	NHTF	HOME	Housing Tax Credits 4%	Minnesota Housing Bond Issuer - Long Term	Minnesota Housing Bond Issuer - Short Term	Housing Tax Credits 9%	Suballocator 9%
Minneapolis																		
Lydia Apartments	Beacon Interfaith Housing Collaborative	Minneapolis	78	78	\$1,200,000	\$2,300,000		\$2,113,211	\$2,113,211									
Maya Commons	Project for Pride in Living, Inc.	Minneapolis	50	50														\$1,062,133
Mino-bimaadziwin	RLBC Franklin Station Developer, LLC	Minneapolis	109	109						\$2,405,300								\$344,700
Saint Paul																		
Galway Place Townhomes & Community Plaza	CommonBond Communities	Saint Paul and Coon Rapids	76	76						\$2,775,000								\$200,000
Suburbs																		
108 Place	Bloomington Group Development LLC	Bloomington	42	42												\$849,743		
Amorce I Limited Partnership	Boisclair Corporation	Brooklyn Park	170	170						\$5,697,235								
Cahill Place Apartments	Cahill Place Developer, LLC	Inver Grove Heights	40	40	\$836,000			\$5,633,111										\$565,000
Emma's Place	Emma Norton Services	Maplewood	13	13				\$821,163										\$182,467
Sarazin Flats II	Shakopee Group II Development LLC	Shakopee	48	48														
The Willows	CommonBond Communities	Shakopee	60	60	\$2,994,000													
Trail Pointe Ridge	CommonBond Communities	Eden Prairie	58	52	\$3,986,000													
Vista Ridge	Waconia Group II	Waconia	52	52														
Willow Ridge East	Vadnais Group II Development LLC	Vadnais Heights	36	36														
TOTAL METRO			832	826	\$9,016,000	\$2,300,000		\$8,567,485	\$2,113,211	\$8,472,235	\$2,405,300				\$5,888,396	\$587,103		\$2,354,300
TOTAL STATEWIDE			1343	1313	\$22,963,000	\$21,206,000	\$2,725,107	\$8,567,485	\$7,716,211	\$8,472,235	\$7,255,872	\$3,101,203	\$11,049,175		\$12,319,797	\$587,103	\$1,000,000	\$2,354,300

KEY:

- LMIR 1st Mortgage** - Low and Moderate Income Rental Program Permanent First Mortgage
- LMIR Bridge** - Low and Moderate Income Rental Program Bridge Loan
- FFCC** - Flexible Financing for Capital Costs deferred loans in conjunction with LMIR loans
- HIB Loan** - Housing Infrastructure Bond proceeds for a variety of housing needs
- HIB Behavioral Health** - Housing Infrastructure Bond proceeds dedicated to behavioral health needs
- PARIF** - Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing
- EDHC MF** - Economic Development and Housing/Challenge Fund
- NHTF** - National Housing Trust Fund
- HOME** - HOME Investment Partnerships Program

- Housing Tax Credits 4% Request** - 4% Housing Tax Credits awarded non-competitively
- Housing Tax Credits 9% Request** - 9% Housing Tax Credits awarded competitively by Minnesota Housing
- Suballocator 9% Request** - 9% Housing Tax Credits awarded competitively by a suballocator
- GMHF** - Greater Minnesota Housing Fund
- Met Council LHIA** - Metropolitan Council Local Housing Incentives Account
- Note:** All Co-Funder allocations are contingent upon individual board approval.
- Total units includes market rate and affordable units
- * One development (Maya Commons) received a commitment exclusively from the Metropolitan Council contingent on their approval process. This project is included in aggregate totals due to the availability of funds from all sources.

Development Name	Developer	City	Total Units	Total Affordable Units	Type				Priorities									
					Preservation Federally Assisted Housing Units	New Construction Affordable Units	Preservation Non-Federally Assisted	Market Rate	Access to Transit Units	Greater MN Workforce Housing Units	Metro Areas of Opportunity	Units Serving People Experiencing Homelessness*	People with Disabilities Units					
GREATER MINNESOTA																		
Central																		
Connex	St. Michael Development Group, LLC	St. Michael	48	48		48					48							
Country Terrace	D. W. Jones, Inc.	Motley	24	23	21	47	2	1										
First Avenue Lofts	Roers Investments LLC	Buffalo	60	47		47		13			60							
Hilltop Cottages	Commonwealth Development Corporation	Pine City	35	35		35												4
Leech Lake Homes VIII	Leech Lake Band of Ojibwe Housing Authority	Cass Lake	30	30		30												4
Region 5+ Supportive Housing	Central Minnesota Housing Partnership, Inc.	Baxter	40	40		40					40							10
The Mill Townhomes	The Mill Townhomes, LLC	Staples	42	41		41		1			42							4
Northwest																		
Conifer II	Headwaters Housing Development	Bemidji	32	32		32												5
Southeast																		
Dublin Heights	CommonBond Communities	Mankato	45	36		36		9										7
Harvestview Place II	Harvestview Place Development II LLC	Rochester	76	76		76					76							4
Jeremiah Program - Rochester	Jeremiah Program	Rochester	40	40		40					40							4
Le Sueur Meadows II	CommonBond Communities	Le Sueur	39	39		39					39							4
TOTAL GREATER MINNESOTA			511	487	21	464	2	24			390			57				38

Development Name	Developer	City	Total Units	Total Affordable Units	Type					Priorities							
					Preservation Federally Assisted Housing Units	New Construction Affordable Units	Preservation Non-Federally Assisted	Market Rate	Access to Transit Units	Greater MN Workforce Housing Units	Metro Areas of Opportunity	Units Serving People Experiencing Homelessness*	People with Disabilities Units				
METRO																	
Minneapolis																	
Lydia Apartments	Beacon Interfaith Housing Collaborative	Minneapolis	78	78	40	38						78	39			12	
Maya Commons	Project for Pride in Living, Inc.	Minneapolis	50	50		50						50	4			8	
Mino-bimaadiziwin	RLBC Franklin Station Developer, LLC	Minneapolis	109	109		109						109	17			7	
Saint Paul																	
Galway Place Townhomes & Community Plaza	CommonBond Communities	Saint Paul and Coon Rapids	76	76	76							76			8		
Suburbs																	
108 Place	Bloomington Group Development LLC	Bloomington	42	42		42						42	5				
Amorce I Limited Partnership	Boisclair Corporation	Brooklyn Park	170	170	167		3					170					
Cahill Place Apartments	Cahill Place Developer, LLC	Inver Grove Heights	40	40		40						40	20			4	
Emma's Place	Emma Norton Services	Maplewood	13	13	13							13	13				
Sarazin Flats II	Shakopee Group II Development LLC	Shakopee	48	48		48						48	4			4	
The Willows	CommonBond Communities	Shakopee	60	60		60						60	7			6	
Trail Pointe Ridge	CommonBond Communities	Eden Prairie	58	52		52						58	7			6	
Vista Ridge	Waconia Group II Development LLC	Waconia	52	52		52						52	4			4	
Willow Ridge East	Vadnais Group II Development LLC	Vadnais Heights	36	36		36						36				4	
TOTAL METRO			832	826	296	527	3		6	185		832	128		55		
TOTAL STATEWIDE			1,343	1,313	317	991	5		30	185	390	832	185		93		

*Units will be set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System

NOTE:

Total units includes market rate and affordable units
 Access to Transit units, Greater MN Workforce Housing units, and Metro Areas of Opportunity include market rate units in the tota

Jeremiah Program - Rochester

Developer	Jeremiah Program
Location	Rochester
Property Number (D#)	D8096
Project Number	M17883

Project Description

The Jeremiah Program - Rochester involves the new construction of a 40 unit development in Rochester. It is a 3-story elevator building with 36 two-bedroom, and 4 three-bedroom units and a daycare facility. Nine of the units benefit from project-based Olmstead County HRA rental assistance. The Jeremiah Program is a two-generation supportive housing model with services for single mothers and their children, providing a supportive community with daycare services for single mothers to pursue a college education. Providing quality early childhood education, a safe and affordable place to live, and empowerment and life skills training, families find stability and a path out of poverty.

The development serves an important policy goal of addressing access to fixed transit, Greater Minnesota Workforce Housing, planned community development and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$327,529 is 59 percent above the \$205,307 predictive model estimate because the space includes a daycare and community space that the model does not take into account. If only the housing costs are used in the model, the project would be at or below the predictive model estimate. If selected, a waiver of the 25% threshold will be required.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families and homeless.

The households will have incomes at or below 30% and 50% of MTSP; four units will serve high priority homeless (HPH); nine units will be assisted by Section 8 project-based vouchers (PBV).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Coalition for Rochester Area Housing	\$320,000
Philanthropic contribution	\$500,000
GMHF	\$250,711
Syndication Proceeds	\$11,683,433
Sales Tax Rebate	\$317,016
Energy Rebates	\$30,000
Total Permanent Financing	\$13,101,160

Selected Applications: November 1, 2018
Sarazin Flats II

Developer	MWF Properties, LLC
Location	Shakopee
Property Number (D#)	D8143
Project Number	M18009

Project Description

Sarazin Flats II involves new construction of a 48 unit development in Shakopee, MN. It is a 3-story elevator building with 10 one-bedroom, 26 two-bedroom, and 12 three-bedroom units. Eight (8) units (4 HPH and 4 PWD) benefit from Housing Support assistance.

The development serves an important policy goal of addressing economic integration and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$250,320 is 2.57 percent above the \$244,047 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, homeless and individuals with serious and persistent mental illness (SPMI).

The households will have incomes at or below 30% of MTSP and 60% of MTSP; four units will serve high priority homeless (HPH); four units will serve people with disabilities (PWD).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$1,935,000
General Partner Cash	\$986
Deferred Developer Fee	\$109,832
Syndication Proceeds	\$9,263,492
Energy Rebates	\$11,300
Total Permanent Financing	\$11,320,610
FUNDING GAP REMAINING	\$694,756

Lydia Apartments

Developer	Beacon Interfaith Housing Collaborative
Location	Minneapolis
Property Number (D#)	D3145
Project Number	M17996

Project Description

Lydia Apartments involves the acquisition, substantial rehabilitation and new construction of a 78 unit development in Minneapolis. The renovated portion of the building will be a 3-story elevator building with 40 efficiency units and the new construction portion of the building will be a 6-story elevator building with 38 efficiency units, 78 of the units benefit from project-based vouchers from Minneapolis Public Housing Authority.

The development serves an important policy goal of addressing access to fixed transit, preservation of federally assisted properties, and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of \$167,140 is 21 percent below the \$213,098 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for singles, homeless, special populations, and individuals with severe and persistent mental illness (SPMI), chemical dependencies, brain injuries, or people with physical or developmental disabilities. Residents will need to be committed to sobriety.

The households will have incomes at or below 30% of MTSP and 50% of MTSP; 39 units will serve high priority homeless (HPH); 12 units will serve people with disabilities (PWD); 78 units will be assisted by Section 8 project-based vouchers (PBV).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$1,200,000
Existing Debt (MHFA, Minneapolis, FHF, Henne	\$593,364
Reserves	\$352,606
Minneapolis AHTF	\$1,950,000
Hsg Infrastructure Bonds	\$4,226,421
General Partner Cash	\$447
Syndication Proceeds	\$4,278,988
Sales Tax Rebate	\$80,000
Energy Rebates	\$10,000
Existing Debt (Beacon)	\$345,061
Total Permanent Financing	\$13,036,887

Selected Applications: November 1, 2018
Harvestview Place II

Developer	Harvestview Place Development II LLC
Location	Rochester
Property Number (D#)	D8128
Project Number	M17969

Project Description

Harvestview Place II involves the new construction of a 76 unit mixed-income development in Rochester. It is a 4-story elevator building with 13 one-bedroom, 38 two-bedroom, and 25 three-bedroom units. Eight of the units benefit from Housing Support rental assistance.

The development serves the important policy goals of Greater Minnesota workforce housing, economic integration, planned community development, and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$224,014 is 1.19 percent below the \$226,719 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles, homeless, and individuals with severe and persistent mental illness (SPMI), chemical dependencies, brain injuries, or physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; four units will serve high priority homeless (HPH); four units will serve people with disabilities (PWD). All eight of these units are assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$6,148,000
Deferred Developer Fee	\$151,931
Syndication Proceeds	\$10,694,501
Energy Rebates	\$30,610
Total Permanent Financing	\$17,025,042

Connex

Developer	St. Michael Development Group, LLC
Location	St. Michael
Property Number (D#)	D8138
Project Number	M17999

Project Description

Connex Apartments involves the new construction of a 48 unit development in St. Michael, MN. It is a 3-story elevator building with 10 one-bedroom, 23 two-bedroom, and 15 three-bedroom units. Five (5) units (HPH) benefit from Housing Support rental assistance.

The development serves an important policy goal of addressing Greater Minnesota Workforce Housing, planned community development, permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$228,453 is 5.5 percent above the \$216,535 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles, and homeless.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; five units will serve high priority homeless (HPH). These units will be assisted by Housing Supports (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$3,356,335
General Partner Cash	\$758
Syndication Proceeds	\$4,697,308
Energy Rebates	\$7,200
Total Permanent Financing	\$8,061,601
FUNDING GAP REMAINING	\$2,904,147

Selected Applications: November 1, 2018
Vista Ridge

Developer	MWF Properties, LLC
Location	Waconia
Property Number (D#)	D8141
Project Number	M18013

Project Description

Vista Ridge is a 52-unit new construction development in Waconia.

The three-story elevator building will consist of:

- 16 one-bedroom units;
 - 24 two-bedroom units; and
 - 16 three-bedroom units.
- Four units are set aside for High Priority Homeless (HPH) households, and
 - Four units are set aside for People with Disabilities (PWD) households
 - These eight units will be supported with Housing Support (HS) supportive services/rental assistance.

The development serves an important policy goal of economic integration and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$246,434 is 1.0% above the \$244,047 predictive model estimate.

The development received 6 Cost Containment points.

Populations Served

The development will provide housing for families and singles.

Eight units will be set aside for special needs households, specifically individuals with a serious and persistent mental illness (SPMI), chemical dependencies, or individuals with physical/developmental disabilities. These units will be restricted to household incomes at or below 30% of MTSP; four units are set aside for high priority homeless (HPH); four units are set aside for people with disabilities (PWD). The eight special needs units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$3,015,000
General Partner Cash	\$759
Deferred Developer Fee	\$139,356
Syndication Proceeds	\$9,091,055
Energy Rebates	\$6,000
Total Permanent Financing	\$12,252,170
FUNDING GAP REMAINING	\$562,421

Leech Lake Homes VIII

Developer	Leech Lake Band of Ojibwe Housing Authority
Location	Cass Lake
Property Number (D#)	D8124
Project Number	M17975

Project Description

Leech Lake Homes VIII involves the new construction of a 30 unit development in Cass Lake. It consists of one-story, single family homes with 12 two-bedroom, 10 three-bedroom, and 8 four-bedroom units. 15 of the units benefit from project-based NAHASDA rental assistance.

The development serves an important policy goal of addressing housing on tribal land and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$266,869 is 4% percent above the \$256,459 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families.

The households will have incomes at or below 30% of MTSP or 60% of MTSP; four units will serve high priority homeless (HPH); 15 units will be assisted by the Native American Housing Assistance and Self Determination Act (NAHASDA).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Energy Rebates	\$8,490
Deferred Developer Fee	\$3,191
Syndication Proceeds	\$7,670,873
LLHA Deferred Cash Flow Only Loan	\$335,191
Total Permanent Financing	\$8,017,745

Selected Applications: November 1, 2018

108 Place

Developer	MWF Properties, LLC
Location	Bloomington
Property Number (D#)	D8140
Project Number	M18011

Project Description

108 Place Apartments involves the new construction of a 42 unit, 100% affordable housing development in Bloomington, MN. It is a 3-story elevator building with 9 one-bedroom, 21 two-bedroom, and 12 three-bedroom units for a total of 42 units. Five (5) units benefit from Housing Support rental assistance.

The development serves an important policy goal of addressing economic integration, and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$242,163 is 1.33 percent below the \$245,439 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles, and homeless.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; five units will serve high priority homeless (HPH). These five units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$1,961,000
General Partner Cash	\$811
Deferred Developer Fee	\$96,785
Syndication Proceeds	\$7,816,854
Energy Rebates	\$9,400
Total Permanent Financing	\$9,884,850
FUNDING GAP REMAINING	\$286,016

Amorce I Limited Partnership

Developer	Boisclair Corporation
Location	Brooklyn Park
Property Number (D#)	D7960
Project Number	M17840

Project Description

Amorce I involves the acquisition and substantial rehabilitation of a 170 unit, 2 site development in Brooklyn Park. The first site is a 7-story, 110 unit elevator building with elevator building with 99 one-bedroom and 11 two-bedroom units. 110 of the units benefit from project-based Section 8 rental assistance. The second site is a 2-story, 60 unit walk-up townhome style apartments with 36 two-bedrooms and 24 three-bedroom units.

The development serves an important policy goal of addressing preservation of federally assisted properties.

Cost Containment

The budgeted TDC per unit of \$176,474 is 9 percent below the \$194,609 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development provides housing for families, seniors, and individuals with physical or developmental disabilities.

The households will have incomes at or below 60% of MTSP; 170 units will be assisted by Section 8 project-based rental assistance (PBRA).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$13,549,000
Hennepin County	\$200,000
Federal Home Loan Bank	\$750,000
Interim Income	\$500,000
PARIF	\$5,697,235
Deferred Developer Fee	\$825,000
Syndication Proceeds	\$8,076,296
Energy Rebates	\$3,000
City of Brooklyn Park	\$400,000
Total Permanent Financing	\$30,000,531

Selected Applications: November 1, 2018
Region 5+ Supportive Housing

Developer	Central Minnesota Housing Partnership, Inc.
Location	Baxter
Property Number (D#)	D8122
Project Number	M17958

Project Description

White Oak Estates-Region 5+ involves the new construction of a 40 unit mixed-income development in Baxter. It contains a 2-story walk-up building with 20 one bedroom units, and 2-story townhome building with 20 units - 12 two bedroom units and 8 three bedroom units. Twenty of the units (the one bedrooms) benefit from Housing Support rental assistance.

The development serves an important policy goal of addressing Greater Minnesota workforce housing, planned community development, and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

As a deferred only project, the budgeted TDC per unit of \$237,589 is 18.69 percent above the \$200,176 predictive model estimate.

Populations Served

The development will provide housing for families, homeless, and individuals with severe and persistent mental illness (SPMI), chemical dependencies, brain injuries, or people with physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; seven units will serve high priority homeless (HPH); 10 units will serve people with disabilities (PWD). An additional three units will be set aside for individuals in need of supportive housing. All 20 permanent supportive housing (PSH) units will be assisted with Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$1,771,000
American National Bank	\$250,000
FFCC/Challenge	\$1,050,340
HOME	\$1,717,079
NHTF	\$2,511,840
Deferred Developer Fee	\$232
Syndication Proceeds	\$2,382,951
Sales Tax Rebate	\$203,816
Energy Rebates	\$17,210
Local Region V+ Contribution	\$50,000

Selected Applications: November 1, 2018
Trail Pointe Ridge

Developer	CommonBond Communities
Location	Eden Prairie
Property Number (D#)	D8123
Project Number	M17959

Project Description

Trail Pointe Ridge involves the new construction of a 58 unit mixed-income development in Eden Prairie. It is a 4-story elevator building with 16 one-bedroom, 28 two-bedroom, and 14 three-bedroom units. 13 of the units benefit from project-based Housing Support (GRH). If selected, 6 of the units will benefit from Section 8 project based vouchers from Metro HRA.

The development serves an important policy goal of addressing Workforce Housing, economic integration, permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$294,354 is 23.26 % above the \$238,815 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families, singles, homeless, and individuals with severe and persistent mental illness (SPMI), or people with physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; seven units will serve high priority homeless (HPH); six units will serve people with a disabilities (PWD); 13 units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$3,986,000
City of Eden Prairie TIF - LumpSum	\$696,649
Deferred Developer Fee	\$150,530
Syndication Proceeds	\$11,278,872
Sales Tax Rebate	\$327,654
Energy Rebates	\$17,800
Hennepin County HOME	\$500,000
Total Permanent Financing	\$16,957,505
FUNDING GAP REMAINING	\$115,000

Willow Ridge East

Developer	MWF Properties, LLC
Location	Vadnais Heights
Property Number (D#)	D8056
Project Number	M17963

Project Description

Willow Ridge East involves the new construction of a 36 unit mix-income, development in Vadnais Heights. It is a 3-story elevator building with 9 one-bedroom, 18 two-bedroom, and 9 three-bedroom units. 4 of the units benefit from project-based Housing Support (GRH) rental assistance.

The development serves an important policy goal of addressing economic integration and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$246,873 is 0.87 percent above the \$244,744 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles, and individuals with physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; four units will serve people with disabilities (PWD); four units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$2,121,000
General Partner Cash	\$609
Syndication Proceeds	\$5,918,633
Energy Rebates	\$4,800
Total Permanent Financing	\$8,045,042
FUNDING GAP REMAINING	\$840,373

Selected Applications: November 1, 2018
Dublin Heights

Developer	CommonBond Communities
Location	Mankato
Property Number (D#)	D8121
Project Number	M17956

Project Description

Dublin Heights is a 45-unit, mix-income, new construction development in Mankato. The three-story elevator building will consist of:

- 11 one-bedrooms units
- 21 two-bedroom units, and
- 13 three-bedroom units

The project will include community room facilities for residents and playground equipment for children.

Dublin Heights is located in the northeastern portion of Mankato in a mixed-use neighborhood consisting of single-family homes, multifamily developments, and commercial/retail uses. The project will be located near a number of neighborhood amenities including schools, medical facilities, shopping areas and restaurants. A bus stop is within 1/4 mile of the property, providing convenient access to jobs throughout the city. The site is in close services and shopping including the Mayo Clinic Health System, the Madison East shopping center, retail establishments, and service sector employers.

The project will benefit from 11 Project-Based Vouchers (PBV) rental assistance issued by Blue Earth County, and three Housing Support (HS) supportive services/rental assistance.

The development serves an important policy goal of addressing access to fixed transit and economic integration.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$245,620 is 9.70% above the \$223,901 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide workforce housing for families and singles, and will included 14 units for special needs populations: seven units set aside for High Priority Homeless (HPH); seven units set aside for people with disabilities (PWD), specifically individuals with serious and persistent mental illness (SPMI) or those with physical/developmental disabilities.

The 14 units set aside for the special needs households will have incomes at or below 30% of MTSP; 11 units will receive Section 8 project based vouchers (PBV); three units will receive from Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$2,046,000
HOME	\$4,831,096
Flexible Financing Cap Cost	\$963,331

	\$589,363
Deferred Developer Fee	\$184,446
Syndication Proceeds	\$2,089,635
Sales Tax Rebate	\$236,018
Energy Rebates	\$13,900
City of Mankato - CDBG Award	\$100,000
Total Permanent Financing	\$11,053,788

Selected Applications: November 1, 2018

Mino-bimaadiziwin

Developer	RLBC Franklin Station Developer, LLC
Location	Minneapolis
Property Number (D#)	D7993
Project Number	M17877

Project Description

Mino-bimaadiziwin involves the new construction of a 109 unit mixed-use development in Minneapolis. It is a 5-story elevator building with 10 studio, 15 one-bedroom, 55 two-bedroom, and 29 three-bedroom units. 11 of the units will benefit from project-based Section 8 rental assistance. The development includes a 23,000 square foot community service facility with a medical clinic and an urban embassy for Red Lake Nation. The City of Minneapolis will be the allocator of the 4% tax credits.

The development serves important policy goals of addressing access to fixed transit, tribally-sponsored housing, planned community development, and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$317,383 is 20.53 percent above the \$263,319 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families, singles, homeless, and people with disabilities (PWD).

