Updated 7/25/19 to include 7G Series Resolution

MINNESOTA HOUSING

MEETINGS SCHEDULED FOR JULY

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

THURSDAY, JULY 25, 2019

Regular Board Meeting
1:00 p.m.

Lake Superior Conference Room- Fourth Floor

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, July 25, 2019.

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

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

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MINNESOTA HOUSING

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AGENDA
Minnesota Housing Board Meeting
Thursday July 25, 2019
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of June 20, 2019
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**
6. **Consent Agenda**
   A. (page 7) Deferred Payment Loan (DPL) Program Increase
   B. (page 9) Commitment, Low and Moderate Income Rental Loan (LMIR), Flexible Financing for Capital Costs Loan (FFCC) and Low and Moderate Income Rental Bridge Loan (LMIRBL); and Modification, Economic Development and Housing Challenge Loan (EDHC)
      - West Birch Estates, D2391, Princeton
   C. (page 25) Commitment, Low and Moderate Income Rental Loan (LMIR)
      - Harvestview Place II, D8128, Rochester
   D. (page 37) Funding Modification, Publicly Owned Housing Program (POHP), Homestead Green - Homestead Terrace, Olmstead County, D8053
   E. (page 41) Approval, Grant Extension and Funding Modification, Housing Opportunities for Persons with AIDS (HOPWA)
      - JustUs Health, D3621
   F. (page 45) Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) and Flexible Financing for Capital Costs Loan (FFCC)
      - Many Rivers East, D3597, Minneapolis
   G. (page 57) Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR)
      - Boulder Ridge Townhomes, D2575, Shakopee
   H. (page 67) Approval, Modification of Housing Infrastructure Bond (HIB) Funding
      - Cahill Place Apartments, D8098, Inver Grove Heights
7. **Action Items**
   A. (page 71) Approval, Enhanced Financial Homeownership Capacity Program Selections
   B. (page 79) Approval, Selection and Commitment, Housing Trust Fund (HTF) Rental Assistance Program Funds
   C. (page 87) Approval, Selection and Commitment, Housing Infrastructure Bond (HIB) Funding

- RD Portfolio various, various

D. (page 105) Approval, Request for Waivers to Minnesota Housing's 2019 Qualified Allocation Plan Private Activity Bond Limitation
   - Conifer II, D8115, Bemidji

E. (page 109) Approval to Release for Public Comment, Proposed State of Minnesota Housing Tax Credit 2021 Qualified Allocation Plan (QAP) and the 2021 Housing Tax Credit Program Procedural Manual

F. (page 313) Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds (RHFB)

G. (page 443) Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency variable rate Residential Housing Finance Bonds (RHFB)

H. (page 445) Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Rental Housing Bonds, 2019 Series C, for a multifamily development in Princeton, Minnesota (West Birch)

I. (page 525) Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency State Appropriation Bonds (Housing infrastructure)

8. Discussion Items

A. (page 583) Minnesota Housing Administrative Budget, State Fiscal Year 2020

9. Information Items

A. (page 587) Post-sale report, Housing Finance Bonds, 2019 Series E

10. Other Business

None.

11. Adjournment

DRAFT Minutes
Minnesota Housing Board Meeting
Thursday June 20, 2019
1:00 p.m.

1. **Call to Order.**
   Chair 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: Julie Blaha, Terri Thao, Stephanie Klinzing, John DeCramer, and Craig Klausing. Joe Johnson via conference call.
   Minnesota Housing Staff present: Ryan Baumtrog, Kevin Carpenter, Jimena Dake, Jessica Deegan, Matthew Dieveney, Rachel Franco, Brian Haefner, Anne Heitlinger, Jennifer Ho, Kasey Kier, Debbi Larson, Song Lee, James Lehnhoff, Nira Ly, Tom O'Hern, John Patterson, Devon Pohlman, Paula Rindels, Cheryl Rivinius, Rachel Robinson, Megan Ryan, Dani Salus, Joel Salzer, Terry Schwartz, Anne Smetak, Kim Stuart, Susan Thompson, Mike Thone, and Kristy Zack.
   Others present: Ramona Advani, Office of the Minnesota State Auditor; Andy Birkey, Minnesota Housing Partnership; Jean Lee, APAHC, CHI,RRFC; Melanie Lien, Piper Jaffray; Anne Mavity, Minnesota Housing Partnership; Rhonda Skoby, Dorsey
3. **Agenda Review**
   None.
4. **Approval of Minutes**
   A. **Regular Meeting of May 23, 2019**
   Motion: Julie Blaha moved to approve the May 23, 2019 minutes. Seconded by Craig Klausing. Roll call was taken. Motion carries 6-0.
5. **Reports**
   A. **Chair**
   None.
   B. **Commissioner**
   Commissioner Ho shared the following with the board:
   - Sent recommendations to the Governor's office for the open board seat (metro). Will know soon. Turning efforts to fill Joe Johnson's seat on the board.
   - If board members have any suggestions for the board content and or substance, please let Jennifer know.
   - 77 proposals received for the Multifamily RFP
   - 41 proposals received for the Single Family RFP
   - Posted a position for an Assistant Commissioner to Prevent and End Homelessness
   - Posting a Deputy General Counsel position
   - Internal changes continue
   - Federal Housing Forum with Senator Tina Smith on June 21
   - Community Engagement sessions taking place in local and greater Minnesota
   - Attended Minnesota Indian Affairs Council Meeting and had two tribal consultations
   - Continue to work on ending homelessness, the numbers are increasing
   - Invited to participate in the Cruz- Guzman mediation proceedings
   - Update on Olmstead work
   - Met with the Minnesota Mortgage Association

   New Employee Introductions:
   - Joel Salzer introduced Tracy Wetzel, Grant Program and Payment Coordinator, Multifamily.
   - Anne Heitlinger introduced Jimena Dake, Underwriter, Multifamily.

DRAFT

- Danielle Salus introduced Cheryl Rivinius, Loan Processor, Multifamily.

C. **Committee**

None.

6. Consent Agenda

A. Grant Contract Modification, Impact Fund Award, Urban Homeworks, Inc.

Motion: Craig Klausing moved to approve the Consent Agenda Item. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0.

7. Action Items

A. **Approval, Tribal Consultation Policy**

Rachel Robinson and Ryan Baumtrog presented to the board a request for approval of a proposed update to the Agency's Tribal Consultation Policy. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers. Stephanie Klinzing inquired if the Tribal Relations Training could be an option for Board Members to attend. Board Secretary Rachel Franco indicated she would follow up with board members regarding the upcoming training sessions. **Motion:** Stephanie Klinzing moved Approval, Tribal Consultation Policy. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0.

B. **Approval of Amended 2020 Qualified Allocation Plan**

Tom O'Hern presented to the board a request for the amended 2020 QAP to incorporate statutory language related to 4% federal low income housing tax credits. Chair DeCramer opened up the discussion. There were no questions from the board. **Motion:** Craig Klausing moved Approval of Amended 2020 Qualified Allocation Plan. Seconded by Joe Johnson. Roll call was taken. Motion carries 6-0.

8. Discussion Items

A. **2019 Legislative Update**

Ryan Baumtrog provided the board with an update of the 2019 Legislative Session.

B. **Serving Communities Most Impacted**

John Patterson reviewed a presentation on serving people and communities most impacted by housing instability.

9. Information Items

A. **Post-sale report for HFB 2019 Series CD**

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 2:42 p.m.

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John DeCramer, Chair

DRAFT

Board Agenda Item: 6.A
Date: 7/25/2019

Item: Deferred Payment Loan (DPL) Program Increase

Staff Contact(s):
Krissi Hoffmann 651.297.3121, krissi.hoffmann@state.mn.us
Laura Bolstad, 651.296.6346, laura.bolstad@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
To support strong first mortgage production, an increase in funding is needed for the Deferred Payment Loan Program.

Fiscal Impact:
The Agency earns income from our homeownership programs, earning a spread by financing the acquisition of the mortgage-backed securities through the issuance of bonds. The DPL Program supports Start Up first mortgage production, is funded out of Pool 3, and the loans are non-amortizing and carry a 0% interest rate. Loan repayment is due upon home sale or refinance. Increasing the funding available for this program will support ongoing first mortgage production, which builds future sustainability of the Agency's financial condition.

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

Attachment(s):
- Background
- Request Details

Background

DPL's are interest-free, deferred loans available to eligible first-time homebuyers using the Start Up program.

Borrowers served by DPL and DPL+ in the current program year

	Average Income	Households of Color/ Hispanic Ethnicity
DPL	$ 51,700	31%
DPL+	$ 54,000	65%

Increasing the amount available for the program will help approximately 240 additional first-time homebuyer households purchase a home.

Request Details

We request a $2 million increase in the funding amount for DPL for this annual period.

Program	**Current Amount**	**Funding Increase**	**Total**
DPL	$ 22,000,000	$ 2,000,000	$ 24,000,000

Board Agenda Item: 6.B
Date: 7/25/2019

Item: Commitment, Low and Moderate Income Rental Loan (LMIR), Flexible Financing for Capital Costs Loan (FFCC) and Low and Moderate Income Rental Bridge Loan (LMIRBL); and

Modification, Economic Development and Housing Challenge Loan (EDHC)
- West Birch Estates, D2391, Princeton, MN

Staff Contact(s):
Paul Marzynski, 651.296.3797, paul.marzynski@state.mn.us

Request Type:
☒ Approval
☒ Motion
☒ Resolution
☐ No Action Needed
☐ Discussion
☐ 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 issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $1,636,000, a Low and Moderate Income Rental Bridge Loan (LMIRBL) program commitment not to exceed $2,955,000 and a deferred funding commitment in the amount of $100,000 under the Flexible Financing for Capital Costs (FFCC) program.

Agency staff also requests the adoption of another resolution authorizing a modification to increase the loan amount of the Economic Housing Development Housing Challenge (EDHC) program loan up to $2,437,808.

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 LMIRBL, and both the bridge loan and the end loan will generate additional fee income. The EDHC loan will be funded from state appropriations and will not have any fiscal impact on the Agency's financial condition.

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

Attachment(s):
- Background
- Development Summary
- Resolution
- Resolution Attachment

Background:

The Minnesota Housing Finance Agency (Minnesota Housing) board, at its October 17, 2017, meeting, approved this development for processing under the Low and Moderate Income Rental (LMIR) program, the Low and Moderate Income Rental Bridge Loan (LMIRBL) program and the Flexible Financing for Capital Costs (FFCC) programs. At this same meeting, the board approved a commitment for financing under the Economic Housing Development Housing Challenge (EDHC) program. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Total Development Cost	$ 5,075,505	$ 6,013,055	$ 937,550
Gross Construction Cost	$ 3,424,800	$ 4,208,405	$ 783,605
Agency Sources:			
LMIR	$ 1,716,000	$ 1,636,000	($ 80,000)
FFCC	$ 100,000	$ 100,000	$0
EDHC	$ 1,777,808	$ 2,437,808	$ 660,000
Total Agency Permanent Sources	$ 3,593,808	$ 4,173,808	$ 580,000
Agency Sources (Bridge Loan):			
LMIR BL	$ 2,490,000	$ 2,955,000	$ 465,000
Other Non-Agency Sources:			
Housing Syndication Proceeds	$ 1,246,393	$ 1,525,571	$ 279,178
Sales Tax Rebate	$ 89,435	$ 89,435	$0
Energy Rebates	$ 23,460	$ 14,800	($ 8,660)
GP Note	$ 42,409	$ 42,409	$0
Deferred Developer Fee	$ 80,000	$ 167,032	$ 87,032

GROSS RENTS	SELECTION		COMMITMENT		VARIANCE	
Unit Type	**# of DU**	**Rent**	**# of DU**	Rent	**# of DU**	**Rent**
1BR Apt	4	$ 698	4	$ 698	0	$0
2BR Apt	4	$ 838	4	$ 838	0	$0
3BR Apt	6	$ 968	6	$ 968	0	$0
4BR Apt	2	$ 1,080	2	$ 1,080	0	$0
2BR TH	14	$ 793	14	$ 793	0	$0
2BR TH HOME	2	$ 735	2	$ 735	0	$0
3BR TH HOME	6	$ 911	4	$ 911	0	$0
3BR TH	2	$ 911	4	$ 911	0	$0
Total Number of Units	**40**		**40**		**0**	

NOTE: Apt = apartment unit; TH = townhouse unit; HOME = HOME program unit

Factors Contributing to Variances:
Project costs increased since selection in part due to an overall increase in construction costs, in general, and with a recent clarification of wage requirements under the EDHC program, construction workers at the project are to be paid at applicable state prevailing wage. These factors increased the construction

budget. The developer was able to reduce some of the cost increase through value-engineering the design of the new construction building. Some of the increase has been offset from additional tax credit equity proceeds generated by the increased tax credit basis and by the tax credit investor agreeing to pay a higher price for the tax credits. Most of the remaining cost increase will be addressed by an increase to the amount of the EDHC loan. The proposed EDHC loan modification increases the EDHC loan commitment from $1,777,808 to $2,437,808, or 37 percent.

Other Significant Events since Board Selection:
None.

DEVELOPMENT SUMMARY

				D#:	2391
Name:	West Birch Estates			App#:	M17670
Address:	504 13th Avenue North				
City:	Princeton	County:	Mille Lacs	Region:	Central

MORTGAGOR:

Ownership Entity: West Birch Estates of Princeton Limited Partnership

General Partner/Principals: West Birch Estates, LLC, whose managing member is Central Minnesota Housing Partnership, Inc.

DEVELOPMENT TEAM:

General Contractor: Lumber One, Avon Inc., Avon
Architect: Blumentals/Architecture, Inc., Minneapolis
Attorney: Rinke Noonan, St. Cloud
Management Company: Central Minnesota Housing Partnership, Inc., St. Cloud, MN
Service Provider: N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$1,636,000 LMIR First Mortgage
Funding Source: Housing Invest Fund (Pool 2)
Interest Rate: 5.00%
MIP Rate: 0.125%
Term (Years): 35
Amortization (Years): 35

$2,955,000 LMIR Bridge Loan
Funding Source: Tax Exempt Future Bond Sale
Interest Rate: 3.00% (estimate)
Term (Months): 18 (approximately)

$100,000 Flexible Financing Cap Costs
Funding Source: Hsg Affordability Fund (Pool 3)
Interest Rate: 0.00%
Term (Years): 35

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
1BR Apt	4	800	$ 698	$ 735	$ 29,400
2BR Apt	4	1,000	$ 838	$ 882	$ 35,280
3BR Apt	6	1,100	$ 968	$ 1,019	$ 40,760
4BR Apt	2	1,100	$ 1,080	$ 1,137	$ 45,480
2BR TH	14	1,044	$ 793	$ 882	$ 35,280
2BR TH HOME	2	1,044	$ 735	$ 735	$ 29,400
3BR TH HOME	6	1,252	$ 911	$ 1,019	$ 40,760
3BR TH	2	1,252	$ 911	$ 1,019	$ 40,760
TOTAL	**40**				

NOTES: *Under the LMIR and Housing Tax Credit programs, rents for 39 units are affordable to households at 60 percent of the Multifamily Tax Subsidy Project (MTSP) income levels, with incomes allowed up to 60% of MTSP. One employee occupied unit will not be restricted.

Purpose:
West Birch Estates is located in Princeton, MN. The development is requesting funding for the renovation of the existing 24 townhouses and for the construction of a new 16-unit apartment building on the site. The walk-up, two-story, 16-unit apartment building will consist of one, two, three, and four-bedroom units. The five townhouse buildings consist of two and three-bedroom units with attached garages. Townhouse renovations will include new furnaces, installation of central air, window replacement, unit upgrades and parking lot repairs. When completed, the development will bring 40 housing tax credit (HTC) units to Princeton, addressing a local need of a short supply of affordable housing.

The development meets the Planned Community Development strategic priority.

Population Served:
The development will serve families with children, including single heads of households with children as well as individuals and families of color. Thirty-two households will have rent and incomes levels equal or less than 60% of MTSP. Two townhouse households will have rent and incomes levels equal to the LOW HOME level, or approximately the 50% MTSP level, and eight townhouse households will have rent and incomes levels equal to the HIGH HOME level, or approximately the 60% MTSP level.

Project Feasibility:
The project is feasible as proposed. Minnesota Housing will issue short-term, tax-exempt bonds to qualify the development for an annual 4% tax credit allocation of approximately $175,445.

The proposal will provide 40 units of new and renovated housing that is affordable to the local workforce near jobs and services. Development permanent financing includes an amortizing LMIR mortgage of $1,636,000, $100,000 in FFCC funds, and $2,437,808 in EDHC funds. This financing will be leveraged with $1,525,571 of tax credit equity. The development cash flows at the proposed rent levels and is consistent with program underwriting guidelines.

A total development cost of $150,326 per unit is below the predictive model estimate of $185,226 per unit.

Development Team Capacity:
Central Minnesota Housing Partnership, Inc. has an established history of bringing development proposals to completion in a timely manner. The developer has utilized Agency first mortgages, deferred loans, and tax credits with proven success. The Agency has had a positive experience with Central Minnesota Housing Partnership's ability to manage its properties.

Physical and Technical Review:
The architect firm is Blumentals/Architecture, Inc. The contractor is Lumber One, Avon Inc. The contractor and the architect have the capacity to manage this project and have successfully designed and completed similar type projects in design and size to West Birch.

Market Feasibility:
Princeton is located in Mille Lacs County in central Minnesota and is a top growth community for workforce housing. This development is positioned in an economically integrated location close to low to

moderate wage jobs. The Woods Consulting Group market study states that 347 additional rental units will be needed in Mille Lacs County by 2025, of which 90, or 26 percent, will need to be affordable. However, only 90 to 120 housing units are either proposed, planned or under construction, and most are being targeted for the senior population. Therefore, the forecasted demand for affordable housing will still greatly exceed the available supply over the near future.

DEVELOPMENT COST SUMMARY (estimated):	**Total**		**Per Unit**
Total Development Cost	$ 6,013,055		$ 150,326
Acquisition or Refinance Cost	$ 465,239		$ 11,631
Gross Construction Cost	$ 4,208,405		$ 105,210
Soft Costs (excluding Reserves)	$ 1,197,411		$ 29,935
Non-mortgageable Costs	$ 0		$ 0
Reserves	$ 142,000		$ 3,550
Total LMIR Mortgage	$ 1,636,000		$ 40,900
Agency Deferred Loan Sources			
Flexible Financing Cap Costs	$ 100,000		$ 2,500
EDHC	$ 2,437,808		$ 60,945
Total Agency Sources	$ 4,173,808		$ 104,345
Total Loan-to-Cost Ratio	69%		
LMIR Bridge Loan	$ 2,955,000		$ 73,875
Other Non-Agency Sources			
Syndication Proceeds	$ 1,525,571		$ 38,139
Sales Tax Rebate	$ 89,435		$ 2,236
Energy Rebates	$ 14,800		$ 370
GP Note	$ 42,409		$ 1,060
Deferred Developer Fee	$ 167,032		$ 4,176
Total Non-Agency Sources	$ 1,839,247		$ 45,981

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

RESOLUTION NO. MHFA 19-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL) PROGRAM
AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) 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:	West Birch Estates
Sponsors:	Central Minnesota Housing Partnership, Inc.
Guarantors:	Central Minnesota Housing Partnership, Inc.
Location of Development:	Princeton, MN
Number of Units:	40
General Contractor:	Lumber One, Avon Inc., Avon
Architect:	Blumentals/Architecture, Inc., Minneapolis
Amount of Development Cost:	$6,013,055
Amount of LMIR Mortgage: (not to exceed)	$1,636,000
Amount of LMIR BL (not to exceed)	$2,955,000
Amount of FFCC Loan: (not to exceed)	$100,000

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 and rehabilitation 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 Agency staff to issue a commitment to provide permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under

the LMIR Program), and the Housing Affordability Fund (Pool 3 under the FFCC Program) and a bridge loan from the proceeds of Rental Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $1,636,000; and

2. The interest rate on the permanent LMIR loan shall be 5.00 percent per annum (subject to change, as set forth in the attached Agency term letter dated June 26, 2019), plus 0.125 percent per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35 year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and

4. The amount of the FFCC deferred loan shall be $100,000; and

5. Repayment of the FFCC loan shall be deferred, with interest at 0.0 percent, and the loan term shall be co-terminus with the LMIR loan; and

6. The combined LMIR and FFCC End Loan Commitment shall be entered into on or before January 31, 2020 and shall have an 18-month term (which shall also be the LMIR and FFCC commitment expiration date); and

7. The amount of the LMIRBL shall not exceed $2,955,000; and

8. The LMIRBL transaction will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner acceptable to the Agency; and

9. The interest rate on the LMIRBL will be based on the interest rate on the Rental Housing Bonds issued to finance the LMIRBL plus 1.00 percent interest will be payable monthly, and the principal will be due in a balloon payment no more than 18 months after closing; and

10. The LMIRBL commitment shall be entered into on or before January 31, 2020 and shall have a six month term (which shall also be the LMIRBL commitment expiration date); and

11. 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

12. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

13. Central Minnesota Housing Partnership, Inc. shall 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

14. Central Minnesota Housing Partnership, Inc. shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

15. 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 loans, 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 25th day of July 2019

_____

CHAIRMAN

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

RESOLUTION NO. MHFA 19-XX
Modifying Resolution No. MHFA 17-033

RESOLUTION APPROVING MORTGAGE COMMITMENT MODIFICATION
ECONOMIC HOUSING DEVELOPMENT HOUSING CHALLENGE (EDHC) PROGRAM

WHEREAS, the Board has previously authorized the commitment for the development hereinafter named by its Resolution No. 17-033; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies; and,

WHEREAS, Agency staff have determined that the development has incurred an increase in construction costs.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby increases the funding commitment for the development noted below and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. West Birch Estates, D2391, M17670: The amount of the Economic Housing Development Housing Challenge (EDHC) funding commitment shall be increased from $1,777,808 up to $2,437,808;
2. All other terms and conditions of the MHFA Resolution No. 17-033 remain in effect.