The households will have incomes at or below 30% of MTSP, 50% of MTSP, or 60% of MTSP; 17 units will serve high priority homeless (HPH); seven units will serve people with disabilities (PWD); 11 units will be assisted by Section 8 project-based vouchers (PBV).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$10,335,000
Minneapolis AHTF 2016 Request	\$2,718,591
Federal Home Loan Bank	\$750,000
Met Council LCDA	\$1,800,000
Hennepin County AHIF	\$300,000
Hennepin County TOD	\$450,000
Met Council TBRA	\$207,900
Owner Land Sales Note	\$1,800,000
Capital Campaign	\$750,000
Hennepin County EPA	\$49,892
EDHC MF	\$2,405,300
Met Council LHIA	\$344,700

Deferred Developer Fee	\$108,350
Syndication Proceeds	\$11,774,192
Sales Tax Rebate	\$621,376
Energy Rebates	\$35,000
Hennepin County ERF	\$145,000
Total Permanent Financing	\$34,595,301

Selected Applications: November 1, 2018
Conifer II

Developer	Headwaters Housing Development Corporation
Location	Bemidji
Property Number (D#)	D8115
Project Number	M17940

Project Description

Conifer II involves the new construction of a 32 unit development in Bemidji. It consists of two, 2-story walk-up buildings with 8 one-bedroom, 8 two-bedroom, and 16 three-bedroom units.

The development serves an important policy goal of addressing permanent supportive housing.

Cost Containment
Primary Project Financing Structure (HIB with 4% Tax Credits):

The budgeted TDC per unit of \$273,364 is 25.81 percent above the \$217,288 predictive model estimate.

The development was not awarded cost containment points.

Populations Served

The development will provide housing for families, singles and homeless.

The households will have incomes at or below 30% of MTSP or 60% of MTSP; seven units will serve high priority homeless (HPH); five units will serve people with disabilities (PWD).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Red Lake Tribal Commitment	\$1,000
Employer Contribution	\$500
Hsg Infrastructure Bds	\$5,603,000
Syndication Proceeds	\$2,193,205
Sales Tax Rebate	\$166,155
Energy Rebates	\$33,585
AHP	\$750,000
Total Permanent Financing	\$8,747,445
FUNDING GAP REMAINING	\$218

Le Sueur Meadows II

Developer	CommonBond Communities
Location	Le Sueur
Property Number (D#)	D8108
Project Number	M17917

Project Description

Le Sueur Meadows II involves the new construction of a 39-unit development in Le Sueur. The development will include four two-story buildings including two 8-plexes, and 11-unit building and a 12-unit building with nine one-bedroom, 20 two-bedroom, and 10 three-bedroom units. Four of the units benefit from project-based Housing Support rental assistance and five of the units benefit from project-based Section 8.

Le Sueur Meadows II will be constructed on the excess land of the existing Le Sueur Meadows I development which consists of 40 two-bedroom town homes. With the goal of creating a campus of architecturally complementary structures and shared amenities, the existing Le Sueur Meadows I community building, which includes a community room, shared laundry, and a property management office, will be shared by the residents of Le Sueur Meadows II.

Le Sueur Meadows I and the excess land are currently owned by Sherman Associates. The purchase agreement for the land to construct Le Sueur Meadows II also includes the acquisition of the existing Le Sueur Meadows I property. In order to facilitate the new construction, CommonBond has submitted an Request for Action (RFA) to provide a release of the excess land on the site to facilitate the new development, and assume and modify the existing debt on Le Sueur Meadows I to facilitate CommonBond's acquisition of the existing property. CommonBond would only pursue the acquisition of Le Sueur Meadows I if awarded funding for the construction of Le Sueur Meadows II.

The development serves important policy goals of addressing Greater Minnesota Workforce Housing and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$241,664 is 24.79 percent above the \$193,655 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families, singles, homeless households, and individuals with developmental disabilities and serious and persistent mental illness (SPMI).

The households will have incomes at or below 30% of MTSP and 60% of MTSP; four units will serve high priority homeless (HPH) and will be assisted by Section 8 project-based vouchers (PBV); four units will serve people with disabilities (PWD) and will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$1,443,000
HOME	\$4,501,000
Flexible Financing Cap Cost	\$548,792
EDHC MF	\$499,000
Deferred Developer Fee	\$222

Syndication Proceeds	\$2,246,032
Sales Tax Rebate	\$179,620
Energy Rebates	\$6,250
Employer Donations	\$1,000
Total Permanent Financing	\$9,424,916

First Avenue Lofts

Developer	Roers Investments LLC
Location	Buffalo
Property Number (D#)	D8094
Project Number	M17875

Project Description

First Avenue Lofts involves the new construction of a 60 unit mixed-income development in Buffalo. It is a 4-story elevator building with 4 efficiency, 10 one-bedroom, 32 two-bedroom, and 14 three-bedroom units.

The development serves the important policy goals of: Greater Minnesota workforce housing, planned community development, and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$241,205 is 13.50 percent above the \$212,523 predictive model estimate.

The development received 6 HTC points for cost containment.

Populations Served

The development will provide housing for families, singles, and homeless.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; 13 units are market rate; seven units will serve high priority homeless (HPH). These seven units are assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$3,836,000
Deferred Developer Fee	\$229,749
Syndication Proceeds	\$10,081,534
Energy Rebates	\$25,000
Total Permanent Financing	\$14,172,283
FUNDING GAP REMAINING	\$300,000

Selected Applications: November 1, 2018
The Willows

Developer	CommonBond Communities
Location	Shakopee
Property Number (D#)	D8106
Project Number	M17910

Project Description

The Willows involves the new construction of a 60 unit mixed-income, development in Shakopee. It is a 3 story elevator building with 15 one-bedroom, 30 two-bedroom, and 15 three-bedroom units. 13 of the units benefit from project-based Housing Support (GRH) rental assistance.

The development serves an important policy goal of addressing Workforce Housing, economic integration, planned community development, permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$253,019 is 8.41 percent above the \$233,427 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families, singles, homeless, or individuals with physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP, and 60% of MTSP; seven units will serve high priority homeless (HPH); six units will serve people with disabilities (PWD); 13 units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$2,994,000
Deferred Developer Fee	\$304,224
Syndication Proceeds	\$11,220,000
Sales Tax Rebate	\$302,788
Energy Rebates	\$10,100
Scott County CDA Deferred loan	\$350,000
Total Permanent Financing	\$15,181,112

Cahill Place Apartments

Developer	River Heights Developer, LLC
Location	Inver Grove Heights
Property Number (D#)	D8098
Project Number	M17888

Project Description

Cahill Place Apartments involves new construction of a 40 unit development in Inver Grove Heights. It is a three-story elevator building with 22 two-bedroom, and 18 three-bedroom units. 100% of the forty (40) units benefit from project based vouchers.

The development serves an important policy goal of addressing permanent supportive housing.

Cost Containment

Secondary Project Financing Structure (Dual App):

The budgeted TDC per unit of \$305,716 is 13.26 percent above the \$269,927 predictive model estimate.

The development received zero (0) HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, homeless and individuals with physical or developmental disabilities.

The households will have incomes at or below 30% of MTSP and 60% of MTSP; 20 units will serve high priority homeless (HPH); four units will serve people with disabilities (PWD); 100% of the units will have Section 8 project based vouchers (PBV).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$836,000
TIF	\$525,000
HOME Funds Dakota County CDA	\$718,415
Hsg infrastructure bds	\$5,633,111
Met Council LHIA	\$565,000
Syndication Proceeds	\$2,975,596
Sales Tax Rebate	\$212,227
Energy Rebates	\$13,300
HOPE Funds - Dakota County CDA	\$750,000
Total Permanent Financing	\$12,228,649
FUNDING GAP REMAINING	\$0

Selected Applications: November 1, 2018
Emma's Place

Developer	Emma Norton Services
Location	Maplewood
Property Number (D#)	D2845
Project Number	M17935

Project Description

Emma's Place involves the substantial rehabilitation of a 13 unit development in Maplewood. It consists of two, 2-story townhome buildings with 6 three-bedroom and 7 four-bedroom units. All 13 units benefit from project-based Section 8 rental assistance.

The development serves an important policy goal of addressing economic integration and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$135,620 is 4% percent below the \$140,999 predictive model estimate.

The development was not awarded cost containment points.

Populations Served

The development will provide housing for families.

The households will have incomes at or below 30% of MTSP or 50% of MTSP; 13 units will serve high priority homeless (HPH); 13 units will be assisted by Section 8 project-based vouchers (PVB).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Ramsey County HRA - CDBG Loan	\$200,000
GP Cash to Fund Replacement Reserve	\$10,000
Hsg Infrastructure Bds	\$821,163
Met Council LHIA	\$182,467
Sales Tax Rebate	\$26,926
Energy Rebates	\$2,500
Federal Home Loan Bank - Des Moines	\$520,000
Total Permanent Financing	\$1,763,056

The Mill Townhomes

Developer	Central Minnesota Housing Partnership, Inc.
Location	Staples
Property Number (D#)	D8116
Project Number	M17943

Project Description

The Mill Townhomes involves land acquisition and the construction of a new 42-unit development in Staples. The four two-story townhouse buildings will consist of:

- 4 one-bedroom units
- 23 two-bedroom, and
- 15 three-bedroom units

- Four units are set aside for High Priority Homeless (HPH) households, and
- Four units are set aside for People with Disabilities (PWD) households
 - These eight units will be supported with Housing Support (HS) supportive services/rental assistance.

The development serves an important policy goal of addressing Greater Minnesota Workforce Housing and Permanent Supportive Housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$266,010 is 34.4% over the \$197,886 estimate from the predictive cost model. A staff architect reviewed the costs in more detail, did not find anything unusual that would explain the high costs, and found the budgeted costs to be reasonable. Research staff believes that because the agency has not financed many townhouses in rural areas in recent years, the data used to develop the predictive cost model may not have the most up-to-date cost information for townhouses in these areas. Research staff also used data from RSMeans (a provider of industry-wide cost data) and found that RSMeans' construction costs for a townhouse project in this area are higher than the construction costs from the predictive cost model. Using RSMeans construction cost data increases the predicted TDC per unit to \$223,880. Using that data, the budgeted TDC per unit of \$266,010 is 18% above the predicted cost.

The development is not eligible for cost containment points.

Populations Served

The development will provide housing for families and singles, including eight units for special needs populations. Four units are set aside for high priority homeless (HPH); four units are set aside for people with disabilities (PWD), specifically individuals with a serious and persistent mental illness (SPMI), chemical dependencies, or physical/developmental disabilities. The units set aside for the special needs households will be restricted to households with incomes at or below 30% of MTSP; these eight units will benefit from housing support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$1,272,000
Deferred Developer Fee	\$986
Syndication Proceeds	\$9,612,230

Sales Tax Rebate	\$264,527
Energy Rebates	\$27,105
Community Support Commitments	\$1,000
Total Permanent Financing	\$11,177,848

Country Terrace

Developer	D. W. Jones, Inc.
Location	Motley
Property Number (D#)	D1030
Project Number	M17931

Project Description

Country Terrace involves the acquisition, substantial rehabilitation of a 24 unit general occupancy development in Motley. It is a 2-story walk-up building with 18 two-bedroom, and 6 three-bedroom units. 21 of the units benefit from project-based Rural Development rental assistance.

The development serves an important policy goal of addressing preservation of federally assisted properties.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$109,584 is 6.34 percent above the \$103,055 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles and individuals with physical or developmental disabilities.

The households will have incomes at or below 60% of MTSP; 21 units will be assisted by Rural Development (RD) rental assistance.

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Existing Reserves to transfer to new ownership	\$84,573
Deferred Developer Fee	\$84,000
Syndication Proceeds	\$1,733,140
Energy Rebates	\$1,800
Assumption of RD First Mortgage	\$726,497
Total Permanent Financing	\$2,630,010

Selected Applications: November 1, 2018

Galway Place Townhomes & Community Plaza

Developer	CommonBond Communities
Location	Saint Paul
Property Number (D#)	D8145
Project Number	M18021

Project Description

Galway Place Townhomes and Community Plaza involves the acquisition and substantial rehabilitation of two Section 8 projects containing 76 units total in Coon Rapids and Saint Paul, respectively. Both projects are 3-story townhome buildings with 49 two-bedroom, 26 three-bedroom units, and 1 four-bedroom unit. All 76 of the units benefit from project-based Section 8 rental assistance.

The development serves the important policy goals of: access to fixed transit, planned community development, preservation of federally assisted properties, and permanent supportive housing.

Cost Containment

Primary Project Financing Structure:

The budgeted TDC per unit of \$246,043 is 16.73 percent above the \$210,787 predictive model estimate.

The development did not claim cost containment points.

Populations Served

The development will provide housing for families.

The households will have incomes at or below 60% of MTSP; eight units will serve high priority homeless (HPH). All 76 units are assisted by Section 8 project-based rental assistance (PBRA).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
First Mortgage	\$7,170,000
Seller Note, Community	\$192,000
City of Saint Paul - CDBG	\$250,000
Anoka County HRA/City of Coon Rapids - CDBG	\$535,000
Assumed PARIF Loan, Galway	\$500,000
Assumed PARIF Loan, Community	\$277,200
NOI During Construction	\$513,718
PARIF	\$2,775,000
Met Council LHIA	\$200,000
Deferred Developer Fee	\$816,134
Syndication Proceeds	\$5,251,979
Sales Tax Rebate	\$127,125
Energy Rebates	\$12,700
Seller Note, Galway	\$78,401

Total Permanent Financing

\$18,699,257

FUNDING GAP REMAINING

\$0

Selected Applications: November 1, 2018
Hilltop Cottages

Developer	Mirus Partners, Inc.
Location	Pine City
Property Number (D#)	D7992
Project Number	M18028

Project Description

Hilltop Cottages involves the new construction of a 35-unit development in Pine City. The development will consist of single-story town-homes with attached one-car garages and include four one-bedroom units, thirteen two-bedroom units, and eighteen three-bedroom units. Eight of the units will benefit from project-based Housing Support rental assistance.

The development serves an important policy goal of addressing planned community development and permanent supportive housing.

Cost Containment
Primary Project Financing Structure:

The budgeted TDC per unit of \$250,845 is 26.42 percent above the \$198,417 predictive model estimate.

The development received six HTC points for claiming cost containment points.

Populations Served

The development will provide housing for families, singles, homeless families and individuals, and persons with a serious mental illness (SMI) or serious and persistent mental illness (SPMI).

The households will have incomes at or below 30% of MTSP and 60% of MTSP; four units will serve high priority homeless (HPH); four units will serve people with disabilities (PWD). These eight total units will be assisted by Housing Support (HS).

Capital Sources of Funding

<u>Name of Source</u>	<u>Award Amount</u>
Minnesota Housing First Mortgage	\$1,267,000
Flexible Financing Cap Cost	\$162,644
GMHF	\$749,289
Deferred Developer Fee	\$738
Syndication Proceeds	\$2,346,740
Energy Rebates	\$8,575
EDHC MF	\$4,351,572
Total Permanent Financing	\$8,886,558
FUNDING GAP REMAINING	\$0

2018 Minnesota Housing Multifamily Non-Recommended Applications

Developer	Project Name	Location	Funding Type	Funding Request
GREATER MINNESOTA				
Central				
Aeon	Big Lake Station	Big Lake	First Mortgage	\$3,091,000
			9% Tax Credits	\$1,099,325
Northeast				
Brewery Creek Developer LLC	Brewery Creek	Duluth	Deferred Loans	\$886,411
			First Mortgage	\$2,556,000
			9% Tax Credits	\$1,237,353
One Roof Community Housing	Decker Dwellings	Duluth	First Mortgage	\$797,000
			9% Tax Credits	\$1,053,823
			Deferred Loans	\$230,000
			First Mortgage	\$933,000
			9% Tax Credits	\$1,046,256
Northwest				
Southeast				
Community Housing Development Corporation	State Street Apartments	New Ulm	9% Tax Credits	\$1,011,890
			Deferred Loans	\$5,971,304
			4% Tax Credits	\$381,228
Southwest Minnesota Housing Partnership	Gateway West Apartments	Mankato	First Mortgage	\$2,030,000
			9% Tax Credits	\$1,156,393
			Deferred Loans	\$5,674,359
			First Mortgage	\$2,030,000
			4% Tax Credits	\$518,168
Three Rivers Community Action, Inc.	Spring Creek II	Northfield	Deferred Loans	\$6,396,438
			First Mortgage	\$798,000
			4% Tax Credits	\$311,550
			9% Tax Credits	\$1,078,622
Southwest				
Southwest Minnesota Housing Partnership	Lakeland Apartments	Willmar	First Mortgage	\$994,000
			9% Tax Credits	\$995,171
			Deferred Loans	\$5,601,225
			First Mortgage	\$994,000
			4% Tax Credits	\$285,035
West Central				
D W Jones Inc	Central Lakes Apartments	Alexandria	Deferred Loans	\$3,112,782
			First Mortgage	\$1,839,000
			4% Tax Credits	\$194,031
			First Mortgage	\$1,839,000
			9% Tax Credits	\$561,414
Southwest Minnesota Housing Partnership	Royal Manor II	Alexandria	Deferred Loans	\$224,394
			First Mortgage	\$397,000
			9% Tax Credits	\$265,303
			Deferred Loans:	\$28,096,913
			First Mortgage:	\$18,298,000
			9% Tax Credits:	\$9,505,551
			4% Tax Credits:	\$1,690,012
			Operating Subsidy:	\$0
			Rent Assistance:	\$0
			Total:	\$57,590,475
Total GREATER MINNESOTA - 9 developments				

Developer	Project Name	Location	Funding Type	Funding Request
Metro				
Minneapolis				
Reuter Walton Development	American Spirit on 9th	Minneapolis	Deferred Loans	\$1,300,000
			First Mortgage	\$9,168,000
			4% Tax Credits	\$628,793
Project for Pride in Living In	New American Homeland Housing Initiative (AKA Prosperity Village)	Minneapolis	Deferred Loans	\$1,200,000
Graves Hospitality Corporation	The PERIS Development	Minneapolis	Deferred Loans	\$799,247
Sherman Associates Development LLC	Portland at Third Apartments	Minneapolis	Deferred Loans	\$350,000
Roers Investments LLC	Raines Building	Minneapolis	Deferred Loans	\$3,000,000
Malcolm Yards Affordable Housing, LLC	Malcolm Yards Affordable Housing	Minneapolis	Deferred Loans	\$2,637,823
Alliance Housing Inc.	3301 Nicollet	Minneapolis	Deferred Loans	\$514,342
			9% Tax Credits	\$1,199,328
RS EDEN	Amber Apartments	Minneapolis	Deferred Loans	\$3,100,000
			9% Tax Credits	\$1,189,998
Snelling Yards Development, LLC and Ecumen Minneapolis Snelling Yards, LLC	Snelling Yards Development	Minneapolis	Deferred Loans	\$4,550,000
Lake Street Developers, LLC	Lake Street Apartments, Phase I	Minneapolis	Deferred Loans	\$2,000,000
Community Housing Development Corporation	Olson Towne Homes	Minneapolis	Deferred Loans	\$2,188,551
Aeon	Nic @ 36th	Minneapolis	Deferred Loans	\$1,250,000
			9% Tax Credits	\$825,369
Aeon	Downtown East Apartments	Minneapolis	Deferred Loans	\$8,850,000
			9% Tax Credits	\$1,200,000
St. Paul				
Roers Investments LLC	Empire Building	Saint Paul	Deferred Loans	\$2,100,000
Phoenix Development Company	Rice Street Flats	Saint Paul	Deferred Loans	\$915,000
Suburban				
Project for Pride in Living	PPL Savage Apartments & Townhomes	savage	Deferred Loans	\$11,689,410
			First Mortgage	\$2,961,000
			4% Tax Credits	\$621,285
			Deferred Loans	\$2,386,403
			First Mortgage	\$2,961,000
			9% Tax Credits	\$1,700,464
Beacon Interfaith Housing Collaborative	Cranberry Ridge	Plymouth	Deferred Loans	\$1,025,181
			9% Tax Credits	\$1,200,000
MWF Properties, LLC	Langdon Flats	Cottage Grove	Deferred Loans	\$5,833,907
			First Mortgage	\$20,600,000
			4% Tax Credits	\$1,241,662
St. Michael Development Group, LLC	Element	Plymouth	9% Tax Credits	\$1,274,037
Twin Cities Housing Development Corporation	Maplewood Gardens	Maplewood	First Mortgage	\$1,445,000
			9% Tax Credits	\$625,000
St. Michael Development Group, LLC	Edgewood Apartments	Rogers	Deferred Loans	\$275,000

			9% Tax Credits	\$1,040,720
Newport Midwest, LLC	The Triton	Mounds View	Deferred Loans	\$7,116,966
			4% Tax Credits	\$459,263
			9% Tax Credits	\$1,243,190
Aeon	Greenway Terrace - Phase 2	Ramsey	9% Tax Credits	\$1,050,000
Aeon	4100 Apartments	Edina	Deferred Loans	\$1,478,077
			First Mortgage	\$6,335,000
			9% Tax Credits	\$1,200,000
Aeon	2401 Lowry	St. Anthony	Deferred Loans	\$1,671,622
			First Mortgage	\$4,253,000
			9% Tax Credits	\$1,200,000
Connelly Development, LLC	Shady Oak Crossing	Minnetonka	9% Tax Credits	\$1,040,000
Sherman Associates Development LLC	Station Village	Fridley	4% Tax Credits	\$662,174
			Deferred Loans	\$500,000
Duffy Development Co	Robinson Ridge Apartments	Coon Rapids	First Mortgage	\$1,580,000
			9% Tax Credits	\$1,187,181
Aeon	Crest Apartments II	Brooklyn Center	Deferred Loans	\$5,175,600
			First Mortgage	\$3,356,000
			4% Tax Credits	\$430,132
Total METRO - 29 developments			Deferred Loans:	\$79,714,058
			First Mortgage:	\$52,659,000
			9% Tax Credits:	\$18,098,579
			4% Tax Credits:	\$4,295,089
			Operating Subsidy:	\$0
			Rent Assistance:	\$0
			Total:	\$154,766,726
Total MINNESOTA - 38 developments			Deferred Loans:	\$107,810,971
			First Mortgage:	\$70,957,000
			9% Tax Credits:	\$27,604,130
			4% Tax Credits:	\$5,985,101
			Operating Subsidy:	\$0
			Rent Assistance:	\$0
			Total:	\$212,357,201

*Received other form(s) of funding from this RFP.

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Item: Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2018 Series EFG.

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Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Agency staff is preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) indenture, to finance the acquisition of newly originated mortgage-backed securities that funded the origination of single family mortgages. The bonds likely to be designated 2018 Series H will be variable rate bonds, and are authorized pursuant to a separate resolution. The attached resolution, which covers 2018 Series EFG, provides the authority for the Agency to issue up to \$300 million in fixed rate bonds, including these bonds and future fixed rate bonds under the RHFB indenture. This resolution also selects RBC Capital Markets as the senior underwriter for the 2018 Series EFG bonds and provides other parameters for this and future issuances of fixed rate bonds under this resolution. The RHFB 2018 Series EFGH bond issue is expected to price on or about November 14th, with a closing preliminarily scheduled for December 12th; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:

The upcoming transaction will enable the Agency to put interest earning mortgage assets on the balance sheet at an interest rate 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):

- Series Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 18-065

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE BONDS, 2018/2019 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, 2019, the first three Series of which are designated as “Residential Housing Finance Bonds, 2018 Series “E,” “Residential Housing Finance Bonds, 2018 Series “F” and “Residential Housing Finance Bonds, 2018 Series “G,” each in the aggregate principal amount to be determined pursuant to the terms of Section 2(D) of the Series Resolution (together, the “Series EFG Bonds”), with additional Series of Bonds designated as “Residential Housing Finance Bonds, [2018] [2019] 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 \$300,000,000; 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, if any (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 J.P. Morgan Securities LLC (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 \$300,000,000;
- (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 6.00% 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 EFG 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 EFG 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, 2019 in the case of the Series EFG 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:

2018/2019 Series Program Loan: A Transferred Mortgage Loan or a Pooled 2018/2019 Series Program Loan.

2018/2019 Series Program Security: A Program Security financed in whole or in part with amounts on deposit in the 2018/2019 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2018/2019 Series Program Loans less the applicable servicing fee and guaranty fee.

Conventional Mortgage Loan: A 2018/2019 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, 2022 in the case of the Series EFG 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 2018/2019 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 2018/2019 Series Program Loan and constituting a lien on a Home.

Mortgagor: The obligor or joint obligors on a 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Series Program Loans to Freddie Mac and the servicing thereof.

Pooled 2018/2019 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 2018/2019 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 2018/2019 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 (1) 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 2018/2019 Series Program Loans.

(E) Acquisition of 2018/2019 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 2018/2019 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2018/2019 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 2018/2019 Series Acquisition Account related to the Series to the 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2018/2019 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2018/2019 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 2018/2019 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2018/2019 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2018/2019 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2018/2019 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 June 1, 2022 in the case of the Series EFG 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 Series Program Securities.