Adopted this 25th day of July 2019

_____
CHAIRMAN

MINNESOTA HOUSING

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July 8, 2019

Deanna Hemmesch
Central Minnesota Housing Partnership, Inc.
37 28th Avenue North Suite 102
St. Cloud, MN 56303

RE: Amendment to Term Letter dated June 26, 2019
West Birch Estates, Princeton
MHFA Development #D2391, Project # M17670

Dear Ms. Hemmesch:

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 items, 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: West Birch Estates of Princeton Limited Partnership
General Partner:	West Birch Estates, LLC Managing Member: Central Minnesota Housing Partnership, Inc.
Development Description/Purpose:	West Birch Estates is the acquisition and rehabilitation of a 24 unit townhouse project and the new construction of a 16-unit apartment building. The project will be a 40-unit affordable housing development located in Princeton, 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 Program (EDHC)	Flexible Financing for Capital Costs (FFCC)
Loan Amount	$1,636,000	$2,955,000	$2,437,808	$100,000
Interest Rate	*5.00%	Bond financing rate + 1.0%	0.00%	0.00%
Mortgage Insurance Premium (%)	0.125% *(first year premium is paid in advance)*	Not Applicable	Not Applicable	Not Applicable
Term	35 Years	Approx. 18 months	35 Years	35 Years
Amortization/Repayment	35 Years	Interest only during term	Deferred lump sum payment due in 35 years	Deferred lump sum payment due in 35 years
Prepayment Provision	No prepayment first 10 years from date of the Note	No prepayment for 12 months	Prepay at any time without penalty	Prepay at any time without penalty
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan	Construction Bridge Loan	Construction/ Permanent Loan	Construction/ Permanent Loan
Lien Priority* **	First	First *(during construction period)*	Second	Third

*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 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 existing HOME Declaration will be placed in a first position.

Origination Fee:	LMIR HUD Risk Share Loan: $32,720 LMIR Bridge Loan: $14,775 (both are payable at the earlier of loan commitment or loan closing)
Inspection Fee:	$10,059 (payable at the earlier of loan commitment or loan closing)
Guaranty/Guarantor(s):	Completion, repayment and operations Guaranty to be provided by: Central Minnesota Housing Partnership, Inc.
Operating Deficit Reserve Account:	$47,910 to be funded on the day of 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 $1,500. The replacement reserve will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at the 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.
Rent and Income Requirements:	LMIR- 39 units with rents at 60% MTSP and incomes not exceeding 60% MTSP. FFCC- 39 units with rents at 60% MTSP and incomes not exceeding 60% MTSP. EDHC/Challenge- 39 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 the Local Workforce

rent limits, as published by MHFA.

Commitment to 35 years of affordability from the date of loan closing.

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) Minnesota Housing board approval of a loan commitment.

Additional Terms: None

Other Conditions: None

Board Approval: Commitment of all loans under the LMIR, LMIR BL and FFCC programs 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 Maggie Nadeau at maggie.nadeau@state.mn.us on or before July 11, 2019.

If you have any questions related to this letter, please contact Paul Marzynski at 651.296.3797 or by e-mail at paul.marzynski@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

WEST BIRCH ESTATES OF PRINCETON LIMITED PARTNERSHIP

By: _____
Deanna Hemmesch, Executive Director

Date Accepted: 7/8/2019

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Board Agenda Item: 6.C
Date: 7/25/2019

Item: Commitment, Low and Moderate Income Rental Loan (LMIR)
- Harvestview Place II, D8128, Rochester

Staff Contact(s):
Sara Bunn, 651.296.9827, sara.bunn@state.mn.us

Request Type:
☒ Approval
☒ Motion
☒ Resolution
☐ No Action Needed
☐ Discussion
☐ 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 issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $6,080,000.

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. 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 November 1, 2018 meeting, approved this development for processing under the Low and Moderate Income Rental (LMIR) program. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Total Development Cost	$ 17,025,042	$16,940,218	$ (84,824)
Gross Construction Cost	$ 13,397,280	$ 13,171,200	$ (226,080)
Agency Sources:			
LMIR	$ 6,148,000	$ 6,080,000	$ (68,000)
Total Agency Permanent Sources	$ 6,148,000	$ 6,080,000	$ (68,000)
Other Non-Agency Sources:			
General Partner Cash	$ 0	$ 1,044	$ 1,044
Housing Syndication Proceeds	$ 10,694,501	$ 10,438,239	$ (256,262)
Energy Rebate	$ 30,610	$ 41,780	$ 11,170
Deferred Developer Fee	$ 151,931	$ 379,155	$ 227,224
Total Permanent Sources	$ 17,025,042	$ 16,940,218	$ (84,824)

GROSS RENTS	SELECTION		COMMITMENT		VARIANCE	
Unit Type	**# of DU**	**Rent**	**# of DU**	**Rent**	**# of DU**	**Rent**
1 BR – Housing Support (PWD)	4	$ 704	4	$ 722	0	$ 18
1 BR – Housing Support (HPH)	4	$ 704	4	$ 722	0	$ 18
1 BR	5	$ 945	5	$ 952	0	$ 7
2 BR	38	$ 1,018	38	$ 1,025	0	$ 7
3 BR	25	$ 1,273	25	$ 1,280	0	$ 7
Total Number of Units	**76**		**76**		**0**	

NOTE: PWD = People with Disabilities; HPH = High Priority Homeless

Factors Contributing to Variances:
Construction costs decreased $338,000, or 2.6%, this decreased basis, and was primarily responsible for the reduction in syndication proceeds of $256,264. Increased development costs were recognized elsewhere, primarily due to the requirements of the construction lender and tax credit syndicator. This included an increased construction interest reserve, TIF reserve and construction contingency.

Other Significant Events since Board Selection:
None

DEVELOPMENT SUMMARY

				D#:	8128
Name:	Harvestview Place II			App#:	M17969
Address:	5320 56th Street NW				
City:	Rochester	County:	Olmstead	Region:	Southeast

MORTGAGOR:

Ownership Entity: Harvestview Place II, Limited Partnership
General Partner/Principals: HP Roch II LLC, whose managing member is Joseph Development LLC.

DEVELOPMENT TEAM:

General Contractor: Eagle Building Company, LLC, Minneapolis
Architect: Miller Hanson Westerbeck Berger, Inc., Minneapolis
Attorney: Winthrop and Weinstine, Minneapolis
Management Company: Velair Property Management, Minneapolis
Service Provider: Zumbro Valley Health Center, Rochester

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$6,080,000 LMIR First Mortgage

Funding Source: Housing Invest Fund (Pool 2)
Interest Rate: 5.10%
MIP Rate: 0.125%
Term (Years): 40
Amortization (Years): 40

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
1BR – Housing Support (PWD)	4	705	$ 722	$ 1,056	$ 42,240
1BR – Housing Support (HPH)	4	705	$ 722	$ 1,056	$ 42,240
1BR	5	705	$ 952	$ 1,056	$ 42,240
2BR	38	965	$ 1,025	$ 1,056	$ 42,240
3BR	25	1,204	$ 1,280	$ 1,464	$ 58,560
TOTAL	**76**				

NOTES: *Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 60 percent of the Multifamily Tax Subsidy Project (MTSP) income levels, with incomes allowed up to 60% of MTSP. HPH = High Priority Homeless; PWD = People with Disabilities.

Purpose:
Harvestview Place II is requesting funding for new construction of apartments located in the city of Rochester. This 76 unit development will consist of a 4-story elevator building with 13 one-bedroom, 38 two-bedroom, and 25 three-bedroom units with underground parking and surface parking for guests. The project will contain 76 Housing Tax Credit (HTC) units, addresses critical rental housing strategic priorities, and serves important policy goals of Greater Minnesota Workforce Housing, economic integration, planned community development and permanent supportive housing.

Population Served:
The development will provide housing for general occupancy, including families, singles, homeless singles and individuals with disabilities. The households will have incomes at or below 30% of MTSP or 60% of MTSP. Four households will serve households that have experienced homelessness and four households will serve people with disabilities.

Project Feasibility:
The development is feasible as proposed. Development financing includes an amortizing LMIR mortgage of $6,080,000. This financing will be leveraged with $10,438,239 of tax credit equity based on a $0.94/credit price from Wells Fargo, the tax credit syndicator. Other sources include general partner cash, energy rebates and deferred developer fee. The development cash flows at the proposed rent levels and is underwritten in compliance with Minnesota Housing standards.

Total development cost of $222,898 per unit is just below the Predictive Model of $226,719.

Development Team Capacity:
Joseph Development has a long history of bringing development proposals to completion in a timely manner. The developer has utilized Agency first mortgages, deferred loans, and tax credits with proven success.

Velair Property Management was established in 2014 and currently has 21 developments with a total of 1,145 units. The property management company has the capacity to manage this development.

Physical and Technical Review:
Miller Hanson Westerbeck Berger is the architect and Eagle Building Company is the general contractor. Both the architect and the contractor have the capacity to effectively design and construct the project. They have successfully completed many similarly sized, affordable housing developments.

Market Feasibility:
Affordable and market rate properties in the primary market area have low rental vacancy levels. The market study prepared by Bowen National Research and the appraisal completed by Real Estate Solutions both state that properties in the Rochester area maintain low vacancy rate of 3.9 percent, with projected growth of both population and households. The proposed rents are affordable to the local workforce and represent a 23 to 43 percent discount compared to achievable market rents. The project is located in close proximity to services and jobs.

Supportive Housing:
Zumbro Valley Health Center will be the service provider for the development. They have experience providing supportive housing services to the population being served.

DEVELOPMENT COST SUMMARY (estimated):	**Total**		**Per Unit**
Total Development Cost	$ 16,940,218		$ 222,898
Acquisition or Refinance Cost	$ 548,856		$ 7,222
Gross Construction Cost	$ 13,171,200		$ 173,305
Soft Costs (excluding Reserves)	$ 2,943,538		$ 38,730
Non-mortgageable Costs	$ 0		$ 0
Reserves	$ 276,623		$ 3,640
Total LMIR Mortgage	$ 6,080,000		$ 80,000
First Mortgage Loan-to-Cost Ratio		35%	
Other Non-Agency Sources			
Energy Rebate	$ 41,780		$ 550
General Partner Cash	$ 1,044		$ 14
Syndication Proceeds	$ 10,438,239		$ 137,345
Deferred Developer Fee	$ 379,155		$ 4,989
Total Non-Agency Sources	$ 10,860,218		$ 142,897

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

RESOLUTION NO. MHFA 19-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) 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:	Harvestview Place II
Sponsors:	Joseph Development
Guarantors:	Joe Weis
Location of Development:	Rochester
Number of Units:	76
General Contractor:	Eagle Building Company, LLC, Minneapolis
Architect:	Miller Hanson Westerbeck Berger, Inc.
Amount of Development Cost:	$16,940,218
Amount of LMIR Mortgage: (not to exceed)	$6,080,000

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 Agency staff to issue a commitment to provide a permanent mortgage loan to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program), for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $6,080,000; and

2. The interest rate on the permanent LMIR loan shall be 5.1 percent per annum (subject to change, as set forth in the attached Agency term letter dated June 20, 2019), 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 January 31, 2020 and shall have an 18 month term (which shall also be the LMIR Commitment Expiration Date); and

5. 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

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

7. Joe Weis shall 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

8. Joe Weis shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

9. 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 25th day of July, 2019.

_____

CHAIRMAN

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MINNESOTA HOUSING

400 Wabasha Street North, Suite 400
St. Paul, MN 55102
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F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

June 20th, 2019

Joe Weis
Joseph Weis Development, LLC
2227 7th St NW
Rochester, MN 55901

RE: Term Letter
Harvestview Place II, Rochester
MHFA Development #D8128, Project #M17969

Dear Joe:

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 items, 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: **Harvestview Place II, Limited Partnership**

General Partner HP Roch II LLC
Managing Member: Joseph Development LLC

Development Description/Purpose: New construction of a 76-unit affordable housing development located in Rochester, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)
Loan Amount	$6,080,000
Interest Rate	5.1% *
Mortgage Insurance Premium (%)	.125% *(first year premium is paid in advance)*
Term	40 years
Amortization/Repayment	40 years
Prepayment Provision	No prepayment first 10 years from date of the Note.
Nonrecourse or Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan

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Lien Priority	First

- *Subject to change. The interest rate is subject to achieving the following hurdles. Failure to meet either of the hurdles may result in the interest rate being reset, at Minnesota Housing's sole discretion:
  - Board approval to enter into a loan commitment must be obtained by October 31, 2019; and
  - The permanent loan must close by December 31, 2021.

Origination Fee:	LMIR HUD Risk Share Loan: $110,800 (payable at the earlier of loan commitment or loan closing)
Inspection Fee:	$32,500 (payable at the earlier of loan commitment or loan closing)
Guaranty/Guarantor(s):	Repayment and operations Guaranty to be provided by: • Joe Weis
Operating Deficit Reserve Account:	$182,400 to be funded on the day of closing by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
Operating Cost Reserve Account:	A capitalized operating reserve in the amount of $214,227 and a TIF reserve in the amount of $62,396 will be required and funded at stabilization. The reserves will not be held by Minnesota Housing.
Replacement Reserve Account:	**A** replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $2,850. The replacement reserve will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at the 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:	Not Applicable.

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Rent and Income Requirements:	LMIR – 76 units with incomes not exceeding 60% MTSP and rents at 60% MTSP. Commitment to 40 years of affordability from the date of loan closing.
Other Occupancy Requirements:	Not Applicable
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) Minnesota Housing board approval of a loan commitment.
Additional Terms:	None
Other Conditions:	None
Board Approval:	Commitment of all loans under the LMIR program 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 July 5, 2019.

If you have any questions related to this letter, please contact Sara Bunn at 651.296.9827 or by e-mail at sara.bunn@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

HP ROCH II LLC

By: _____
Joe Weis, Chief Manager

Date Accepted: 6/28/19

Board Agenda Item: 6.D
Date: 7/25/2019

Item: Funding Modification, Publicly Owned Housing Program (POHP)
- Homestead Green and Homestead Terrace, Olmstead County, D8053
-

Staff Contact(s):
David Schluchter, 651.296.8161, david.schluchter@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests the board adoption of a resolution authorizing a modification to increase the Publicly Owned Housing Program (POHP) loan commitment to $1,256,752.

Fiscal Impact:
None.

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

Attachment(s):
- Background
- Resolution

The 2017 POHP application process was simplified for applicants when staff implemented a concept-based project proposal allowing for preliminary cost estimates. With that application process change, staff anticipated there would be funding award modifications as the projects went through the full underwriting process. Not all of the available POHP funds were awarded when funding recommendations were made, which left sufficient funds for modifications to the preliminary cost estimates provided at application.

On April 26, 2018, the Board selected the developments, Homestead Green & Homestead Terrace, for a $986,102 Publicly Owned Housing Program (POHP) loan financed by General Obligation (GO) Bond proceeds as authorized by the 2017 Legislature.

These two public housing developments each consist of four townhome style buildings and within each development there is a mixture of 2, 3 and 4 bedroom units, including 3 handicapped-accessible units. In total these two developments contain 60 family units.

The proposed scope of work includes replacing all existing windows, installing new siding, replacement of the original asphalt roofing which is now 36 years old, and installing new AC sleeves on the second floor for each unit improving both temperature and air circulation.

The following summarizes the changes in the composition of the proposal since that time:

Description:	**Selection**	**Current**	**Variance**
Total Development Cost	$ 1,231,102	$ 1,570,940	$ 339,838
Construction Cost	$ 1,144,302	$ 1,487,300	$ 342,998
Agency Sources - POHP	$ 986,102	$ 1,256,752	$ 270,650
Non-Agency Sources	$ 245,000	$ 314,188	$ 69,188
Total Sources	$ 1,231,102	$ 1,570,940	$ 339,838

The total development costs have increased by $339,838 due to higher construction bids. The proposed $270,650 increases the POHP loan commitment from $986,102 to $1,256,752 which is a 27% increase of the originally committed POPH loan. The remainder of the development costs increase ($69,188) will be funded by additional capital fund contributions from Olmstead County HRA.

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

RESOLUTION NO. MHFA 19-XX
Modifying Resolution No. MHFA 18-006

RESOLUTION APPROVING MORTGAGE COMMITMENT MODIFICATION
PUBLICLY OWNED HOUSING PROGRAM (POHP)

WHEREAS, the Board at its April 26, 2018 meeting, previously authorized a commitment for the Homestead Green and Homestead Terrace (D8053) by Resolution No. 18-006; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby increases the funding commitment on the development noted below and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. Homestead Green and Homestead Terrace, D8053: The amount of the Publicly Owned Housing Program funding commitment shall be increased from $986,102 up to $1,256,752;

2. All other provisions of Resolution 18-006 remain unchanged by this resolution.

Adopted this 25th day of July 2019

_____
CHAIRMAN

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Board Agenda Item: 6.E
Date: 7/25/2019

Item: Approval, Grant Extension and Funding Modification, Housing Opportunities for Persons with AIDS (HOPWA)
D3621, JustUs Health

Staff Contact(s):
Elaine Vollbrecht, 651.296.9953, elaine.vollbrecht@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval of the attached Resolution authorizing a one year grant extension and HOPWA funding modification, in the amount of $217,461, to JustUs Health.

Fiscal Impact:
The Agency has received HOPWA formula funding for the state of Minnesota in the amount of $224,186. Minnesota Housing will retain 3 percent ($6,725) for the administration of this program.

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

Attachment(s):
- Background
- Resolution

Background:
Minnesota Housing is the grantee for HOPWA state of Minnesota formula funds, appropriated annually by the U.S. Department of Housing and Urban Development (HUD). HUD HOPWA funds are distributed under a statutory formula that is based on AIDS surveillance information (number of people living with HIV/AIDS) from the Centers for Disease Control and Prevention as well as other factors including the share of the state's population in poverty and local housing costs.

State HOPWA formula funds serve Greater Minnesota outside of the 13 county eligible metropolitan statistical area (EMSA), including two Wisconsin counties. Low-income persons (at or below 80 percent of area median income [AMI]) who are living with HIV/AIDS, together with their families, are eligible to receive HOPWA assistance.

The amount allocated to Minnesota Housing for program use in FY 2019 is $224,186, of which $217,461 will be available for program funding. The remaining $6,725 will be applied toward Agency administrative expenses.

The Minnesota HIV Housing Coalition – comprised of advocates, representatives of government agencies, and HIV housing and service providers – has established funding priorities for the HOPWA Program that includes priority for the renewal and sustainability of existing programs. In alignment with this priority, the opportunity to apply for Minnesota HOPWA formula funds was restricted to the current grantee. The current grantee is JustUs Health, formerly known as Minnesota AIDs Project (MAP). Beginning in 2018, Minnesota Housing awarded the funds in the form of a single/sole source grant to JustUs Health since they are the only organization with the combination of experience serving persons experiencing HIV/AIDS, statewide relationships and capacity for geographic coverage.

JustUs Health has administered HOPWA funds throughout Greater Minnesota since 2001, serving households in 50 of 76 Greater Minnesota counties in FY 2018. JustUs Health works collaboratively with a variety of community organizations and receives referrals from the Rural AIDS Action Network (RAAN), Mayo HIV case management program and their own Duluth Case Management program, as well as local county social service providers. Funds are available to eligible persons as emergency assistance for short-term rent, mortgage and utility payments (STRMU). Due to the limited funding available, emergency assistance is distributed through a lottery, which is based on referrals from the service providers. JustUs Health assisted 174 households with STRMU in FY2018, with 89 percent of the assisted households at income levels below 50 percent of AMI, and 58 percent of the assisted households at income levels below 30 percent of AMI. In FY2020, JustUs Health anticipates the STRMU assistance will serve approximately 175 individuals living with HIV/AIDS and their family members.

The Minnesota Department of Health's HIV/AIDS 2018 Prevalence and Mortality Report indicates that there are 1,522 persons living with HIV/AIDS outside of the seven-county metropolitan area. Almost all persons in this area with HIV/AIDS are currently housed. Thus the predominant need met by the Minnesota HOPWA funds ensures that this population remains in their housing by providing emergency assistance for mortgage, rent and utilities payments aligned with appropriate support services.

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

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) GRANT EXTENSION AND FUNDING AMENDMENT

WHEREAS, the Minnesota Housing Finance Agency (Agency) anticipates receipt of funds from the U.S. Department of Housing and Development (HUD) for the purpose of funding HOPWA activities for low-income persons who are living with HIV/AIDS.

WHEREAS, Agency staff has proposed to extend and provide additional funding for the current HOPWA grant to JustUs Health.

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to extend and amend with additional funding a grant agreement using federal resources as set forth below, subject to changes allowable under the HUD HOPWA Program, upon the following conditions:

1. Agency staff shall review and approve the grantee and the total recommended amount as indicated:

   D3621 JustUs Health $ 217,461

2. This approval is contingent upon receipt of HOPWA funds from HUD in a sufficient amount to fund the recommended amount and execution of a contract between the Agency and HUD; and

3. The issuance of a grant extension amendment in form and substance acceptable to Agency staff, and the closing of the individual grant, shall occur no later than twelve months from the adoption date of this resolution; and

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

Adopted this 25th day of July 2019

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CHAIRMAN

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Board Agenda Item: 6.F
Date: 7/25/2019

Item: Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) and Flexible financing for Capital Costs Loan (FFCC)
- Many Rivers East, D3597, Minneapolis

Staff Contact:
Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

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

Summary of Request:
Agency staff completed the underwriting and technical review of the proposed Many Rivers East development and recommends the development for selection and funding. Agency staff also recommends adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in an amount not to exceed $2,385,000, and a deferred funding commitment in the amount of $202,000 under the Flexible Financing for Capital Costs (FFCC) program, subject to the review and approval of the mortgagor and the terms and conditions of Minnesota Housing's term letter.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the loan without incurring financing expenses. Additionally, this loan will generate 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

Attachments(s):
- Background
- Development Summary
- Resolution
- Resolution Attachment

Background:
Many Rivers East is an existing tax credit development located in Minneapolis near the Franklin Avenue light rail station on the Blue Line. The property was built in 2002 and has 53 total units, ranging in size from efficiencies to three-bedroom units in one three-story elevator building.

This transaction is the refinance of a non-Agency first mortgage with a new HUD risk-share LMIR loan. The new LMIR loan will pay off the existing first mortgage with US Bank, which matures with a balloon payment in 2020. The transaction will lower the interest rate from 6.52 percent to 3.94 percent and the new loan will mature in 2054.

The project is being selected for a Flexible Financing for Capital Costs (FFCC) program deferred loan as part of this transaction. The City of Minneapolis has also awarded new funding to this development in order to support the refinance and limited rehabilitation.

The existing Minnesota Housing Minnesota Families Affordable Rental Investment Fund (MARIF) and Urban Indian Housing Program deferred loans will be extended to be coterminous with the new first mortgage. The development has a number of deferred loans with other funding partners including the City of Minneapolis and Hennepin County; these loans will also be extended.

The refinance will allow the property to complete capital improvements within the next twelve months. The replacement reserves will help cover capital improvements that will be needed over the next ten years.

DEVELOPMENT SUMMARY:

				D#:	3597
Name:	Many Rivers East			App#:	M18070
Address:	1500 East Franklin Avenue				
City:	Minneapolis	County:	Hennepin	Region:	Metro

MORTGAGOR:

Ownership Entity:	Many Rivers Apartments Limited Partnership
General Partner/Principals:	American Indian Community Development Corporation

DEVELOPMENT TEAM:

Attorney:	Faegre Baker Daniels LLP
Management Company:	Perennial Management, LLC

CURRENT FUNDING REQUEST/PROGRAM and TERMS:

$2,385,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	3.94%
	MIP Rate:	0.125%
	Term (Years):	35
	Amortization (Years):	35
$202,000	Flexible Financing for Capital Costs (FFCC)	
	Funding Source:	Housing Affordability Fund (Pool 3)
	Interest Rate:	0%
	MIP Rate:	Not applicable
	Term (Years):	35
	Amortization (Years):	35

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD-ABILITY
0 BR @ 50% MTSP	3	597	$ 819	$ 875	$ 35,000
1 BR @ 80% AMI*	7	597	$ 894	$ 1,773	$ 35,760
1 BR @ 50% MTSP	4	597	$ 875	$ 875	$ 35,000
2 BR @ 80% AMI*	3	811	$ 1,107	$ 1,773	$ 44,280
2 BR @ 50% MTSP	23	811	$ 1,057	$ 1,125	$ 45,000
3 BR @ 60% MTSP	3	1,085	$ 1,454	$ 1,560	$ 58,160
3 BR @ 60% MTSP	6	1,287	$ 1,433	$ 1,560	$ 57,320
3 BR @ 80% AMI*	3	1,287	$ 1,520	$ 1,773	$ 60,800
3 BR @ 60% MTSP	1	1,287	$ 1,335	$ 1,560	$ 53,400
TOTAL	**53**				

*Income restricted only (by tax-exempt bonds)

Rent and Income Limits:
Under the LMIR loan, 11 units will be restricted to 50% MTSP rent limits and incomes, up to 13 units may have unrestricted incomes and 29 units will be income restricted at 100% of the greater of statewide median or area median. The property is also currently restricted under a tax credit land use restrictive agreement (LURA), which expires in 2034, as well as by existing deferred loans.

Population Served:
Refer to the chart above for rent and income restrictions. Of the 53 units, seven have a project-based Section 8 contract through the Minneapolis Public Housing Authority, and an additional 34 units have tenant-based Section 8 vouchers.

Project Feasibility:
Development financing includes the $2,385,000 LMIR loan and the $202,000 FFCC loan. Other sources include $448,500 of general partner equity, existing reserves totaling $383,000, a sales tax rebate of approximately $13,000 and a new City of Minneapolis Affordable Housing Trust Fund (AHTF) deferred loan in the amount of $350,000. All existing deferred loans will be extended to be coterminous with the new first mortgage. This will also extend the rent and income restrictions of the deferred loans.

Development Team Capacity:
Many Rivers Apartments Limited Partnership, an affiliate of American Indian Community Development Corporation (AICDC), is the existing property owner. The management company is Perennial Management, LLC. There is no change in ownership or management company with this transaction. The owner and management company have the capacity to continue to manage the property successfully.

Physical and Technical Review:
The limited scope rehabilitation includes approximately $500,000 in capital improvements including site work, interior unit repairs and exterior building repairs.

DJR Architecture performed a capital needs assessment, and the owner will complete all necessary improvements within 12 months of closing on the new LMIR loan.

Market Feasibility:

The property is located in South Minneapolis, 1/3 of a mile from the Franklin Avenue light rail station on the Blue Line. Many Rivers East will continue to provide quality affordable rental housing with larger size units suitable for families.

The vacancy rate of the property has averaged 1 percent over the last three years. The loan is underwritten with a 5 percent vacancy rate.

DEVELOPMENT COST SUMMARY (estimated):

	Total	Per Unit
Total Development Cost	**$3,781,702**	**$71,353**
Acquisition or Refinance Cost	2,940,166	55,475
Gross Construction Cost	545,165	10,286
Soft Costs	296,371	5,592
Agency Loan Sources		
LMIR	$2,385,000	$45,000
FFCC	202,000	3,811
Total Agency Sources	**$2,587,000**	**$48,811**
Non-Agency Sources		
General Partner Cash	$ 448,500	$ 8,462
City of Minneapolis AHTF	350,000	6,604
Property Reserves	382,970	7,226
Sales Tax Rebate	13,232	250
Total Non-Agency Sources	**$1,194,702**	**$22,542**
Total Sources	**$3,781,702**	**$71,353**

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

RESOLUTION NO. MHFA 19-XXX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide 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:	Many Rivers East
Sponsors:	Many Rivers Apartments Limited Partnership
Guarantors:	American Indian Community Development Corporation
Location of Development:	Minneapolis
Number of Units:	53
Amount of Development Cost:	$3,781,702
Amount of LMIR Mortgage: (not to exceed):	$2,385,000
Amount of FFCC Loan: (not to exceed):	$202,000

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 financing 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 the Agency's rules, regulations and policies.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan to said applicant from the Housing Investment Fund (Pool 2 under the LMIR Program) and the Housing Affordability Fund (Pool 3 under the FFCC Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $2,385,000; and
2. The interest rate on the permanent LMIR loan shall be 3.94 percent per annum (subject to change as set forth in the attached Agency term letter dated June 10, 2019) plus 0.125 percent per annum HUD

Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and
4. The amount of the FFCC deferred loan shall not exceed $202,000; and
5. Repayment of the FFCC loan shall be deferred, with interest up to 2 percent, and the loan term shall be co-terminus with the LMIR loan; and
6. The loan closing shall occur on or before December 31, 2019; and
7. 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
8. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
9. American Indian Community Development Corporation shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
10. The sponsor, 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, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

Adopted this 25th day of July 2019

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CHAIRMAN

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MINNESOTA HOUSING

400 Wabasha Street North, Suite 400
St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

June 10, 2019

Michael Goze
1508 East Franklin Avenue
Minneapolis, MN 55404

RE: Term Letter
Many Rivers East, Minneapolis
MHFA Development #3597, Project #~~17530~~ M18070

Dear Mr. Goze:

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 items, 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: Many Rivers Apartments Limited Partnership

General Partners: American Indian Community Development Corporation
Managing Member: Michael Goze

Development Description/Purpose: Refinance and limited scope rehabilitation of a 53-unit affordable housing development located in Minneapolis, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Flexible Financing for Capital Costs (FFCC)
Loan Amount	$2,385,000	$202,000
Interest Rate	* 3.94%	0%
Mortgage Insurance Premium (%)	0.125% *(First year premium is paid in advance)*	Not applicable
Term	35	35
Amortization/Repayment	35	Deferred lump sum payment due in 35 years.
Prepayment Provision	No prepayment first 10 years from date of the Note.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan	End Loan
Lien Priority	First	Seventh

*Subject to change. Loan closing must occur by December 31, 2019 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing's sole discretion.

Origination Fee:	LMIR HUD Risk Share Loan: $47,700 (Payable at loan closing)
Inspection Fee:	Not applicable
Guaranty/Guarantor(s):	Operations Guaranty to be provided by: American Indian Community Development Corporation
Operating Deficit Escrow:	Not applicable
Operating Cost Reserve Account:	Not applicable
Rehab Escrow Account:	Capitalized rehab escrow account in the amount of $195,165 funded at loan closing.
Replacement Reserve Account:	Capitalized replacement reserve in the amount of $83,340 funded at loan closing. In addition, a replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $1,987.50. The replacement reserve will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at the time of 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:	HAP contract through August 3, 2023
Rent and Income Requirements:	**LMIR Program** o 11 units with rents and incomes at or below 50% MTSP. o Up to 13 units may have unrestricted incomes. o 29 units with incomes at or below 100% of the greater of area or statewide median income. o The balance of units with rents at Minnesota Housing determined market. Commitment to 35 years of affordability from the date of loan closing. The restrictions under the MARIF loan program will be extended to be coterminous with the new first mortgage.
Other Occupancy Requirements:	Not applicable
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: The Terms will expire six months from the date of this letter.

Additional Terms: The tax credit restrictions remain in effect through 2032.

Other Conditions: Loan is contingent upon the Agency-ordered as-improved appraisal having a restricted value of no less than $2,741,379.

Loan is contingent upon funding partners extending deferred loans to be coterminous with the new first mortgage.

Loan is contingent upon US Bank waiving the prepayment penalty.

Board Approval: Commitment of all loans under the LMIR program is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loan.

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 June 19, 2019.

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,

James Lehnhoff
Assistant Commissioner

AGREED AND ACCEPTED BY:

Michael A Gozar

MANY RIVERS APARTMENTS LIMITED PARTNERSHIP

By: _____

Its: Assistant Commissioner, Multifamily

Date Accepted: 6/10/19

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Board Agenda Item: 6.G
Date: 7/25/2019

Item: Approval, Selection and Commitment, Low and Moderate Income Rental Loan (LMIR)
- Boulder Ridge Townhomes, D2575, Shakopee

Staff Contact:
Carrie Weisman, 651.296.3789, carrie.weisman@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff completed the underwriting and technical review of the proposed development and recommends the development for selection and funding. Agency staff also recommends adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in an amount not to exceed $2,330,000, subject to the review and approval of the mortgagor and the terms and conditions of Minnesota Housing's term letter.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the loan without incurring financing expenses. Additionally, this loan will generate 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

Attachments(s):
- Background
- Development Summary
- Resolution
- Resolution Attachment

Background:
Boulder Ridge Townhomes is an existing tax credit development located in Shakopee. The property was built in 2000 and has 30 three- and four-bedroom units in eight two- story buildings.

This transaction is the refinance of the Agency's existing New Construction Tax Credit (NCTC) loan with a new HUD risk-share LMIR loan. The new LMIR loan will pay off the old loan and the existing Minnesota Housing Flexible Financing for Capital Costs (FFCC) deferred loan along with approximately $107,100 in accrued interest on the FFCC loan. The transaction will lower the interest rate from 6.25 percent to 3.94 percent and extend the term of the loan from a maturity date in 2020 to 2054.

The refinance will allow the property to complete many needed capital improvements within the next twelve months. The replacement reserves will cover capital improvements that will be needed over the next ten years.

DEVELOPMENT SUMMARY:

				D#:	2575
Name:	Boulder Ridge Townhomes			App#:	M18060
Address:	1100 Kennsington Drive				
City:	Shakopee	County:	Scott	Region:	SW Metro

MORTGAGOR:
Ownership Entity: Shakopee Boulder Ridge Limited Partnership
General Partner/Principals: Shakopee BR Investments, LLC / Sand Properties, Inc.

DEVELOPMENT TEAM:
Attorney: Law Office of Peter J. Fuchsteiner
Management Company: Sand Property Management, LLC

CURRENT FUNDING REQUEST/PROGRAM and TERMS:

$2,330,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	3.94%
	MIP Rate:	0.125%
	Term (Years):	35
	Amortization (Years):	35

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD-ABILITY
3 BR @ 60% MTSP	29	1351	$ 1,471	$ 1,560	$ 54,000
4 BR @ 60% MTSP	1	1865	$ 1,641	$ 1,740	$ 60,000
TOTAL	**30**				

Rent and Income Limits:
Under the LMIR loan, 12 units will be restricted to 60% MTSP rent limits and incomes, up to seven units may have unrestricted incomes and 11 units will be income restricted at 100% of the greater of statewide median or area median. The property is also currently restricted under a tax credit land use restrictive agreement (LURA), which expires in 2029.

Population Served:
Under the current tax credit restrictions, 30 units have incomes at or below 60% MTSP.

Project Feasibility:
Development financing includes the $2,330,000 LMIR loan. The FFCC deferred loan and all other deferred debt will be paid off at closing.

Development Team Capacity:
Affiliates of Sand Companies are the existing property owner and the management company. There is no change in ownership or the management company with this transaction. Through its affiliates, Sand Companies, Inc. owns approximately 34 multifamily properties and Sand Property Management, LLC manages approximately 1,600 units of housing.

The property has been in the Agency's first mortgage portfolio since 2000 and has performed well financially. Sand Properties, Inc. has the capacity to continue successful ownership of the property.

Physical and Technical Review:
The limited scope rehabilitation includes approximately $1,191,164 in capital improvements including site work, interior unit repairs and exterior building repairs.

Sand Architects, LLC performed a capital needs assessment, and the owner will complete all necessary improvements within 12 months of closing on the new LMIR loan.

Market Feasibility:
The property is located approximately 20 miles southwest of downtown Minneapolis. Boulder Ridge Townhomes will continue to provide quality affordable rental housing with larger size units suitable for families.

The historical vacancy of the property has averaged 1 percent over the last three years. The loan is underwritten with a 5 percent vacancy rate.

DEVELOPMENT COST SUMMARY (estimated):

	Total	Per Unit
Total Development Cost	**$2,330,000**	**$77,667**
Acquisition or Refinance Cost	1,014,114	33,804
Gross Construction Cost	1,191,164	39,705
Soft Costs	124,722	4,157
Agency Loan Sources		
LMIR	$2,330,000	$77,667
Total Agency Sources	**$2,330,000**	**$77,667**

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

RESOLUTION NO. MHFA 19-XXX

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

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide 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:	Boulder Ridge Townhomes
Sponsors:	Sand Properties, Inc.
Guarantors:	Sand Properties, Inc.
Location of Development:	Shakopee
Number of Units:	30
Amount of Refinance:	$2,330,000
Amount of LMIR Mortgage: (not to exceed):	$2,330,000

WHEREAS, Agency staff have 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 financing of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan to said applicant from the Housing Investment Fund (Pool 2 under the LMIR Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $2,330,000; and
2. The interest rate on the permanent LMIR loan shall be 3.94 percent per annum (subject to change as set forth in the attached Agency term letter dated June 10, 2019) plus 0.125 percent per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and
3. The term of the permanent LMIR loan shall be 35 years; and
4. The LMIR loan closing shall occur on or before December 31, 2019; and
5. 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

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
7. Sand Properties, Inc. shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
8. The sponsor, 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, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

Adopted this 25th day of July 2019

_____

CHAIRMAN

MINNESOTA HOUSING

400 Wabasha Street North, Suite 400
St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

June 10, 2019

Mr. Jamie Thelen
Sand Companies
366 10th Avenue S
Waite Park, MN 56387

RE: Term Letter
Boulder Ridge Townhomes, Shakopee
D2575, M18060

Dear Mr. Thelen:

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: Shakopee Boulder Ridge Limited Partnership

General Partner(s) Shakopee BR Investments, LLC

Managing Member(s): Sand Properties, Inc.

Development Description/Purpose: Refinance and limited rehabilitation of a 30-unit affordable development located in Shakopee, Minnesota

Minnesota Housing Loan Type/Terms

Program:	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)
Loan Amount:	$2,330,000
Interest Rate	3.94%*
Mortgage Insurance Premium (%):	0.125% *(1st year premium is paid in advance)*
Term:	35
Amortization/Repayment:	35
Prepayment Provision:	No prepayment first 10 years from commencement of amortization

Nonrecourse or Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	Permanent
Lien Priority:	First

*Subject to change. Loan closing must occur by December 31, 2019 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing's sole discretion.

Origination Fee: LMIR HUD Risk Share Loan: $46,600 (payable at loan closing)

Inspection Fee: Not applicable

Guaranty/Guarantor(s): Operations Guaranty to be provided by: Sand Properties, Inc.

Operating Deficit Reserve Account: Not applicable

Operating Cost Reserve Account: Not applicable

Rehab Escrow Account: Capitalized rehab escrow account in the amount of $1,191,164 funded at closing.

Replacement Reserve Account: A replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $1,125. 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: Not applicable

Rent and Income Requirements:

LMIR Rent and Income Limits

- 12 units with rents and incomes at or below 60% MTSP.
- Up to 7 units may have unrestricted incomes.
- 11 units with incomes at or below 100% of the greater of area or statewide median income.
- 11 units with rents at Minnesota Housing determined market.

Other Occupancy Requirements:	Not applicable
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	The Terms will expire six months from the date of this letter.
Additional Terms:	None.
Other Conditions:	Approval is contingent upon the Agency-ordered appraisal having a restricted value of not less than $2,678,161.
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 June 19, 2019.

If you have any questions related to this letter, please contact Carrie Weisman at 651-296-3789 or by e-mail at carrie.weisman@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

SHAKOPEE BOULDER RIDGE LIMITED PARTNERSHIP

By: _____

Its: C/M OF GP

Date Accepted: 6/17/19

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Board Agenda Item: 6.H
Date: 7/25/2019

Item: Approval, Modification of Housing Infrastructure Bond (HIB) Funding
- Cahill Place Apartments, D8098, Inver Grove Heights

Staff Contact(s):
Susan Thompson, 651.296.9838, susan.thompson@state.mn.us
Jimena Dake, 651.296.7991, jimena.dake@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff requests the adoption of a resolution authorizing a $515,000 increase in the previously approved Housing Infrastructure Bond (HIB) loan amount (deferred loan) to Cahill Place Apartments from $5,633,111 to $6,148,111. The increase will allow this development to qualify for tax credits.

Fiscal Impact:
The Agency will not earn any interest revenue as the loan is 0% interest. Since the debt service on the HIBs that will be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency. The Agency will earn an inspection fee.

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

Attachment(s):
- Background
- Resolution

Background:
Cahill Place is a new construction project that is being developed by Center City Housing Corporation that will provide 40 tax credit units in Inver Grove Heights serving households whose incomes do not exceed 60% of Multifamily Tax Subsidy Income Limits (MTSP). In addition, Cahill Place will provide forty permanent supportive housing units, including four units that will serve individuals with disabilities. The development will offer project-based rental assistance for all units. The project advances the policy goal of providing permanent supportive housing.

The HIB loan was originally sized based only on the project's need for deferred funding. In the case of Cahill Place, a $5.6 million HIB loan will finance only 48.6 percent of aggregate basis. To qualify for 4% housing tax credits, the the principal amount of a loan financed with the proceeds of tax-exempt private activity bonds, as these HIBs will be, must exeed 50 percent of aggregate basis. Minnesota Housing's limit on the loan amount is 53 percent of aggregate basis to both preserve private activity bond volume cap while ensuring the project's ability to meet the federal requirements to qualify for the tax credits. The additional $515,000 will increase the amount of the HIB loan to 53% of aggregate basis allowing the project to generate approximately $3.3 million of tax credit equity. Without the increase in the amount of the HIB-financed loan, tax credit equity funds would not be available to the project, creating a gap.

Staff requests approval of a $515,000 increase in the HIB loan in order to qualify Cahill Place for 4% tax credits.

Agenda Item: 6.G
Resolution

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

RESOLUTION NO. MHFA 19-

MODIFYING RESOLUTION NO. MHFA 18-061
RESOLUTION APPROVING MORTGAGE COMMITMENT MODIFICATION
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Board has previously authorized the loan commitment for Cahill Place Apartments, (D8098), by MHFA Resolution No. 18-061; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies; and,

WHEREAS, Agency staff have determined that $515,000 of additional private activity bond proceeds are required to qualify the development for 4% housing tax credits.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Minnesota Housing Board hereby authorize Agency staff to enter into a loan commitment for the development noted below and hereby confirms the renewal of the prior authorization, subject to any revisions noted:

1. Cahill Place Apartments, D8098, M17888: The authorized amount of the loan from the financing source of Housing Infrastructure Bonds shall be increased from $5,633,111 up to $6,148,111

2. All other terms and conditions of MHFA Resolution No. 18-061 remain in effect.

Adopted this 25th day of July 2019

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CHAIRMAN

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Board Agenda Item: 7.A
Date: 7/25/2019

Item: Approval, Enhanced Financial Homeownership Capacity Program Selections

Staff Contact(s):
Ruth DuBose, 651.297.3128, ruth.dubose@state.mn.us
Tal Anderson, 651.296.2198, tal.anderson@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
The Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity) is designed to expand the efforts of organizations that currently provide intensive financial empowerment education and coaching to those with the goal of homeownership. The goal of this initiative is to increase the probability of successful homeownership, especially among households of color and low-income individuals, and to address the homeownership gap between white/non-Hispanic and households of color. Staff is hereby requesting board approval of $900,000 in funding recommendations in the following categories:

- $783,045 Program funding for 15 applicants
- $116,955 Homeownership Capacity Incentive Fund and training to maintain Financial Capability Certification

Fiscal Impact:
The Homeownership Capacity Program uses Pool 3 funds and the funding awards are structured as grants, there is no direct fiscal impact to the Agency.

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

Attachment(s):
- Background
- Proposed Homeownership Capacity Provider Coverage Map

Background

The Board approved the removal of the pilot status for the Homeownership Capacity program at the July 2018 Board meeting. Under the Homeownership Capacity program, organizations provide financial empowerment services that include, but are not limited to:

- Asset building (i.e. savings, retirement plans, home ownership, higher education, etc.)
- Credit report education, repair and re-building
- Development of spending plans, including discussion of financial best practices
- Consumer protection training and education (i.e. banks, credit unions, insurance companies, predatory financial scams, and identity theft)
- Filing taxes

The program was launched in response to Minnesota's large disparities in homeownership rates between white/non-Hispanic households and households of color and aligns with the Agency's strategic priority of reducing Minnesota's racial and ethnicity homeownership disparity.

The Homeownership Capacity program has met or exceeded expectations further supporting the value of long-term intensive financial coaching and education for low-income renters and households of color with the goal of homeownership. Since the launch of the Homeownership Capacity program in August 2014, 3,857 households have started receiving program services. Of those 3,857 households, 1,352 (35%) have stopped communication, 554 (14%) have reported an outcome, and 1,951 (51%) are still actively receiving Homeownership Capacity services.

The chart below identifies additional information about these clients:

	Percent of households
Identify as a household of color	86%
Annual gross household income is below $75,000	95%
Credit identified as the primary barrier to obtaining homeownership	65%

As of July 10, 2019, 554 households have reported an outcome with the following distribution:

	Percent of households
Home purchase	64%
Client is still actively pursuing homeownership 1 year after completing the program	17%
Client is no longer interested in homeownership	20%

Since 2016, $750,000 was awarded on an annual basis and funded:

- 13 organizations throughout Minnesota that provide financial empowerment education and coaching services;
- The Homeownership Capacity Incentive Fund;
- Training for grantees to maintain their Financial Capability Certification (a requirement under the grant).

In late March 2019, a Request for Proposals (RFP) was released and applications were submitted for funding under the sixth and seventh year of the program. In their proposals, applicants were asked to address the following:

- The target service area and target demographic the applicant will serve as well as the approach to securing client participation
- The number of clients that will be served and the capacity of the applicant to meet the demand
- The role of the coach and client
- The anticipated average length of time the applicant will work with clients
- How homebuyer education will be integrated into the program design
- Training of those providing Homeownership Capacity services
- Outreach efforts to ensure applicants are attracting potential clients that fall within the program parameters
- Each proposal was reviewed and evaluated by Single Family program staff and scored pursuant to the criteria summarized above by a selection committee made up of staff from throughout the Agency.