(1) The 2018/2019 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 2018/2019 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) 2018/2019 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 2018/2019 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, 2018/2019 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Mortgage Loans, the 2018/2019 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 Mortgages 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 2018/2019 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 2018, or 2019 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 2018, or 2019 if applicable, including the amount carried forward from calendar years 2016 and 2017, and 2018 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 2018/2019 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 1st day of November, 2018.

By: _____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 18-065]

EXHIBIT A

[Form of Series Bond]

No. \$

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2018] [2019] SERIES [_____]

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		_____, 2018/2019	

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 _____, 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, [2018] [2019] Series [_____], 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 1, 2018 (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, [2018] [2019] 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 2018/2019 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:

NEW ISSUE

RATINGS: Moody's: "___"
S&P: "___"
(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.



\$150,000,000*
Minnesota Housing Finance Agency
\$,000* Residential Housing Finance Bonds, 2018 Series E (Non-AMT)¹
\$,000* Residential Housing Finance Bonds, 2018 Series F (AMT)¹
\$,000* Residential Housing Finance Bonds, 2018 Series G (Taxable)¹
\$35,000,000* Residential Housing Finance Bonds, 2018 Series H (Non-AMT)²

Dated Date: Date of Delivery

Due: As shown on inside front cover

Tax Exemption Interest on the 2018 Series E Bonds, the 2018 Series F Bonds and the 2018 Series H Bonds (collectively, the "Tax-Exempt Series Bonds") is not includable in gross income for federal income tax purposes or taxable net income of individuals, trusts and estates for state of Minnesota (the "State") income tax purposes. (For additional information, including on the application of federal and state alternative minimum tax provisions to the Tax-Exempt Series Bonds, see "Tax Exemption and Related Considerations" herein.) *Interest on the 2018 Series G Bonds is includable in gross income for purposes of federal income taxation and is includable in the taxable net income of individuals, trusts and estates for State income tax purposes.*

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. The 2018 Series H Bonds are issued as "SIFMA Floating Rate Bonds" and the Owners will be required to tender their 2018 Series H Bonds at par on the mandatory tender date, as described under "The Series Bonds" herein. **NEITHER THE AGENCY NOR ANY THIRD PARTY HAS THE OBLIGATION TO MAKE FUNDS AVAILABLE FOR THE PURCHASE OF 2018 SERIES H BONDS. THE FAILURE TO PAY THE PURCHASE PRICE IS NOT AN EVENT OF DEFAULT BUT THE INTEREST RATE ON THE 2018 SERIES H BONDS WILL CHANGE TO THE MAXIMUM RATE.**

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 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.)

Interest Payment Dates January 1 and July 1, commencing July 1, 2019, for the 2018 Series E Bonds, the 2018 Series F Bonds and the 2018 Series G Bonds, and the first Business Day of each month, commencing January 2, 2019, for the 2018 Series H 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.

Closing/Settlement December __, 2018* 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 E 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 the Series Bonds, and tax exemption of interest on the Tax-Exempt Series Bonds.

RBC Capital Markets[†]

J.P. Morgan

Piper Jaffray & Co.

Wells Fargo Securities

The date of this Official Statement is November __, 2018.

* Preliminary; subject to change.

† Sole underwriter with respect to 2018 Series H Bonds.

¹ Long-term fixed rate.

² Long-term SIFMA floating 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*

2018 Series E Bonds (AMT)
\$.000* Serial Bonds

<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>	<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>
January 1,	\$,000	%		January 1,	\$,000	%	
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		

Price of Serial Bonds — ___%
 \$,000* ___% Term Bonds Due 1, * at ___% (CUSIP _____)**
 \$,000* ___% Term Bonds Due 1, * at ___% (CUSIP _____)**
 \$,000* ___% PAC Term Bonds Due 1, * at ___% (CUSIP _____)**

2018 Series F Bonds (AMT)
\$.000* Serial Bonds

<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>	<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>
January 1,	\$,000	%		January 1,	\$,000	%	
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		

Price of Serial Bonds — ___%

2018 Series G Bonds (Taxable)
\$.000* Serial Bonds

<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>	<u>Due*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>CUSIP**</u>
January 1,	\$,000	%		January 1,	\$,000	%	
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		
January 1,	,000			January 1,	,000		
July 1,	,000			July 1,	,000		

Price of Serial Bonds — ___%
 \$,000* ___% Term Bonds Due 1, * at ___% (CUSIP _____)**
 \$,000* ___% Term Bonds Due 1, * at ___% (CUSIP _____)**
 \$,000* ___% Term Bonds Due 1, * at ___% (CUSIP _____)**

2018 Series H Bonds (Non-AMT)

\$35,000,000* SIFMA Floating Rate Term Bonds Due 1, * at ___% (CUSIP _____)**

<u>Index</u>	<u>Initial Spread</u>	<u>Mandatory Tender Date* †</u>	<u>Optionally Redeemable on or after*</u>	<u>Maximum Rate*</u>
SIFMA	%			%

*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.

† Or an earlier date on or after _____ if elected by the Agency with respect to all or a portion of the 2018 Series H Bonds.

Neither Minnesota Housing Finance Agency nor any of 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 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	4
THE AGENCY	6
ESTIMATED SOURCES AND USES OF FUNDS	14
THE SERIES BONDS	15
SECURITY FOR THE BONDS	26
THE RESIDENTIAL HOUSING FINANCE PROGRAM	29
OTHER PROGRAMS	36
TAX EXEMPTION AND RELATED CONSIDERATIONS	37
LITIGATION	44
LEGAL MATTERS	44
RATINGS	45
FINANCIAL ADVISOR	45
UNDERWRITING	45
MISCELLANEOUS	46
APPENDIX A	AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2018
APPENDIX B	SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING
APPENDIX C	SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION
APPENDIX D	MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES
APPENDIX E	BOOK-ENTRY-ONLY SYSTEM
APPENDIX F	FORM OF OPINION OF BOND COUNSEL
APPENDIX G	CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO
APPENDIX H	CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR CERTAIN OUTSTANDING BONDS
APPENDIX I	CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER

OFFICIAL STATEMENT
relating to
\$150,000,000*
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS,
2018 SERIES E, 2018 SERIES F, 2018 SERIES G AND 2018 SERIES H

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, 2018 Series E (the “2018 Series E Bonds”), 2018 Series F (the “2018 Series F Bonds”), 2018 Series G (the “2018 Series G Bonds” or the “Taxable Series Bonds” and, collectively with the 2018 Series E Bonds and the 2018 Series F Bonds, the “2018 Series EFG Bonds”), and 2018 Series H (the “2018 Series H Bonds,” collectively with the 2018 Series EFG Bonds, the “Series Bonds,” and collectively with the 2018 Series E Bonds and the 2018 Series F Bonds, the “Tax-Exempt 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 and November 1, 2018 with respect to the 2018 Series EFG Bonds (the “2018 Series EFG Resolutions”) and a series resolution adopted on November 1, 2018 with respect to the 2018 Series H Bonds (the “2018 Series H Resolution” and, collectively with the 2018 Series EFG Resolutions, 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 \$1,141,515,000 as of September 30, 2018 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 C. The summaries and references in this Official Statement to the Act, the Resolutions 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 and the Resolutions are qualified in their entirety by the complete text of the Act and the Resolutions, 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 “State”). 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

* Preliminary; subject to change.

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 [58 through 60] under the heading “Net Position — Restricted by Covenant.”

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 Residential Housing 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 from available funds associated with certain other outstanding single family mortgage bonds to be 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.”)

THIS OFFICIAL STATEMENT PROVIDES INFORMATION TO PROSPECTIVE INVESTORS OF 2018 SERIES H BONDS WHILE THOSE SERIES BONDS ARE IN THE INITIAL FLOATING RATE TERM. PROSPECTIVE INVESTORS OF 2018 SERIES H BONDS AFTER THE INITIAL FLOATING RATE TERM OR IN THE EVENT OF A CHANGE TO A VARIABLE RATE OR A CONVERSION TO A FIXED RATE OR AN INDEXED RATE SHOULD NOT RELY ON THIS OFFICIAL STATEMENT. THE AGENCY MUST DELIVER AN UPDATED DISCLOSURE DOCUMENT IN THE EVENT OF A CHANGE TO A VARIABLE RATE OR CONVERSION AND THE RELATED REMARKETING OF 2018 SERIES H 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 _____ as counterparty, in connection with the issuance of the 2018 Series H Bonds, effective on the anticipated date of delivery of the 2018 Series H Bonds. (See “The Series Bonds — Interest on the 2018 Series H 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 C – 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 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, 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, 2022, Minneapolis, Minnesota – Architect

Joseph Johnson III, Vice Chairman — Term expires January 2021, Duluth, Minnesota – Banker

Craig Klausung, 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 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 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 human resources, 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

is a member of the Citizens League, the Urban Land Institute and the Minnesota Chapter of National Association of Housing and Redevelopment Officials. 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, 2018, 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, 2018. 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, 2018 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 [61 through 64] under the heading “Defined Benefit Pension Plan.” The Agency’s allocable portion of net pension liability reported at June 30, 2018 with respect to MSRS is \$47.879 million.

Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix B 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, 2019, 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 B — Summary of Continuing Disclosure Undertaking.”)

During the prior five years, certain disclosure reports filed with EMMA were not timely linked to all outstanding CUSIPs for the associated bonds of the Agency, including (a) the timely filed Agency Annual Report for its fiscal year ended June 30, 2015 was not specifically linked to the CUSIP for the Agency’s Homeownership Finance Bonds, 2015 Series C and one of the CUSIPs for the Agency’s Residential Housing Finance Bonds, 2015 Series C, and (b) the timely filed State of Minnesota Comprehensive Annual Financial Report and Annual Financial Information and Operating Data for the year ended June 30, 2015 was not specifically linked to multiple CUSIPs relating to the Agency’s State Appropriation Bonds (Housing Infrastructure), 2014 Series A.

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 B — 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 \$745.53 million, representing the combined net position of these funds so calculated as of June 30, 2018. 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, 2018 appears in the Notes to Financial Statements of the Agency included in Appendix A to this Official Statement at pages [58 through 60] under the heading "Net Position — Restricted by Covenant."

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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 (in thousands):

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>
Revenues		
Fees earned and other income ⁽¹⁾	\$11,936	\$11,077
Interest earned on investments	419	254
Unrealized gain (loss) on investments	--	--
Administrative reimbursement ^{(2), (3)}	<u>24,479</u>	<u>22,482</u>
Total revenues	36,834	33,813
Expenses		
Salaries and benefits	33,114	36,311
Other general operating expenses	<u>6,338</u>	<u>7,690</u>
Total expenses	39,452	44,001
Revenues over expenses	(2,618)	(10,188)
Non-operating transfer of assets between funds ⁽⁴⁾	5,192	9,624
Change in net position	2,574	(564)
Net position beginning of period	<u>12,045⁽⁵⁾</u>	<u>14,280</u>
Net position end of period	<u>\$14,619</u>	<u>\$13,716</u>

(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.

(5) Adjusted pursuant to required GASB 75 treatment of Post-Employment Benefits (other than Pension) as of July 1, 2017.

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. 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 September 30, 2018:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	9	2049	\$ 39,745	\$ 34,115
Residential Housing Finance Bonds.....	38	2048	1,755,580	1,141,515
Homeownership Finance Bonds.....	48	2048	2,111,395	1,478,566
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	13,660
Totals	96		\$3,921,720	\$2,667,856

* Does not include series of bonds or the original principal amount of any bonds that had been, as of September 30, 2018, 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 liquidity facilities is included in Appendix H – Certain Information Relating to Liquidity Facilities for Bonds Outstanding and certain other information related to variable rate bonds and swap agreements is included in the notes to the audited financial statements contained in Appendix A 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 \$255,000,000. The Agency has issued 15 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2018 in an aggregate principal amount of \$155,275,000 under a separate indenture of trust.

On June 1, 2018, the Agency issued its Note (the "Bank Note") to Royal Bank of Canada, pursuant to a Revolving Credit Agreement dated as of June 1, 2018 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 a separate amended and restated indenture of trust (the "2018 Revolving Credit Indenture") as security for the repayment of the principal amount of the Bank Note that has been advanced to the Agency. The amount of the advances outstanding and not repaid with respect to the Bank Note may not exceed \$80,000,000 at any time and the cumulative amount of the advances made may not exceed \$200,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Bank Note is a general obligation of the Agency. A portion of the proceeds of the Tax-Exempt Series Bonds will be used to repay a portion of the Bank Note and the equivalent amount released from the cash collateral fund under the 2018 Revolving Credit Indenture will be deposited in the 2018 Series E-F-G-H subaccount in the Acquisition Account. The Agency has requested advances in the aggregate principal amount of \$_____, \$_____ of which is outstanding.

Single Family Mortgage Production Funding Considerations

As a state housing finance agency, the Agency relies 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. Without subsidy of some kind (such as from an economic refunding or overcollateralization) generally the Agency cannot fully realize the benefit of tax-exempt bond financing using traditional bond structures to finance single family mortgage loans at competitive interest rates and must make use of other structures and funding sources. 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 GNMA Securities, Fannie Mae Securities and Freddie Mac Securities under the Homeownership Finance Bond Resolution, to fund current single family mortgage production by purchasing Program Securities.

In addition to funding its single family mortgage production by issuing bonds, the Agency from time to time sells Program Securities in the secondary market. Since 2009 the Agency has sold approximately \$[737] million of Program Securities in the open market as of _____, 2018, \$[294] million of which would have been eligible to be financed with tax-exempt bonds. In 2013, the Agency 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. Based on market conditions and the availability of economic refunding opportunities, the Agency determines whether to issue Additional Bonds under the Bond Resolution or under its Homeownership Finance Bond Resolution or to sell Program Securities in the secondary market.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the Series Bonds are as follows:

Sources

Principal amount of Series Bonds	\$
Original issue premium	
Agency funds	
Total Sources of Funds	<u>\$</u>

Uses

Deposit to 2018 Series E-F-G-H Acquisition Account.....	\$
Deposit to Bond Fund Interest Account	
Deposit to Costs of Issuance Account	
Underwriters' Compensation	
Total Uses of Funds	<u>\$</u>

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 \$_____ million* of proceeds of the Series Bonds in the 2018 Series E-F-G-H Acquisition Account to purchase Program Securities backed by Program Loans with a principal amount of approximately \$_____ million,* which Program Securities are estimated to have pass-through interest rates ranging from [3.5] percent to [4.5] percent,* upon the issuance of the Series Bonds. Any Program Securities purchased from the Agency will be credited to the 2018 Series E-F-G-H Acquisition Account and pledged to 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 Series Bonds will be fully registered bonds issued in the denominations of \$5,000 or any integral multiple thereof of single maturities. 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 E — 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.

* Preliminary; subject to change.

Interest on the 2018 Series EFG Bonds

Interest on the 2018 Series EFG Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2019,* and, in respect of any 2018 Series EFG Bond then to be redeemed, on any redemption date. The 2018 Series EFG 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 2018 Series EFG Bonds. Interest on the 2018 Series EFG 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 2018 Series EFG Bonds).

Interest on the 2018 Series H Bonds

The 2018 Series H Bonds will bear interest from their dated date and will be dated as of the date of their authentication and delivery. The 2018 Series H Bonds will mature, subject to earlier redemption and mandatory tender as herein described, on ____.* The Record Date for 2018 Series H Bonds in the Initial Floating Rate Term (described below) is the last Business Day preceding each Interest Payment Date.

Initial Floating Rate Term. The 2018 Series H Bonds will initially be issued in the Initial Floating Rate Term (as defined below) and will bear interest at the Adjusted SIFMA Rate (as defined below). The 2018 Series H Bonds are subject to mandatory tender for purchase (with no right to retain) on the Mandatory Tender Date (as defined and further described under “The Series Bonds—Mandatory Tender of 2018 Series H Bonds”). The period beginning on the dated date of the 2018 Series H Bonds and ending on the day before the date that the 2018 Series H Bonds are remarketed and purchased is referred to herein as the “Initial Floating Rate Term.” **THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2018 SERIES H BONDS ONLY WHEN IN THE INITIAL FLOATING RATE TERM.** Interest on the 2018 Series H Bonds in the Initial Floating Rate Term 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 the first Business Day of each month, commencing on January 2, 2019, and on any redemption date or Mandatory Tender Date; for the initial Interest Payment Date, accruing from the date of delivery of the 2018 Series H Bonds, and for subsequent Interest Payment Dates, from the preceding Interest Payment Date to, but not including, that Interest Payment Date.

The 2018 Series H Bonds will bear interest, prior to any mandatory tender of the 2018 Series H Bonds, at the Adjusted SIFMA Rate. The Adjusted SIFMA Rate will be equal to the SIFMA Swap Index (defined below) on the Rate Determination Date (as defined below) plus ____ percent; provided, however, that the Adjusted SIFMA Rate will not exceed nine percent per annum (the “Maximum Rate”). Any 2018 Series H Bonds not purchased in connection with any mandatory tender thereof as described below will bear interest at a rate of nine percent per annum until their purchase, redemption or maturity.

“SIFMA” means the Securities Industry & Financial Markets Association and its successors and assigns.

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg and published or made available by SIFMA or any person or entity acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Agency and effective from that date, or if that index is no longer available, “SIFMA Swap Index” will refer to the Alternate Rate, which is defined to mean, on any Rate Determination Date, the rate per annum specified in an index (the “Replacement Index”) that the Agency in consultation with its independent financial advisors and Remarketing Agent, if any, determines closely approximates an index for seven day tax-exempt variable rate demand obligations. The obligations on which the Replacement Index is based will not

* Preliminary; subject to change.

include any obligation the interest on which is subject to a “minimum tax” or similar tax under the Code, unless all tax-exempt obligations are subject to that tax.

The Adjusted SIFMA Rate will be determined by the Calculation Agent on each Rate Determination Date, which is defined to mean each Wednesday; provided, however, if that day is not a Business Day, then the Rate Determination Date will be the next succeeding Business Day. The Adjusted SIFMA Rate will accrue generally from each Thursday through and including the next Wednesday regardless whether that day is a Business Day.

The determination by the Calculation Agent of the Adjusted SIFMA Rate to be borne by the 2018 Series H Bonds, absent manifest error, will be conclusive and binding on the Owners of those 2018 Series H Bonds, the Agency, the Tender Agent, and the Trustee. Failure by the Calculation Agent to give any notice required under the 2018 Series H Resolution, or any defect in that notice, will not affect the interest rate borne by the 2018 Series H Bonds or the rights of the Owners thereof.

“Business Day” means any day other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, NY are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed or (d) a day on which the principal office of the Trustee is authorized to be closed for regular business.

“Calculation Agent” means Wells Fargo Bank, National Association, or any successor appointed by the Agency, acting as calculation agent.

Swap Agreement. The Agency expects to enter into an interest rate swap agreement with _____ (the “Swap Counterparty”) (the “Swap Agreement”) effective on the anticipated date of issuance of the 2018 Series H 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 2018 Series H Bonds on an approximately fixed-rate basis. Payments made to the Swap Counterparty by the Agency under the Swap Agreement are to be made monthly 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 plus a spread equal to the spread to the SIFMA Swap Index in the Adjusted SIFMA Rate. 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 _____.*

Sinking Fund Redemption

The Agency is required to redeem the 2018 Series E Bonds with a stated maturity of * in part on 1, * and on each July 1 and January 1 thereafter to and including 1, *, 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,	\$,000	January 1,	\$,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000

* Preliminary; subject to change.

July 1, ,000 July 1, (maturity) ,000

The Agency is required to redeem the 2018 Series E Bonds with a stated maturity of 1, * in part on 1, , * and 1, , * at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
July 1,	\$,000	July 1, (maturity)	\$,000
January 1,	,000		

The Agency is required to redeem the 2018 Series E Bonds with a stated maturity of 1, * in part on 1, , * and on each July 1 and January 1 thereafter to and including 1, , * at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
January 1,	\$,000	January 1,	\$,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1, (maturity)	,000

The Agency is required to redeem the 2018 Series E Bonds with a stated maturity of 1, * (the “PAC Bonds”) in part on 1, , * and on each July 1 and January 1 thereafter to and including 1, , * at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
January 1,	\$,000	January 1,	\$,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1, (maturity)	,000

The Agency is required to redeem the 2018 Series G Bonds with a stated maturity of 1, * in part on 1, , * and on each July 1 and January 1 thereafter to and including 1, , * at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
January 1,	\$,000	July 1,	\$,000
July 1,	,000	January 1,	,000
January 1,	,000	July 1,	,000
July 1,	,000	January 1,	,000
January 1,	,000	July 1, (maturity)	,000

* Preliminary; subject to change.

The Agency is required to redeem the 2018 Series G Bonds with a stated maturity of 1, * in part on 1, , * and on each July 1 and January 1 thereafter to and including 1, , * 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,	\$,000	July 1,	\$,000
July 1,	,000	January 1,	,000
January 1,	,000	July 1,	,000
July 1,	,000	January 1,	,000
January 1,	,000	July 1, (maturity)	,000

The Agency is required to redeem the 2018 Series G Bonds with a stated maturity of 1, * in part on 1, , * and on each July 1 and January 1 thereafter to and including 1, , * 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,	\$,000	January 1,	\$,000
July 1,	,000	July 1, (maturity)	,000

The Agency is required to redeem the 2018 Series H Bonds with a stated maturity of 1, * in part on 1, , * and on each January 1 and July 1 thereafter to and including 1, , * 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,	\$,000	July 1,	\$,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1, (maturity)	,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.

* Preliminary; subject to change.

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, from moneys representing Series Bond proceeds not used to purchase Program Securities and transferred to the Bond Redemption Fund from the 2018 Series E-F-G-H Acquisition Account and any allocable amounts held in the Debt Service Reserve Fund. However, (a) no 2018 Series H Bonds may be redeemed from unexpended proceeds prior to _____* and (b) 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 _____* (as of which date the premium would reduce to \$0). 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 2018 Series E-F-G-H 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 (other than the 2018 Series H Bonds if prior to _____*) 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 2018 Series E-F-G-H Acquisition Account to purchase Program Securities with a principal amount of approximately \$ 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 October 31, 2018.)

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 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 and with respect to the 2018 Series H Bonds only on or after _____* unless required by applicable federal tax law), 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 “Repayments and 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 Tax-Exempt Series Bonds and (i) with respect to proceeds of the Tax-Exempt 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 Tax-Exempt Series Bonds, received 10 years or more after the issue date of the Tax-Exempt Series Bonds (collectively, the “Tax-Restricted Receipts”), to pay at maturity or redeem Tax-Exempt 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 Tax-Exempt Series Bonds is less than \$250,000. Prepayments and scheduled repayments of mortgage principal from Program Securities allocable to the Tax-Exempt Series Bonds (collectively, the “Tax-Exempt Receipts”) received on or after the following dates in the following approximate percentages constitute the “Tax-Restricted Receipts:”

<u>Dates</u> [*]	<u>Percentages</u> [*]
December __, 2018 to June 30,	. %
July 1, to June 30,	.
July 1, to June 30,	.
July 1, to June 30,	.
July 1, to June 30,	.
July 1, to June 30,	.
July 1, to June 30,	.
July 1, to June 27,	.
December __, 2028 and thereafter	100.00

Repayments and Prepayments. To the extent not needed to make regularly scheduled principal payments on the Taxable Series Bonds, either at maturity or pursuant to sinking fund installments, all prepayments and scheduled repayments of mortgage principal from Program Securities allocable to the Taxable Series Bonds will be applied (a) first to redeem Taxable Series Bonds of the maturities selected by the Agency at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium and (b) then, if no Taxable Series Bonds are Outstanding, to redeem any Outstanding Bonds (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), including any Tax-Exempt Series Bonds other than PAC Bonds in excess of the Maximum Cumulative Amounts shown in the table below, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, or for any other purpose authorized under the Resolutions.

To the extent not needed to make regularly scheduled principal payments on the Tax-Exempt Series Bonds, either at maturity or pursuant to sinking fund installments, or not required to be applied to redemption of the PAC Bonds as described below, the Tax-Restricted Receipts will be applied to redeem Tax-Exempt Series Bonds of the Series and maturities selected by the Agency at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; provided, however, that those redemptions will not be required: (1) if there is a change in the Code or any temporary, proposed or final Treasury Regulations, or notices or similar announcements from time to time, that have the effect of removing or reducing the requirement of such redemptions of Tax-Exempt Series Bonds; and (2) if there shall be delivered to the Trustee an opinion of Bond Counsel that those changes in these redemption provisions will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Series Bonds.