Applicants that applied in March 2019 requested funding for two years. Funding for the second year will be contingent upon availability of funds, grantee performance, and other requirements. The initial allocation will cover October 1, 2019 – September 30, 2020. An amendment will be issued and executed for October 1, 2020 – September 30, 2021 to include additional funds, goals, and any additional contract requirements (if applicable) to cover the second year of the grant.

Program Funding Recommendations
Agency staff is recommending the top 15 applicants be selected for the funding amounts listed below for the first half of the 2019/2021 program year.

Organizations Previously Funded in One or More Years Since 2014 and Recommended for Funding in 2019	
Organization	**Funding Amount**
African Development Center	$ 50,000
Bii Gii Wiin Community Development Loan Fund	$ 36,000
Community Action Duluth	$ 72,000
Community Neighborhood Housing Service dba NeighborWorks Home Partners	$ 43,200
Comunidades Latinas Unidas En Servicio (CLUES), Inc.	$ 36,000
Hmong American Partnership (HAP)	$ 49,995
Lutheran Social Service of Minnesota	$ 114,000
Minneapolis Urban League, Incorporated	$ 18,000
Neighborhood Development Alliance (NeDA), Inc.	$ 80,000
PRG, Inc.	$ 75,000
Project for Pride in Living, Inc. (PPL)	$ 69,600
Southwest Minnesota Housing Partnership (SWMHP)	$ 15,000
Three Rivers Community Action, Inc.	$ 91,600
TOTAL	**$ 750,395**

New Organizations Recommended for Funding in 2019	
Organization	**Funding Amount**
African Economic Development Solutions	$ 10,000
West Central Minnesota Communities Action, Inc.	$ 22,650
TOTAL	**$ 32,650**

GRAND TOTAL	**$ 783,045**

The Agency also received non-recommended applications from the following organizations: CAPI USA, Carver County CDA, and Twin Cities Habitat for Humanity.

Additionally, Build Wealth will receive a direct legislative appropriation to the Agency in the amount of $500,000 to provide similar services to that of the Homeownership Capacity program.

With this funding, the 15 recommended organizations expect to serve 739 diverse low-income renters and households of color statewide.

Homeownership Capacity Incentive Fund
In accordance with Board Delegation No. 018, the Homeownership Capacity Incentive Fund allows grantees access to additional funds if they have met their original goals for number of households served under the grant agreement before the end of the first half of the grant period. A short application process is established for grantees to request those additional funds. Grantees access the Homeownership Capacity Incentive Funds on a first-come first-served basis under the following parameters:

1. The amount of Homeownership Capacity Incentive Fund awards is limited to up to 25% of the original funding commitment per request, not to exceed $25,000 per grantee and, in addition, up to a maximum of $1,200 per household.
2. Funding for Incentive Fund Awards is available only during the first 12 months of the grant agreement term and grantee requests must be submitted by August 15, 2020.
3. The grantee must have met its original goals for number of households served for the first half of the grant period and have no outstanding reporting or monitoring issues and may not be out of compliance with its required follow up activities.
4. Incentive Fund Awards are subject to the terms and conditions of the original award and the Agency reserves the right to ask for additional documentation.

Training to maintain Financial Capability Certification
One requirement under the Homeownership Capacity program is that each grantee must have at least one person that has a current Financial Capability Certification through NeighborWorks America. The certificate is good for three years with the option to become re-certified. To become re-certified, NeighborWorks America requires 30 continuing education hours within three years of the certification date with 15 of those hours coming from eligible NeighborWorks America courses. At this time, there is no other entity that provides this certification. Trainings are often held out-of-state which is costly for organizations and therefore, contracting with NeighborWorks America to provide the trainings in Minnesota is far more cost effective. Historically, a training to meet the re-certification requirement has

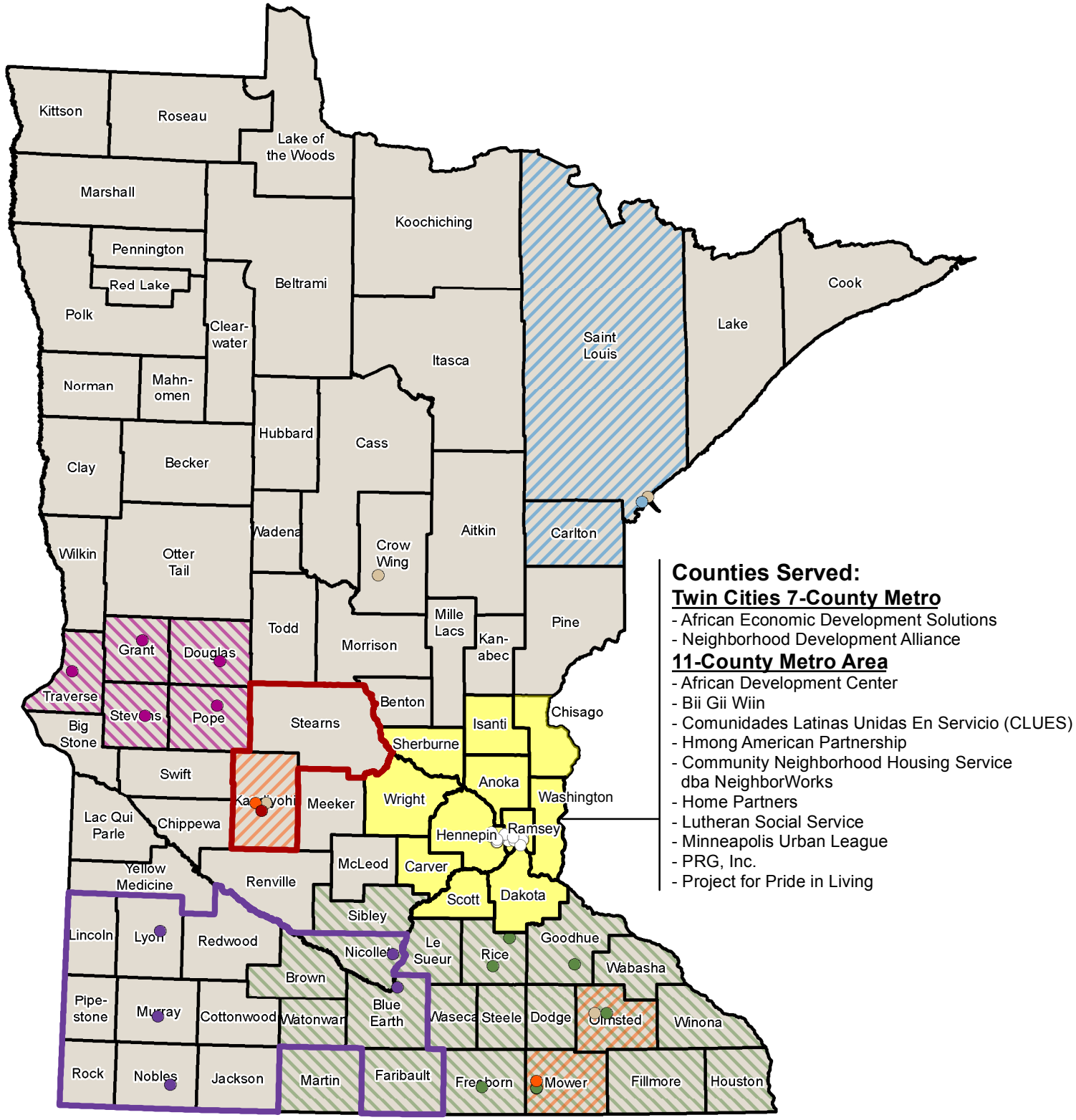
not exceeded $30,000 to re-certify up to 35 individuals. Staff will poll the grantees to determine which course(s) best meet their needs.

The total funds requested for approval is $116,955 for both the Homeownership Capacity Incentive Fund and the re-certification training(s).

Request for Approval
Staff is hereby requesting Board approval of $900,000 in funding recommendations in the following categories as set out in this board report:

- $783,045 Program funding for 15 applicants
- $116,955 Homeownership Capacity Incentive Fund and training to maintain Financial Capability Certification

Recommended Homeownership Capacity Provider Coverage



African Development Center
CLUES
Community Action Duluth
Lutheran Social Service
Southwest MN Housing Partnership
Three Rivers CAP
WestCentralCommAction
Multiple Providers
Service Location Office

0 20 40 Miles

MINNESOTA HOUSING

Source: Minnesota Housing Date: 06/17/2019

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

RESOLUTION NO. MHFA xx-xx
RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS FOR THE ENHANCED FINANCIAL HOMEOWNERHIP CAPACITY (HOMEOWNERSHIP CAPACITY) PROGRAM AND FUNDING FOR THE HOMEOWNERSHIP CAPACITY INCENTIVE FUND AND FOR TRAINING TO MAINTAIN FINANCIAL CAPABILITY CERTIFICATION

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds to non-profit organizations and local units of government looking to provide services under the program; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of the program.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff:

1. To enter into grant contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant agreements:

Organization	Funding Amount
African Development Center	$50,000
African Economic Development Solutions	$10,000
Bii Gii Wiin Community Development Loan Fund	$36,000
Community Action Duluth	$72,000
Community Neighborhood Housing Service dba NeighborWorks Home Partners	$ 43,200
Comunidades Latinas Unidas En Servicio (CLUES), Inc.	$36,000
Hmong American Partnership (HAP)	$49,995
Lutheran Social Service of Minnesota	$114,000
Minneapolis Urban League, Incorporated	$18,000
Neighborhood Development Alliance (NeDA), Inc.	$80,000
PRG, Inc.	$75,000
Project for Pride in Living, Inc. (PPL)	$69,600
Southwest Minnesota Housing Partnership (SWMHP)	$15,000
Three Rivers Community Action, Inc.	$91,600
West Central Minnesota Communities Action, Inc.	$22,650
GRAND TOTAL	**$783,045**

2. To utilize up to $116,955 for the Homeownership Capacity Incentive Fund and training to maintain Financial Capability Certification.

Adopted this 25th day of July 2019

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CHAIRMAN

Board Agenda Item: 7.B
Date: 7/25/2019

Item: Approval, Selection and Commitment, Housing Trust Fund (HTF) Rental Assistance Program Funds

Staff Contact(s):
Elaine Vollbrecht, 651.296.9953, elaine.vollbrecht@state.mn.us
Joel Salzer, 651. 296.9828, joel.salzer@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests adoption of the attached resolution authorizing $23,000,000 from the Housing Trust Fund (HTF). These funds will allow Minnesota Housing to execute contracts with 26 grantees to provide rental assistance for up to 1,326 households through most of Minnesota.

Fiscal Impact:
The HTF rental assistance program is funded by state appropriations and individual awards are structured as grants, which do not earn interest for the Agency.

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

Attachment(s):
- Background
- 2019 HTF Rental Assistance Funding Recommendations
- Resolution

Background:

HTF rental assistance serves high priority homeless (HPH) families and individuals with incomes at or below 60% of area median income limits (AMI), most households are at or below 30% of AMI at initial occupancy. HPH is defined as households prioritized for permanent supportive housing by the Coordinated Entry system. The rental assistance programs funded with HTF serve multiple populations, including households of color, households headed by single adults or youth and persons with disabilities. The funds recommended for the 26 applicants, who are either local housing agencies or non-profit organizations, will assist households with rental subsidies across 63 Minnesota counties and seven tribal nations.

In March 2019, Minnesota Housing (Agency) posted a request for proposals (RFP) for up to $23,000,000 for tenant-based rental assistance programs, which allow participants to use the assistance in eligible housing of their choice. In addition, up to $250,000 of the posted amount was available for housing navigation services to increase housing access for HTF participants. The grant term will be for two years beginning October 1, 2019. Eligible applicants were current grantees with HTF rental assistance grants expiring on September 30, 2019 and new applicants proposing to serve an unserved area of Minnesota with an HTF rental assistance program. Applications were due on May 17, 2019. The Agency received 26 applications requesting over $24.4 million in funding, including over $457,000 for housing navigation services. We received one application from a new applicant.

Current grantees with multiple HTF tenant-based programs were required to consolidate those programs into a single application. This consolidation resulted in a decrease in the number of applications from current grantees, which impacts the granting process and ongoing administration by reducing the number of contracts and streamlining administration of monitoring and contract payments.

Areas of Emphasis in the RFP

<u>Prioritize persons with the most barriers to housing stability</u>

Effective October 1, 2019, all grantees are required to serve persons meeting HPH criteria (most grantees previously served long-term homeless [LTH] persons). This includes programs that were established prior to the Agency's priority to serve persons experiencing long-term homelessness. Program transition for those not already serving all HPH households will take place through attrition. All program referrals must come through Coordinated Entry, with an exception for re-entry programs serving persons released as homeless from Minnesota Correctional facilities to community supervision, who receive referrals from the Department of Corrections. Coordinated Entry is a collaborative initiative designed to create a more effective and efficient homeless response system by coordinating program participant intake, assessment, and provision of referrals, covering the geographic area of the Continuum of Care (CoC) and aligning with the priorities established through the CoC plan. The CoC is a local planning body that coordinates housing and services planning and funding for homeless families and individuals. HTF assistance is required to be partnered with services to increase housing stability.

<u>Increase housing access</u>

With the intent to increase housing access, the RFP was open to new applicants proposing to serve an unserved area of the state. Current grantees were also permitted to propose expansion of their current

service area. We received one application from a new applicant to serve the Leech Lake Reservation and surrounding counties, and their proposal is recommended for funding.

In addition, up to $250,000 in funding was offered for housing navigation services as a one-time opportunity in the RFP in order to increase housing access for HTF participants. Eligible uses for these funds include landlord recruitment and ongoing communication, housing search activities and assistance with attaining housing once a suitable place is located.

Address regional needs

HTF programs are expected to align with Continuum of Care priorities and to have a plan to serve households disparately impacted by homelessness in their service area.

Resource coordination

HTF grantees are expected to plan for coordination of homeless resources in their CoC, including the Family Homeless Prevention Assistance Program (FHPAP) administered by Minnesota Housing. One expectation in the FY20-21 biennium is HTF grantee participation in the local FHPAP Advisory Board in order to facilitate the most effective alignment of these resources.

Review Process

Applications were reviewed by a team that included state agency and community reviewers. Applicants were scored on the funding request, program design, diversity and inclusion, collaboration, services, and grant administration. Additional points were possible for those applying for housing navigation funds.

Agency staff reviewed and scored current grantee performance and new applicant capacity.

Combined scores were utilized to determine funding awards.

Recommendations

There is a decrease of 3.4% in the overall number of households that are recommended for funding in the next biennium compared to the current number funded, even with recommended increases in the proposed number of households to be served by some applicants, and the recommendation to fund a new applicant.

Much of this decrease is attributed to higher housing costs due to rental prices, but it is also attributed to changes in some programs. With the requirement for all programs to serve only HPH households, applicants who currently cap their assistance are proposing to transition to a model where households pay 30 percent of their income toward gross rent. This will result in higher rental subsidy costs for those programs.

A few grantees requested a decrease in the number of households from those they currently serve because they have obtained other funding sources for some participants, their service funding has changed, or their organization has decided to change its program. One current grantee did not apply for funding in this RFP.

Since the RFP requests exceeded available funding, the Agency was unable to fund all requests to increase the proposed number of households to be served.

The distribution of the number of households to be assisted with the funds is approximately 65 percent for the metro area and 35 percent for greater Minnesota programs. This distribution aligns with the findings of the 2018 Wilder Research Point in Time Study that found the distribution of the Minnesota homeless population to be 66 percent for the Twin Cities metro area and 34 percent for greater Minnesota. The geographic distribution of funding is approximately 72 percent for the Twin Cities metro area and 28 percent for greater Minnesota, due to higher costs in the Twin Cities metro area.

Housing Navigation Funds

The housing navigation funds were offered as a one-time opportunity, with a priority for current grantees that have experienced underutilization of their grant funds due to a lack of access to housing in their service area. The funds are to be used in conjunction with HTF rental assistance programs.

The Agency also considered whether the applicant was changing their program to serve a higher barrier population, if they were awarded additional households in the rental assistance funding recommendations, the availability of other resources in the area, and geographic distribution.

Where recommended housing navigation awards are significantly less than requested, we anticipate modifications to the original activities proposed and will determine if the applicant can still utilize these funds effectively.

Geographic distribution of housing navigation funds is approximately 51 percent metro area and 49 percent greater Minnesota.

Staff recommends approval of the resolution to approve selection and commitment of funds from the Housing Trust Fund (HTF). Funds will provide needed assistance for Minnesota households who are homeless to access and maintain stable housing.

Funding Recommendations

HTF Rental Assistance: Metro Area Funding Recommendations							
Grantee	Request Target HH	Recommend Target HH	Rental Assistance		Housing Navigation		Total Recommended Award
			Request	Recommend	Request	Recommend	
Amherst H. Wilder	7	7	$ 166,740	$ 166,736			$ 166,736
Carver County CDA	18	16	$ 256,525	$ 228,060	$ 10,800	$ 3,000	$ 231,060
Catholic Charities	72	72	$ 1,220,424	$ 1,200,715	$ 111,275	$ 45,000	$ 1,245,715
Clare Housing	18	18	$ 392,570	$ 387,851			$ 387,851
Dakota County CDA	71	51	$ 1,368,052	$ 1,023,357	$ 10,400	$ 5,000	$ 1,028,357
Hearth Connection	215	213	$ 3,791,680	$ 3,736,581			$ 3,736,581
Lutheran Social Service	70	70	$ 1,324,762	$ 1,306,562			$ 1,306,562
Mental Health Resources	73	73	$ 1,302,128	$ 1,286,476			$ 1,286,476
Metropolitan Council HRA	54	45	$ 697,910	$ 689,521	$ 50,000	$ 40,000	$ 729,521
Neighborhood House	12	12	$ 312,368	$ 308,613	$ 65,000	$ 10,000	$ 318,613
South Metro Human Services DBA RADIAS Health	77	69	$ 1,209,849	$ 1,073,094			$ 1,073,094
Scott County CDA	7	4	$ 98,200	$ 66,560	$ 24,020	$ 3,000	$ 69,560
Simpson Housing Services	75	75	$ 1,285,200	$ 1,266,432			$ 1,266,432
St. Stephen's Human Services	140	140	$ 3,482,730	$ 3,482,660	$ 14,500	$ 14,000	$ 3,496,660
YWCA St. Paul	2	2	$ 67,422	$ 67,420			$ 67,420
TOTAL METRO	**911**	**867**	**$ 16,976,560**	**$ 16,290,638**	**$ 285,995**	**$ 120,000**	**$ 16,410,638**

*HH: Target number of households

HTF Rental Assistance: Greater Minnesota Funding Recommendations							
Grantee	**Request Target HH**	**Recommend Target HH**	**Rental Assistance**		**Housing Navigation**		**Total Recommended Award**
			Request	**Recommend**	**Request**	**Recommend**	
Bi-County CAP, Inc.	105	95	$ 1,399,230	$ 1,161,387	$ 50,250	$ 39,000	$ 1,200,387
Hearth Connection	154	152	$ 2,500,668	$ 2,446,142			$ 2,446,142
HRA of Bemidji	15	10	$ 169,300	$ 111,424			$ 111,424
HRA of Clay County	80	70	$ 1,185,980	$ 1,123,079	$ 30,000	$ 25,000	$ 1,148,079
Itasca County HRA	7	7	$ 92,320	$ 90,214			$ 90,214
Leech Lake Band of Ojibwe Housing Authority	15	15	$ 183,900	$ 183,896			$ 183,896
MAHUBE-OTWA CAP, Inc.	48	48	$ 627,572	$ 620,028	$ 85,000	$ 45,000	$ 665,028
Olmsted County HRA	18	17	$ 240,888	$ 228,294			$ 228,294
Red Lake Homeless Shelter	15	10	$ 243,252	$ 175,880			$ 175,880
South Central Minnesota Multi-County HRA	30	28	$ 268,585	$ 246,732	$ 6,000	$ 6,000	$ 252,732
Southwest Minnesota Housing Partnership	7	7	$ 88,348	$ 87,286			$ 87,286
TOTAL GREATER MINNESOTA	**494**	**459**	**$ 7,000,043**	**$ 6,474,362**	**$ 171,250**	**$ 115,000**	**$ 6,589,362**
TOTAL HTF FUNDING RECOMMENDATIONS	**1,405**	**1,326**	**$ 23,976,603**	**$ 22,765,000**	**$ 457,245**	**$ 235,000**	**$ 23,000,000**

*HH: Target number of households

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

RESOLUTION NO. MHFA 19-XXXX

RESOLUTION APPROVING SELECTION/COMMITMENT
HOUSING TRUST FUND (HTF) RENTAL ASSISTANCE PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) will execute new contracts with grantees to provide rental assistance across the state to prevent and end homelessness for families and individuals who are low income, homeless or high priority homeless ; and

WHEREAS, Agency staff have reviewed the applications and determined that they are in compliance with Agency's rules, regulations and policies; that such grants 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 authorizes Agency staff to enter into grant agreements using state and Agency resources as set forth on the attachment, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period of October 1, 2019 through September 30, 2021:

D#	Applicant	2020-21 Award
D3859	Amherst H. Wilder Foundation	$ 166,736
D2211	Bi-County Community Action Programs, Inc.	$ 1,200,387
D1971	Carver County Community Development Agency	$ 231,060
D4041	Catholic Charities of the Archdiocese of St. Paul and Minneapolis	$ 1,245,715
D5883	Clare Housing	$ 387,851
D3541	Dakota County Community Development Agency	$ 1,028,357
D5478	Hearth Connection	$ 2,446,142
D5479	Hearth Connection	$ 3,736,581
D4616	Housing and Redevelopment Authority of Bemidji	$ 111,424
D5967	Housing and Redevelopment Authority of Clay County	$ 1,148,079

D7683	Itasca County Housing and Redevelopment Authority	$ 90,214
D8258	Leech Lake Band of Ojibwe Housing Authority	$ 183,896
D3910	Lutheran Social Service of Minnesota	$ 1,306,562
D2022	MAHUBE-OTWA Community Action Partnership, Inc.	$ 665,028
D6280	Mental Health Resources, Inc.	$ 1,286,476
D3537	Metropolitan Council Housing and Redevelopment Authority	$ 729,521
D3865	Neighborhood House	$ 318,613
D3533	Olmsted County Housing and Redevelopment Authority	$ 228,294
D6232	Red Lake Homeless Shelter Inc.	$ 175,880
D3534	Scott County Community Development Agency	$ 69,560
D1937	Simpson Housing Services	$ 1,266,432
D3558	South Central Minnesota Multi-County HRA	$ 252,732
D2217	South Metro Human Services DBA RADIAS Health	$ 1,073,094
D5899	Southwest Minnesota Housing Partnership	$ 87,286
D3747	St. Stephen's Human Services	$ 3,496,660
D3875	YWCA St. Paul	$ 67,420

2. The issuance of grant agreements in form and substance acceptable to Agency staff and the closing of the individual grants shall occur no later than twelve months from the adoption date of this Resolution.
3. The sponsors and such other parties shall execute all such documents relating to said grant and to the security therefore as the Agency, in its sole discretion, deems necessary.