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 Tax-Exempt Receipts received by or on behalf of the Agency 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:

* Preliminary; subject to change.

Redemption Period [*]	Maximum Cumulative Amounts ^{* †}	Redemption Period [*]	Maximum Cumulative Amounts ^{* †}
January 1,	\$,000	January 1,	\$,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000	July 1,	,000
January 1,	,000	January 1,	,000
July 1,	,000		

†Based on an approximation of 100 percent PSA prepayment speed on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds. (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 Tax-Exempt Receipts 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 Tax-Exempt Receipts (a) to redeem Outstanding Tax-Exempt Series Bonds (other than PAC Bonds) from the Series and maturities the Agency selects, or (b) if no Tax-Exempt 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 Tax-Exempt Series Bonds, the Agency, at its option, may use any excess Tax-Exempt Receipts 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.

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 Program Loans backing Program Securities financed with the proceeds

* Preliminary; subject to change.

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 Series Bond Program Loans prepay at the indicated percentages of the PSA Prepayment Model, (ii) all proceeds of the Series Bonds in the 2018 Series E-F-G-H Acquisition Account are used to purchase Program Securities, (iii) the Program Securities financed with the proceeds of the Series Bonds will have a weighted average pass-through rate of not less than percent * and will be acquired by December 31, 2018,* (iv) 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, (v) the PAC Bonds are redeemed only on regularly scheduled interest payment dates, and (vi) 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.

Projected Weighted Average Lives for the PAC Bonds*

PSA Prepayment	PAC Bonds Weighted Average Life [†]
0%	. years
50	.
75	.
100	.
200	.
300	.
400	.
500	.

[†]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

* Preliminary; subject to change.

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 2018 Series EFG Bonds

The Agency may redeem 2018 Series EFG Bonds with stated maturities on or after July 1, 2028* 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, 2028* 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 2018 Series EFG Bonds

Except as otherwise provided in the 2018 Series EFG Resolutions, any 2018 Series EFG 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 2018 Series EFG Bonds to be redeemed and (b) the maturities and amounts from which 2018 Series EFG Bonds are to be redeemed. If less than all 2018 Series EFG Bonds of a Series and maturity are to be redeemed, the 2018 Series EFG 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 2018 Series EFG 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 2018 Series EFG Bond called for redemption at least 30 days prior to the redemption date; that registered owner to be determined from the registry books as of the 15th day preceding the date that notice is mailed. (See “Appendix E — Book-Entry-Only System.”)

Optional Redemption of 2018 Series H Bonds

Optional Redemption. The Agency may redeem 2018 Series H Bonds during the Initial Floating Rate Term at its option, in whole or in part on _____* and on any Business Day during any Delayed Remarketing Period, 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 2018 Series H Bonds are in the Initial Floating Rate Term, the Trustee must give a copy of the notice of redemption identifying 2018 Series H Bonds to be redeemed by Immediate Notice not less than 20 days prior to the date fixed for redemption to the Owners of 2018 Series H Bonds to be redeemed at their addresses as shown on the bond register. “Immediate Notice” means notice by telephone, telex or telecopier to

* Preliminary; subject to change.

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 must provide a notice of redemption during a Delayed Remarketing Period at least five Business Days prior to the date fixed for redemption.

Subject to the terms of the 2018 Series H Resolution, any 2018 Series H 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 of the 2018 Series H 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. In selecting 2018 Series H Bonds for redemption, the Trustee will treat each 2018 Series H Bond to be redeemed as representing that number of 2018 Series H Bonds that is obtained by dividing the principal amount of the 2018 Series H Bonds by the minimum authorized denomination.

Mandatory Tender of 2018 Series H Bonds

The 2018 Series H Bonds are subject to mandatory tender for purchase (with no right to retain) on _____, * or, if the Agency elects with respect to all or a portion of the 2018 Series H Bonds, any earlier Business Day on or after _____, _____* (each a "Mandatory Tender Date"), at a purchase price equal to 100 percent of the principal amount thereof plus accrued interest, if any. Upon that event, the Trustee, not less than 15 days (except as described under "Consequences of a Failed Remarketing" below) prior to the tender, must deliver a notice of mandatory tender to the Owners thereof and the Remarketing Agent stating the reason for the mandatory tender, the date of mandatory tender, and that all Owners of 2018 Series H Bonds subject to the mandatory tender will be deemed to have tendered their 2018 Series H Bonds upon that date.

The Agency may elect (i) to change (a "Floating Rate Change") all or a portion of the 2018 Series H Bonds to bear interest at rates calculated by the Calculation Agent according to an index specified by the Agency and to be subject to mandatory tender after a term specified by the Agency (a "New Floating Rate"), (ii) to change (a "Change to Variable Rate") all or a portion of the 2018 Series H Bonds to bear interest at variable rates determined by the Remarketing Agent (each a "Variable Rate"), or (iii) to convert (a "Conversion") all or a portion of the 2018 Series H Bonds to long-term interest rates fixed to maturity ("Fixed Interest Rates") or to an indexed rate (an "Indexed Rate"), in each case on the Mandatory Tender Date. Prior and as a condition to any Floating Rate Change, Change to Variable Rate or Conversion, the Trustee must deliver a notice to the Holders thereof and the Remarketing Agent specifying the date of the Floating Rate Change (a "Floating Rate Change Date"), the Change to Variable Rate (a "Variable Rate Change Date"), or the Conversion (a "Conversion Date"), as the case may be, which date in each case will be not less than 15 days (except as described under "Consequences of a Failed Remarketing" below) following the receipt of that notice. The Agency may elect to cancel the Floating Rate Change Date, Variable Rate Change Date or Conversion Date upon seven calendar days' notice to Owners.

This paragraph is applicable to the 2018 Series H Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2018 Series H 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 2018 Series H 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 2018 Series H Bonds will be issued in place of those untendered 2018 Series H Bonds pursuant to the 2018 Series H Resolution, and, after the issuance of the replacement 2018 Series H Bonds, the untendered 2018 Series H Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

* Preliminary; subject to change.

Remarketing of 2018 Series H Bonds

Remarketing. On each date on which 2018 Series H Bonds are subject to mandatory tender for purchase, the Remarketing Agent will use its best efforts to sell the 2018 Series H Bonds at a price equal to 100 percent of the principal amount thereof plus accrued interest, if any. On or before 3:00 P.M., New York City time, on each of those dates, if moneys sufficient to pay the purchase price of all 2018 Series H Bonds subject to mandatory tender on that date will be held by the Tender Agent, the Tender Agent will purchase all those 2018 Series H Bonds from the Owners at 100 percent of the principal amount thereof plus accrued interest, if any. Funds for the payment of that purchase price will be derived solely from immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of 2018 Series H Bonds or from funds of the Agency as described below.

Notwithstanding the foregoing, the Agency will have the option, but will not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the purchase price of any 2018 Series H Bond subject to mandatory tender for purchase. None of the Agency, the Trustee, the Tender Agent or the Remarketing Agent will have any liability or obligation to pay or, except from the sources identified in the preceding paragraph, make available the purchase price. *In the case of a failure to pay the purchase price, none of the 2018 Series H Bonds will be purchased, and the 2018 Series H Bonds will remain in the Initial Floating Rate Term and bear interest at a rate of nine percent per annum until their purchase, redemption or maturity.* **NEITHER THE AGENCY NOR ANY THIRD PARTY IS OBLIGATED TO MAKE FUNDS AVAILABLE FOR THE PURCHASE OF 2018 SERIES H BONDS. THE FAILURE TO PAY THE PURCHASE PRICE IS NOT AN EVENT OF DEFAULT UNDER THE RESOLUTIONS.**

The Tender Agent with respect to 2018 Series H Bonds initially will be Wells Fargo Bank, National Association.

Consequences of a Failed Remarketing. In the event that remarketing proceeds and any funds made available by the Agency for those purposes are insufficient to pay the purchase price of all 2018 Series H Bonds subject to mandatory tender on a Mandatory Tender Date with respect to 2018 Series H Bonds, (1) no purchase will be consummated on that Mandatory Tender Date and the Tender Agent will (a) return all tendered 2018 Series H Bonds to the Owners thereof and (b) return all remarketing proceeds to the Remarketing Agent for return to the persons providing those moneys; and (2) the 2018 Series H Bonds will bear interest at a rate of nine percent per annum during the period of time from and including the Mandatory Tender Date to (but not including) the date that all those 2018 Series H Bonds are successfully remarketed (the “Delayed Remarketing Period”) or until those 2018 Series H Bonds are redeemed or paid at maturity.

On each Business Day following the failed remarketing on the applicable Mandatory Tender Date, the Remarketing Agent must continue to use its best efforts to remarket the 2018 Series H Bonds into the New Floating Rate, Variable Rate Mode, Fixed Interest Rates or Indexed Rate designated by the Agency (or the New Floating Rate, Variable Rate Mode, Fixed Interest Rates or Indexed Rate as the Agency thereafter designates to the Remarketing Agent and the prospective owners thereof). Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all of the 2018 Series H Bonds on a particular date, the Trustee, at the direction of the Agency, will give notice by mail to the registered owners of those 2018 Series H Bonds not later than five Business Days prior to that date, which notice will state (1) that those 2018 Series H Bonds will be subject to mandatory tender for purchase on that date; (2) the procedures for that mandatory tender; (3) the purchase price of those 2018 Series H Bonds on that date (expressed as a percentage of the principal amount thereof); and (4) the consequences of a failed remarketing. Any of those dates will be a Mandatory Tender Date.

During the Delayed Remarketing Period, the Trustee may, upon direction of the Agency, apply available amounts to the redemption of the 2018 Series H Bonds as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. The Trustee must provide notice of redemption at least five Business Days prior to the date fixed for redemption.

During the Delayed Remarketing Period, interest on the 2018 Series H Bonds will be paid to the registered owners thereof (i) on each Interest Payment Date occurring during the Delayed Remarketing Period and (ii) on any Mandatory Tender Date, including the date that all 2018 Series H Bonds are successfully remarketed.

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 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 C — 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 \$ million* in aggregate principal amount of Program Securities will be acquired with proceeds of the Series 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 I 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 C – 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 that investment agreement does not adversely affect any ratings of the Bonds at the time of execution thereof. As of June 30, 2018, \$901,500 on deposit in the Debt Service Reserve Fund held in respect of Bonds under the Bond Resolution is invested in an investment agreement with Transamerica Life Insurance Co.

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.

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.

* Preliminary; subject to change.

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 equal to \$0.00. The balance in the Debt Service Reserve Fund on October 31, 2018, was \$, 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 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. (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.*

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 its single-family mortgage lending 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 I 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 [October 31], 2018, at pass-through interest rates ranging from [3.5] percent to [4.5] percent. The Agency expects that all funds credited to the 2018 Series E-F-G-H Acquisition Account will be disbursed by [December 31], 2018 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	\$94,300	\$90,500	\$84,200
3 or more Persons	\$108,400	\$104,000	\$96,800

* 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 12 months and remains delinquent for four consecutive months thereafter, or if the loan is delinquent at the 12th month, 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 under an agreement with Fannie Mae that does not have an expiration date. 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 C – 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 D to this Official Statement.)

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 I 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 C 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 <u>mortgaged is located in:</u>	
Twin Cities Metropolitan Area	\$328,200
Balance of State	\$271,100

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 I 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 June 30, 2018, the Agency had outstanding Program Loans receivable of \$460,441,000 gross, which were financed from the proceeds of Bonds. As of June 30, 2018, 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 G to this Official Statement.

In addition, as of June 30, 2018, 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:

	Principal Amount <u>Outstanding</u>	<u>Percentage</u>
GNMA II	\$372,071,000	49.92%
GNMA I	121,094,000	16.24
FNMA	244,428,000	32.79
FHLMC	<u>7,799,000</u>	<u>1.05</u>
Total	\$745,392,000	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. 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 June 30, 2018, the Homeownership Finance Bond Fund had \$1,399,035,000 in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of June 30, 2018, the Agency had outstanding home improvement loans receivable of \$67,546,000 gross. *None of these loans secure or are available for the payment of principal of or interest on the Bonds.*

Step Up Program

The Agency has initiated its Step Up program in 2012 under which the Agency purchases mortgage loans made to mortgagors who do not qualify for its Start Up Program, including in connection with refinancing of an existing mortgage loan. Down payment and closing cost assistance is available under the Step Up Program as described under "Monthly Payment Loans" below. The Agency causes 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 \$15,000.

TAX EXEMPTION AND RELATED CONSIDERATIONS

The Tax-Exempt Series Bonds

The Code establishes certain requirements that must be met subsequent to the issuance of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds. The Agency will covenant, as described below, that the Program Loans financed by the proceeds made available upon the issuance of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds. The Agency has covenanted in the Resolutions to do all things necessary to assure that interest paid on the Tax-Exempt Series Bonds will 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 Tax-Exempt Series Bonds to ensure that interest on the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds, on the date of issuance of the Tax-Exempt 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 Tax-Exempt 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 2018 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, for tax years beginning before January 1, 2018, on corporations, (ii) interest on the 2018 Series E Bonds and the 2018 Series H 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 2018 Series E Bonds and the 2018 Series H Bonds will not be included in the calculation of adjusted current earnings for purposes of calculating the federal minimum alternative tax imposed on corporations. No federal alternative minimum tax applies to corporations for tax years beginning after December 31, 2017.

In addition, in the opinion of Bond Counsel, interest on the Tax-Exempt Series Bonds is not includable in the taxable net income of individuals, trusts and estates for State income tax purposes. Interest on the Tax-Exempt Series Bonds is includable in the income of corporations and financial institutions for purposes of the State franchise tax. Interest on the 2018 Series E Bonds and the 2018 Series H Bonds is not includable in the State alternative minimum taxable income of individuals, estates and trusts.

A form of the Bond Counsel opinion with respect to the Tax-Exempt Series Bonds is attached hereto as Appendix F.

Although Bond Counsel is rendering an opinion that the interest on the Tax-Exempt Series Bonds, as described above, is not included in gross income for federal, and in some cases, State, income tax purposes, the accrual or receipt of interest on the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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

The State, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, the 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 the State'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 Tax-Exempt 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 the State's differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If the State'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 State bond interest, application of the 1995 statute to subsequent years could cause interest on the Tax-Exempt Series Bonds to become taxable by the State and the market value of the Tax-Exempt 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 Tax-Exempt Series Bonds from realizing the full current benefit of the tax treatment of the Tax-Exempt Series Bonds or adversely affect the market value of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Tax-Exempt 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 Tax-Exempt 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.

The Taxable Series Bonds

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Taxable Series Bonds for the investors described below and is based on the advice of Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are "U.S. holders" (as defined below) who will hold the Taxable Series Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Taxable Series Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Taxable Series Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Taxable Series Bond that is not a U.S. person. For these purposes, a "U.S. Person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Interest on the Taxable Series Bonds (including original issue discount treated as interest) is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Taxable Series Bonds (including original issue discount treated as interest) will be fully subject to federal income taxation. Thus, owners of the Taxable Series Bonds generally must include interest (including original

issue discount treated as interest) on the Taxable Series Bonds in gross income for federal income tax purposes.

Characterization as Indebtedness

The Agency intends for applicable tax purposes that the Taxable Series Bonds will be indebtedness of the Agency secured by the pledged Program Obligations and other assets. The owners of the Taxable Series Bonds, by accepting Taxable Series Bonds, have agreed to treat the Taxable Series Bonds as indebtedness of the Agency for federal income tax purposes. The Agency intends to treat this transaction as a financing reflecting the Taxable Series Bonds as its indebtedness for tax and financial accounting purposes. Bond Counsel is of the opinion that the Taxable Series Bonds should be treated as indebtedness of the Agency for federal income tax purposes.

In general, the characterization of a transaction as a sale of property rather than a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the IRS and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form. The Agency believes that it has retained the preponderance of the benefits and burdens associated with the pledged Program Obligations and other assets. Therefore, the Agency believes that it should be treated as the owner of the pledged Program Obligations and other assets for federal income tax purposes, and the Taxable Series Bonds should be treated as its indebtedness for federal income tax purposes. If, however, the IRS were to successfully assert that this transaction should not be treated as a loan secured by the pledged Program Obligations and other assets, the IRS could further assert that the Resolutions created a separate entity for federal income tax purposes which would be the owner of the pledged Program Obligations and other assets and would be deemed engaged in a business. That entity, the IRS could assert, should be characterized as an association or publicly traded partnership taxable as a corporation. In that event, the separate entity would be subject to corporate tax on income from the pledged Program Obligations and other assets, reduced by interest on the Taxable Series Bonds. Any such tax could materially reduce cash available to make payment on the Taxable Series Bonds.

In the opinion of Bond Counsel, the Taxable Series Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Taxation of Interest Income of the Taxable Series Bonds

Payments of interest with regard to the Taxable Series Bonds will be includable as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. If the Taxable Series Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest (as defined in the Code) allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in that period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. Section 1272(a)(6) of the Code applies a specific method for accruing original issue discount on a debt instrument the principal payments of which may be accelerated by virtue of the prepayment of other debt instruments (such as the Taxable Series Bonds that are subject to acceleration by virtue of prepayment of the

Program Obligations). Holders of the Taxable Series Bonds should consult their tax advisor as to the proper method of applying this provision of the Code for purposes of accruing original issue discount and the prepayment assumption to be applied to that calculation.

Payments of interest received with respect to the Taxable Series Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Taxable Series Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the Taxable Series Bonds.

Individuals, estates or trusts owning the Taxable Series Bonds may be subject to the unearned income Medicare contribution tax under Section 1411 of the Code (the “Medicare Tax”) with respect to interest received or accrued on the Taxable Series Bonds, gain realized from a sale or other disposition of the Taxable Series Bonds and other income realized from owning, holding or disposing of the Taxable Series Bonds. The Medicare Tax is imposed on individuals beginning January 1, 2013. The Medicare Tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable Series Bonds should consult with their tax advisor concerning this Medicare Tax as it may apply to interest earned on the Taxable Series Bonds as well as gain on the sale of a Taxable Series Bond.

A purchaser (other than a person who purchases a Taxable Series Bond upon issuance at the issue price) who buys a Taxable Series Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Taxable Series Bonds.

Sale or Exchange of the Taxable Series Bonds

If a holder sells a Taxable Series Bond, that person will recognize gain or loss equal to the difference between the amount realized on that sale and the holder’s basis in that Taxable Series Bond. Ordinarily, that gain or loss will be treated as a capital gain or loss. However, if a Taxable Series Bond was originally issued at a discount or was subsequently purchased at a market discount, a portion of that gain will be recharacterized as ordinary income.

If the terms of a Taxable Series Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those that involve the substitution of collateral. Each potential holder of a Taxable Series Bond should consult its own tax advisor concerning the circumstances in which the Taxable Series Bonds would be deemed reissued and the likely effects, if any, of that reissuance.

The legal defeasance of the Taxable Series Bonds may result in a deemed sale or exchange of those Taxable Series Bonds under certain circumstances. Holders of those Taxable Series Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Taxable Series Bonds, if the purchasers, upon issuance, fail to supply the Trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other “reportable payments” (as defined in the

Code) properly, or, under certain circumstances, fail to provide the Trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

Tax Treatment of Original Issue Discount

Taxable Series Bonds that have an original yield above their interest rate constitute “Discounted Obligations.” The difference between the initial public offering prices of Discounted Obligations and their stated amounts to be paid at maturity, constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

In the case of an owner of a Discounted Obligation, the amount of original issue discount that is treated as having accrued with respect to that Discounted Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Discounted Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Discounted Obligation that are attributable to accrued original issue discount will be treated as taxable interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Obligation, on days that are determined by reference to the maturity date of that Discounted Obligation. The amount treated as original issue discount on a Discounted Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for that Discounted Obligation (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of that Discounted Obligation at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for that Discounted Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on that Discounted Obligation the sum of the amounts that have been treated as original issue discount for those purposes during all prior periods. If a Discounted Obligation is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in that compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Discounted Obligation who purchase those Discounted Obligations after the initial offering. Holders of Discounted Obligations including purchasers of Discounted Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to those obligations as of any date and with respect to the state and local tax consequences of owning a Discounted Obligation.

Tax Treatment of Bond Premium

Taxable Series Bonds that have an original yield (or are subsequently purchased at a price that yields) below their interest rate constitute “Premium Obligations”. An amount equal to the excess of the purchase price of a Premium Obligation over its stated redemption price at maturity constitutes premium on that Premium Obligation. A purchaser of that Premium Obligation has the option to amortize any premium over that Premium Obligation’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, it offsets the interest allocable to the corresponding payment period and the purchaser’s basis in that Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of that Premium Obligation prior to its maturity. Purchasers of Premium Obligations should consult with their own tax advisors with respect to the election to amortize bond premium and the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning those Premium Obligations.

State, Local or Foreign Taxation

No representations are made regarding the tax consequences of purchase, ownership or disposition of the Taxable Series Bonds under the tax laws of any state, locality or foreign jurisdiction (except as provided in “State Law Considerations” below). Investors considering an investment in the Taxable Series Bonds should consult their own tax advisors regarding those tax consequences.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for that entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to that interest is subject to acquisition indebtedness. Therefore, except to the extent any holder of a Taxable Series Bond incurs acquisition indebtedness with respect to a Taxable Series Bond, interest paid or accrued with respect to that holder may be excluded by that tax exempt holder from the calculation of unrelated business taxable income. Each potential tax exempt holder of a Taxable Series Bond is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of those plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Taxable Series Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, those plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Taxable Series Bonds could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any Underwriter of the Taxable Series Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the Taxable Series Bonds are acquired by those plans or arrangements with respect to which the Agency or any Underwriter is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Series Bonds. The sale of the Taxable Series Bonds to a plan is in no respect a representation by the Agency or any Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. **Any plan proposing to invest in the Taxable Series Bonds should consult with its counsel to confirm that that investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.**

State Law Considerations

Interest on the Taxable Series Bonds is includable in the taxable net income of individuals, trusts and estates for State income tax purposes. That interest is also includable in the income of corporations and financial institutions for purposes of the State franchise tax.

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 E attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Dorsey & Whitney LLP.

RATINGS

The Series Bonds are rated “__” by Moody’s Investors Service, Inc., and “__” by S&P Global Ratings, Inc. 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 B 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 J.P. Morgan Securities LLC (collectively, the “Underwriters”) will purchase the 2018 Series EFG Bonds. The Underwriters are

to be paid a fee of \$_____ with respect to their purchase of the 2018 Series EFG Bonds. RBC Capital Markets, LLC will purchase the 2018 Series H Bonds and will be paid a fee of \$_____ for that purchase. 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 ("WFC").

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of WFC and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA is also serving as Trustee for the Series Bonds. WFBNA will be compensated separately for serving in each capacity.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Bonds that that firm sells.

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: November __, 2018.

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX B

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 G 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 H 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 B.

“*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 B.

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 ending June 30, 2019, 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 C

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 D

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 I 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 G 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 E

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 B) 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 F
FORM OF OPINION OF BOND COUNSEL

[to be dated the date of issuance of the Series Bonds]

_____, 2018

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2018 Series E
2018 Series F
2018 Series G (Taxable)
2018 Series H

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, 2018 Series E, in the aggregate principal amount of \$_____ (the “2018 Series E Bonds”), its Residential Housing Finance Bonds, 2018 Series F, in the aggregate principal amount of \$_____ (the “2018 Series F Bonds”), its Residential Housing Finance Bonds, 2018 Series G (Taxable), in the aggregate principal amount of \$_____ (the “2018 Series G Bonds” and, together with the 2018 Series E Bonds and the 2018 Series F Bonds, the “2018 Series Fixed Rate Bonds”), and its Residential Housing Finance Bonds, 2018 Series H, in the aggregate principal amount of \$_____ (the “2018 Series H Bonds” and, together with the 2018 Series Fixed Rate Bonds, the “2018 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 2018 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 2018 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2018 Series H Bonds are subject to 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 Series Resolutions relating to the 2018 Series Fixed Rate Bonds adopted November 16, 2017 and November 1, 2018 and a Series Resolution relating to the 2018 Series H Bonds adopted November 1, 2018 (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 2018 Series E Bonds, the 2018 Series F Bonds and the 2018 Series H Bonds (together, the “2018 Series Tax-Exempt Bonds”) in order that interest on the 2018 Series Tax-Exempt 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 2018 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 2018 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 2018 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; (5) the interest payable on the 2018 Series Tax-Exempt 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; (6) interest payable on the 2018 Series G Bonds is includable in gross income of owners thereof for federal income tax purposes, in taxable net income of individuals, trusts and estates for state of Minnesota income tax purposes and in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; and (7) the 2018 Series G Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Interest on the 2018 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 2018 Series E Bonds and the 2018 Series H Bonds (i) 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, for tax years beginning before January 1, 2018, on corporations and (ii) will not be included in the calculation of adjusted current earnings for purposes of calculating the federal minimum alternative tax imposed on corporations. No federal alternative minimum tax applies to corporations for tax years beginning after December 31, 2017. Interest on the 2018 Series E Bonds and the 2018 Series H 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 2018 Series Bonds. All owners of 2018 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 2018 Series Bonds.