Adopted this 25th day of July 2019

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CHAIR

Board Agenda Item: 7.C
Date: 7/25/2019

Item: Approval, Selection and Commitment of Housing Infrastructure Bond (HIB) Funding
- D8173, Pine West and Springhaven, Cold Spring
- D8170, City Centre Apartments, Pine Island
- D5824, Malmquist Estates, Red Wing
- D8191, Riverside & Hillside Apartments, Watertown
- D6106, North States Apartments & BR Properties, Waseca
- D8172, Town Edge, Gaylord
- D8169, Heather Court, Owatonna

Staff Contact(s):
Sara Bunn, 651.296.9827, sara.bunn@state.mn.us

Request Type:
☒ Approval
☒ Motion
☒ Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Agency staff requests the adoption of seven resolutions approving the selection of projects, and the selection of loans to be made from the proceeds of Housing Infrastructure Bonds (HIBs).

Fiscal Impact:
The debt service on the HIBs that will be issued to finance the HIB loan will be paid from state appropriations, therefore there is no interest expense to the Agency. A portion of the loans will earn interest revenue and the Agency will earn an inspection fee.

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
- 7 Development Summaries
- 7 Resolutions

Background:
This project is comprised of ten properties of walk up apartments and townhome buildings with a total of 242 units and 1-3 stories per building (Portfolio). The Portfolio is a significant acquisition rehabilitation undertaking that is grouped into seven separate, though related projects. The Portfolio is spread throughout seven communities in six counties (Carver, Goodhue, Sibley, Stearns, Steele, and Waseca). All properties will have 100% Rural Development rental assistance. The properties are being transferred from a single owner who is seeking to exit the Rural Development program to Southwest Minnesota Housing Partnership (SWMHP), who is a long term preservation owner.

All seven projects in the Portfolio are within the predictive cost model threshold.

Pinewest & Springhaven is a 68-unit general occupancy project in Cold Spring and is recommended for up to a $3,050,000 HIB loan. This project meets the Greater Minnesota Workforce Housing strategic priority. Rent and income restrictions:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- Housing Tax Credits (HTC) – rents at 60% MTSP and incomes at 60% MTSP.

City Centre Apartments is a 23-unit project serving seniors in Pine Island and is recommended for up to a $900,000 HIB loan. This project meets the Preservation strategic priority. Rent and income restrictions are as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 60% MTSP and incomes at 60% MTSP.

Malmquist Estates is a 30-unit general occupancy project in Red Wing and is recommended for up to a $1,625,000 HIB loan. This project meets the Planned Community Development strategic priority. Rent and income restrictions as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 60% MTSP and incomes at 60% MTSP.

Riverside & Hillside Apartments is a 30-unit project serving seniors in Watertown and is recommended for up to a $1,370,000 HIB loan. This project meets the Planned Community Development strategic priority. Rent and income restrictions are as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 50% MTSP and incomes at 60% MTSP.

Northstates Apartments & BR Properties is a 40-unit general occupancy project in Waseca and is recommended for up to a $1,955,000 HIB loan. This project meets the Planned Community Development strategic priority. Rent and income restrictions are as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 60% MTSP and incomes at 60% MTSP.

Town Edge is a 16-unit general occupancy project in Gaylord and is recommended for up to a $750,000 HIB loan. This project meets the Planned Community Development strategic priority. Rent and income restrictions as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 60% MTSP and incomes at 60% MTSP.

Heather Court is a 35-unit general occupancy project in Owatonna and is recommended for up to a $2,450,000 HIB loan. This project meets the Preservation strategic priority. Rent and income restrictions as follows:

- HIB – 100% of the units with rents Affordable to Local Workforce limits as published by Minnesota Housing and incomes at 80% of the greater of statewide median or area median income, not adjusted for household size.
- HTC – rents at 60% MTSP and incomes at 60% MTSP.

Capital Sources of Financing

Each of the seven projects will have a similar set of funding sources:

- New HIB loan from Minnesota Housing, which will provide access to 4% tax credits
- An assumed, existing loan from Rural Development— re-amortized for 50 years
- Syndication proceeds from 4% tax credits
- Sales tax rebates
- Transfer of existing replacement reserves

Estimated Permanent Sources

	Pinewest/ Springhaven	City Center	Malmquist	Riverside/ Hillside	Northstates & BR	Town Edge	Heather Court	Total Portfolio
Agency permanent loan	$ 3,050,000	$ 900,000	$ 1,625,000	$ 1,325,000	$ 1,830,000	$ 475,000	$ 2,175,000	$ 11,380,000
Rural Dev loan	$ 1,399,400	$ 491,200	$ 730,600	$ 770,800	$ 619,400	$ 415,000	$ 977,800	$ 5,404,200
GP Cash	$ 600	$ 90	$ 100	$ 200	$ 200	$ 20	$ 120	$ 1,330
Syndication proceeds	$ 1,317,700	$ 454,900	$ 758,500	$ 698,400	$ 974,700	$ 176,100	$ 1,225,700	$ 5,606,000
Sales tax rebate	$ 58,000	$ 19,400	$ 33,000	$ 32,200	$ 50,600	$ 15,300	$ 56,800	$ 265,300
Existing Reserves	$ 365,600	$ 60,600	$ 57,900	$ 112,900	$ 71,000	$ 66,700	$ 32,600	$ 767,300
Small Cities					$ 533,800			$ 533,800
GMHF							$ 300,000	$ 300,000
SWMHP						$ 500,000		$ 500,000
Seller Proceeds		$ 125,000		$ 50,000			$ 225,000	$ 400,000
Subtotal Perm Sources	$ 6,191,300	$ 2,051,190	$ 3,205,100	$ 2,989,500	$ 4,077,700	$ 1,648,120	$ 4,993,020	$ 25,155,930
Agency Short Term Loan	$ 0	$ 0	$ 0	$ 45,000	$ 125,000	$ 275,000	$ 275,000	$ 720,000
Total Agency Sources	$ 3,050,000	$ 900,000	$ 1,625,000	$ 1,370,000	$ 1,955,000	$ 750,000	$ 2,450,000	$ 12,100,000

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	Pine West & Springhaven
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Cold Springs
Number of Units:	68
Amount of Development Cost:	$6,191,305
Amount of HIB Mortgage:	$3,050,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $3,050,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY

400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	City Centre
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Pine Island
Number of Units:	23
Amount of Development Cost:	$2,050,569
Amount of HIB Mortgage:	$900,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $900,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	Malmquist Estates
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Red Wing
Number of Units:	30
Amount of Development Cost:	$3,203,837
Amount of HIB Mortgage:	$1,625,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $1,625,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	Riverside & Hillside Apartments
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Watertown
Number of Units:	30
Amount of Development Cost:	$2,990,248
Amount of HIB Mortgage:	$1,370,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $1,370,000 , or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	North State Apartments & BR Properties
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Waseca
Number of Units:	40
Amount of Development Cost:	$4,077,694
Amount of HIB Mortgage:	$1,955,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $1,955,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	Town Edge
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Gaylord
Number of Units:	16
Amount of Development Cost:	$1,648,137
Amount of HIB Mortgage:	$750,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

1. The amount of the HIB loan shall not exceed $750,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

2. The term of the permanent HIB loan shall be 30 years; and

3. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

4. Agency staff shall review and approve the Mortgagor; and

5. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

6. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

7. 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

Adopted this 25th day of July 2019

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 19-

RESOLUTION APPROVING MORTGAGE COMMITMENT
HOUSING INFRASTRUCTURE BOND (HIB) LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low-and moderate-income, as follows:

Name of Development:	Heather Court
Sponsors:	Southwest Minnesota Housing Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Owatonna
Number of Units:	35
Amount of Development Cost:	$4,991,642
Amount of HIB Mortgage:	$2,450,000

WHEREAS, Agency staff has reviewed the application and determined that the application is 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 rehabilitation 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:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the indicated development in the amounts set forth below, subject to the terms and conditions contained herein:

8. 1. The amount of the HIB loan shall not exceed $2,450,000, or such lesser amount as does not exceed 53% of the aggregate basis of the building and land of the development upon final underwriting by Agency staff; and

9. The term of the permanent HIB loan shall be 30 years; and

10. Repayment of all or a portion of the HIB loan may be due within 24 months; a portion may be amortized with monthly payments based on a 30 year amortization period and interest up to 4 percent per annum; and the balance will be due upon maturity; and

11. Agency staff shall review and approve the Mortgagor; and

12. The issuance of a mortgage loan commitment for all loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

13. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

14. 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

Adopted this 25th day of July 2019

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CHAIRMAN

Board Agenda Item: 7.D
Date: 7/25/2019

Item: Approval, Request for Waiver to Minnesota Housing's 2019 Qualification Allocation Plan Private Activity Bond Limitation
- Conifer II, D8115, Bemidji

Staff Contact(s):
Ted Tulashie, 651.297.3119, ted.tulashie@state.mn.us

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

Summary of Request:
Agency staff requests the adoption of a resolution authorizing a waiver for the Conifer II development of the provision in Minnesota Housing's 2019 Qualified Allocation Plan (QAP) limiting the issuance of tax-exempt private activity bonds to no more than 53 percent of aggregate basis of a development.

Fiscal Impact:
The Agency will not earn any interest revenue as neither loan carries an interest rate. Since the debt service on the HIBs that will be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency. The Agency will earn certain 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
- Resolution

Background:
Conifer II is a new construction project that is being developed by Headwaters Housing Development Corporation. The development will provide 32 tax credit units in Bemidji serving households whose incomes do not exceed 60% of Multifamily Tax Subsidy Income Limits (MTSP). In addition, seven of the units will be set aside for individuals who have experienced long-term homelessness, an additional five units are intended to serve individuals with disabilities, and all of the units will serve individuals with behavioral health needs. The development will offer project-based rental assistance for all units. The project focuses on an important policy goal of providing permanent supportive housing.

Article 8.0 of the amended 2019 Qualified Action Plan (QAP) states that Minnesota Housing will not issue tax-exempt private activity bonds in an amount in excess of 53 percent of aggregate basis of building and land.

This limit was established to manage the scarcity of tax-exempt private activity bonds limited by the state's volume cap. The 53 percent limit ensures that the amount of bonds issued for a particular project is limited to the amount necessary to qualify for 4% housing tax credits. Deferred loans selected for financing from the proceeds of housing infrastructure bonds (HIBs) that are issued as tax-exempt private activity bonds are different from loans financed from the proceeds of tax-exempt private activity bonds that are not HIBs. The HIB loan is sized based upon the project's need for deferred funding and not exclusively upon the amount needed to qualify for 4% housing tax credits. In the case of Conifer II, the $5.6 million HIB loan equals represents 68.8 percent of aggregate basis. Since, practically speaking, all funding resources are limited, notwithstanding the aggregate limitation on HIB bonding authority, we are choosing to use a single funding source (HIBs) to finance this loan because it both is internally more efficient to use one source rather than two, and because as a behavioral health project it conforms with one of the newly added provisions of the eligible uses of HIBs. This loan will qualify the project for approximately $2.2 million of tax credit equity.

Staff requests a waiver of Minnesota Housing's 53 percent tax-exempt private activity bond limitation for Conifer II.

MINNESOTA HOUSING FINANCE AGENCY

400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 19-

MODIFYING RESOLUTION NO. MHFA 18-061
RESOLUTION APPROVING WAIVER OF THE BOND VOLUME CAP LIMITATION

WHEREAS, the Board has previously authorized the loan commitment for Conifer II, (D8115), by MHFA Resolution No. 18-061; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies; and,

WHEREAS, Agency staff have determined that a waiver of the tax-exempt private activity bond limitation under the 2019 Qualified Allocation Plan (QAP) is necessary.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Minnesota Housing Board hereby waives, for the indicated development, the limitation under Article 8 of the 2019 Qualified Allocation Plan (QAP) as to the maximum principal amount of bonds that Minnesota Housing will issue for the project, upon the following terms and conditions:

1. Minnesota Housing will not make a loan from the proceeds of its tax-exempt private activity bonds for the development in an amount greater than $5,603,000; and

2.

3. All other terms and conditions of MHFA Resolution No. 18-061 remain in effect.

Adopted this 25th day of July 2019

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 7.E
Date: 7/25/2019

Item: Approval to Release for Public Comment, Proposed State of Minnesota Housing Tax Credit 2021 Qualified Allocation Plan (QAP) and the 2021 Housing Tax Credit Program Procedural Manual

Staff Contact(s):
Devon Pohlman, 651.296.8255, devon.pohlman@state.mn.us
William Price, 651.296.9440, william.price@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff recommends adoption of a motion to approve the release of the proposed State of Minnesota Housing Tax Credit 2021 Qualified Allocation Plan (QAP), the 2021 Housing Tax Credit Self-scoring Worksheet and the 2021 Housing Tax Credit Program Procedural Manual in draft form for public comment.

Fiscal Impact:
The Housing Tax Credit Program is a federally sponsored program, and the allocation of housing tax credits does not have any direct fiscal impact on Minnesota Housing's financial condition.

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

Attachment(s):
- Background
- Timeline
- 2021 Qualified Allocation Plan (QAP) Summary of Proposed Content Changes
- 2021 Housing Tax Credit QAP Update to Stakeholders
- Proposed State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) and the 2021 Housing Tax Credit Program Procedural Manual
- Proposed 2021 Housing Tax Credit Self-scoring Worksheets for a Competitive Funding Round and 4% Only
- Methodologies:
  - Access to Higher Performing Schools
  - Community Economic Integration
  - Cost Containment
  - Location Efficiency
  - Rural/Tribal Designated Areas
  - Qualified Census Tracts, Tribal Equivalent Areas
  - Workforce Housing Communities
  - Continuum of Care (CoC) Priorities

Background:
The Federal Tax Reform Act of 1986 established the Housing Tax Credit (HTC) Program for qualified residential rental properties. The HTC Program is one of the principal federal mechanisms contained within tax law for acquisition/substantial rehabilitation and new construction of low-income rental housing.

Section 42 of the Internal Revenue Code (IRC) requires that state allocating agencies develop a QAP for distribution of tax credits within their jurisdiction. The QAP is subject to modifications to ensure the provisions conform to the changing requirements of the IRC, applicable state statute, the changing environment and market conditions, and to best promote Minnesota Housing's strategic priorities.

Minnesota Housing's HTC Program administration includes use of the following documents that are collectively considered the QAP: a qualified allocation plan, a procedural manual that includes detailed definitions and procedures, and a self-scoring worksheet that assigns points to the degree in which a development meets Minnesota Housing's HTC Program funding priorities. The HTC Program is reviewed and revised annually to ensure it meets Internal Revenue Service (IRS) requirements as well as Minnesota Housing's strategic priorities.

Copies of the current QAP and procedural manual are available on Minnesota Housing's website at www.mnhousing.gov (Home – Multifamily Rental Partners > Apply for Funding > Tax Credits > 2020 HTC Program Procedural Manual and Documents).

TIMELINE: 2021 HTC PROGRAM SCHEDULE

August 19, 2019	Minnesota Housing 2021 QAP public hearing
October 31, 2019	Minnesota Housing board asked to approve final 2021 QAP and HTC Program Manual
April 2020 (tentative)	Publish Consolidated RFP for HTC 2021 Round 1 and 2
June 2020 (tentative)	HTC 2021 Round 1 and 2020 MF Consolidated RFP application deadline
November 2020 (tentative)	Minnesota Housing board asked to approve HTC 2021 Round 1 selection recommendations
January 2021(tentative)	HTC 2021 Round 2 application deadline
April 22, 2021 (tentative)	Minnesota Housing board asked to approve 2021 HTC Round 2 selection recommendations

STATE OF MINNESOTA HOUSING TAX CREDIT 2021 QUALIFIED ALLOCATION PLAN AND 2021 HOUSING TAX CREDIT PROGRAM PROCEDURAL MANUAL PROPOSED REVISIONS

The attached 2021 Qualified Allocation Plan (QAP) Summary of Proposed Content Changes outlines a summary of proposed policy, scoring and streamlining changes to the QAP, the HTC Procedural Manual, and the Self-scoring Worksheet for the competitive funding round and the Self-scoring Worksheet for 4% HTCs Only. A competitive funding round includes the Consolidated Request for Proposals (RFP), HTC Round 1, HTC Round 2, and available financing throughout the year, including first mortgage products, bonds and deferred funds in conjunction with 4% HTCs.

The chart below identifies the QAP documents impacted by the changes:

	Impacted Documents			HTC Allocation Round
Proposed Change	**QAP**	**Procedural Manual**	**Self-scoring Worksheet**	**Competitive or 4% Only**
Two strategic priority additions: 1. Minimum point requirement 2. Tax-exempt bond allocation	x	x	x	Competitive and 4% Only
Selection criterion and scoring criterion: Preservation		x	x	Competitive and 4% Only
Scoring criterion: Rental Assistance			x	Competitive and 4% Only
Scoring criterion: Location Efficiency: Rural and Small Urban Areas			x	Competitive and 4% Only
Scoring criterion: Qualified Census Tract (QCT)			x	Competitive and 4% Only
Scoring criterion: Minority and Women-owned Business			x	Competitive and 4% Only
Scoring criterion: Efficient Use of Scarce Resources and Leverage			x	Competitive and 4% Only

Additional changes and clarifications to the HTC Program Procedural Manual include the following:

- Clarified how projects on the waiting list in Round 2 are allocated credits should they become available
- Clarified the carryover allocation process for eligible projects
- Updated the minimum set-aside election to include income averaging as allowed by the IRS
- Updated changes to the monitoring fees implemented in the 2019 HTC Program Compliance Manual

Additional changes and clarifications to the Self-scoring Worksheets that are more administrative in nature include the following:

- Clearly stated that applicants are responsible for meeting the requirements outlined in the Self-scoring Worksheet and the Deferred Scoring Guide to be eligible for points
- Universal design clarifications

General Administrative and Clarifications

Staff will continue to perform various administrative reviews for formatting, spelling, text and instruction corrections and clarifications within the QAP, HTC Program Procedural Manual, Self-scoring Worksheet and other 2021 HTC related documents.

The scope of proposed 2021 QAP changes is limited in anticipation of launching a broader community engagement for the 2022 QAP, which is scheduled to begin in early 2020. Minnesota Housing is committed to sustained engagement with community stakeholders, including people most impacted by affordable housing needs.

2021 Qualified Action Plan (QAP)
Summary of Proposed Changes

Minnesota Housing continues to focus 2021 QAP changes on streamlining enhancements related to Housing Tax Credit (HTC) eligibility and scoring. The proposed changes are described below.

Strategic Priorities, Selection Categories and Selection Criteria

Proposed changes to the selection categories and criteria include:

- **Strategic Priorities.** We recognize the competitive nature of 9% HTC projects and the significance of 4% HTCs for projects financed through the issuance of tax-exempt volume limited bonds. As a result, additional strategic priorities will include:

    - HTC projects that meet the required minimum point threshold of 70 points for 9% projects are deemed to meet a strategic priority.

    - As required by Minn. Stat. § 462A.222, subd. (3)(d), residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority.

- **Rental Assistance.** Currently projects that agree to provide project-based rental assistance are eligible for three difference point categories: first, for having a percentage of units with committed project-based rental assistance; second, for committing to provide the project-based rental assistance for a minimum of 10 years; and third, for further restricting units to households whose incomes do not exceed 30% MTSP income limits for a 10-year period. We have combined the first two point categories into one and increased the total points for that category to advance the policy objective of serving more low-income households in HTC projects for longer durations. A majority of projects with rental assistance have taken additional points to pursue 10-year affordability.

- **Location Efficiency: Rural and Small Urban Areas (population fewer than 50,000).** We propose streamlining this selection criterion as follows:

    - Eliminate the requirement to submit documentation at the time of application that explains why the transit service available in a particular community is a viable transportation option. In the Self-scoring Worksheet, we link to the MnDOT website that lists and provides links to transit service provider information by geographic location. This transit provider resource makes the need for documentation unnecessary, although we are still requiring documentation if the transit service is planned and not yet in operation.

    - The requirement for demand response/dial-a-ride previously mandated no more than a two-hour advance notice. The new requirement for demand response/dial-a-ride allows for same day service availability.

- **Qualified Census Tract/Community Revitalization and Tribal Equivalent Areas.** Points increase from one to three in recognition that communities across Minnesota, including those with higher percentages of households at lower income levels, benefit from HTC investment.

- **Minority-owned/Women-owned Business Enterprise (MBE/WBE).** Points increase from three to four in support of Minnesota Housing's commitment to advancing MBE/WBE participation as a key component of the development process. A project sponsor, executive director of a non-profit, general contractor, architect, or management agent who is a MBE/WBE, as certified by the owner, continue to be eligible for the points.

- **Preservation.** There are two proposed streamlining changes and two proposed policy changes as follows:

    - Eliminate the requirement that preservation projects must submit a pre-application prior to the application deadline for HTC Round 1 or Round 2.

    - Eliminate the requirement that preservation projects must submit a dual application for HTC Rounds 1 and 2 if the development contains 40 or more units.

    - Create two tiers for existing federal assistance:

        - The first tier includes federal project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) or other program that is not scheduled to sunset or expire. Refer to the Self-scoring Worksheet for other eligible properties. The maximum point value is 30.

        - The second tier is updated to reflect projects with existing federal assistance as defined by public housing units (existing or converted under Rental Assistance Demonstration [RAD 1]), HTC units and RD funded units without rental assistance, or existing federal assistance not captured in the first tier. The maximum point value is 6.

    - Critical Affordable Units at Risk of Loss is updated to focus on housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of state median income or area median income under another non-federal program, including one funded with state, local or intermediary funds. The maximum point value is 6.

- **Efficient Use of Scarce Resources and Leverage.** Streamlining enhancements are proposed for two scoring criteria: Financial Readiness to Proceed/Leveraged Funds and Other Contributions.

    - Financial Readiness to Proceed/Leveraged Funds. We clarified documentation required for scoring purposes in the Self-scoring Worksheet for syndication proceeds, tax increment financing (TIF), deferred loans, amortizing loans, grants, Historic Tax Credits and general partner commitments. Other, more specific information for these and other

sources will continue to be required with the application submission for the feasibility review of the project.

- Other Contributions. We adjusted the point tiers in this category to provide more opportunity to achieve points for non-capital funding contributions and eliminated the identity of interest exclusion that previously treated contributions from any part of the ownership entity as general partner cash, which had been excluded from the calculation with the exception of very specific circumstances.