The interest rate on all or a portion of the 2018 Series H Bonds may be changed from an index floating rate to a variable rate mode, a fixed interest rate or an indexed rate on an Interest Rate Change Date (as defined in the Series Resolutions), 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 2018 Series H 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 2018 Series H Bond on or after the initial Interest Rate Change Date, if and when it occurs.

The opinions expressed above are qualified only to the extent that the enforceability of the 2018 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 G

**CERTAIN INFORMATION RELATING TO THE
RHFB WHOLE LOAN MORTGAGE PORTFOLIO**

Mortgage Insurance for RHFB Whole Loan Mortgage Portfolio as of June 30, 2018

Series	FHA	VA	Rural Development	MGIC	Genworth	Other Private Mortgage Insurers*	Uninsured	Total
Retired	\$ 1,843,395	\$ 26,405	\$ 372,468				\$ 430,236	\$ 2,672,504
06LMN	45,472	-	-	172,402	248,166	-	371,617	837,657
07M	1,153,027	91,484	1,743,139	2,502,637	1,978,790	1,361,684	1,554,892	10,385,653
07M-40 Year	-	-	-	2,521,816	402,344	1,010,931	347,086	4,282,177
09DEF	24,539,107	351,899	4,474,184	157,107	59,463	85,669	4,978,091	34,645,520
12ABCD	17,700,143	553,725	8,171,181	436,468	229,202	258,871	7,049,699	34,399,289
13ABC	6,403,257	362,488	4,105,005	738,732	109,866	330,005	6,247,699	18,297,052
14A	3,669,517	271,379	1,506,385	13,939	54,939	63,494	1,682,362	7,262,015
14B	4,795,710	161,955	1,444,013	154,742	23,140	42,377	1,463,594	8,085,531
14CDE	19,313,337	1,260,734	18,408,018	5,577,912	407,381	2,137,484	35,168,281	82,273,147
15ABCD	5,163,543	206,910	5,118,495	2,020,602	903,479	1,783,220	12,487,681	27,683,930
15ABCD-40 Year	-	-	-	426,210	-	905,234	178,362	1,509,806
15EFG	8,429,266	525,892	13,351,524	6,037,249	2,774,396	2,532,215	17,309,228	50,959,770
15EFG-40 Year	-	-	-	3,508,915	1,165,654	2,550,537	1,782,625	9,007,731
16ABC	3,008,334	464,059	6,426,804	9,513,838	6,290,259	3,533,746	5,872,560	35,109,600
16ABC-40 Year	-	-	-	6,450,435	1,844,016	3,955,931	2,571,163	14,821,545
16DEF	4,356,869	390,546	3,387,273	3,806,178	3,027,070	2,028,458	2,664,383	19,660,777
16DEF-40 Year	-	-	-	3,756,356	599,309	1,505,826	517,000	6,378,491
17ABC	15,044,679	244,493	8,022,432	4,305,577	1,015,735	2,853,935	5,990,191	37,477,042
17ABC-40 Year	-	-	-	4,111,091	2,087,014	2,092,207	2,474,819	10,765,131
17DEF	8,815,584	-	4,490,940	1,005,481	213,559	519,986	3,867,151	18,912,701
17DEF-40 Year	-	-	-	2,404,706	396,928	1,297,061	1,672,672	5,771,367
18ABCD	8,152,951	122,132	5,415,131		14,475		5,537,818	19,242,507
Total	\$ 132,434,191	\$ 5,034,101	\$ 86,436,992	\$ 59,622,393	\$ 23,845,185	\$ 30,848,871	\$ 122,219,210	\$ 460,440,943
	28.76%	1.09%	18.77%	12.95%	5.18%	6.70%	26.55%	100.00%
	Republic 3.23%, United 1.69%, PMI 1.05%, Radian Guarantee Fund 0.37%, Commonwealth 0.24%, Triad 0.10%, Amerin 0.02%							

RHFB Whole Loan Mortgage Portfolio

Delinquency and Foreclosure Statistics as of June 30, 2018

Bond Financed:	Number of Loans	Balance Outstanding	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⁾
			#	%	#	%	#	%	#	%	%
Retired	54.0	\$2,672,504	12.0	22.22	7.0	12.96	-	-	6.0	11.11	24.07
06LMN	7.0	837,657	-	-	-	-	-	-	1.0	14.29	14.29
07M	109.9	10,385,653	6.0	5.46	2.2	2.00	0.2	0.18	4.8	4.37	6.55
07M-40 Year	29.8	4,282,177	1.2	4.03	0.4	1.34	0.8	2.68	0.8	2.68	6.71
09DEF	595.0	34,645,520	34.0	5.71	13.0	2.18	7.0	1.18	21.0	3.53	6.89
12ABCD	671.0	34,399,289	33.0	4.92	12.0	1.79	7.0	1.04	13.0	1.94	4.77
13ABC	352.0	18,297,052	17.0	4.83	4.0	1.14	5.0	1.42	8.5	2.41	4.97
14A	231.0	7,262,015	3.0	1.30	3.0	1.30	1.0	0.43	2.0	0.87	2.60
14B	246.0	8,085,531	13.0	5.28	1.0	0.41	-	-	5.0	2.03	2.44
14CDE	979.0	82,273,147	43.5	4.44	22.0	2.25	3.0	0.31	21.0	2.15	4.70
15ABCD	308.5	27,683,930	22.0	7.13	8.0	2.59	3.0	0.97	6.5	2.11	5.67
15ABCD-40 Year	10.0	1,509,806	-	-	-	-	2.0	20.00	-	-	20.00
15EFG	618.0	50,959,770	30.0	4.85	11.0	1.78	2.5	0.40	12.0	1.94	4.13
15EFG-40 Year	62.0	9,007,731	1.0	1.61	1.0	1.61	1.0	1.61	3.0	4.84	8.06
16ABC	373.0	35,109,600	22.0	5.90	8.5	2.28	3.5	0.94	13.0	3.49	6.70
16ABC-40 Year	104.0	14,821,545	3.0	2.88	1.0	0.96	1.0	0.96	2.0	1.92	3.85
16DEF	301.6	19,660,777	23.0	7.63	8.3	2.75	0.3	0.10	10.2	3.38	6.23
16DEF-40 Year	44.2	6,378,491	1.8	4.07	0.6	1.36	1.2	2.71	1.2	2.71	6.79
17ABC	442.5	37,477,042	35.5	8.02	14.0	3.16	3.5	0.79	14.0	3.16	7.12
17ABC-40 Year	88.0	10,765,131	4.0	4.55	-	-	1.0	1.14	2.0	2.27	3.41
17DEF	211.0	18,912,701	14.0	6.64	4.0	1.90	3.0	1.42	4.0	1.90	5.21
17DEF-40 Year	47.0	5,771,367	1.0	2.13	1.0	2.13	-	-	-	-	2.13
18ABCD	307.5	19,242,507	14.0	4.55	9.0	2.93	1.0	0.33	4.0	1.30	4.55
Total Bond Financed	6,192.0	\$ 460,440,943	334.0	5.39	131.0	2.12	47.0	0.76	155.0	2.50	5.38

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 G-3 for comparative delinquency and foreclosure statistics.

APPENDIX H
CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES
FOR BONDS OUTSTANDING

as of June 30, 2018

<u>Liquidity Provider</u>	<u>Related Bond Series</u>	<u>Bonds Outstanding</u>	<u>Expiration Date</u>
Royal Bank of Canada	2015 Series D	\$18,225,000	8/11/2022
	2015 Series G	35,000,000	1/2/2023
	2017 Series F	<u>40,000,000</u>	1/2/2023
		\$93,225,000	
Federal Home Loan Bank of Des Moines	2016 Series F	\$50,000,000	1/2/2024
	2017 Series C	<u>40,000,000</u>	7/19/2024
		\$90,000,000	

APPENDIX I

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 Single Family Selling and Servicing Guides (the “Fannie Mae Guides”), as modified by a pool purchase contract, and, in the case of mortgage loans such as the Program Loans exchanged with Fannie Mae, a single family master trust agreement (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.

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.OFHFA.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, 2018, the Master Servicer serviced 1,473,118 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately \$230.5 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, 2018, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$464.6 billion and a net worth of \$50.4 billion. For the nine months ended September 30, 2018, 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 \$31.5 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.

Item: Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2018 Series H.

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Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Agency staff is preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) indenture, to finance the acquisition of newly originated mortgage-backed securities that funded the origination of single family mortgages. The bonds likely to be designated Series EFG will be fixed rate bonds, and are authorized pursuant to a separate resolution. The attached resolution, which covers 2018 Series H, provides the authority for the Agency to issue \$35 million in variable rate bonds, expected to be structured as Floating Rate Notes (FRNs). This resolution also selects RBC Capital Markets as the sole underwriter for the 2018 Series H bonds. In addition, this resolution authorizes the Agency to enter into an interest rate swap agreement with [party to be determined prior to board meeting] to convert the variable rate interest payments on 2018 Series H into a payment obligation that is largely fixed. The RHFB 2018 Series EFGH bond issue is expected to price on or about November 14th, with a closing preliminarily scheduled for December 12th; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:

The upcoming transaction will enable the Agency to put interest earning mortgage assets on the balance sheet at an interest rate spread such that the Agency builds the sustainability of future income. By including a variable rate component in the upcoming issuance (and using an interest rate swap to convert the payment obligation into a largely fixed payment), the Agency is able to lower its overall borrowing cost.

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):

- Series Resolution
- Preliminary Official Statement (Included in Action Item 7C)

RESOLUTION NO. MHFA 18-066

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2018 SERIES H

Adopted November 1, 2018

Table of Contents

Page

SECTION 1.
AUTHORIZATION

1.01.	General Provisions	1
1.02.	Appointment of Trustee	1

SECTION 2.
AUTHORIZATION OF SERIES H BONDS

2.01.	Purposes	1
2.02.	Single Issue	2
2.03.	Pledge.....	2
2.04.	Approval of Contract of Purchase.....	2
2.05.	Official Statement	3
2.06.	Approval of Continuing Disclosure Undertaking	3
2.07.	2018H Swap Agreement	3

SECTION 3.
DEFINITIONS AND RULES OF INTERPRETATION

3.01.	Incorporated Definitions	4
3.02.	Definitions.....	4
3.03.	Rules of Interpretation	19

SECTION 4.
SECURITIES DEPOSITORY

4.01.	General Provisions	19
4.02.	Discontinuation of Book-Entry System	20
4.03.	Transfer and Exchange	20

SECTION 5.
SERIES PROGRAM DETERMINATIONS FOR THE SERIES H BONDS

5.01.	Debt Service Reserve Requirement	20
5.02.	Insurance Reserve Requirement	21
5.03.	Requirements for 2018E-F-G-H Series Program Securities	21
5.04.	Acquisition of 2018E-F-G-H Series Program Securities	21
5.05.	[Reserved]	22
5.06.	Enforcement of 2018E-F-G-H Series Program Securities	22
5.07.	Program Expenses.....	23

Table of Contents
(continued)

	Page
5.08. Information to be Furnished.....	23
5.09. Amendments	23
SECTION 6.	
CONDITIONS PRECEDENT TO ISSUANCE	
6.01. Documents Furnished to Trustee	23
6.02. Acceptance and Certification by Trustee.....	25
6.03. Documents Required by the Purchase Contract.....	25
6.04. Certification Under Applicable Federal Tax Law	25
6.05. Delivery.....	25
SECTION 7.	
DEPOSIT OF BOND PROCEEDS AND OTHER FUNDS; INVESTMENT OBLIGATIONS	
7.01. 2018 Series E-F-G-H Accounts	25
7.02. Deposits of Funds	26
7.03. Investment Agreements	26
7.04. Bond Purchase Account.....	26
SECTION 8.	
TAX COVENANT AND RESTRICTIONS	
8.01. General Tax Covenant	27
8.02. Qualified Program Loans	28
8.03. Amendments	28
SECTION 9.	
COMPLIANCE WITH APPLICABLE FEDERAL TAX LAW	
9.01. Code Provisions	28
9.02. Mortgage Eligibility Requirements; Good Faith and Corrective Action.....	28
9.03. Residence	29
9.04. Three-Year Prior Ownership.....	29
9.05. Purchase Price	29
9.06. Income Requirements	30
9.07. Limitation of Amount	30
9.08. Placement in Targeted Areas	30
9.09. Recapture of Federal Subsidy	31

Table of Contents
(continued)

	Page
9.10. Arbitrage	31
9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2018 Series E-F-G-H Account in the Revenue Fund.....	31
9.12. New Mortgage and Assumption Requirements	31
SECTION 10.	
FORM OF SERIES H BONDS	
10.01. Form of Series H Bonds.....	32
SECTION 11.	
TERMS OF SERIES H BONDS	
11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent.....	32
11.02. Interest Rates and Effective Rates; Mode Period	33
11.03. Special Redemption	41
11.04. Optional Redemption	41
11.05. Mandatory Sinking Fund Redemption.....	43
11.06. Special Redemption of Bank Bonds	43
11.07. Manner of Redemption	43
11.08. Conversion to Fixed Interest Rate or Indexed Rate	43
11.09. Owners' Election to Tender	45
11.10. Mandatory Tender of Series H Bonds	46
11.11. Limitation Upon Defeasance of FRNs and Variable Rate Bonds.....	49
11.12. Agency Not Responsible to Bondowners for Bank's Failure to Purchase Series H Bonds	49
11.13. General Provisions Regarding Optional and Extraordinary Optional Redemptions	50
11.14. Notice of Redemption	50
11.15. Selection of Series H Bonds to Be Redeemed.....	51
11.16. Notices to Rating Agencies.....	52
SECTION 12.	
PAYMENT OF TENDERED SERIES H BONDS	
12.01. Payment of Tendered FRNs and Variable Rate Bonds.....	53
12.02. Liquidity Facility	53
12.03. Requirements for Delivery of an Alternate Liquidity Facility.....	54

Table of Contents
(continued)

Page

12.04. Self Liquidity; Non-Conforming Liquidity Facility 56

SECTION 13.

THE TENDER AGENT; THE REMARKETING AGENT; THE CALCULATION AGENT

13.01. Acceptance and Successors..... 58

13.02. General Responsibilities of Tender Agent 58

13.03. Sources of Funds for the Purchase of Tendered Bonds 59

13.04. Appointment of Remarketing Agent; Acceptance and Successors..... 61

13.05. General Responsibilities of Remarketing Agent..... 61

13.06. Remarketing and Sale of Tendered Bonds..... 62

13.07. Application of Proceeds From Sale of Tendered Bonds..... 63

13.08. Determination and Notice of Interest Rate 63

13.09. Appointment of Calculation Agent; Acceptances and Successors 63

13.10. General Responsibilities of Calculation Agent..... 64

SECTION 14.

DISCRETION OF AUTHORIZED OFFICER

14.01. Discretion of Authorized Officer 64

EXHIBIT A — FORM OF SERIES H BOND

RESOLUTION NO. MHFA 18-066

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2018 SERIES H

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 H 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, 2018 Series H,” in the aggregate principal amount to be determined pursuant to Section 2.04 of this Series H Resolution. In the event an Authorized Officer, pursuant to Section 12 of the Series EFG Resolutions and Section 14 of this Series H 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 H 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 H Resolution will set forth all appropriate revisions to the defined terms in this Series H 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 H Bonds.

2.01. Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds, including the Series H 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 H Resolution and Section 10 and 11 of the Series EFG Resolutions and the Series Program Determinations made for the Series H Bonds

in Section 5 of this Series H Resolution and Section 7 of the Series EFG Resolutions. With respect to the Series H 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 H Bonds in the amount to be determined by an Authorized Officer pursuant to Section 2.04(i) of the Series H Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of the Series H 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 H Resolution to be expended for the Program; and

(ii) the allocation, for federal income tax purposes, of sale proceeds of the Series H Bonds in the amount determined by an Authorized Officer pursuant to Section 2.04(i) of the Series H Resolution and set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution, to the refunding, on the date or dates to be determined by the Agency, of the Series H Refunded Bonds, and the deposit of certain “replacement” and sale proceeds that will become allocated to the Series H Bonds upon the refunding of the Series H Refunded Bonds, together with certain contributed funds of the Agency, into the Funds and Accounts set forth in Section 7.02 of this Series H 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 H 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 H Bonds to the Underwriter.

Any Authorized Officer is hereby authorized to approve the final terms of the Series H Bonds, subject to the following parameters:

(i) the principal amount of the Series H Bonds; provided that the principal amount of the Series H Bonds is not in excess of \$35,000,000;

(ii) the initial FRN Adjustment Factor for the FRNs, provided that such FRN Adjustment Factor does not exceed 0.75 percent;

(iii) the maturity schedule of the Series H Bonds (including any mandatory sinking fund schedule); provided that the Series H Bonds mature at

any time or times in the amount or amounts not later than 32 years from the Issue Date thereof; and

(iv) the fee or other compensation payable to the Underwriter of the Series H Bonds; provided that the fee or other compensation payable to the purchasers of the Series Bonds does not exceed 1.00 percent of the principal amount of the Series Bonds.

That approval will be conclusively evidenced by the execution of the Purchase Contract with the Underwriter 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 Underwriter will purchase the Series H 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 H Bonds, including any mandatory sinking fund provisions for the Series H Bonds, other redemption provisions and the purchase price of the Series H Bonds, will be set forth in the final Official Statement of the Agency, furnished to the Underwriter as provided in the following paragraph of this Series H Resolution, or in the Agency Certificate to be delivered pursuant to Section 6.01 of this Series H 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 Underwriter in the public offering of the Series H 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 H Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer and furnished to the Underwriter 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. 2018H Swap Agreement. An Authorized Officer is hereby authorized to enter into in the name and on behalf of the Agency the 2018H Swap Agreement in respect of the interest payments payable on all or a portion of the Series H Bonds during the term of the 2018H Swap Agreement, in substantially the form thereof available at the meeting at which this Series H 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 2018H Swap Agreement by an Authorized Officer; provided, however, that (i) the 2018H Swap Agreement will provide that the Agency must pay a fixed rate to the 2018H Swap Counterparty not exceeding 4.75 percent per annum, and the 2018H Swap Counterparty must pay a variable rate based on an index approved by the Authorized Officer, (ii) the original notional amount of the 2018H Swap Agreement will not exceed the aggregate original principal amount of the Series H Bonds, and (iii) the stated term of the 2018H Swap Agreement will not extend beyond the final stated maturity of the Series H Bonds. If the 2018H Swap Agreement is entered into by the Agency as so authorized, the Trustee is authorized and directed to pay to the 2018H Swap Counterparty, from the Revenue Fund, the amounts due from time to time pursuant to the 2018H 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 2018H Swap Agreement will be Program Expenses.

An Authorized Officer may decline to enter into the 2018H Swap Agreement, notwithstanding the authorization contained in this Section 2.07, if, in his or her judgment, following consultation with the Chair or Vice Chair, the execution and delivery of the 2018H 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 2018E-F-G-H Series Program Loans required for purposes of the Program or because the risks inherent in the 2018H 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 H Resolution will have the same meanings as set forth in the Bond Resolution.

3.02. Definitions. As used in this Series H Resolution, unless the context otherwise requires, the following terms will have the following respective meanings:

“*2018E-F-G-H Series Program Loan*” means a Pooled 2018E-F-G-H Series Program Loan.

“*2018E-F-G-H Series Program Security*” means a Program Security financed in whole or in part with amounts on deposit in the 2018 Series E-F-G-H Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2018E-F-G-H Series Program Loans less the applicable servicing fee and guaranty fee.

“*2018H 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 H Bonds, all between the Agency and the 2018H Swap Counterparty.

“*2018H Swap Counterparty*” means [_____].

“*Adjusted SIFMA Rate*” means the interest rate on FRNs determined by the Calculation Agent on each Rate Determination Date as the sum of the SIFMA Swap

Index plus the FRN Adjustment Factor applicable on that Rate Determination Date; provided that the Adjusted SIFMA Rate will not exceed the Maximum Rate. All percentages resulting from any calculation of the Adjusted SIFMA Rate will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards, and all dollar amounts used in or resulting from the calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

“*Agency Bonds*” means any tendered Series H 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 H 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:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
Aaa/AAA	150 percent
Aa/AA	200
A/A	250
Baa/BBB	350
Below Baa/BBB	400

“*Authorized Denominations*” means (i) as to FRNs, \$5,000 or integral multiples thereof, (ii) 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, (iii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, \$25,000 or integral multiples thereof, and (iv) 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 an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (ii) with respect to Self Liquidity, the Agency, together with its successors and assigns.

“*Bank Bonds*” means Series H 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 H Bonds.

“*Beneficial Owner*” means, whenever used with respect to a Series H Bond, the Person in whose name the Series H Bond is recorded as the beneficial owner of that Series H 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 2018 Series H Bond Purchase Account established pursuant to Sections 7.01 and 7.04 of this Series H 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 other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, New York are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed or (d) a day on which the principal office of the Trustee is authorized to be closed for regular business.

“*Calculation Agent*” means Wells Fargo Bank, National Association or any successor appointed by the Agency, acting as calculation agent.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series H Bonds.

“*Change to Variable Rate*” means a change to all or a portion of FRNs to Variable Rate 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 2018E-F-G-H 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 H 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 H Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 11.08 of this Series H Resolution.

“*Daily Mode Period*” means the period of time during which any of the Series H Bonds bear interest at a Daily Rate.

“*Daily Rate*” means the rate of interest to be borne by the Series H Bonds as described in Section 11.02(b) of this Series H Resolution.

“*Defaulted 2018E-F-G-H Series Program Loan*” means a 2018E-F-G-H Series Program Loan on which payments are 60 days in arrears (but not a 2018E-F-G-H Series Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

“*Delayed Remarketing Period*” means a period commencing on a FRN Mandatory Tender Date to but not including the date that all FRNs subject to that remarketing are successfully remarketed.

“*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 H Resolution, unless extended by the Agency pursuant to Section 5.04 of this Series H Resolution; provided the Delivery Period may not be extended beyond June 1, 2022.

“*DTC*” means The Depository Trust Company, of New York, New York.

“*Early Mandatory Tender Date*” means, initially, any Business Day on or after June 1, 2023, as specified by the Agency in an Agency Certificate provided pursuant to Section 6.01 of this Series H Resolution and, after a remarketing of FRNs or Variable Rate Bonds to FRNs, the date determined to be the Early Mandatory Tender Date (if any) by the Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate delivered in connection with that remarketing and any Business Day thereafter to but not including the related Final Mandatory Tender Date.

“*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 H Bonds that are Variable Rate Bonds or FRNs prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this Series H Resolution.

“*Effective Rate Date*” means each date on which any Variable Rate Bonds begin to bear interest at the applicable Effective Rate described in the Mode Period Chart and, with respect to FRNs, the Thursday following the Rate Determination Date (or the Wednesday that would have been the applicable Rate Determination Date had that Wednesday been a Business Day) and, after a Floating Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

“*Effective Rate Period*” means, with respect to any Variable Rate 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 H Bonds and, with respect to FRNs, the period from one Effective Rate Date to and including the day preceding the next Effective Rate Date.

“*Electronic Means*” means a facsimile transmission or any other electronic means of communication approved in writing by the Agency and satisfactory to the Trustee.

“*Failed Remarketing*” has the meaning set forth in Section 11.10(d) hereof.

“*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.

“*Final Mandatory Tender Date*” means, initially, a date on or between December 1, 2023 and January 1, 2024, as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution (or the date on which a related Delayed Remarketing Period ends) and, after a remarketing of FRNs or Variable Rate Bonds to FRNs, the Final Mandatory Tender Date (or the date on which a related Delayed Remarketing Period ends) determined by the Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate in connection with that remarketing.

“*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 H Bond, established in accordance with Section 11.08 of this Series H Resolution.

“*Fixed Rate Bonds*” means Series H Bonds that bear interest at a Fixed Interest Rate.

“*Floating Rate Change*” means a change to all or a portion of the Variable Rate Bonds or FRNs to bear interest at a New Floating Rate.

“*Floating Rate Change Date*” means the date on which a Floating Rate Change is effective.

“*Floating Rate Term*” means the Initial Floating Rate Term and any subsequent Floating Rate Term determined as set forth in Section 11.02(c) hereof.

“*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.

“*FRN(s)*” means Series H Bonds that bear interest at a FRN Rate.

“*FRN Adjustment Factor*” means, initially and after each FRN Mandatory Tender Date after which the Series H Bonds bear interest at a FRN Rate, the percentage interest to be added to the index selected by the Agency as provided in Section 11.02(c) hereof as determined in accordance with Section 11.02(c) hereof; the initial FRN Adjustment Factor will be set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution.

“*FRN Mandatory Tender Date*” means an Early Mandatory Tender Date, if any, or a Final Mandatory Tender Date.

“*FRN Rate*” means, with respect to any FRNs, the interest rate determined in accordance with Section 11.02(a) hereof which, prior to the initial Floating Rate Change Date, will be the Adjusted SIFMA Rate and, on and after a Floating Rate Change Date, the index specified by the Agency as specified in an Agency Certificate related to that Floating Rate Change plus the applicable FRN Adjustment Factor, if any, determined for those FRNs.

“*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 that 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 H Bonds, the interest rate index (SIFMA Swap Index or, upon receipt of written confirmation from each Rating Agency then maintaining a rating on the Series H Bonds that the rating on the Series H Bonds has not been withdrawn, reduced or suspended, Three-Month LIBOR or another index as may be mutually agreed upon by the Agency and the 2018H 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 H 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 H 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 H 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 H 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 H 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 H 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 H 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 H Resolution, the percentage of the related Index established on the Conversion Date for those Bonds in accordance with Section 11.08 of this Series H Resolution.

“*Indexed Rate*” means, with respect to any Index Accrual Period and any Series H 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 H Bonds that bear interest at an Indexed Rate.

“*Indexed Rate Determination Method*” means, with respect to any Series H 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 H Resolution.

“*Initial Floating Rate Term*” means a period commencing on the Issue Date and ending on the day before the first Final Mandatory Tender Date with respect to the Series H Bonds.

“*Interest Payment Date*” means: (a) with respect to FRNs, the first Business Day of each month, (b) with respect to Variable Rate Bonds (excluding Bank Bonds), January 1 and July 1 of each year and any day that is a Conversion Date for those Series H Bonds; (c) 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; (d) any Mandatory Tender Date and (e) 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.

“*Interest Rate Change*” means a Floating Rate Change, a Change to Variable Rate or a Conversion.

“*Interest Rate Change Date*” means a Floating Rate Change Date, a Variable Rate Change Date or a Conversion Date.

“*Issue Date*” has the meaning set forth in Section 11.01 hereof.

“*Lender*” means any of the following institutions making or holding a 2018E-F-G-H 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 H Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of this Series H Resolution, including 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 H Resolution to be covered by a Liquidity Facility.

“*Mandatory Tender Date*” means each date on which any of the Series H Bonds are subject to mandatory tender pursuant to Section 11.10 of this Series H Resolution, including without limitation any FRN Mandatory Tender Date.

“*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 FRNs, 9 percent per annum; (ii) with respect to the Series H Bonds other than FRNs, 12 percent 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 E-F-H Tax-Exempt 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 H 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 (iii) 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 (ii) or (iii) above, exceed the lesser of (x) 12 percent 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 H 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 H 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 H Bonds.

“*Mode Period Chart*” means the chart entitled “Mode Periods” as set forth in Section 11.02 of this Series H Resolution.

“*Monthly Mode Period*” means each period of time during which any of the Series H Bonds bear interest at a Monthly Rate.

“*Monthly Rate*” means the rate of interest to be borne by any of the Series H Bonds as described in Section 11.02(b) of this Series H 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 2018E-F-G-H Series Program Loan and constituting a lien on a Home.

“*Mortgagor*” means the obligor or joint obligors on a 2018E-F-G-H Series Program Loan.

“*New Floating Rate*” means a rate calculated by the Calculation Agent according to an index specified by the Agency.

“*Non-Conforming Liquidity Facility*” means a liquidity facility delivered by the Agency pursuant to Section 12.04 of this Series H Resolution.

“*Notice Parties*” means the Agency, the Remarketing Agent, the Bank, the Tender Agent, the Calculation Agent and the Trustee.

“*Participant*” means any broker-dealer, bank or other financial institution for which DTC holds Series H 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 H 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 2018E-F-G-H 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 2018E-F-G-H 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 2018E-F-G-H Series Program Loans to Freddie Mac and the servicing thereof.

“*Pooled 2018E-F-G-H 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 2018 Series E-F-G-H Acquisition Account, acquired by the Master Servicer pursuant to Section 5.04 of this Series H Resolution.

“*Purchase Contract*” means the Contract of Purchase to be entered into between the Agency and the Underwriter with respect to the Series H Bonds.

“*Purchase Date*” means any date that Series H Bonds are to be purchased pursuant to Sections 11.09 and 11.10 of this Series H Resolution.

“*Purchase Price*” means an amount equal to the principal amount of any Series H 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 H Bonds bears interest at a Quarterly Rate.

“*Quarterly Rate*” means the rate of interest to be borne by any of the Series H Bonds as described in Section 11.02(b) of this Series H 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 with respect to Variable Rate Bonds and, with respect to FRNs, the date specified in the Agency Certificate to be delivered pursuant to Section 6.01 of this Series H Resolution, and thereafter, the Wednesday immediately preceding the next Effective Rate Date (provided that if that Wednesday is not a Business Day, then the Rate Determination Date will be the next succeeding Business Day) and, after a Floating Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

“*Record Date*” means, with respect to Variable Rate Bonds and FRNs, 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 E Refunded Bonds, the Series F Refunded Bonds and the Series H Refunded Bonds, if any.

“*Regulations*” means the Income Tax Regulations promulgated under the Code and applicable to the Series H Bonds.

“*Remarketing Agent*” means the remarketing agent(s) appointed by the Agency pursuant to the Remarketing Agreement for the remarketing of the Series H Bonds.

“*Remarketing Agreement*” means a Remarketing Agreement entered into between the Agency and a Remarketing Agent in respect of the Series H Bonds.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s 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 H Resolution, other than a Non-Conforming Liquidity Facility.

“*Semiannual Mode Period*” means each period of time during which any of the Series H Bonds bear interest at a Semiannual Rate.

“*Semiannual Rate*” means the rate of interest to be borne by any of the Series H Bonds as described in Section 11.02(b) of this Series H Resolution.

“*Series Bonds*” means collectively, the Series E Bonds, the Series F Bonds, the Series G Bonds and the Series H Bonds.

“*Series E Bonds*” means the Residential Housing Finance Bonds, 2018 Series E, issued by the Agency pursuant to the Bond Resolution and the Series EFG Resolutions in an aggregate principal amount to be determined pursuant to the terms of the Series EFG Resolutions.

“*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 EFG Resolutions.

“*Series E-F-H Tax-Exempt Bonds*” means, collectively, the Series E Bonds, the Series F Bonds and the Series H Bonds.

“*Series EFG Resolutions*” means together, Resolution No. MHFA 17-039, adopted November 16, 2016, and Resolution No. MHFA 18-066, adopted November 1,

2018, each as hereafter amended and supplemented from time to time as permitted therein and in the Bond Resolution.

“*Series F Bonds*” means the Residential Housing Finance Bonds, 2018 Series F, issued by the Agency pursuant to the Bond Resolution and the Series EFG Resolutions in an aggregate principal amount to be determined pursuant to the terms of the Series EFG Resolutions.

“*Series F Refunded Bonds*” means those certain outstanding Bonds (if any) to be listed in the Agency Certificate delivered pursuant to Section 8(A) of the Series EFG Resolutions.

“*Series G Bonds*” means the Residential Housing Finance Bonds, 2018 Series G (Taxable), issued by the Agency pursuant to the Bond Resolution and the Series EFG Resolutions in an aggregate principal amount to be determined pursuant to the terms of the Series EFG Resolutions.

“*Series H Bonds*” means the Residential Housing Finance Bonds, 2018 Series H, issued by the Agency pursuant to the Bond Resolution and this Series H Resolution, in an aggregate principal amount to be determined pursuant to Section 2.04 of this Series H Resolution.

“*Series H 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 H Resolution.

“*Series H Resolution*” means this Resolution No. MHFA 18-066, adopted November 1, 2018, as hereafter amended and supplemented from time to time as permitted herein and in the Bond Resolution.

“*SIFMA*” means the Securities Industry and Financial Markets Association, its successors and assigns.

“*SIFMA Swap Index*” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg and published or made available by SIFMA or any person or entity acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Agency and effective from that date, or if that index is no longer available, “SIFMA Swap Index” will refer to the Alternate Rate, which is defined to mean, on any Rate Determination Date, the rate per annum specified in an index (the “Replacement Index”) that the Agency in consultation with its independent financial advisors and Remarketing Agent, if any, determines closely approximates an index for seven day tax-exempt variable rate demand obligations. The obligations on which the Replacement Index is based will not include any obligation the interest on which is subject to a “minimum tax” or similar tax under the Code, unless all tax-exempt obligations are subject to that tax.

“*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 will be identified by the Agency, so long as a written confirmation is received from each Rating Agency then maintaining a rating on the Series H Bonds that the rating on the Series H Bonds has not been withdrawn, reduced or suspended.

“*Tax-Exempt Series Bonds*” means the Series of Bonds that are intended to be bonds the interest on which is excludable from gross income for federal income tax purposes.

“*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 will be identified by the Agency, so long as a written confirmation is received from each Rating Agency then maintaining a rating on the Series H Bonds that the rating on the Series H Bonds has not been withdrawn, reduced or suspended.

“*Underwriter*” means RBC Capital Markets, LLC.

“*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, the SIFMA Swap 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 percent per annum.

“*Unenhanced Variable Rate Minimum Rate*” has the meaning set forth in Section 11.02(a)(ii) of this Series H Resolution.

“*Unenhanced Variable Rate Minimum Rate Determination Date*” has the meaning set forth in Section 11.02(a)(iv) of this Series H Resolution.

“*Unenhanced Variable Rate Non-Remarketed Rate*” means the rate per annum (not exceeding 12 percent per annum) equal to the product of the Applicable Percentage of the SIFMA Swap 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 Swap 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 H 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 Change Rate Date*” means the date on which a Change to Variable Rate occurs, which initially may occur only on any FRN Mandatory Tender Date.

“*Variable Rate*” means the interest rate borne by Variable Rate Bonds in accordance with Section 11.02(d) hereof.

“*Variable Rate Bonds*” means the Series H 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 H Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

“*Weekly Mode Period*” means each period of time during which any of the Series H Bonds bear interest at a Weekly Rate.

“*Weekly Rate*” means the rate of interest to be borne by any of the Series H Bonds as described in Section 11.02(b) of this Series H Resolution.

3.03. Rules of Interpretation.

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Series H Resolution, refer to this Series H 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 H 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 H 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 H Bonds will be initially issued as separately authenticated fully registered bonds, and one Series H Bond will be issued in the principal amount of each stated maturity of the Series H Bonds. Upon initial issuance, the ownership of the Series H 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 H 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 H Bonds, selecting the Series H Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series H Bonds under the Bond Resolution or this Series H Resolution, registering the transfer of Series H 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 H 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 H 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 H Bonds, with respect to any notice that is permitted or required to be given to owners of Series H Bonds under the Bond Resolution or this Series H 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 H Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series H Bonds. So long as any Series H 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 H Bond, and will give all notices with respect to the Series H 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 H 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 H Bonds, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series H Bonds in the form of certificates. In that event, the Series H Bonds will be transferable in accordance with Section 4.03. DTC may determine to discontinue providing its services with respect to the Series H 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 H 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 H 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 H 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 H Resolution. In the event Series H 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 H Bonds, or another securities depository as Owner of all the Series H Bonds, the provisions of the Bond Resolution and this Series H Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the Series H 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 H Bonds and the method of giving notice of redemption and other events.

Section 5. Series Program Determinations for the Series H 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 H Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series H Bonds as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H 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 H Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series H Bonds as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution.

5.03. Requirements for 2018E-F-G-H Series Program Securities. The Series E-F-H Tax-Exempt Bonds are intended to be Tax-Exempt Series Bonds. The sale proceeds of Series E-F-H Tax-Exempt Bonds not used to refund certain obligations of the Agency will be used to purchase Program Securities that (1) 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 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 2018E-F-G-H Series Program Loans.

5.04. Acquisition of 2018E-F-G-H 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 2018E-F-G-H Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2018 Series E-F-G-H 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 2018 Series E-F-G-H Acquisition Account to the 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H 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 2018 Series E-F-G-H Acquisition Account and allocable amounts, as reasonably determined by the Agency, held in the 2018 Series E-F-G-H Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2018 Series E-F-G-H Account in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of this Series H 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 2018 Series E-F-G-H Acquisition Account an amount equal to the amount of proceeds of the Series Bonds in the 2018 Series E-F-G-H Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2018 Series E-F-G-H Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2018 Series E-F-G-H 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 H Resolution. The Delivery Period may not be extended pursuant to this Section 5.04 beyond June 1, 2022. Notwithstanding any provision in this Section 5.04 to the contrary, the Trustee must apply amounts in the 2018 Series E-F-G-H Acquisition Account to the redemption of the Series Bonds in accordance with Section 11.03 of this Series H Resolution.

The Agency may participate each 2018E-F-G-H 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 2018E-F-G-H Series Program Security secured, but those interests need not be equal as to interest rate.

5.05. [Reserved].

5.06. Enforcement of 2018E-F-G-H Series Program Securities.

(a) The 2018E-F-G-H 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 H 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 H 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 H Bonds to reflect changes in requirements applicable to the 2018E-F-G-H Series Program Securities; 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 E-F-H Tax-Exempt 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 H Bonds by each Rating Agency.

Section 6. Conditions Precedent to Issuance.

6.01. Documents Furnished to Trustee. Prior to the delivery of the Series H 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 H Resolution.

(b) An opinion of counsel to the Agency that the Bond Resolution and this Series H 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 H Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that this Series H 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 H Bonds, and deliver them to the Underwriter 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 H 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 H 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 H 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 Series Bonds and (vii) setting forth the terms of the Series H Bonds, including the initial Final Mandatory Tender Date, the initial Early Mandatory Tender Date and any terms required to be specified as provided in Section 2.04 of this Series H Resolution, as well as the application of proceeds of the Series H 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 H Bonds.

(g) Written confirmation from each Rating Agency that issuance of the Series H 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 H Refunded Bonds and the payment or redemption dates, if any, upon which the Series H 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 H 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 Series H Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the Series H Refunded Bonds were issued, as applicable.

(j) If applicable, an Opinion of Bond Counsel to the effect that issuance of the Series H Bonds will not result in interest on the Series H 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 H 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 H 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 E-F-H Tax-Exempt 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. Prior to delivery an Authorized Officer will also cause to be furnished to the Underwriter each of the certificates, opinions and other documents required by the Purchase Contract.

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 H 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 E-F-H Tax-Exempt Bonds will be used in a manner that would not cause the Series E-F-H Tax-Exempt Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which the Series E-F-H Tax-Exempt 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 H Bonds to the Underwriter as provided in the Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriter under the Purchase Contract.

Section 7. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

7.01. 2018 Series E-F-G-H 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 2018 Series E-F-G-H Account for the purpose of recording

the proceeds of the Series Bonds and other amounts directed by this Series H Resolution and the Series EFG Resolutions to be deposited therein and the 2018E-F-G-H Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the 2018E-F-G-H 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 2018 Series H Bond Purchase Account, to be held and administrated as provided in Section 7.04.

7.02. Deposits of Funds. The proceeds of the Series H Bonds and other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the 2018 Series E-F-G-H Acquisition Account, the 2018 Series E-F-G-H Account in the Bond Fund Interest Account, the 2018 Series E-F-G-H Account in the Debt Service Reserve Fund, the 2018 Series E-F-G-H Account in the Insurance Reserve Fund, if any, and the 2018 Series E-F-G-H Cost of Issuance Account, all as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this Series H 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 H 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 H 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 H Bonds in accordance with this Series H 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 H Bonds tendered pursuant to Section 11.09 or 11.10 of this Series H 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 H 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 H Bonds, (ii) amounts received under a Liquidity Facility, and (iii) payments made directly by the Agency with respect to the purchase of Series H 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 H Bonds entitled to be paid from the Bond Purchase Account. Notwithstanding any other provision of the Bond Resolution or this Series H 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 a 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 H 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 H Bonds to be purchased on that date (including the Purchase Price of undelivered Series H 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 H Bonds, all amounts received from the Agency for the purchase of Series H Bonds and all amounts received under a Liquidity Facility must be retained by the Trustee exclusively for the benefit of the Owners of Series H 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 H 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 H 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 H Bonds to be purchased on that date (including the Purchase Price of undelivered Series H 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 H 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 any Liquidity Facility) of Series H 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 E-F-H Tax-Exempt 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 E-F-H Tax-Exempt Bonds, will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Series E-F-H Tax-Exempt 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 E-F-H Tax-Exempt 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 E-F-H Tax-Exempt 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 H Resolution will apply to each 2018E-F-G-H Series Program Loan. The Agency retains the right to impose covenants with respect to 2018E-F-G-H 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 H 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 E-F-H Tax-Exempt 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 H 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 E-F-H Tax-Exempt 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 E-F-H Tax-Exempt Bonds are set forth in Sections 9.03 through 9.12 of this Series H 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 percent 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 Pooled 2018E-F-G-H 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 percent, or 110 percent 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 H 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 H Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2018, 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 2018, including the amount carried forward from calendar years 2016 and 2017, 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 H 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 H 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 H Resolution.

9.08. Placement in Targeted Areas. To the extent the Series H 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 H 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 H 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 20 percent of the proceeds of the Series H Bonds deposited into the 2018 Series E-F-G-H 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 E-F-H Tax-Exempt 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 2018E-F-G-H Series Program Loans purchased with, or allocated to, the proceeds of the Series E-F-H Tax-Exempt Bonds may not exceed the yield of the Series E-F-H Tax-Exempt 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 E-F-H Tax-Exempt Bonds.

9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2018 Series E-F-G-H 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 2018E-F-G-H Series Program Securities are used to pay and redeem Series E-F-H Tax-Exempt 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 E-F-H Tax Exempt 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 E-F-H Tax Exempt Bonds. Notwithstanding any contrary provisions of this Section 9.11, the Agency agrees that, so long as the Series E-F-H Tax Exempt 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 H Resolution (the "Specified Bonds") remain Outstanding, the provisions of Section 143(a)(2), as existing on the date of issue of the Series E-F-H Tax Exempt 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 Underwriter pursuant to Section 2.05 of this Series H Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the portion of the 2018E-F-G-H Series Program Securities allocable to the Series E-F-H Tax Exempt Bonds.

9.12. New Mortgage and Assumption Requirements. None of the proceeds of the Series E-F-H Tax Exempt 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 E-F-H Tax Exempt 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 2018E-F-G-H Series Program Loan and Mortgage purchased in whole or in part from the proceeds of the Series E-F-H Tax Exempt Bonds will contain a clause to the effect that the 2018E-F-G-H 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 2018E-F-G-H 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 H Bonds.

10.01. Form of Series H Bonds. The Series H Bonds will be prepared 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 H Resolution. Following an Interest Rate Change for the Series H Bonds, the form of the Series H Bonds may be appropriately revised to reflect that change, to delete the provisions of the form of Series H Bonds set forth in Exhibit A hereto that are then of no further force and effect, to include a description of the New Floating Rate and Floating Rate Term or of the Variable Rate Bonds and the Mode Periods, or the Indexed Rate and Indexed Rate Bonds or the Fixed Rate and the Fixed Rate Bonds, as applicable, to reflect any Subseries designation, to reflect a Liquidity Facility or the elimination of a Liquidity Facility, to set forth the terms upon which the Series H 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 H 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 H Bonds will be the date of original delivery thereof. The Series H 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 H Resolution or as set forth in the final Official Statement of the Agency furnished to the Underwriter pursuant to Section 2.05 of this Series H Resolution, as the case may be, subject to the limitations of Section 2.04 of this Series H Resolution. Prior to a Conversion Date, the Series H Bonds will be issued as fully registered Bonds without coupons in Authorized Denominations.

The Series H Bonds will be dated and bear interest from the date of delivery thereof. Subject to Section 11.02(a), interest on the Series H 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 H Bond will be made to any Owner of \$1,000,000 or more in aggregate principal amount of Series H 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 H 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 H 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 H 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 H Bond, attesting that it is delivered pursuant to the Bond Resolution and this Series H Resolution, and will be delivered to the Underwriter upon compliance with the conditions set forth in Section 6 of this Series H Resolution.

The Trustee is hereby appointed as Tender Agent for the Series H 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 H Resolution.

11.02. Interest Rates and Effective Rates; Mode Period.

(a) Interest Rates and Effective Rates. The Series H Bonds will initially bear interest at the applicable FRN Rate. Unless the interest rate is Converted or a Floating Rate Change or Change to Variable Rate has occurred, the Series H Bonds or any portion thereof will bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Calculation Agent or the Remarketing Agent, as applicable; provided that the initial Effective Rate will be specified in the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution at the time of the delivery of the Series H Bonds.

The Series H 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 H Resolution, whether at maturity, upon redemption or otherwise. Interest accrued on the FRNs and the Variable Rate 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 H 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 H 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 H Bond is in default, any Series H Bond issued in exchange for or upon the registration of transfer of that Series H Bond will bear interest from the date to which interest has been paid in full on the Series H Bond or, if no interest has been paid on that Series H Bond, the Issue Date. Each Series H 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 H Bond on the date on which the principal, premium or interest came due and payable. No interest will accrue on Agency Bonds.

(i) *FRN Rate.*

The FRN Rate will be determined by the Calculation Agent on each Rate Determination Date. The FRN Rate will accrue from the Effective Rate Date through and including the day preceding the next Effective Rate Date. The Calculation Agent must give notice of the FRN Rate to the Agency and the Trustee no later than 5:00 p.m., New York City time, on the Rate Determination Date. Failure by the Calculation Agent to give notice as provided herein, or defect in any that notice, will not affect the interest rate borne by the FRNs or the rights of the Holders thereof.

The determination by the Calculation Agent of the FRN Rate to be borne by the FRNs, absent manifest error, will be conclusive and binding on the Holders of the FRNs, the Agency, the Remarketing Agent, the Tender Agent and the Trustee.

During a Delayed Remarketing Period, FRNs will bear interest at the Maximum Rate.

(ii) *Variable Rate.*

Prior to Conversion and upon a change to Variable Rate, the Series H 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:

(A) During each Mode Period, the Effective Rate with respect to any of the Series H Bonds will be the rate that (1) 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 percent of the principal amount thereof and (2) is less than or equal to the Maximum Rate.

(B) In determining the Effective Rate and the Unenhanced Variable Rate Minimum Rate, the Remarketing Agent must take into account, to the extent applicable, (1) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (i) with interest rate adjustment periods and demand purchase options substantially identical to the Variable Rate Bonds, (ii) bearing interest at a variable rate intended to maintain par value, and (iii) rated by a national credit rating agency in the same category as the Variable Rate Bonds; (2) 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 Swap Index, indices maintained by *The Bond Buyer* and other publicly available tax-exempt interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and the Variable Rate Bonds.

(C) The determination by the Remarketing Agent in accordance with this Section 11.02(a)(ii) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with the related 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.

(D) 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 (1) in the case of the Liquidity Facility Bonds, the SIFMA Swap Index plus 0.25 percent, and in the case of the Unenhanced Variable Rate Bonds, the SIFMA Swap Index plus 0.50 percent or (2) the Maximum Rate.

(E) 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.

(F) 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.

(b) From time to time, by notice to the Notice Parties and as required hereunder, the Agency may, at its option on any FRN Mandatory Tender Date (or with respect to Variable Rate Bonds, any Business Day), effect an Interest Rate Change, designate a new Mode Period with respect to all or any portion of the Variable Rate Bonds, cause Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, or 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 percent 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.