Feedback and Public Comments

The scope of proposed 2021 QAP changes is limited in anticipation of launching a broader community engagement for the 2022 QAP, which is scheduled to begin in early 2020. Minnesota Housing is committed to sustained engagement with community stakeholders, including people most impacted by affordable housing needs. Recent engagement efforts include our Community Solution events where we listened to and learned from communities across Minnesota to inform our strategic plan. As part of 2022 QAP development, we will further explore topics such as how we achieve more deeply affordable units, longer-term affordability, continued process improvements, and ensuring that affordable housing strategies are influenced by those most in need of affordable housing in Minnesota.

Opportunities for public feedback in regard to the 2021 QAP are currently open and include the options listed below. **The formal comment period begins after Minnesota Housing's July 25, 2019 board meeting, and closes on August 26, 2019 at 5:00 p.m. CDT.** Minnesota Housing will consider all comments received through this deadline. Final action on the 2021 QAP is expected at Minnesota Housing's board meeting on October 31, 2019.

- Formal public comment period: **July 25, 2019 through August 26, 2019 at 5:00 p.m. CDT**
- In-person feedback session at Minnesota Housing: **August 1, 2019**
- Public hearing at Minnesota Housing: **August 19, 2019**
- Comments can be submitted as follows:
  - Email: mn.housing@state.mn.us
  - Telephone: Tamara Wilson at 651.296.4451
  - In writing:

    Minnesota Housing
    Attn: Tamara Wilson
    400 Wabasha Street North, Suite 400
    St. Paul, MN 55102

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State of Minnesota
Housing Tax Credit
~~2020~~2021 Qualified Allocation Plan (QAP)

Revised ~~05/2018~~ 07/2019

EQUAL HOUSING OPPORTUNITY

The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

This information will be made available in alternative format upon request.

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Article 1 – Preparation of the Qualified Allocation Plan

Minnesota Housing was established by the Minnesota Legislature as the designated Low Income Housing Tax Credit (HTC) Allocating Agency for the State of Minnesota, with certain other cities and counties also designated as suballocators[1].

Federal law requires that Allocating Agencies adopt a Qualified Allocation Plan (QAP), and Minnesota Housing's QAP is developed in accordance with federal law and all applicable federal regulations are hereby incorporated by reference[2]. The QAP sets forth selection criteria that are appropriate to local conditions and priorities for allocating HTC~~tax credit~~s to housing projects. The selection criteria include project location, housing needs characteristics, project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan, sponsor characteristics, tenant populations with special housing needs, public housing waiting lists, tenant populations of individuals with children, projects intended for eventual tenant ownership, the energy efficiency of the project, and the historic nature of the project.

The QAP gives preference as required by federal law to:
a. Projects serving the lowest income tenants;
b. Projects obligated to serve qualified tenants for the longest periods;
c. Projects in Qualified Census Tracts that are part of a concerted community revitalization plan.

[1] Minn. Stat §§ 462A.221 to 462A.225
[2] Section 42(m)

Article 2 – Definitions

2.0 **Metropolitan Area**: The area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities~~y~~ of Northfield and Cannon Falls), Hennepin (excluding the cities~~y~~ of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

2.1 **Substantial Rehabilitation**: Rehabilitation of at least $5,000 per unit, as defined in Minn. Stat. § 462A.221, Subdivision 5.

2.2 **Federally Assisted Building**: The term "Federally Assisted Building" as defined by Section 42 of the Internal Revenue Code means any building which is substantially assisted, financed or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), 221(d)(4), or 236 of the National Housing Act, Section 515 of the Housing Act of 1949, or any other housing program administered by the Department of Housing and Urban Development (HUD) or by the Rural Housing Service of the Department of Agriculture.

2.3 **Internal Revenue Code (~~The Code or~~ IRC)**: Title 26 of the United States Code.

2.4 **Section 42 (Internal Revenue Code Section 42)**: Low-Income Housing Tax Credit (26 USC § 42) as amended.

2.5 **Housing Tax Credit Agency (Allocating Agency)**: Any entity authorized by the state of Minnesota and Section 42 to allocate ~~tax credit~~HTCs in Minnesota.

2.6 **Qualified Allocation Plan (QAP)**: As defined in Section 42 (m)(1)(B) and including the Self-Scoring Worksheet(s),this document, and the ~~Housing Tax Credit~~HTC Program Procedural Manual (Manual).

Article 3 – Geographic Distribution

3.0 The state of Minnesota is divided into two general geographic pools: (1) the Metropolitan Pool, as defined in Section 2.0; and (2) the Greater Minnesota Pool, which consists of the balance of the state. Distribution of ~~tax credit~~HTCs between the two general pools is based on the share of the state's public assistance recipients residing in each area, pursuant to Minnesota Statutes § 462A.222, subd. 1a.

3.1 Under Minnesota Statutes § 462A.222, certain cities and counties have been designated as suballocators to allocate and monitor ~~tax credit~~HTCs to eligible projects in their cities or counties. Some suballocators have entered into a Joint Powers Agreement with Minnesota Housing under which Minnesota Housing will perform the ~~credit~~ HTC allocation and compliance monitoring.

3.2 Except for the nonprofit set-aside, Minnesota Housing will not accept applications for developments located within the jurisdiction of suballocators in Round 1 unless the suballocator has entered into a Joint Powers Agreement with Minnesota Housing or has returned all of their ~~credits~~ HTCs to Minnesota Housing. Minnesota Housing will administer the HTC~~tax credit~~s for all areas outside the jurisdiction of suballocators.

For a thorough discussion of nonprofit set-aside procedures, refer to Article 4.
For suballocator procedures, refer to Article 12.

3.3 The distribution of ~~tax credit~~HTCs for Greater Minnesota will be based on the housing needs assessment prepared by Minnesota Housing staff and comments from the Greater Minnesota Allocation and Need Analysis Task Force, as amended for the ~~2020~~ 2021 QAP to incorporate updated demographic data.[3]

3.4 The distribution of ~~tax credit~~HTCs for the Metropolitan Area will be developed by the Metropolitan Council, in consultation with Minnesota Housing and representatives of local government and housing and redevelopment authorities, as amended for the ~~2020~~ 2021 QAP to incorporate updated demographic data [4].

3.5 As of January ~~2018~~2019, the distribution between the two pools is ~~39~~38% in the Greater Minnesota Pool and ~~61~~62% in the Metropolitan Pool. Minnesota Housing will update the distribution for the ~~2020~~ 2021 QAP based upon updated demographic data in early 2020~~2019~~ and the applicable distribution will be posted on Minnesota Housing's website.

[3] in accordance with Minn. Stat. § 462A.222, subdivision 4
[4] in accordance with Minn. Stat. § 462A.222, subdivision 4

Article 4 – Set-Asides

Nonprofit Set-Aside of Funds

4.0 Ten percent of the total ~~tax credit~~HTCs available in the state's HTC ~~tax credit~~ volume cap are set aside for allocation to nonprofit sponsored developments[5]. This set-aside is administered by Minnesota Housing.

In Round 1, the nonprofit set-aside is divided proportionally between the two Geographic Pools. In Round 2, any remaining nonprofit ~~tax credit~~ set-aside will continue to be set aside until it is determined that it is not necessary to meet the IRS requirements. If the set aside is not necessary it will be available statewide. On an annual basis, an additional five percent may be set aside if all suballocators and Minnesota Housing agree to set aside this amount from their respective allocations to the respective Geographic Pool.

In Round 1, nonprofit developers with projects located within the jurisdiction of a suballocator may apply for HTC~~tax credit~~s from Minnesota Housing, but only in the nonprofit set-aside. Nonprofit developments located in the allocating jurisdiction of a suballocator may apply simultaneously to the suballocator and to the Minnesota Housing nonprofit set-aside. Nonprofit developments not located in the allocating jurisdiction of a suballocator will compete for HTC~~tax credit~~s in the respective general Geographic Pool once the nonprofit set-aside has been exhausted.

Rural Development/Small Projects Set-Aside of Funds

4.1 Minnesota Housing designates a portion of the state's HTC~~tax credit~~ volume cap to Rural Development (RD) financed projects, or small projects with a site located in a RD service area consisting of 12 or fewer units, will receive a special set-aside administered by Minnesota Housing until the end of Round 2, or until it is determined that there are no eligible applications for the set-aside.

[5] As required by Section 42(h)(5). Nonprofit must have a Section 501(c)(3) or (4) status and meet the other requirements in Section 42(h)(5)(C)

Article 5 – Application Rounds

5.0 Minnesota Housing will hold two funding competitions each year to allocate the state's HTC~~tax credit~~ volume cap, Round 1 and Round 2.

Round 1

5.1 **Distribution:** In Round 1, the distribution of ~~credits~~ HTCs in each Geographic Pool will be as follows:

a. Greater Minnesota Pool (see definition in Article 3)

1. RD/small project set-aside (25 percent, not to exceed $~~350,000~~375,000 of Greater Minnesota HTC ~~tax credit~~ total)

2. Three suballocators eligible to administer ~~credits~~ HTCs within their respective city limits:

   i. Duluth

   ii. Rochester

   iii. St. Cloud

3. Balance of Greater Minnesota Area and nonprofit set-aside administered by Minnesota Housing

b. Metropolitan Area Pool (see definition in Article 3)

1. Four suballocators eligible to administer ~~credits~~ HTCs within their respective city or county limits:

   i. Minneapolis

   ii. Saint Paul

   iii. Washington County

   iv. Dakota County

2. Balance of Metropolitan Area and nonprofit set-aside administered by Minnesota Housing.

5.2 **Suballocator Jurisdiction**: In Round 1, applications for developments located within the jurisdiction of a suballocator are not eligible to apply to Minnesota Housing with the exception of the nonprofit set-aside, or if the suballocator has entered into a Joint Powers Agreement with Minnesota Housing or has returned all of their ~~credits~~ HTCs to Minnesota Housing (see Article 3).

5.3 **Preservation Ceiling**: In Round 1, Minnesota Housing will establish a preservation ~~award~~ allocation ceiling of 2/3 for each Geographic Pool, Metropolitan and Greater Minnesota, but not including the RD/small project set-aside nor the nonprofit set-aside. Minnesota Housing reserves the right to exceed the 2/3 ceiling if qualifying new construction proposals are not available or do not rank competitively.

5.4 **Minimum Threshold Requirements**: For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. The threshold type the applicant applies under will become part of the ~~Tax Credit~~HTC Reservation and Commitment. It will be secured by a restrictive use covenant on the land for the term of the compliance period and, as applicable, the extended use period. An Allocating Agency will allocate HTC~~tax credit~~s only to the following types of projects:

a. In the Metropolitan Area:

1. New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants (LURA)), at least 75 percent of the total HTC~~tax credit~~ units are single room occupancy, efficiency or one bedroom units with rents affordable to households whose income does not exceed 30 percent of the area median income.

2. New construction or Substantial Rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the ~~Declaration of Land Use Restrictive Covenants~~LURA), at least 75 percent of the total HTC~~tax credit~~ units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms.

3. Substantial Rehabilitation projects in neighborhoods targeted by the city for revitalization.

b. Outside the Metropolitan Area:

Projects that meet a locally identified housing need and that are in short supply in the local housing market, as evidenced by credible data submitted with the application.

c. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the ~~Declaration of Land Use Restrictive Covenants~~LURA), a percentage of the units are set aside and rented to persons:

1. With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c);

2. With a developmental disability as defined in Section 6001, paragraph 5 of the ~~Code~~IRC;

3. Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2;

4. With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); or

5. With permanent physical disabilities that substantially limit major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

d. Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTC~~tax credit~~s is necessary to (1) prevent conversion to market rate use or (2) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies.

e. Projects financed by Rural Development, which meet statewide distribution goals.

Round 2

5.5 **Distribution:** In Round 2, all remaining or returned HTC~~tax credit~~s will be combined into one unified pool for allocation by Minnesota Housing on a statewide basis, without regard to geographic distribution and with no set-asides[6]. All Round 2 applications are submitted to Minnesota Housing.

5.6 **Waiting List**: Minnesota Housing may, at its discretion, establish a waiting list following Round 2 if sufficient ~~credits~~ HTCs are not available. If a waiting list is established and additional ~~credits~~ HTCs later become available, Minnesota Housing will evaluate projects on the waiting list in accordance with the Manual. ~~all applications would be considered at the same time to determine selection.~~ A project on the waiting list that is allocated ~~awarded~~ its ~~credit~~ HTC request through the subsequent year's Round 1 will no longer be eligible to receive ~~credits~~ HTCs through the waiting list and will be removed from the list. If the waiting list is exhausted, Minnesota Housing may accept additional applications.

5.7 **Supplemental Priority**: Projects that have previously received HTC~~tax credit~~s from Minnesota Housing or a Suballocator and have an annual HTC~~tax credit~~ shortfall of at least 5 percent, but not more than 33.33 percent of the total qualified annual HTC~~tax credit~~ amount, subject to Minnesota Housing approval, will have priority over other applicants ~~at the start of~~in Round 2 and under the Waiting List. If more than one project qualifies under the supplemental priority, the Agency will evaluate and rank eligible requests according to points claimed in the Self-Scoring Worksheet. ~~Suballocators may recommend one of their partially funded projects for additional credits, if more than one applicant applies to Minnesota Housing.~~

[6] In the event that the Minnesota RD office has not received a funding allocation in time for RD projects to be included in Round 1, the RD/Small Projects set-aside will be carried forward until the end of Round 2, or until it is determined that there are no eligible applications for the set-aside. In the event that Minnesota Housing has not met the 10% IRS requirement in Round 1, the Non-profit set-aside will also be carried forward until the end of Round 2.

Article 6 – Application Process for HTC Allocation of State Volume Cap

6.0 A complete application containing the submissions described in the ~~Housing Tax Credit Program Procedural~~ Manual must be submitted no later than each of the application due dates in order to be considered for selection, within the applicable competition.

a. Projects selected and approved by the Minnesota Housing board in each selection competition will be approved as eligible to proceed toward commitment and allocation.

b. Projects not selected may, upon notification, choose to compete in subsequent competitions.

6.1 Eligible projects will be evaluated for the amount of allocation pursuant to Section 42(m)(2)(B). Such a determination must not be construed to be a representation or warranty as to the feasibility or viability of the project. Minnesota Housing will conduct three evaluations prior to ~~awarding~~ allocating the ~~credit~~HTCs:

a. At the time of initial application/reservation

b. At the time of commitment to allocate ~~credits~~HTCs/carryover allocation

c. At the time the building is placed in service

For each evaluation, the applicant must submit the most recent financial information on the project. Misrepresentations of information will result in failure to award Internal Revenue Service (IRS) Form 8609, debarment from participation in the HTC Program and possible criminal penalties.

Selected applicants failing to place a project in service in the allocation year for which the reservation was issued may ~~be awarded~~receive a carryover allocation by submitting the required carryover application submissions detailed in the ~~Housing Tax Credit Program Procedural~~ Manual.

Minnesota Housing reserves the right not to allocate any HTC~~tax credit~~s.

Article 7 – Additional Administrative Procedures

7.0 For applicants statewide applying for a portion of the state's HTC volume cap, ~~During the allocation year,~~ the per-developer or general partner HTC~~tax credit~~ limit is the greater of: the amount representing 10 percent of the state's per capita volume limit in HTC~~tax credit~~s, or the amount needed to support two developments in the case that two developments selected are being developed by the same developer or general partner. Such projects are subject to a development limit of no more than $~~1,250,000~~1,300,000 in cumulative HTC~~tax credit~~s ~~awarded~~ allocated to any one development.

These limitations are subject to review and waiver by the Minnesota Housing board. The applicant must provide justification for exceeding this limit for consideration by Minnesota Housing.

7.1 No project may be divided into two or more projects during a single funding round to receive ~~credits~~HTCs. Multiple applications, determined by Minnesota Housing to be one project, will be returned to the applicant and all fees forfeited. Minnesota Housing will consider factors such as, but not limited to, ownership entities, general partnerships, sponsor relationships and location of project, if contiguous site, to determine if a multiple application exists.

7.2 Minnesota Housing may elect not to give partial ~~credits~~ HTCs to a higher-ranking application but to give the ~~credits~~ HTCs to the next ranking application that can use the balance of the ~~credits~~HTCs.

7.3 Minnesota Housing has no jurisdiction to interpret or administer Section 42, except in those instances where it has specific delegation.

7.4 Minnesota Housing may consult with local communities, Public Housing Authorities (PHAs), Housing and Redevelopment Authorities (HRAs), RD and HUD to determine the marketability of projects. If, in the opinion of Minnesota Housing, the issuance of the HTC~~tax credit~~s to a project could be detrimental to existing rental property, Minnesota Housing will not issue HTC~~tax credit~~s to the applicant.

7.5 Minnesota Housing reserves the right to adjust fees due to changing circumstances in order to cover its costs associated with producing and delivering Minnesota's HTC Program.

Article 8 – Application Process for HTC Awards~~Credits~~ for Buildings Financed by Tax-Exempt Volume Limited Bonds

8.0 Section 42 establishes a separate set of procedures to obtain HTC~~tax credit~~s through the issuance of tax exempt volume limited bonds.[7] Although the HTC~~tax credit~~s are not counted in the HTC~~tax credit~~ volume cap for the state of Minnesota, developers of projects should be aware that:

a. Section 42 (m)(1)(D) provides that in order for a project to receive an ~~allocation~~ award of HTC~~tax credit~~s through the issuance of tax exempt volume limited bonds, the project must satisfy the requirements of the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a suballocator QAP. Some suballocators have entered into a Joint Powers Agreement with Minnesota Housing under which Minnesota Housing will perform the HTC award and compliance monitoring. The project must comply with the QAP that is in effect for the calendar year in which the tax exempt volume limited bonds are issued sufficient, together with any tax exempt volume limited bonds issued in a prior calendar year, to finance at least 50 percent of the aggregate basis of the building and the land it is located on.

For projects to which the Minnesota Housing QAP applies, Minnesota Housing must make a determination that the above requirements are satisfied. After this determination, Minnesota Housing will issue a preliminary determination letter. **Application for this determination must be made to Minnesota Housing at least 30 days prior to the issuance of the tax-exempt volume limited bonds sufficient, together with any tax exempt volume limited bonds issued previously for the same project, to finance at least 50 percent of the aggregate basis of the building(s) and land it is located on.**

In order to qualify under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **40 points**.

The threshold requirements in Article 5 of the QAP do not apply to projects not receiving HTC~~tax credit~~s counted in the HTC~~tax credit~~ volume cap for the state. The strategic priority policy thresholds in Article 9 do not apply to projects that are not applying for any Minnesota Housing resources other than non-competitive HTC~~tax credit~~s.[8]

In order to receive the preliminary determination described above, the developer must submit to Minnesota Housing all documents required for an application for HTC~~tax credit~~s as established by the Minnesota Housing QAP and ~~Procedural~~ Manual and any additional information requested by the Allocating Agency. These documents are those required for an application for HTC~~tax credit~~s under Chapter 6 and Chapter 7 of the ~~Housing Tax Credit Program Procedural~~ Manual and any additional information required by Minnesota Housing.

[7] Tax exempt volume limited bonds are "residential rental bonds" that are taken into account under the state ceiling on the aggregate face amount of tax exempt private activity bonds pursuant to Section 146 of the ~~Internal Revenue Code~~IRC. Residential rental bonds are exempt facility bonds issued pursuant to Section 142(d) of the ~~Internal Revenue Code~~IRC to finance a qualified residential rental project.

[8] As required by Minn. Stat. § 462A.222, subd. (3)(d) residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority threshold.

The developer must also submit to Minnesota Housing the required application fees identified in the QAP/Manual.

b. In addition to complying with the requirements for HTC allocation, Section 42 (m)(2)(D) provides that in order for a project to receive an ~~allocation~~ award of HTC~~tax credit~~s through the issuance of tax exempt volume limited bonds, the governmental unit that issues the bonds (or on behalf of which the bonds were issued) must make a determination that the ~~credit~~ HTC amount to be claimed does not exceed the amount necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the ~~credit~~ HTC period.

   For projects to which the Minnesota Housing QAP applies, the determination by the issuer must be made in a manner consistent with Minnesota Housing's QAP and ~~Housing Tax Credit Program Procedural~~ Manual. Section 42 requires that the issuer evaluation must consider:

   1. The sources and uses of funds and the total financing planned for the project
   2. Any proceeds or receipts expected to be generated by reason of tax benefits
   3. The percentage of the ~~housing credit~~HTC dollar amount used for project costs other than the cost of intermediaries
   4. The reasonableness of the developmental and operational costs of the project, and
   5. A comprehensive market study of the housing needs of low-income individuals in the area to be served by the project, conducted before the ~~credit~~ HTC ~~allocation~~ award is made, and at the developer's expense by a disinterested party approved by Minnesota Housing.

      This determination must be made **prior to the issuance of the tax exempt volume limited bonds** in an amount sufficient, together with any tax exempt volume limited bonds issued previously for the same project, to finance at least 50% of the aggregate basis of the building and the land it is located on.

c. Section 42 provides that in order for a project to be eligible for HTC~~tax credit~~s, the taxpayer/owner must enter into an extended use agreement (~~Declaration of Land Use Restrictive Covenant~~ LURA). Section 42(h)(6)(C)(ii) provides that the ~~credit~~ HTC amount claimed for buildings financed by tax exempt volume limited bonds by the taxpayer/owner under Section 42 (h)(4) may not exceed the amount necessary to support the applicable fraction specified in the use agreement for the buildings.

d. After the project is placed in service, the development must submit to Minnesota Housing an application and appropriate fees for Form 8609, meeting the requirements of the QAP/Manual. The developer must also submit to Minnesota Housing any other related fees identified in the QAP/Manual.

Article 9 – Strategic Priority Policy Thresholds

9.0 To be eligible for HTCs~~tax credits, either~~ from the state's HTC~~tax credit~~ volume cap under Minnesota Housing's QAP and non-competitive HTC~~tax credit~~s, except as set out in Article 8, a developer must demonstrate that the project meets at least one of the following priorities:

a. **Access to Fixed Transit**: Projects within one-half mile of a planned or existing LRT, BRT or commuter rail station.

b. **Greater Minnesota Workforce Housing**: Projects in Greater Minnesota documenting both of the following:

1. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:

   i. That have experienced net job growth of 100 or more jobs,

   ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or

   iii. With planned job expansion documented by a local employer

2. Employer Support in the form of a letter of support from an employer with 20 or more FTE's. ~~The letter should must discuss the difficulty of employees' to locate housing in the jurisdiction where the project is located and provide a description of employee wages and proposed rents in the project.~~

c. **Economic Integration**: Projects located in higher income communities (outside of rural/tribal designated areas) with access to low and moderate wage jobs, meeting either First or Second Tier ~~Community~~ Economic Integration as defined in the Areas of Opportunity category on the Self-Scoring Worksheet.

d. **Tribal**: Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

e. **Community Development Initiative:** Projects that contribute to active implementation of a Community Development Initiative, as defined in the Community Development Initiative selection criterion, to address locally identified needs and priorities in which local stakeholders are actively engaged.

f. **Preservation**: Projects that preserve existing federally assisted housing or other critical affordable projects eligible for points under the Preservation selection criterion on the Self-Scoring Worksheet.

g. **Supportive Housing**: Proposals that will serve people with disabilities or High Priority Homeless (HPH) households must be eligible for points under Permanent Supportive Housing for High Priority Homeless selection criterion on the Self-Scoring Worksheet or the People with Disabilities selection criterion under the Self-Scoring Worksheet.

h. **Tax-Exempt Bond Allocation:** As required by Minn. Stat. § 462A.222, subd. (3)(d) residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority.

i. **Minimum Point Requirement:** A request for Minnesota Housing administered HTCs from the state's HTC volume cap will be deemed to meet a strategic priority if it demonstrates the project is eligible for not fewer than 70 points, excluding projects funded through the RD/Small Projects set-aside.

Article 10 – Project Scoring

10.0 **Minimum Points Requirement (Competitive Round HTC~~Tax Credit~~s)**: To be eligible for HTC~~tax credit~~s from the state's volume cap under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **70** points in the Self-Scoring Worksheet. This excludes projects funded through the ~~Rural Development~~RD/Small Projects set-aside, which must be eligible for no less than 30 points.

Minnesota Housing reserves the right to reject applications not meeting its project selection requirements, as contained in the ~~Housing Tax Credit Program Procedural~~ Manual, or to revise proposal features and associated scoring to ensure the project meets the requirements.

10.1 **Selection Priorities**: Selection Priorities consist of the following:

a. Large Family Housing
b. People with Disabilities
c. Economic Integration
d. Access to Higher Performing Schools
e. Rural/Tribal
f. Workforce Housing
g. Other Contributions
h. Financial Readiness to Proceed/Leveraged Funds
i. Intermediary Costs
j. Unacceptable Practices
k. Eventual Tenant Ownership
l. Planned Community Development
m. Preservation
n. Permanent Supportive Housing for High Priority Homeless
o. Location Efficiency
p. Universal Design
q. Smoke free Buildings
r. Cost Containment
s. MBE/WBE

10.2 **Preference Priorities**: Preference Priorities consist of the following:

a. Serves Lowest Income Tenants/Rents Reduction
b. Rental Assistance
c. QCT/Community Revitalization and Tribal Equivalent Areas
d. Long Term Affordability

10.3 **Tie Breakers**: If two or more proposals have equal number of points, the following will be used to determine selection:

a. First tie breaker: Priority will be given to the project with the greater number of points in Preference Priority criteria; if a tie still remains;

b. Second tie breaker: Priority will be given to a project located in a city, township or Tribal Reservation that has not received HTC~~tax credit~~s in the last two years; if a tie still remains;

c. Third tie breaker: Priority will be given to the project with the highest "Percentage of Funds Secured, Awarded or Committed" as measured by the selection criterion of Financial Readiness to Proceed/Leveraged Funds; if a tie still remains;

d. Fourth tie breaker: Priority will be given to the project with the lowest percentage of intermediary costs, as measured by the Intermediary costs selection criterion; if a tie still remains;

e. Fifth tie breaker: Priority will be by lot.

Article 11 – Minnesota Housing Compliance Monitoring

11.0 All HTC~~tax credit~~ projects will be monitored by Minnesota Housing in accordance with Section 42(m)(1)(B)(iii) and Treasury Regulations 1.42-5. See Minnesota Housing's Tax Credit Compliance Guide ~~Minnesota Housing's Tax Credit Compliance Manual~~ for additional information on compliance and monitoring.

11.1 **Record keeping and record retention provisions:**

a. Record keeping provision. The owner of a low-income housing project must keep records for each qualified low-income building (in the project) showing each year:

1. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet).
2. The number of occupants in each low-income unit and the number of minors. Housing information concerning ethnicity, elderly or family household and student resident status, and type and amount of rental assistance.
3. The percentage of residential rental units in the building that are low-income units, models, offices and management units.
4. The rent charged on each residential rental unit in the building (including utility allowance). Documentation including rent rolls, leases and utility allowances per IRS Notice 94-60 issued June 1994.
5. The low-income unit vacancies in the building and the rentals of the next available units.
6. The annual income certification of each low-income tenant on a Minnesota Housing Tenant Income Certification.
7. The annual student certification of each low-income tenant on a Minnesota Housing Annual Student Certification form, HTC 35.
8. Documentation to support each low-income tenant's income certification. Anticipated income of all adult persons expecting to occupy the unit must be verified and included on a Tenant Income Certification **prior** to occupancy and for mixed-income projects, annually recertified to determine whether the Available Unit Rule must be implemented.
9. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project).
10. The eligible basis and qualified basis of the building at the end of the first year of the ~~credit~~ HTC period.
11. Any additional records necessary to verify compliance with additional restrictions included in the Carryover Agreement or ~~Declaration~~LURA.

b. Record retention provision. The owner of a low-income housing project must retain the records described in 11.1(a) for each building in the project for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records

for the first year of the ~~credit~~ HTC period, however, must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

c. Inspection record retention provision. Under the inspection record retention provision, the owner of a low-income housing project must be required to retain the original local health, safety or building code violation reports or notices that were issued by the state or local government unit (as described in IRC 1.42-5 (c)(1)(vi)) for Minnesota Housing's inspection. Retention of the original violation reports or notices is not required once Minnesota Housing reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

11.2 **Certification and Review Provisions:**

a. Certification. The owner of a low-income housing project must certify to Minnesota Housing that the project meets the minimum requirements of:

1. 20/50 test under Section 42(g)(1)(A) of the ~~Code~~IRC; or
   40/60 test under Section 42(g)(1)(B) of the ~~Code~~IRC; or
   Average Income test under Section 42(g)(1)(C) of the IRC.
2. There has been no change in the applicable fraction (as defined in Section 42 (c)(1)(B) of the ~~Code~~IRC) for any building in the project.
3. At initial occupancy the owner has received a Tenant Income Certification with supporting documentation and an Annual Student Certification from each low-income household. At annual recertification owner has received an Annual Student Certification and, where applicable, a Tenant Income Certification with supporting documentation from each low-income household.
4. Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the ~~Code~~IRC.
5. No tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42.
6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (l)(3)(B)(iii) of the ~~Code~~IRC).
7. No finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601 -3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court.
8. Each building in the project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.
9. There have been no changes in the eligible basis (as defined in Section 42(d) of the ~~Code~~IRC) of any building in the project since the last certification of submission.

10. All tenant facilities included in the eligible basis under Section 42(d) of the ~~Code~~ IRC of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings.
11. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.
12. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the ~~Code~~IRC, the next available unit of comparable or smaller size in the building was or will be rented to residents having a qualifying income.
13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based ~~solely~~ on their status as a holder of a Section 8 voucher, and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with HTC~~tax credit~~s from years 1987-1989).
14. The owner received its ~~credit~~ HTC allocation from the portion of the state ceiling set-aside for a project involving qualified nonprofit organizations under Section 42(h)(5) of the ~~Code~~ IRC and its nonprofit entity materially participated in the operation of development within the meaning of Section 469(h) of the ~~Code~~IRC.
15. There has been no change in the ownership or management of the project.

b. Review. Under the review provision, a monitoring procedure must require:

1. An owner of a low-income housing project to submit to Minnesota Housing a completed, Minnesota Housing signed copy of IRS Form 8609 for the first year of the ~~credit~~ HTC period with Part II completed.
2. Minnesota Housing will inspect low-income housing projects once every three years and review the tenant income certifications for ~~at least 20 percent of the~~the number of units required in Treasury Regulations 1.42-5 and the documentation the owner has received to support those certifications. Less frequent inspections may occur after the 15-year compliance period has expired. All projects must have their first compliance inspection no later than the year following the first ~~credit~~ HTC period.
3. The low-income housing projects to be inspected must be chosen in a manner that will not give owners of low-income housing projects advance notice that their records for a particular year will or will not be inspected. Minnesota Housing may give an owner reasonable notice, pursuant to Treasury Regulations 1.42-5, that an inspection will occur so that the owner may assemble records ~~(e.g., 30 day notice of inspection)~~.

11.3 **Inspection Provision**: Minnesota Housing has the right to perform an inspection of any low-income housing project at least through the end of the term of the ~~Declaration of Land Use~~

~~Restrictive Covenants~~LURA. An inspection includes a physical inspection of any building(s) in the project, as well as a review of the records described in Article 11.1. The auditing provision of this paragraph is required in addition to any inspection of low-income certification and documentation under Paragraph 11.2(b).

11.4 **Notification of Non-Compliance Provisions:**

a. In General. Minnesota Housing will give the notice described in IRS Regulation Section 1.42-5(e)(2) to the owner of a low-income housing project and the notice described in Section 1.42-5(e)(3) to the IRS.

b. Notice to Owner. Minnesota Housing will provide prompt written notice to the owner of a low-income housing project if Minnesota Housing does not receive the certification described in 11.2(a) or 11.3 or discovers in an audit, inspection, or review, or in some other manner, that the project is not in compliance with the provisions of Section 42.

c. Notice to IRS. When required, Minnesota Housing will file Form 8823, Housing Credit Agencies Report of Non-Compliance, with the IRS no later than 45 days after the end of the correction period (as described in 11.5, including extensions permitted). Minnesota Housing must check the appropriate box on Form 8823 indicating the nature of the noncompliance or failure to certify and indicating whether the owner has corrected the noncompliance or failure to certify. If Minnesota Housing reports on Form 8823 that a building has gone entirely out of compliance and will not be in compliance at any time in the future, Minnesota Housing need not file Form 8823 in subsequent years to report that building's noncompliance.

d. Project owners must provide to Minnesota Housing any evidence of noncompliance correction and correspondence to or received from the IRS with respect to any reported noncompliance.

11.5 **Correction Period**: The correction period will be that period specified in the notice to the owner during which an owner will have the opportunity to supply any missing certifications and bring the project into compliance with the provisions of Section 42. The correction period will be set by Minnesota Housing and will not exceed 90 days from the date of the notice to the owner described in Paragraph 11.4(b). Minnesota Housing may extend the correction period for up to six months, but only if Minnesota Housing determines there is good cause for granting the extension.

11.6 **Liability**: Compliance with the requirements of Section 42 is the responsibility of the owner of the building for which the ~~credit~~ HTC is allowable. Minnesota Housing's obligation to monitor for compliance with the requirements of Section 42 does not make Minnesota Housing liable for an owner's noncompliance.

Article 12 – Suballocator Procedures

12.0 A city or county is eligible to receive a reserved portion of the state ceiling under this subdivision if it submitted a written request to Minnesota Housing within 45 days after June 2, 1987, to act as a designated Housing Credit Agency as provided in Section 42. A city or county may designate its housing and redevelopment authority as a suballocating agent to allocate ~~low-income housing credits~~ HTCs on behalf of the city or county. The city of Minneapolis or the city of Saint Paul may designate the Minneapolis/Saint Paul Housing Finance Board to allocate ~~low-income housing credits~~ HTCs on behalf of each city. Minnesota Housing will administer the HTC~~tax credit~~s for areas outside the jurisdiction of the suballocators.

12.1 Minnesota Housing, in consultation with the suballocators, will determine application competition deadlines as required by statute. Minnesota Housing will make an effort to align the application deadline for the suballocating agencies in Round 1 with Minnesota Housing's deadline. No Allocating Agency may award HTC~~tax credit~~s prior to the application closing date for Round 1.

12.2 Before the application deadline for Round 2, the suballocators must return all uncommitted and unallocated HTC~~tax credit~~s to Minnesota Housing, along with copies of the HTC~~tax credit~~ application and allocation or commitment agreements for all selected projects.

12.3 If a suballocator determines at any time before Round 2 that a project is no longer eligible for all or a portion of the HTC~~tax credit~~s committed or allocated to the project, the HTC~~tax credit~~s must be transferred to Minnesota Housing to be reallocated. If the HTC~~tax credit~~s for which the project is no longer eligible are from the current year's annual ceiling and the suballocator maintains a waiting list, the suballocator may continue to commit or allocate the ~~credits~~ HTCs until no later than the date of application for the Round 2. At that time, any uncommitted ~~credits~~ HTCs must be transferred to Minnesota Housing.

12.4 So that all of a project's HTC~~tax credit~~s are allocated by a single Allocating Agency, Minnesota Housing may apportion additional HTC~~tax credit~~s to a suballocator for a project that has already received a commitment or allocation of HTC~~tax credit~~s from the suballocating agency, if all of the suballocator's HTC~~tax credit~~s have been committed or allocated. These supplemental HTC~~tax credit~~s must be used only for the selected project and must be allocated to the project by a carryover allocation or IRS Form 8609 before November 15 of the year in which the selection was made. If at any time after the apportionment of the HTC~~tax credit~~s a suballocator determines the project cannot use or is no longer eligible for all or a portion of the HTC~~tax credit~~s apportioned to the project, the ~~credits~~ HTCs must be returned to Minnesota Housing within 10 business days for reallocation.

12.5 Suballocators are responsible for the issuance of the IRS Form 8609 for all projects for which they have allocated HTC~~tax credit~~s. In instances where both a suballocator and Minnesota Housing have allocated ~~credits~~ HTCs to a project, the Allocating Agency that first allocated HTC~~tax credit~~s to the project will prepare the IRS Form 8609.

12.6 As the primary and lead ~~housing credit~~HTC agency for the state of Minnesota, Minnesota Housing is responsible for collecting and filing the required form with the IRS each year on the

last day of February. Minnesota Housing will prepare a comprehensive IRS Form 8610, incorporating all carryover and 8609 allocations made in the state of Minnesota for filing with the IRS. The local suballocators have agreed to submit the following information to Minnesota Housing no later than January 31 for all HTC~~tax credit~~ activity that has occurred in the preceding year:

a. A copy of all Reservation/Binding Agreements, an original of the Carryover Agreement, and copies of all IRS Form 8609s, completed and issued to all (including tax exempt) projects selected since February 28 of the preceding calendar year

b. A completed HTC~~tax credit~~ application form (Multifamily Workbook) for each development receiving an allocation or award through a reservation, carryover, or issuance of 8609 for HTC~~tax credit~~s issued from volume cap and in connection with tax exempt volume limited bonds

c. A completed IRS Form 8610 Schedule A for each development receiving a carryover allocation

d. A Suballocator Compliance Activity Report containing the results of inspection activity conducted during each monitoring year with copies of any forms 8823 filed with the IRS

e. Any other information requested by Minnesota Housing necessary to meet federal and state reporting purposes

12.7 Suballocators are responsible for the monitoring of HTC~~tax credit~~ projects for the term of the ~~Declaration of Land Use Restrictive Covenants~~LURA, in accordance with 42(m)(1)(B)(iii) (see Article 11) to ensure compliance with applicable federal, state and local requirements. Compliance records must be available upon request to Minnesota Housing from the suballocator or its monitoring agent. Projects that receive HTC~~tax credit~~s from Minnesota Housing that are apportioned to a suballocating agency must incorporate Minnesota Housing restrictions that are a condition of the HTC~~tax credit~~ award (e.g., nonprofit set-aside, homeless households)

12.8 Before January 31, suballocators will submit to Minnesota Housing compliance staff a comprehensive updated report listing all HTC projects allocated or awarded HTC~~tax credit~~s by the suballocator. Include the following items in the report:

a. Project name

b. Address

c. Building identification numbers

d. Ownership entity and tax identification number

e. Total number of residential units

f. Number of HTC~~tax credit~~ units

g. Year of allocation or award

h. Amount of HTC~~tax credit~~s allocated or awarded

i. Other information as needed

In addition, suballocators will submit a list of the projects that have been in noncompliance, the year of noncompliance, inspection date and type of noncompliance, along with copies of the IRS Form 8823 and the report of noncompliance findings sent to the owner. Suballocators will also submit a copy of their monitoring requirements, procedural manual and forms, and, if applicable, a copy of the monitoring contract with an outside vendor.

12.9 A suballocator may elect to enter into a Joint Powers Agreement with Minnesota Housing. Under a Joint Powers Agreement, Minnesota Housing will perform certain functions related to the ~~credit~~ HTC allocation or award and compliance monitoring. As a condition of the Joint Powers Agreement, the participating suballocator will transfer its entire annual HTC~~tax credit~~ distribution to Minnesota Housing.

12.10 Suballocators are responsible for entering into an agreement with HUD to perform Subsidy Layering Reviews.

Article 13 – Amendments to the Qualified Allocation Plan

13.0 The QAP is subject to modification or amendment at any time to ensure that the provisions conform to the requirements of the ~~Code~~ IRC and applicable Minnesota law. Minnesota Housing may also make population and date changes and other non-substantive updates to the QAP.

Written explanation will be made available to the general public for any allocation of HTC~~tax credit~~s that is not made in accordance with Minnesota Housing's established priorities and selection criteria.

The QAP may be amended for substantive issues at any time following public notice and public hearing. Public hearings are held at the main offices of Minnesota Housing in Saint Paul, Minnesota. Any substantive amendments will require approval of the Minnesota Housing board and the governor.

This QAP has been prepared to comply with the regulations set forth in Section 42 of the ~~Code~~IRC. The QAP may be subject to amendment in order to conform to the ~~Code~~ IRC and applicable state statute.

~~2020~~ 2021 Housing Tax Credit Program Procedural Manual

Revised ~~05/2018~~ 07/2019

EQUAL HOUSING OPPORTUNITY

The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

This information will be made available in alternative format upon request.

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Chapter 1 – Introduction

The Federal Tax Reform Act of 1986 created the Housing Tax Credit (HTC) Program (see Section 42 of the Internal Revenue Code) for qualified residential rental properties. The HTC offers a reduction in tax liability to owners and investors in eligible low-income rental housing projects involving new construction, rehabilitation or acquisition with rehabilitation.

The Minnesota Housing Finance Agency (Minnesota Housing) has been designated by the Minnesota Legislature as the primary allocating agency of HTCs in Minnesota. Qualified local cities and counties have also been designated by the Legislature as suballocators of the HTC.

Section 42 of the Internal Revenue Code (~~Section 42~~IRC) requires that housing credit allocating agencies develop an allocation plan for the distribution of the ~~tax credit~~HTCs within the jurisdiction of the allocating agency (IRS Regulations 1.42-17 Qualified Allocation Plan). This document – the ~~Housing Tax Credit~~HTC Program Procedural Manual (Manual) – and all forms and attachments, along with the Self-Scoring Worksheet(s), are a part of Minnesota Housing's Qualified Allocation Plan (QAP). The QAP is subject to modification or amendment to ensure the provisions conform to the changing requirements of Section 42 and applicable state statutes.

Minnesota Housing is also required to monitor HTC projects during the compliance period as well as notify the Internal Revenue Service (IRS) of any noncompliance with the requirements of Section 42 of which it becomes aware. All applicants should review the IRS Regulations 1.42-5 Monitoring Compliance. In addition, Minnesota Housing will monitor the projects during the remaining term of the Declaration of Land Use Restrictive Covenants (~~Declaration~~LURA) following the conclusion of the compliance period.

Minnesota Housing is under no obligation to undertake an investigation of the accuracy of the information submitted in an application. Minnesota Housing's review of a proposed housing project does not constitute a warranty of the accuracy of the information, nor of the quality, suitability, feasibility or marketability of the housing to be constructed or rehabilitated. If any information submitted to Minnesota Housing by the applicant is later found to have been incorrect or there has been a subsequent change in any material respect, it is the responsibility of the applicant to inform Minnesota Housing and to request a reexamination of the application.

This Manual is provided solely for use in applying for ~~tax credit~~HTCs from Minnesota Housing and may not be relied upon in structuring or investing in specific transactions, compliance with the Internal Revenue Code, Treasury Regulations or any other laws or regulations governing ~~tax credit~~HTCs. Interested parties should consult with a knowledgeable tax professional prior to entering into any commitment concerning the use and claim of ~~tax credit~~HTCs.

Chapter 2 – Policies and Procedures

A. Application Cycle

Minnesota Housing has two annual HTC funding cycles, Round 1 and Round 2, to allocate the state's ~~tax credit~~HTC volume cap. Applications for ~~tax credit~~HTCs in association with tax exempt volume limited bonds are accepted year round on a pipeline basis.

Round 1 uses a forward selection process, with selections taking place in the fall of the year proceeding the allocation year of the ~~credits~~HTCs. During Round 1, for-profit applicants must apply directly to the suballocator for an HTC ~~credit~~ allocation if the project falls within a suballocator's jurisdiction. Nonprofit applicants may apply to the Minnesota Housing nonprofit set-aside or the suballocator individually or concurrently. Any unused ~~tax credit~~HTCs are returned to Minnesota Housing prior to Round 2.

Round 2 makes available for allocation any ~~tax credit~~HTCs remaining or returned since Round 1. Additionally, Round 2 establishes a waiting list for ~~credits~~ HTCs that may be returned. In Round 2, all projects located in suballocator jurisdictions may apply directly to Minnesota Housing.

B. Multiple Buildings

Projects may include multiple buildings having similarly constructed housing units, provided the buildings are located on the same tract of land, have the same owner for federal income tax purposes and are financed pursuant to a common plan of financing. Scattered site buildings on different tracts of land will also qualify if the project meets all of the other requirements described above and the project is 100 percent rent restricted. The Scoring and Deferred Loan Priority Checklist Guide provides additional information on how thresholds, strategic priorities, and selection criteria will apply to scattered site projects.

C. Nonprofit Set-Aside

Federal law requires that 10 percent of the total annual ~~credit~~ HTCs allocated from the state's ~~tax credit~~HTC volume cap be reserved each year exclusively for projects involving ownership by qualified nonprofit organizations which have a 501(c)(3) or (c)(4) status and satisfy the requirements of Section 42(h)(5). On an annual basis, Minnesota Housing and suballocators may reserve an additional 5 percent for a total annual nonprofit set-aside of 15 percent.

The nonprofit must be local, organized and incorporated in the state of Minnesota and have significant experience in Minnesota as a sponsor, owner or manager of low-income housing. The nonprofit must have the fostering of low-income housing as one of its exempt purposes and must own an interest in the project and materially participate in the ownership, development and operation of the low-income project through the term of the ~~Declaration~~LURA.