If (i) a Floating Rate Change is effected, the Series H Bonds subject to that Floating Rate Change will bear interest as provided in Section 11.02(a) hereof, (ii) a Change to Variable Rate is effected, the Series H Bonds subject to that Change to Variable Rate will bear interest as provided in Section 11.02(d) hereof, and (iii) if a Conversion to Fixed Interest Rate Bonds or Index Bonds is effected, the Series H Bonds subject to that Conversion will bear interest as provided in Section 11.08(d) hereof.

(c) If the Series H Bonds are FRNs or Variable Rate Bonds, the Agency, at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Interest Rate Change with respect to the Series H Bonds subject to that Interest Rate Change will not adversely affect the exclusion of interest on the Series H Bonds from gross income for federal income tax purposes (provided that, if the Agency determines to effect an Interest Rate Change with respect to the Series H Bonds to bear interest that is taxable for federal income tax purposes to the owners thereof, no opinion will be required) and a Rating Confirmation, may effect an Interest Rate Change on any Business Day with respect to Variable Rate Bonds, and on any FRN Mandatory Tender Date with respect to FRNs, with respect to any portion or all of the Series H Bonds on an Interest Rate Change Date selected by the Agency upon a written notice to the other Notice Parties that the Agency will cause an Interest Rate Change on the Interest Rate Change Date set forth in that written notice, which Interest Rate Change Date may not occur sooner than 20 days after the date of that notice. The notice will specify whether that Interest Rate Change will be a Floating Rate Change, a Change to Variable Rate, or a

Conversion to a Fixed Interest Rate or an Index Rate, and the information required to be contained in the notice of the Trustee required pursuant to the next succeeding paragraph of this subsection.

Prior to the Interest Rate Change Date, the Trustee must deliver a notice to the Holders of the Series H Bonds subject to the Interest Rate Change and to each of the Rating Services, not less than 15 days prior to the Interest Rate Change Date, setting forth the following information:

- (i) that the interest rate on the Series H Bonds will be changed to a FRN Rate, a Variable Rate, a Fixed Interest Rate or an Indexed Rate, as applicable;
- (ii) the proposed Interest Rate Change Date;
- (iii) if the Interest Rate Change is (A) a Floating Rate Change, the proposed index, Early Mandatory Tender Date (if any) and Final Mandatory Tender Date, (B) a Change to Variable Rate, the Mode into which the Series H Bonds will be converted, (C) a Conversion to Index Bonds, the Index Rate Determination Method as provided in Section 11.02(d) hereof;
- (iv) that the Series H Bonds will be subject to mandatory tender (subject to Section 11.10(d) hereof) on the Interest Rate Change Date; and
- (v) that the Agency may elect to cancel the Interest Rate Change, notice of which must be given to Bondholders at least seven calendar days prior to the proposed Interest Rate Change Date.

If the Agency elects not to proceed with the Interest Rate Change, the Agency will give notice of the cancellation of the Interest Rate Change to the Notice Parties at least nine calendar days prior to the proposed Floating Rate Change Date and, thereafter, the Trustee will give notice to each Holder of the Series H Bonds of that cancellation of the proposed Interest Rate Change at least seven calendar days prior to the proposed Interest Rate Change Date for which the foregoing notice was given.

Upon any Interest Rate Change, the Series H Bonds to be so changed will be subject to mandatory tender in accordance with this Section and Section 11.10 hereof, and the Holders thereof will be notified of the Interest Rate Change as provided herein. No Series H Bonds to be subject to that Interest Rate Change may be remarketed by the Remarketing Agent subsequent to the date of notice of that Interest Rate Change except to purchasers who agree to accept the New Floating Rate, the Variable Rate, the Fixed Interest Rate or the Indexed Rate, to which the interest rate on the Series H Bonds is being changed. The Remarketing Agent will determine (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, which in each case, would result as nearly as practicable in the market value of the Series H Bonds on that Interest Rate Change Date being 100 percent of the

principal amount thereof. The determination by the Remarketing Agent of the (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, in accordance with this Section 11.02(c) will be conclusive and binding on the Holders of the Series H Bonds and the other Notice Parties.

Unless and until all conditions for the Interest Rate Change for any Series H Bonds are satisfied, those Bonds will bear interest at the Effective Rate in effect prior to that Interest Rate Change Date.

The Remarketing Agent will notify by Electronic Means the Notice Parties of the FRN Adjustment Factor, the initial Variable Rate, the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, on or prior to the Interest Rate Change Date. Any Series H Bonds tendered but not subject to an Interest Rate Change will continue to bear interest in the same manner as interest on the Series H Bonds bore interest immediately prior to the applicable Interest Rate Change Date. During a Delayed Remarketing Period, the Agency may designate to the Notice Parties a New Floating Rate, Variable Rate Mode, Fixed Interest Rates or Index Rates, upon 5 days' notice.

If the Series H Bonds are changed to Liquidity Facility Bonds, on or prior to the Variable Rate Change Date, the Agency must enter into a Liquidity Facility with respect to those Liquidity Facility Bonds meeting the requirements of this Series H Resolution.

Any Series H Bonds that are subject to a Change to Variable Rate will bear interest determined in the Mode in which the Series H Bonds are changed. The Remarketing Agent will determine the interest rates on those Series H Bonds as provided in Section 11.02(d) hereof.

(d) Mode Period. While the Series H Bonds bear interest at a Variable Rate, the Agency may designate an alternate Mode Period with respect to any Series H 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 H 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 H Bonds are simultaneously Outstanding as FRNs and Variable Rate Bonds or in more than one Mode Period, then the Trustee will (i) set up subaccounts in the Series H Bond Purchase Account relating to the FRNs and Variable Rate Bonds or those respective Mode Periods (those subaccounts in the Series H Bond Purchase Account are not required when all Series H Bonds are Outstanding as FRNs or Variable Rate Bonds 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 H 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 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 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 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 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 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 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 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

(e) On any Interest Rate Change Date, all Series H Bonds subject to Interest Rate Change on that Interest Rate Change Date will automatically, upon the Interest Rate Change, bear a sub designation. For example, the first Series H Bonds so Converted will be redesignated “Series D-1” and the second Series H Bonds so Converted will be redesignated “Series D-2.” The redesignations will be consecutively numbered and will continue in like manner until all Outstanding Series H 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.

11.03. Special Redemption.

(a) Non-Origination. The Series H Bonds are subject to special redemption at the option of the Agency, 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 2018 Series E-F-G-H Acquisition Account, and from allocable amounts, as reasonably determined by the Agency, held in the 2018 Series E-F-G-H 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 H Resolution.

(b) Excess Revenues. The Series H Bonds are subject to special redemption at the option of the Agency, in whole or in part, and, if in part, pro rata among the Outstanding Series H 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, to the extent set forth in (i) the Agency Certificate delivered pursuant to Section 6.01 of this Series H Resolution and (ii) in any Agency Certificate delivered in connection with a New Floating Rate on a Floating Rate Change Date or on an Interest Rate Change Date. “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) The Series H Bonds bearing interest at a FRN Rate are subject to redemption prior to their stated 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 (i) any date set forth for optional redemption of the FRNs in an Agency Certificate delivered pursuant to (A) Section 6.01 hereof or (B) in connection with an Interest Rate Change pursuant to

Section 11.02(c), (ii) any Business Day which is a FRN Mandatory Tender Date and (iii) on any Business Day during any Delayed Remarketing Period at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date.

(b) The Series H Bonds bearing interest at a Variable Rate 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 percent of the principal amount thereof plus accrued interest, if any, to the redemption date, without premium.

(c) Any Series H 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 H Bond called for redemption) plus accrued interest to the date fixed for redemption:

<u>Term to Maturity</u>	<u>No-Call Period</u>	<u>Redemption Price</u>
15 years or more	9 years from the Conversion Date	100 percent
More than five years but less than 15 years	50 percent of the term from the Conversion Date to maturity plus two years	100 percent
Five years or less	Term to maturity	Not subject to optional redemption

At or prior to the Conversion of any Series H 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 H 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 H Bonds would otherwise be entitled.

(d) 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 percent of the principal amount thereof, together with interest accrued to the date of redemption.

(e) To the extent the Agency determines to redeem the Series H 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 H Bonds.

11.05. Mandatory Sinking Fund Redemption. The Series H 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 Underwriter pursuant to Section 2.05 of this Series H Resolution or in the Agency Certificate to be delivered pursuant to Section 6.01 of this Series H Resolution, as the case may be; provided, however, that all outstanding Bank Bonds must be redeemed before any other Series H 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 H 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. If less than all the FRNs are called for redemption, the FRNs will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) and FRN Rates in the manner as the Trustee deems fair.

Upon redemption of any of the Series H Bonds (other than through mandatory sinking fund installments or redemption of Bank Bonds), subject to the above paragraph, the principal amounts of the Series H 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 H Resolution, including a certification that the purchase or redemption of those Series H 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 H 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 H 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 H Bonds will not adversely affect the exclusion of interest on the Series E-F-H Tax-Exempt Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the Series H 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 H 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 H 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 H Bonds, the Trustee must deliver a notice to the Owners of the Series H Bonds to be Converted and to each Rating Agency currently rating the Series H Bonds, not less than 30 days prior to the Conversion Date, setting forth the following information:

(i) that the interest rate on those Series H Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;

(ii) the proposed Conversion Date;

(iii) that those Series H 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 H 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 H 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 H 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 H 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 H 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 H Bonds on the Conversion Date being 100 percent of the principal amount thereof and (ii) in the case of a Conversion of Series H 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 H Bonds on the Conversion Date being 100 percent 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 H Bonds in accordance with this Section 11.08 is conclusive and binding on the Owners of the Series H Bonds and the other Notice Parties, except as otherwise provided herein. The Series H 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 H Bonds are satisfied, those Bonds will bear interest at the Effective Rate.

(f) Upon making an election to Convert Series H 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 H Bonds to an Indexed Rate, the Indexed Rate Determination Method so selected for those Series H Bonds will be irrevocable. Nothing herein limits the Agency from Converting different groups of Series H Bonds to Indexed Rates at different times or from choosing different Indexed Rate Determination Methods for different groups of Series H Bonds.

(i) Index Bonds may bear interest during each Index Accrual Period at the SIFMA Swap 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 Swap 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.

(a) Prior to any Conversion, Owners of Liquidity Facility Bonds (other than Bank Bonds and Series H Bonds owned by or on behalf of the Agency) may elect to tender their Series H 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 H 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.

(b) 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 percent 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 H Bonds.

(a) (i) Subject to Section 11.10(d) hereof, the FRNs are subject to mandatory tender for purchase (with no right to retain) (i) on each Final Mandatory Tender Date, (ii) on any Early Mandatory Tender Date specified by the Agency, and (iii) on each Interest Rate Change Date, at the Purchase Price, subject to the conditions described herein.

(ii) The Agency may establish one or more Early Mandatory Tender Dates on which all or a portion of the FRNs, unless earlier redeemed, are subject to mandatory tender for purchase (with no right to retain) at a price equal to the Purchase Price.

(iii) If only a portion of such FRNs will be subject to mandatory tender on such Early Mandatory Tender Date, the FRNs that will and will not be subject to mandatory tender on such date will be selected by lot; provided that so long as the book-entry system remains in effect for the FRNs, the particular Series H Bonds of such subseries to be purchased by lot or such other manner as DTC shall determine.

(iv) Holders of FRNs that will be subject to mandatory tender for purchase on an Early Mandatory Tender Date will receive notice of the mandatory tender as described in subsection 11.10(c).

(v) Subseries of FRNs may be created on an FRN Mandatory Tender Date; Series H Bonds will be revised pursuant to Section 10.01 of this Series H Resolution to reflect any such Subseries.

(vi) Any FRN that is subject to mandatory tender on an FRN Mandatory Tender Date may be redeemed without notice on such date.

(b) The Variable Rate Bonds (other than Bank Bonds and Series H Bonds owned by or on behalf of the Agency) 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 that 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.

(c) In connection with any mandatory tender of Variable Rate Bonds or FRNs 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, subject to the provisions of Section 11.10(d) hereof with respect to all FRNs, that all Owners subject to the mandatory tender will be deemed to have tendered their Variable Rate Bonds or FRNs upon that date. So long as all of the Series H 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 H Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the Series H 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 H Bonds at least 15 days prior to that date.

(d) On each FRN Mandatory Tender Date, the Remarketing Agent will use its best efforts as described herein to sell those FRNs at the Purchase Price subject to the terms of a Remarketing Agreement. On or before 3:00 p.m., New York City time, on each FRN Mandatory Tender Date, if moneys sufficient to pay the purchase price of all FRNs subject to mandatory tender on that date will be held by the Tender Agent, the Tender Agent will purchase all those FRNs from the Holders at the Purchase Price. In the event that remarketing proceeds and any funds made available by the Agency, in its sole discretion, as provided in Section 11.10(l) hereof, for those purposes are insufficient to pay the Purchase Price of all FRNs subject to mandatory tender on that FRN Mandatory Tender Date (a “Failed Remarketing”), no FRNs will be purchased, the Holders do not have the right to have those FRNs purchased upon tender, any tendered FRNs will be returned to the Holders thereof, the Tender Agent will return remarketing proceeds to the Remarketing Agent for return to the persons providing those moneys, and those FRNs will remain in the applicable Floating Rate Term and will bear interest at the Maximum Rate during the Delayed Remarketing Period. On each Business Day during a Delayed Remarketing Period, the Remarketing Agent will continue to use its best efforts to remarket the FRNs at the New Floating Rate, a Variable Rate, Fixed Interest Rates or an Index Rate as designated by the Agency as provided herein. Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all the FRNs on a particular date, the Trustee, at the direction of the Agency, will give notice to the registered owners of those FRNs not later than five Business Days prior to that date, stating (i) that those FRNs will be subject to mandatory tender for purchase on that date, (ii) the procedures for mandatory tender, (iii) the Purchase Price, and (iv) the consequences of a Failed Remarketing.

(e) 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.

(f) 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.

(g) Any FRNs not tendered and, if the Book-Entry System is not in effect, delivered, with all necessary endorsements for transfer and signature guarantees, to the Tender Agent at or prior to its 2:30 p.m., New York City time, on its FRN Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price are “deemed tendered” for purposes of this Series H Resolution and will cease to accrue interest on that FRN Mandatory Tender Date; that Untendered Bond will cease to be Outstanding under the General Bond Resolution; and the Owner of that Untendered Bond will no longer be entitled to any payment or other benefits under the General Bond Resolution and this Series H Resolution, except payment of the Purchase Price therefor from money and only from that money, held by the Tender Agent for that purpose upon presentation to the Tender Agent (with appropriate instrument of transfer) at its principal office at or prior to 3:00 p.m., New York City time, on any Business Day after the Mandatory Tender Date. If the Book-Entry System is not then in effect, Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution and this Series H Resolution.

(h) 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 H Resolution, at a price equal to 100 percent 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.

(i) 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 H Resolution at a price equal to 100 percent 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.

(j) 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.

(k) 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.

(l) The Agency may, but shall not be obligated to, transfer immediately available funds of the Agency to the Tender Agent for the payment of the Purchase Price of Series H Bonds required to be tendered on a Mandatory Tender Date.

11.11. Limitation Upon Defeasance of FRNs and Variable Rate Bonds. Notwithstanding the provisions of the Bond Resolution relating to the defeasance of Bonds, the defeasance of Series H Bonds that are FRNs or Variable Rate Bonds will be conditioned upon receipt by the Trustee of written evidence from each Rating Agency currently rating the Series H Bonds that its rating then in effect on the Series H Bonds will not be reduced or withdrawn due to the defeasance. Additionally, in the event of any partial defeasance of any of the FRNs or Variable Rate Bonds, separate accounts will be established by the Trustee for the defeased FRNs or 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 H 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 H 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 Swap Index plus 1.25 percent 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 H Bonds outstanding must be made in a manner that all Series H Bonds outstanding after the redemption are in Authorized Denominations.

(b) Notwithstanding any contrary provisions of the Bond Resolution, Series H 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 H Bonds of each Mode (and if Series H Bonds within a Mode bear interest at differing rates, the principal amount of Series H 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 H 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 H Bonds to purchase Series H Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any Series H 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 H Bonds to be redeemed must be given by Immediate Notice, with respect to Series H Bonds bearing interest at an FRN Rate or 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 H 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 H 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, (i) any FRNs may be redeemed on any Final Mandatory Tender Date without notice and (ii) for any FRNs to be redeemed during a Delayed Remarketing Period pursuant to Section 11.10(d), the Trustee must give notice to the registered owners of those FRNs not later than five Business Days prior to the date of redemption; any notice of redemption given pursuant to Section 11.10(d) must state (A) that those FRNs will be subject to mandatory tender for purchase and redemption on that date, (B) the procedures for mandatory tender, and (C) the Purchase Price.

(c) 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.

(d) Failure to give notice in the manner prescribed hereunder with respect to any Series H Bond, or any defect in the notice, will not affect the validity of the proceedings for redemption for any Series H 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 H Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series H Bonds thus called will not after the applicable redemption date bear interest, be protected by the Bond Resolution or this Series H Resolution or be deemed to be outstanding under the provisions of the Bond Resolution or this Series H Resolution.

(e) If any Series H Bond is transferred or exchanged on the Bond Register by the Trustee after notice has been given calling that Series H Bond for redemption, the Trustee will attach a copy of the notice to the Series H Bond issued in connection with the transfer or exchange.

(f) 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 H Bonds, will control.

11.15. Selection of Series H Bonds to Be Redeemed. If less than all the FRNs are called for redemption, the FRNs will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for

redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) and FRN Rates in the manner as the Trustee deems fair.

If less than all the Series H Bonds (other than FRNs) are called for redemption under any provision of this Series H Resolution permitting a partial redemption, those Series H Bonds will be selected in accordance with an Officer's Certificate specifying Series H 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 H Bonds of the same Mode and interest rate. In selecting Series H Bonds (other than FRNs) for redemption, the Trustee will treat each Series H Bond as representing that number of Series H Bonds that is obtained by dividing the principal amount of that Series H 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 H Bond (other than an FRN) 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 H Bond must forthwith surrender that Series H 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 H Bond or Series H Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the Series H Bond. New Series H Bonds representing the unredeemed balance of the principal amount of that Series H 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 H 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 H Resolution or the Bond Resolution, the Trustee must provide Immediate Notice to each of the Rating Agencies then rating the Series H 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 H Bonds, (v) the acceleration of the Series H Bonds, (vi) any amendments to the provisions of this Series H Resolution, and (vii) the resignation or removal of the Trustee. Any notices sent to S&P pursuant to the terms of this Series H Resolution should be sent by email to pubfin_structured@spglobal.com; any notices sent to Moody's pursuant to this Series H Resolution should be sent by email to david.parsons@moodys.com.

Section 12. Payment of Tendered Series H Bonds.

12.01. Payment of Tendered FRNs and Variable Rate Bonds. FRNs and Variable Rate Bonds that are tendered or deemed tendered under the terms of this Series H Resolution must be purchased by the Tender Agent, as appropriate, upon surrender of those FRNs or 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 of FRNs must be derived from the proceeds of the remarketing of those Series H Bonds on an Early Mandatory Tender Date, a Final Mandatory Tender Date or any Business Day during a Delayed Remarketing Period, and, in the event remarketing proceeds are insufficient for the payment of that Purchase Price, payments made directly by the Agency at its option pursuant to Section 11.10(e) with respect to the purchase or redemption of the Series H Bonds.

Funds for the payment of the Purchase Price of Variable Rate Bonds 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 H Resolution;

(b) moneys furnished to the Tender Agent pursuant to Section 13.03 of this Series H 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 H Bonds.

12.02. Liquidity Facility.

(a) The Agency covenants to provide a Liquidity Facility upon the expiration or termination of a Liquidity Facility or the replacement of the Bank so long as any Series H Bonds are Liquidity Facility Bonds. The Tender Agent will be authorized and directed to execute the Liquidity Facility, if any, pursuant to the direction of an Authorized Officer. 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 H 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 H 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 H Bonds pursuant to this Section 12.02(b) will be done in accordance with the terms of Section 11.10, provided, however, that the notice requirements for that mandatory tender will 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 H Bonds that are Liquidity Facility Bonds that those Series H 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 H 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 H Bonds that the Series H 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 H 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 H 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 H 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 H 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 percent 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 that mandatory tender of the Series H Bonds will be given to Owners of the Series H Bonds pursuant to Section 11.10 of this Series H 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 H 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 H Bonds with the benefits thereof;

(ii) letters from each Rating Agency then rating the Series H Bonds evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will result in the short-term ratings of the Series H 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 H Bonds to be so rated, the letters from each Rating Agency then rating the Series H 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 H 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 H 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 H Resolution, the Agency may elect to provide liquidity support for purchases of Series H 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 H 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 H 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 percent 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 that mandatory tender of the Series H Bonds will be given to Owners of the Series H Bonds pursuant to Section 11.10 of this Series H 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 H 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 H 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 H 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 H Bonds, the prior written consent of the Bank; and

(vii) if required to make the terms of this Series H Resolution consistent with the terms of the Liquidity Facility, a Series Resolution amending this Series H Resolution.

Section 13. The Tender Agent; The Remarketing Agent; The Calculation 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 H 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 H 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 H 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 H Resolution.

13.02. General Responsibilities of Tender Agent.

(a) Prior to the Conversion of any Series H Bond, the Tender Agent must perform the duties and obligations set forth in this Series H 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 H 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 H 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 may 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 H Resolution.

(c) The Tender Agent may deal in Series H 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 H Bond Resolution from funds transferred to it or directed by it for payment pursuant to this Series H 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 H 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 H 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 percent 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 percent 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 H Bonds except that the Series H Bonds purchased by the Bank will bear interest at the Bank Interest Rate and may not be tendered while those Series H Bonds remain Bank Bonds.

13.04. Appointment of Remarketing Agent; Acceptance and Successors.

(a) The Agency will appoint a Remarketing Agent with respect to the Series H Bonds prior to the first FRN Mandatory Tender Date. The Remarketing Agent will signify its acceptance of the duties and obligations imposed on it hereunder by duly executing and delivering a Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Series H 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 H 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 H 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 H Bond Resolution, and in particular must:

(i) solicit purchases of Series H Bonds from investors able to purchase municipal bonds, effectuate and process those purchases, bill and receive payment for Series H Bonds purchased, and perform related functions in connection with the remarketing of Series H 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 H 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 that sale will not adversely affect the exclusion of interest on the Series E-F-H Tax-Exempt 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 H 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 H 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 FRN Mandatory Tender Date or during any Delayed Remarketing Period, the Remarketing Agent will use its best efforts to sell all those FRNs to be tendered as set forth in Section 11.10(d) hereof.

(b) On any Purchase Date, the Remarketing Agent must offer for sale and use its best efforts to sell all Series H Bonds tendered or deemed tendered at a price equal to the principal amount thereof plus accrued interest. The Series H 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 H Bonds that have been sold; of the aggregate principal amount of Series H 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 H 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.

(c) The Remarketing Agent must suspend its remarketing efforts with respect to the Series H 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 H Bonds tendered hereunder and (iii) if the Bank breaches its obligation to purchase Series H Bonds tendered not remarketed. The Remarketing Agent may also suspend its remarketing efforts in certain circumstances as described in the Remarketing Agreement.

(d) Unless the Bank has notified the Remarketing Agent and the Agency that it has elected to hold Series H Bonds at the Effective Rate and those Series H 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 H Bonds that are held by the Bank pursuant to the Liquidity Facility at a price equal to the principal amount thereof. The Series H 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 H 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 H Bonds; provided, however, if the Remarketing Agent has given notice of resignation pursuant to Section 13.04(b) of this Series H 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 H Bonds to the Tender Agent by 11:00 a.m., New York City time, on the Purchase Date of those Series H Bonds. Transfers of ownership interests in the Series H 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 H 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.

13.09. Appointment of Calculation Agent; Acceptances and Successors.

(a) The Agency hereby appoints Wells Fargo Bank, National Association as Calculation Agent with respect to the Series H Bonds.

(b) The Calculation Agent may at any time resign and be discharged of the duties and obligations created by this Series H Resolution by giving at least 60 days' written notice to the other Notice Parties, except that that resignation will not take effect until the appointment of a successor Calculation Agent hereunder. The Calculation Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties, except that that removal will not take effect until the appointment of a successor Calculation Agent hereunder.

(c) If the position of Calculation Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Calculation Agent, the Agency must appoint a successor Calculation 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 Calculation Agent.

13.10. General Responsibilities of Calculation Agent. The Calculation Agent will determine the Adjusted SIFMA Rate on each Rate Determination Date in accordance with this Series H Resolution.

Section 14. Discretion of Authorized Officer.

14.01. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this Series H 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 H 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 H Bonds following the award thereof), then the Series H Bonds will not be issued or sold in accordance with this Series H Resolution.

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Adopted by the Minnesota Housing
Finance Agency this 1st day of
November, 2018.

By: _____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 18-066]

EHXIBIT A

[Form of Series H Bond]

No. _____

\$ _____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, 2018 SERIES H

<u>Rate</u> (Prior to an Interest Rate Change Date)	<u>Early FRN</u> <u>Mandatory</u> <u>Tender Date</u>	<u>Final FRN</u> <u>Mandatory</u> <u>Tender Date</u>	<u>Maturity Date</u>	<u>Date of Original</u> <u>Issue</u>	<u>CUSIP</u>
FRN Rate				_____, 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 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 H Resolution (as defined herein), and, prior to any Interest Rate Change Date other than a Floating Rate Change Date, payable on the first Business Day of each month, commencing _____, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined), with respect to FRNs and 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 an Interest Rate Change, the Series H Bonds will bear interest at the FRN Rate subject to and in accordance with the Series H Resolution (hereinafter defined). After an Interest Rate Change Date, the Series H Bonds will bear interest at a New Floating Rate, or a Variable Rate (the "Variable Rate"), or a fixed interest rate (the "Fixed Interest Rate") or an indexed rate (the "Indexed Rate"), as applicable, subject to and in accordance with the Series H Resolution described herein

until the Agency's obligation with respect to the payment of that principal amount is discharged. Thereafter, interest will be payable as provided in the Series H Resolution. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series H 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 H 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 H Resolution. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series H 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 H 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 H Resolution hereinafter described.*

This Series H Bond is one of a duly authorized Series of Residential Housing Finance Bonds, 2018 Series H, in the original principal amount of \$_____ (the "Series H 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 H 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 1, 2018 (the "Series H 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 H Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series H Bonds, and the terms upon which the Series H Bonds are issued, delivered and secured. The Series H Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, 2018 Series E, 2018 Series F and 2018 Series G.

Prior to an Interest Rate Change Date other than a Floating Rate Change Date, the Series H Bonds will be issued as fully registered Bonds without coupons in the denominations of \$5,000 or integral multiples thereof. From and after an Interest Rate Change Date other than a Floating Rate Change Date, the Series H Bonds will be issuable as fully registered bonds in denominations as authorized pursuant to the Series H Resolution.

Prior to an Interest Rate Change other than a Floating Rate Change Date, the Series H 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 FRN Mandatory Tender Date or any Business Day during any Delayed Remarketing Period, at a

redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

All Series H Bonds are subject to: (i) special redemption at any time on or after [_____, 1, 2023], at a price of par plus accrued interest, without premium, from unexpended proceeds of the Series H Bonds not used to purchase Program Securities by [_____, ____], or refund the Series H Refunded Bonds, if any, and from allocable amounts, if any, held in the 2018 Series E-F-G-H Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund and (ii) special redemption on or after [_____, ____] (or any later date determined in connection with a Floating Rate Change Date) 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 H Bonds, other than through the application of sinking fund installments, the maturities and amounts of the Series H Bonds to be redeemed, and the amounts by which particular sinking fund installments will be reduced in consequence of the redemption of Series H Bonds, will be selected by the Agency in a manner pursuant to the Series H Resolution and as 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 that redemption.

Notice of any redemption of Series H Bonds on any date other than a FRN Mandatory Tender Date will be given by 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 H Bond, not less than 20 days before the redemption date; notice of redemption is not required for any FRN redeemed on a FRN Mandatory Tender Date. Notice having been given, the Series H Bonds or portions of Series H 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 H 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 H Bond not affected by that defect or failure.

The Series H Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) on any FRN Mandatory Tender Date, on any Business Day during a Delayed Remarketing Period and, after an Interest Rate Change, on each Interest Rate Change Date (each a “Mandatory Tender Date”), at the Purchase Price, subject to the conditions described in the Series H Resolution. 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; provided, however, for any mandatory tender for purchase during any Delayed

Remarketing Period, an FRN shall only be subject to mandatory tender upon five Business Days' notice. So long as all of the Series H Bonds are registered in the name of Cede & Co., as nominee for DTC, the notice of tender will be delivered to DTC or its nominee as registered owner of the Series H Bonds.

FRNs 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 FRNs subject to purchase on an FRN Mandatory Tender Date, the Owners thereof do not have the right to have those FRNs purchased upon tender. Any FRN that is subject to a FRN Mandatory Tender Date that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with the Series H Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, on the date scheduled for that purchase, whether the inability is because of market conditions or otherwise, will bear interest at the Maximum Rate and be subject to mandatory tender for purchase upon 5 Business Days' notice as described in the Series H Resolution. The Remarketing Agent will continue to use its best efforts each Business Day to remarket that FRN in accordance with the Series H Resolution at a price equal to 100 percent of the principal amount thereof, plus accrued interest.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively, with the Series H 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 H 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 H 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 H Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series H 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 H 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 H 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 H Bonds, dated the date of original issuance and delivery of the Series H Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series H 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 H 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 H Bond of the same aggregate principal amount, maturity, interest rate and terms as the surrendered Series H 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 H Bond, so long as this Series H 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 H Bond, and will give all notices with respect to this Series H 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 H Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series H 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 H 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 H Bond will not be entitled to any benefit under the Bond and Series H Resolution or be valid or obligatory for any purpose.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this Series H Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____, 2018

Trustee's Certificate

MINNESOTA HOUSING FINANCE AGENCY

This is one of the Series H Bonds delivered pursuant to the Bond Resolution and Series H Resolution mentioned within.

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

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 H Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Series H 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:

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Item: Post-Sale Report, State Appropriation Bonds (Housing Infrastructure) 2018 Series ABCD

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

The Agency sold \$25,295,000 of State Appropriation (Housing Infrastructure) Bonds, 2018 Series ABCD on September 11, 2018 with a closing on September 25, 2018. In accordance with the Debt and Balance Sheet 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

Via Email Delivery

MEMORANDUM

Date: September 25, 2018

To: Minnesota Housing Finance Agency

From: Gene Slater, Eric Olson

Re: Post-Sale Report
\$25,295,000 State Appropriation Bonds (Housing Infrastructure)
2018 Series ABCD

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. Minnesota Housing issued the \$25,295,000 2018 Series ABCD State Appropriation Bonds to fund loans to six multifamily housing developments with a total of 331 units and to fund loans to one or more Community Land Trusts. Bond proceeds were also used to cover the costs of issuance.

The Housing Infrastructure Loans are expected to be 0% interest, non-amortizing, nonrecourse deferred loans that may also be forgivable if the conditions for use are met. The loans do 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, Minnesota Housing 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.

Post-Sale: MHFA \$25,295,000 State Appropriation Bonds (Housing Infrastructure), 2018ABCD

September 25, 2018

Page 3 of 8

Seventh Housing Infrastructure Financing. The 2018 Series ABCD issue is the seventh financing under this indenture. All of the financings 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
<u>\$12,690,000</u>	2017 Series A
\$129,980,000	Total prior series
<u>\$25,295,000</u>	2018 Series A/B/C/D
\$155,275,000	Total to date

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.

KEY FEATURES OF THE BONDS

Limited Obligations of Minnesota Housing. The bonds are not secured or guaranteed by Minnesota Housing and are payable solely from the State Appropriations. The bonds are now listed as liabilities on Minnesota Housing's financial statements.

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. Due to this possible non-appropriation risk, the bonds are therefore rated slightly below the state General Obligation bonds (which are rated AAA by Fitch, Aa1 by Moody's, and AAA by Standard & Poor's).

Ratings. The bonds are rated Aa2 by Moody's and AA+ by Standard & Poor's.

Multiple Series. The issue was divided into four series – A, B, C, and D – to facilitate distinctions between statutory authorization years of the state appropriations and between exempt facility bonds and governmental purpose bonds. Series A, B, and D are exempt facility bonds; \$1,130,000 Series A utilizes the remaining 2014 authorization, \$4,980,000 Series B utilizes the remaining 2015 authorization, and \$10,375,000 Series D utilizes a portion of 2017 authorization. \$8,810,000 Series C are governmental purpose bonds utilizing a portion of 2017 authorization.

Facilitating Access to Low Income Housing Tax Credits. The Series A, B, and D bonds are private activity bonds using volume cap. As such, bond proceeds can help the developments 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 a variety of serial maturities and term maturities among the four series. For the smaller two series – \$1,130,000 Series A and \$4,980,000 Series B – term bonds at 5, 10, 15, 19, and 20 years were used, as a way to focus the attention of investors given the relatively small par amounts. In contrast, the larger \$8,810,000 Series C and \$10,375,000 Series D were structured with serial maturities only, 2019-2030 for Series C and 2030-2040 for Series D.

Original Issue Discounts and Premiums: The bonds were structured with original issue discounts on some maturities and premiums on other maturities to appeal to the widest possible range of different investors, helping maximize investor demand. Overall, there was a net reoffering premium of approximately \$1.37 million.

UNDERWRITING

RBC Capital Markets served as senior managing underwriter, with J.P. Morgan, Piper Jaffray & Co., and Wells Fargo Securities as co-managers.

The day prior to the sale, RBC shared pricing views from themselves and their co-managers with Minnesota Housing and CSG, along with their consensus proposed scale and a draft pricing wire. CSG also independently provided Minnesota Housing with draft pricing comparables (see final version attached). To maximize the attractiveness of the bonds to a broad range of investors, RBC proposed maturities with different coupons ranging from 2.375% to 5% and with some priced at a discount and others at a premium. On a conference call representatives of Minnesota Housing, Minnesota Management and Budget, CSG, and RBC discussed market conditions, the proposed structure and pricing levels, and the pricing schedule and steps for the following day.

The bonds were sold on Tuesday, September 11th, with a single order period lasting 90 minutes and with priority for Minnesota retail. During the pricing period, approximately \$44.4 million of orders were received, representing an overall oversubscription factor of roughly 1.76 times. All maturities except one (2021) received orders, with maturities in 2027-2038 having subscription levels ranging from 1.8x to 3x with the exception of 2033 at 1.39x. RBC lowered yields by one basis point on the 2029-2032 and 2037 maturities and by two basis points on the 2034-2036 maturities, and raised the yield by half a basis point on the 2023 maturity. The final all-in true interest cost of the overall issue was 3.65%.

Minnesota retail received first priority (for individuals only and with a maximum order size of \$250,000). Approximately \$4.09 million of retail orders were received, with \$2.27 million from RBC, \$0.38 million from Wells Fargo, and \$1.45 million from selling group members Morgan Stanley and UBS.

The total underwriter's discount was \$175,209 or approximately 0.693% of the \$25,295,000 bond par amount. Takedowns were \$3.75 for the 2019-2028 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.

Post-Sale: MHFA \$25,295,000 State Appropriation Bonds (Housing Infrastructure), 2018ABCD

September 25, 2018

Page 5 of 8

MARKET CONDITIONS

Treasuries. Over the week leading up to the sale of the bonds, U.S. Treasury yields trended upward, with the 30-year up 2 basis points to 3.09% and the 10-year up 4 basis points to 2.94%. On pricing day, yields on both the 30-year and the 10-year rose 4 basis points, to 3.13% and 2.98%, respectively.

Municipals. Similar to treasuries, municipal rates trended upward in the week prior to the bond sale, especially in the longer maturities. 30-year MMD increased 7 basis points to 3.10%, while 10-year MMD increased 3 basis points to 2.49%. On the pricing day, MMD was increased 1 basis point for maturities from 2019 to 2022, 2 basis points for maturities from 2023 to 2026, and 3 basis points from 2027 to 2048, with the 30-year ending at 3.13% and the 10-year ending at 2.52%.

COMPARABLES

Attached is a listing of recent comparable bond pricings. The first page includes the State of Minnesota transactions priced the month prior to the sale of Minnesota Housing's 2018 Series ABCD as well as the similar Minnesota Housing and State issues from 2017. The second page shows two other G.O. bond comparables from recent months, and the final page shows other prior Minnesota Housing State Appropriation Bond issues from 2014-2016.

The comps show a wide variety of spreads to the interpolated MMD curve for particular maturities, with Minnesota Housing's spreads generally higher than those on the State transactions. This is due in part to the different credits, where Minnesota Housing's 2018 Series ABCD 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 Minnesota Housing's prior State Appropriation Bond financings, the spreads to MMD on 2018 Series ABCD were generally a little higher than those achieved last year. But direct comparisons are difficult given different coupons and premium/discount structures on individual maturities.

PRICING COMPARABLES: 2018 2017 MHFA HIB and MN G.O., Other Recent G.O. Issues, 2014-16 MHFA HIB

Pricing Date	9/11/18	8/7/18	8/7/18	10/12/17	9/27/17	9/27/17
Amount	\$25,295,000	\$397,720,000	\$206,000,000	\$12,690,000	\$312,295,000	\$114,000,000
Issuer	Minnesota HFA	State of Minnesota	State of Minnesota	Minnesota HFA	State of Minnesota	State of Minnesota
Series	2018 Series ABCD (Housing Infra)	G.O. Various Purpose, 2018A	G.O. Trunk Highway, 2018B	2017 Series A (Housing Infra)	G.O. Various Purpose, 2017A	G.O. Trunk Highway, 2017B
Program	Appropriations / Negotiated	GO / Competitive	GO / Competitive	Appropriations / Negotiated	GO / Competitive	GO / Competitive
Rating(s)	Aa2 / AA+ / -	Aa1 / AAA / AAA	Aa1 / AAA / AAA	Aa2 / AA / -	Aa1 / AA+ / AAA	Aa1 / AA+ / AAA
Maturity						
Year ('18 pricings)						
0						
1	C:5.00	5.000	4.000	2.000	5.000	5.000
2	C:5.00	5.000	5.000	3.000	5.000	5.000
3	C:5.00	5.000	5.000	4.000	5.000	5.000
4	C:5.00	5.000	5.000	4.000	5.000	5.000
5	A,B,C:2.375	5.000	5.000	4.000	5.000	5.000
6	C:5.00	5.000	5.000	5.000	5.000	5.000
7	C:5.00	5.000	5.000	5.000	5.000	5.000
8	C:5.00	5.000	5.000	5.000	5.000	5.000
9	C:5.00	5.000	5.000	5.000	5.000	5.000
10	A,B,C:3.00	5.000	5.000	5.000	5.000	5.000
11	C:5.00	5.000	4.000	4.000	5.000	5.000
12	C,D:5.00	5.000	3.000	4.000	5.000	2.250
13	D:5.00	5.000	4.000	4.000	5.000	3.000
14	D:5.00	5.000	4.000	4.000	5.000	3.000
15	B:3.50/D:5.00	5.000	3.375	3.000	5.000	3.000
16	D:4.00	5.000	3.500	4.000	5.000	3.000
17	D:4.00	5.000	4.000	4.000	5.000	3.000
18	D:4.00	5.000	3.250	4.000	5.000	3.000
19	A:3.75/D:4.00	5.000	4.000	3.250	5.000	3.000
20	B:3.875/D:4.00	5.000	4.000	3.250	5.000	3.000
21	D:4.00	5.000	3.500	3.250	5.000	3.125
22	D:4.00	5.000	3.500	3.250	5.000	3.125
Notes	Par A: \$1,130,000; B: \$5,015,000; C: \$8,745,000; D: \$10,195,000			* Yields to first optional call		
Maturity Dates	8/1	8/1	8/1	8/1	10/1	10/1
Call Provisions	8/1/28 at par	8/1/28 at par	8/1/28 at par	8/1/27 at par	10/1/27 at par	10/1/27 at par
Mkt Index	BBI / RBI 3.98% / 4.49%	BBI / RBI 3.95% / 4.45%	BBI / RBI 3.95% / 4.45%	RBI 3.61% / 3.82%	BBI / RBI 3.60% / 3.81%	BBI / RBI 3.60% / 3.81%
Sr Manager	RBC Capital Markets	Citigroup	Morgan Stanley	RBC Capital Markets	Citigroup	Wells Fargo

PRICING COMPARABLES: 2018 2017 MHFA HIB and MN G.O., Other Recent G.O. Issues, 2014-16 MHFA HIB

Pricing Date		6/26/18	6/25/18		
Amount	Issuer	Amount	Issuer	Coupon	Yield to iMMMD
Series	Program	Series	Program	Coupon	Yield to iMMMD
Rating(s)		Rating(s)			
0	2018				
1	2019				
2	2020	5.000	1.68	5.000	1.75
3	2021	5.000	1.82	5.000	1.90
4	2022	5.000	1.95	5.000	2.00
5	2023	5.000	2.07	5.000	2.15
6	2024	5.000	2.20	5.000	2.30
7	2025	5.000	2.31	5.000	2.41
8	2026	5.000	2.40	5.000	2.50
9	2027	5.000	2.47	5.000	2.58
10	2028	5.000	2.55	5.000	2.65
11	2029	5.000	2.59	5.000	2.80
12	2030	5.000	2.63	5.000	3.00
13	2031	5.000	2.65	5.000	3.10
14	2032	5.000	2.69	5.000	3.20
15	2033	5.000	2.74	5.000	3.25
16	2034	5.000	2.78	5.000	3.30
17	2035	5.000	2.82	5.000	3.12
18	2036	5.000	2.85	5.000	3.15
19	2037	5.000	2.87	5.000	3.16%
20	2038	5.000	2.89	5.000	3.19
21	2039			5.000	3.500
22	2040				
Notes					

PRICING COMPARABLES: 2018 2017 MHFA HIB and MN G.O., Other Recent G.O. Issues, 2014-16 MHFA HIB

Pricing Date	8/16/16				9/1/15				2/18/15				2/6/14				
	Amount	Issuer	Series	Program	Rating(s)	Coupon	Yield	Spread to IMMID	Coupon	Yield	Spread to IMMID	Coupon	Yield	Spread to IMMID	Coupon	Yield	Spread to MMD
	\$16,905,000	Minnesota HFA	2016 Series ABC (Housing Infr)	2015 Series C (Housing Infr)	Aa2 / AA / -	3,000 / 2,000	0.61	+15	2,000	0.34	+12	2,000	0.13	+5	3,000	0.33	+10
			Appropriations / Negotiated	Appropriations / Negotiated		3,000 / 2,000	0.72	+20	3,000	0.72	+13	3,000	0.34	+11	3,000	0.51	+14
						3,000 / 2,000	0.85	+25	4,000	1.04	+18	4,000	0.67	+17	4,000	0.82	+21
						3,000 / 2,000	1.02	+30	4,000	1.34	+21	4,000	1.01	+22	4,000	1.22	+25
						3,000 / 2,000	1.20	+35	5,000	1.58	+25	4,000	1.26	+27	4,000	1.56	+30
						3,000 / 2,000	1.42	+40	5,000	1.88	+27	5,000	1.53	+29	2,000	2.02	+35
						3,000 / 2,000	1.58	+44	5,000	2.12	+32	5,000	1.74	+31	2,375	2.39	+41
						3,000 / 2,000	1.70 / 1.72	+47 / +49	5,000	2.28	+33	2,150	2.18	+33	4,000	2.74	+47
						3,000 / 2,000	1.81 / 1.86	+49 / +54	5,000	2.42	+35	2,300	2.34	+34	2,900	2.95	+50
						3,000 / 2,000	1.95* / 2.00	+54 / +59	5,000	2.54*	+36	5,000	2.50*	+38	3,125	3.13	+54
						4,000 / 2,000	2.05* / 2.15	+54 / +64	4,000	2.93*	+63	5,000	2.64*	+41	3,250	3.25	+53
						4,000 / 2,250	2.20* / 2.33	+61 / +74	4,000	3.07*	+68	5,000	2.75*	+42	5,000	3.45*	+61
						4,000 / 2,375	2.32* / 2.45	+66 / +79	4,000	3.16*	+67	3,000	3.15	+72	3,500	3.65	+69
						4,000 / 2,500	2.40* / 2.56	+68 / +84	4,000	3.25*	+68	5,000	2.88*	+41	3,625	3.75	+70
						4,000 / 2,625	2.49* / 2.67	+71 / +89	3,250	3.48	+83	5,000	2.93*	+41	3,750	3.84	+70
						4,000 / 2,750	2.54* / 2.77	+71 / +94	3,375	3.56	+83	5,000	2.97*	+40	3,750	3.93	+70
						4,000 / 2,750	2.59* / 2.875	+71 / +100	5,000	3.19*	+41	5,000	3.02*	+41	4,000	4.00	+68
						4,000	2.64*	+71	5,000	3.24*	+41	5,000	3.06*	+41	4,000	4.05	+65
						4,000	2.69*	+71	5,000	3.28*	+41	5,000	3.09*	+40	4,000	4.10	+62
						3,000	3.01	+99	5,000	3.31*	+41	5,000	3.13*	+40	4,750	4.08*	+55
						3,000	3.03	+99	5,000	3.35*	+41	5,000	3.13*	+40	5,000	4.08*	+50
						3,000	3.04	+98	5,000	3.38*	+41						
Notes	* Yields to first optional call; "y" indicates Series A/C with different coupons																
Maturity Dates	8/1																
Call Provisions	8/1/25 at par																
Mkt Index	BBI / RBI 2.85% / 3.06%																
Sr-Manager	RBG-Capital Markets																
	* Yields to first optional call																
	8/1																
	8/1/23 at par																
	BBI / RBI 4.46% / 5.32%																
	RBG-Capital Markets																

Item: Report of Complaints and Inquiries Received by Agency or Chief Risk Officer

Staff Contact(s):

Barb Sporlein, 651.296.3125, barb.sporlein@state.mn.us

Mike Thone, 651.296.9813, mike.thone@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

Agency management and the Chief Risk Officer have developed procedures for the receipt, retention and treatment of complaints received by the Agency or the Chief Risk Officer regarding conflict of interest, misuse of funds and fraud that have been submitted by any person external or internal to the Agency.

This is a quarterly update from the Chief Risk Officer regarding complaints of potential conflict of interest, alleged misuse of funds and alleged fraud that have been reported to the Agency or the Chief Risk Officer. The last report was made July 26, 2018.

The next quarterly report will be delivered at the January 2019 board meeting.

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):

Complaints and Inquiries Received by Agency or Chief Risk Officer

Complaints and Inquiries Received by Agency or Chief Risk Officer

This report informs the Board of reports made to the Agency regarding allegations of conflict of interest, misuse of funds, or fraud. The summary includes number of reports received, the current status, and the resolution, if applicable.

Events Occurring During the Period (July 1, 2018 – September 30, 2018)

- Misuse of funds case investigations opened: 0
- Misuse of funds case investigations resolved: 2
- Fraud/embezzlement case investigations opened: 1 (previously reported in-process Misuse of Funds investigation was reclassified to a Fraud/embezzlement investigation)
- Fraud/embezzlement case investigations resolved: 1
- Funds recovered: \$53,990

Historical Record (since 2014)

- Investigations opened: 46
- Case investigations resolved: 44
- Unresolved case investigations currently in process: 2
- Total funds recovered: \$818,137

Complaints & Inquiries Received by Agency or Chief Risk Officer							
Year Resolved:	2014	2015	2016	2017	2018	In Process	Grand Total
Complaint or Inquiry Type & Resolution							
Conflict of Interest							
Insufficient Evidence				1			1
Issue Cured		1					1
Issue Resolved		2					2
Seller Indemnification		5					5
Seller Repurchase		2					2
No Resolution – Investigation In Process							0
Sub-Total: Conflict of Interest	0	10	0	1	0	0	11
Fraud / Embezzlement							
Insufficient Evidence	1						1
No Resolution – Investigation In Process						1	1
Seller Repurchase	2						2
Referred to MN AG Office					1		1
Sub-Total: Fraud / Embezzlement	3	0	0	0	1	1	5
Misuse of Funds							
Entry of Judgment	1						1
Funds Returned to Agency	1	1	1	1	2		6
Insufficient Evidence			2	1			3
Issue Cured	1	2		1			4
Issue Resolved			1		1		2
Negotiated Settlement	2	3					5
None - Affordability Period Expired		3					3
None – Nonviable Counterparty			1				1
No Resolution – Investigation In Process						1	1
Revenue Recapture		3		1			4
Sub-Total: Misuse of Funds	5	12	5	4	3	1	30
Grand Total: All Complaints & Inquiries	8	22	5	5	4	2	46