The intent of Section 42 is to ensure that a for-profit entity or individual does not set up a sham nonprofit organization in order to tap into the nonprofit set-aside. This could include establishing a nonprofit organization for the specific project, without any history, experience, local community involvement or financial strength.

The nonprofit organization must demonstrate that the nonprofit is acting independently and free from influence of control by the for-profit project team members. Minnesota Housing reserves the right to contact the officers and directors of the nonprofit organization to determine their independence.

Minnesota Housing requires that all nonprofits applying for the nonprofit set-aside disclose all identity of interest between the nonprofit and any member of the for-profit project team. An identity of interest would include any officer, director, partner, stockholder, relative, seller or owner of land or building involved, processing agent, real estate salesperson or broker, employee, or anyone acting to represent any for-profit member of the project team who controls or influences the decisions of the nonprofit.

If there is an identity of interest, affiliation or conflict, as determined by Minnesota Housing, Minnesota Housing may disqualify the nonprofit from receiving ~~credits~~ HTCs from the nonprofit set-aside. In making this determination, Minnesota Housing will consider the following:

1. The nonprofit's history, funding sources and composition of its board
2. Past experience and anticipated future activities of the nonprofit, including involvement in the local community
3. Sources and manner of funding of the nonprofit
4. The nonprofit's degree of financial strength for completion and operation of the project during the term of the ~~Declaration~~LURA
5. The relationship of the principals involved in the formation of the nonprofit organization with for-profit individuals concerning the ~~tax credit~~HTC application. A nonprofit cannot be affiliated with or controlled by a for-profit entity by:
    a. Having more than a 25 percent share of common board members; or
    b. Having more than 25 percent of its funding, directly or indirectly, from the parent entity; or
    c. Having any other type of association that is not considered an arms-length affiliation
6. The extent to which the nonprofit materially participates within the meaning of Section 469(h) of the ~~Internal Revenue Code~~IRC in the development and operation of the project throughout the term of the ~~Declaration~~LURA. Minnesota Housing will also look at the nonprofit's involvement in the project-related construction, management, ownership interest, sharing of fees and funding provisions.

If the nonprofit set-aside is exhausted during a round, the nonprofit applicant with proposed projects in Minnesota Housing's jurisdiction may be eligible for ~~tax credit~~HTCs from the appropriate for-profit set-aside and selected based upon its point ranking (See also Article 3 and 4 of the QAP). However, any proposal with a qualified nonprofit applicant must comply with the nonprofit requirements of IRC Section 42(h)(5)(C) and (D), including material participation for the term of the ~~declaration~~LURA. This requirement will be recorded as a covenant on the land that will apply to all subsequent owners.

D. Rural Development/Small Project Set-Aside

Minnesota Housing designates a portion of the state's ~~tax credit~~HTC volume cap to Rural Development (RD) financed projects.

Eligible projects must have either:

1. A Rural Development (RD) financing commitment or,
2. A site located in an RD service area and consisting of 12 or fewer units.

First priority will go to projects with applications for financing or a commitment from RD. A developer may have a maximum award of two projects within this set-aside each allocation year. Applicants to the set-aside first compete in the general pool, and if not competitive, then move to the $~~350,000~~375,000 RD/Small Project set-aside for consideration. The ~~tax credit~~HTCs will not be allocated to an RD project until a financing commitment has been executed.

E. Developer and Development Limits

During the allocation year, the per-developer or general partner ~~tax credit~~HTC limit is the greater of: the amount representing 10 percent of the state's per capita volume limit in ~~tax credit~~HTCs or the amount needed to support two developments in the case that two developments selected are being developed by the same developer or general partner. Such projects are subject to a development limit of no more than $1,~~250~~300,000 in cumulative ~~tax credit~~HTCs ~~awarded~~ allocated to any one development.

At the sole discretion of Minnesota Housing, these limits may be waived. Minnesota Housing's goal is to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units that meet the strategic priorities adopted by Minnesota Housing and represent developments that are sustainable, cost effective and geographically diverse . Consistent with this goal, the following criteria will be used to determine if, and when, Minnesota Housing will provide a waiver.

1. Developer Limit
    a. Developer/Sponsor capacity - The ability and capacity of the development team to proceed expeditiously to complete multiple developments.
    b. Financial Feasibility - The applicant must demonstrate that the ~~tax credit~~HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted.
    c. Minnesota Housing may also waive these limits during Round 2 if there are excess ~~tax credit~~HTCs at year-end.
2. Development Limit
    a. Financial Feasibility - The applicant must demonstrate that the ~~tax credit~~HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted.
    b. Minnesota Housing may also waive these limits during Round 2 if there are excess ~~tax credit~~HTCs at year-end.

Applicants should not assume that this waiver will be automatically provided or rely on this statement when determining the scope of the proposed project.

F. Transfer of Ownership

For the long term viability of quality housing, Minnesota Housing's position is that the development and management teams making the decisions in developing the ~~tax credit~~HTC housing need to also own and operate the project for the long term. Any transfer of title of a selected project or transfer of more than a 50 percent interest in a general partner or member, or change in a nonprofit partner will be considered a material change in the project and will be subject to Minnesota Housing's approval.

Owners wishing to change or transfer ownership must submit a completed Request for Action Form (RFA), Transfer Agreement (HTC 20), a transfer of ownership (see Chapter 8) or RFA processing fee (see Servicing Fee on Minnesota Housing's website), and any other documentation that Minnesota Housing deems necessary.

G. Unacceptable Practices

Transfer of Ownership

1. Unapproved Transfer - Any unapproved change or transfer of ownership from the time of selection or preliminary determination letter throughout the term of the ~~Declaration~~ LURA will have an effect on all individuals/entities from the development and management team on each side of the transfer that submit applications in future HTC rounds. These entities may be penalized as follows.

   For four funding rounds (generally two calendar years) from the date Minnesota Housing discovers an unapproved change or transfer of ownership:

   a. First transfer (negative 10 points on each application submittal)

   b. Two or more transfers (negative 25 points on each application submittal)

2. Failure to notify - Existing ~~tax credit~~HTC projects that did not have a transfer approval requirement are required to notify the agency of a transfer of ownership throughout the term of the ~~Declaration~~LURA. Failure to notify the agency will have an effect on all individuals/entities from the development and management team on each side of the transfer that submit applications in future HTC rounds. These entities may be penalized as follows.

   For four funding rounds (generally two calendar years) from the date Minnesota Housing discovers an unapproved change or transfer of ownership:

   a. First transfer (negative 10 points on each application submittal)

   b. Two or more transfers (negative 25 points on each application submittal)

In addition, if Minnesota Housing becomes aware of a transfer of ownership by an individual or entity without proper notification and approval by Minnesota Housing, Minnesota Housing reserves the right to determine that all parties involved in the transfer will not be eligible for participation in Minnesota's HTC program for a period of 10 years.

Failure to Meet Requirements of Points Awarded under Cost Containment Preference Priority
If a project receives points under this preference priority, failure to keep project costs under the applicable cost threshold through 8609 final cost certification ~~will~~ may be considered an unacceptable practice and result in negative four points being awarded in all of the applicant's ~~tax credit~~HTC submissions in the next funding round in which submissions are made. The penalty will be assessed to an application submitted to the same funding round (competitive or 4% Only) for which the points were initially awarded. ~~Tax credit~~HTC developments that exceed the cost containment threshold and were awarded points in a competitive funding round (Round 1 or Round 2) will receive the penalty on the next ~~tax credit~~HTC application(s) submitted to either of these competitive funding rounds. ~~Tax credit~~HTC developments that exceed the cost containment threshold and were awarded points via the 4% Only ~~allocation~~ award process will receive the penalty on the next 4% Only (42M) ~~tax credit~~HTC application if the points were necessary to meet the minimum point requirement. The applicable cost threshold will be determined by the Revised Cost Containment Methodology located under the 2020 Procedural Manual and Documents.

Displacement of Section 8 Tenants
Minnesota Housing will not accept applications that have displaced (or will displace) Section 8 tenants in a housing project because rents will be increased above the Section 8 Payment Standard Rent limit. Rehabilitation projects that have existing Section 8 tenants may not increase those rents (in Section 8 units only) above HUD's Payment Standard Rents after completion of rehabilitation.

1. Minnesota Housing has agreed to partner with the local HUD area office to determine if tenants of rehabilitation projects:
    a. Were displaced prior to application
    b. Are displaced after rehabilitation has been completed
2. If Minnesota Housing and the local HUD area office agree that intentional displacement of Section 8 tenants has occurred, with exception given to lease violations by the tenant, Minnesota Housing will:
    a. Reduce or rescind the reservation/allocation or award of the ~~tax credit~~HTCs to the project prior to issuance of 8609
    b. Assess a -25 point penalty to all parties involved in ownership/management of the project for four funding rounds following notification of the assessment of the negative points by Minnesota Housing. This also applies to ~~tax credit~~HTC projects financed by tax exempt volume limited bonds, owners and managers

Changes to Project
The allocation of ~~tax credit~~HTCs is based upon information provided in the application and the preliminary plans submitted with the application. Until the property is placed in service, any material changes to the project or building design (i.e., changes in unit mix or unit size that affect applicable Design Standards or design features required for preference points) as submitted in the application require written notification to and approval from Minnesota Housing. Any changes require approval by Minnesota Housing and could result in a proportional loss of ~~tax credit~~HTCs up to the full amount of the allocation as well as the assessment of penalty points to the owner/developer of up to -25 points.

Late 8609 Application Submissions Resulting in the Loss of Tax Credit Authority to the State
When Minnesota Housing becomes aware that a late submission of a complete and acceptable 8609 application package by a development's owner/agent results in the loss of any volume of ~~housing tax credit~~HTC authority to the state of Minnesota, Minnesota Housing reserves the right to determine that all parties involved will not be eligible for future participation in Minnesota's HTC Program for a period of up to 10 years.

Filing of Non-Agency Approved 8609 with the IRS
When Minnesota Housing becomes aware that a development's owner/agent has filed an 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved 8609, or if the owner/agent electronically files an 8609 with the IRS that does not accurately reflect the information contained on the Minnesota Housing signed version of the approved 8609 or the carryover or reservation agreement, Minnesota Housing will file an 8823 Notice of Non-Compliance with the IRS and reserves the right to determine that all parties involved will not be eligible for future participation in Minnesota's HTC Program for up to a period of 10 years. This applies to ~~credits~~ HTCs issued by Minnesota Housing, suballocators and in conjunction with tax-exempt volume limited bonds.

Repeated Non-Compliance with Minnesota Housing's Fair Housing Policies, Procedures, and/or Requirements
Repeated failure to comply with Minnesota Housing's Fair Housing policies, procedures, or requirements will be penalized. Minnesota Housing will impose up to a -25 point penalty on future ~~housing credit~~HTC developments to all parties involved in ownership and/or management on the development(s) that repeatedly are found in non-compliance. The penalty points will be in effect for four funding rounds following notification of the assessment of the negative points by Minnesota Housing. This also applies to ~~tax credit~~HTC projects financed by tax exempt volume limited bonds, owners, and managers.

Non-Compliance with Minnesota Housing's Compliance Policies, Procedures, and/or Requirements
Failure to comply with Minnesota Housing's compliance policies, procedures, or requirements after repeated notices ~~will~~ may be considered an unacceptable practice and result in negative points or ineligibility.

1. On the date of submission of an application for an allocation of ~~tax credit~~HTCs, if the applicant or any party with an identity of interest with the applicant who will have an ownership interest in the proposed development has been issued a notice of failure to comply involving any of the following violations but has not submitted an acceptable plan and timeline to correct by the response due date, the application will receive -25 points under Unacceptable Practices.

    a. Failed minimum set-aside

    b. Any Exigent Health and Safety violation under Uniform Physical Conditions Standards

    c. Owner is charging rent on any HTC unit that exceeds the allowable rent limit

    d. HTC unit rented to an ineligible household (i.e., household not properly certified, over income at initial occupancy, or ineligible full time student)

e. Project not available to the general public or fair housing violation

f. Owner failed to respond to agency request for inspection

2. On the date of submission of an application for an allocation of ~~tax credit~~HTCs, if the applicant or development, 1) has been reported to IRS by Minnesota Housing or a suballocator as no longer in compliance, nor participating in section 42 program on line 11p of IRS form 8823 and has not taken steps to bring the property back into compliance to the satisfaction of Minnesota Housing or the suballocator, or 2) is on Minnesota Housing's or a suballocator's list of Properties Not in Good Standing in the Extended Use Period and has not taken steps to bring the property back into compliance to the satisfaction of Minnesota Housing or the suballocator, the applicant ~~is~~ may be deemed ineligible to receive an allocation of ~~credits~~HTCs.

H. Minimum Underwriting Standards

A development selected for a reservation or preliminary determination of ~~tax credit~~HTCs is selected based upon underwriting standards, including but not limited to, acquisition costs, maintenance and operating expenses and permanent financing as approved by Minnesota Housing (see Chapter 5), the Minnesota Housing Multifamily Underwriting Standards and the Multifamily Request for Proposal Guide. These factors will be monitored throughout the HTC~~tax credit~~ process until Minnesota Housing's issuance of the approved IRS Form 8609. **Minnesota Housing will not allow any significant adjustments to these standards.** Not complying with these standards could lead to the revocation of the HTC~~tax credit~~ allocation.

I. Identity of Interest and Related Parties

The applicant must disclose any and all relationships (generally based on financial interests or family ties) with others involved in the project. A written disclosure to Minnesota Housing detailing the nature of all identity of interest relationships is required for all parties. An entity will be deemed, at the discretion of Minnesota Housing, to have an identity of interest with, or to be a related party to, an applicant if there is a financial or familial relationship between the entities, including parent and subsidiary entities.

J. Disclosure and Eligibility of Development Team

The applicant must disclose on the Multifamily Workbook the names and addresses, including corporate officials where applicable, of all parties that have a significant role in the project (significant parties). These significant parties include, but are not limited to general partners, accountants, architects, engineers, financial consultants, any other consultants, management agents and the general contractor (each team member must complete a Qualification Form.) Minnesota Housing must be satisfied that those who will own and operate the project are familiar with and prepared to comply with the requirements of the program.

The following significant parties are not eligible to participate in the HTC Program:

1. Significant parties who have been convicted of, enter an agreement for immunity from prosecution from, or plead guilty, including a plea of *nolo contendere*, to a crime of dishonesty, moral turpitude, fraud, bribery, payment of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records

2. Significant parties who are currently debarred from any Minnesota program, other states' program(s), or any federal program(s)
3. At the sole discretion of Minnesota Housing, significant parties who have serious and persistent compliance monitoring violations may not be eligible
4. At the sole discretion of Minnesota Housing, significant parties having an identity of interest with persons or entities falling into any of the above categories may not be eligible.

K. Determination of ~~Credit~~ HTC Amount

Federal law mandates that, although a proposed project may be eligible for up to 70 percent or up to 30 percent present value ~~credit~~ HTC amount, Minnesota Housing may not allocate more ~~credit~~ HTCs than is necessary for the financial feasibility of the project and its viability as a qualified affordable housing project throughout the compliance period.

After a project meets the development selection criteria, including marketability, Minnesota Housing will evaluate each proposed project, taking into consideration:

1. Development costs, including acquisition costs, developer fees, and builder profits, contractor overhead and general conditions
2. All sources and uses of funds
3. Projected income and expenses
4. Proceeds expected to be generated from the sale of HTC~~tax credit~~s, including historic tax credits
5. The difference between total project costs and total available financing resources, which is referred to as the GAP. A calculation is made to determine the amount of HTC~~tax credit~~s needed by the project to fund the GAP over a 10-year period, based on the estimated market value of the HTC~~tax credit~~s.

Based on this evaluation, Minnesota Housing will estimate the amount of ~~credit~~ HTCs to be allocated for each application. This determination is made solely at Minnesota Housing's discretion and is not a representation as to the feasibility of the project. Rather, it will serve as the basis for making an allocation of ~~credits~~HTCs. The amount of the HTC~~tax credit~~ can change during the process due to variations in cost, mortgage amount, HTC~~tax credit~~ percentage, syndication proceeds, etc.

This analysis to determine the maximum amount of HTC~~tax credit~~s must be performed by both Minnesota Housing and the owner/developer at the time of application, at the time a carryover allocation is approved, and at the time the project is placed in service, providing all project costs are finalized and certified.

If there are changes in resources and/or uses of funds or other material changes, Minnesota Housing will adjust the HTC~~tax credit~~ amount to reflect the changes, and the HTC~~tax credit~~ may be reduced. HTC~~Tax credit~~ amounts will not automatically be increased above the initial reservation request or allocation amount. Requests for additional HTC~~tax credit~~s for the project must follow the procedures in Chapter 2.L of the Manual and will depend upon the availability of ~~credits~~HTCs.

L. Requests for Additional ~~Credit~~ HTC Amounts

Projects that have had a justifiable increase in eligible basis or previously received a partial allocation may be eligible to apply for supplemental HTC~~tax credit~~ amounts.

For 9% HTC~~tax credit~~ projects to receive a supplemental HTC~~tax credit~~ amount, the owner must submit an application when applications are due for Round 1, Round 2 or at the time the carryover application is submitted. Developers who have a Minnesota Housing reservation from the current year will be required to submit a revised Multifamily Workbook, documentation supporting the increased amount of ~~credits~~ HTCs requested, an updated and revised Self-Scoring Worksheet-Competitive, any new or revised documentation obtained since the previous application and a supplemental application fee. A complete application package with all attachments and a full application fee will be required for an application for additional HTC~~tax credit~~s for developments initially awarded HTC ~~tax credit~~s from a suballocator or that have an HTC~~tax credit~~ allocation from a prior year. Minnesota Housing permits only one supplemental or additional HTC~~tax credit~~ allocation ~~award~~ for each development. ~~Awards~~ Allocations of additional ~~credits~~ HTCs requested as part of a carryover application are not counted against this limit.

For 4% HTC~~tax credit~~ projects to receive an additional ~~credit~~ HTC amount, the owner must submit an application at the time of the 8609 application.

All applications that are submitted for an additional HTC~~tax credit~~ amount will be subject to the same evaluation process described above, the availability of ~~credits~~HTCs, as well as limitations on the time period for allocation of additional ~~credits~~ HTCs under Section 42.

M. Resubmission Process for Non-Select Projects

In a current allocation year, if a project fails to receive 9% ~~credits~~ HTCs in Round 1, it may be considered for a reservation of HTC~~tax credit~~s in Round 2 by following these guidelines. Resubmittal must occur by Minnesota Housing's HTC application deadline. Minnesota Housing will not consider applications resubmitted after the deadline. A resubmitted application must include the following:

1. Cover letter requesting resubmission with a copy of Minnesota Housing's non-selection letter attached
2. Re-signed and re-dated Multifamily Workbook (all changes from the initial application must be clearly identified)
3. Any new or revised documentation obtained since the previous application
4. An updated and revised Self-Scoring Worksheet-Competitive~~-~~including all documentation that clearly supports the points claimed
5. Any documentation Minnesota Housing deems necessary (upon request only)
6. The Supplemental Application Fee

Minnesota Housing reserves the right to require a full, new application for any project. This right will be exercised if staff feels the proposed project differs substantially from the initial application.

N. Qualified Census Tracts, Difficult Development Areas and State Designated Basis Boosts

Projects that meet the following criteria may be eligible for~~Federal law permits, but does not require, Minnesota Housing to reserve~~ a greater amount of ~~credits~~ HTCs than the legislated maximum HTC~~credit~~ percentage. ~~for projects in areas that meet one of the following criteria:~~

1. **Qualified census tracts (QCT)** designated by HUD in which 50 percent of the population has an income of less than 60 percent of the area median or has a poverty rate of at least 25 percent; where such areas do not comprise more than 20 percent of the overall population (for a current list of the HUD-designated QCTs, go to Minnesota Housing's website under HTC Reference Materials or go directly to the Qualified Census Tract Table Generator or Qualified Census Tract Map).
2. **Difficult development areas (DDA)** designated by HUD as having high construction, land, and utility costs relative to area median income. For DDA information, reference the same website for QCT above.
3. **State Designated Basis Boost**. For projects requesting HTC~~tax credit~~s from the state's HTC~~tax credit~~ volume cap. Buildings Designated by State Housing Credit Agency [pursuant to 42(d)(5)(B)(v)]*

   It is the goal of Minnesota Housing to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units in the most sustainable, quality, cost effective and geographically diverse developments possible that meet Minnesota Housing's strategic priorities. Consistent with this goal, the following criteria will be used to determine if, when, and in what amount, Minnesota Housing will provide a basis boost for ~~housing~~ HTC~~tax credit~~ developments on a building by building basis to obtain financial feasibility.

   a. Development must meet at least one of the following Strategic Priority Policy Thresholds:
      i. Supportive Housing
      ii. Preservation
   b. The application must demonstrate that without the basis boost, a significant funding gap will remain for the proposed development.
   c. The application must demonstrate that any HTC~~tax credit~~s allocated in connection with the basis boost must be no more than needed to achieve financial feasibility.

*Requests by applicants or developers to Minnesota Housing to apply the 30 percent state designated basis boost must be formally made in writing. The request ~~should~~ must clearly outline the reasons supporting the request and clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations.

O. Reservations

Once staff has ranked applications and determined allowable ~~credit~~ HTC amounts for each application, staff will make recommendations to Minnesota Housing's board for final approval of the reservation of 9% HTC~~tax credit~~s. After the 10-day adjustment period (referenced below), the selected applicant will have 20 days to acknowledge selection by returning the appropriate reservation fee (see Chapter 8).

A development selected for a reservation of HTC~~tax credit~~s is selected based upon many specific factors relating to the application, including site location. Reservations are site specific. Changing a development's site could lead to the revocation of the HTC~~tax credit~~ reservation/allocation.

Minnesota Housing's HTC program permits its owners to elect the applicable percentage either at reservation or placed in service. If the election is not made at the time the reservation letter is issued, the percentage will be fixed for the month in which the building is placed in service. The owner must be sure to consider the best options for this election and make sure the election is made at the correct time. Once made, the election is irrevocable. Upon receipt of the required documents, Minnesota Housing will complete its reservation review and send reservation agreements to be executed by the owner. Each reservation must be conditioned upon receipt of written certification, evidence of timely progress toward completion of the project acceptable to Minnesota Housing, and evidence of compliance with federal tax requirements.

Choosing the gross rent floor date as the date of allocation or the date of placed in service can be done at any time from reservation forward, but the election must be made and the completed election form received by Minnesota Housing no later than the date the project is placed in service. If you choose to make the election as of the date of the reservation, submit a fully executed Gross Rent Floor Election Form (HTC 26) including each building of the development in which there are HTC~~tax credit~~ units. If the required owner-executed forms with all elections made by the owner are not submitted to Minnesota Housing by a date no later than the placed in service date, the gross rent floor date will be effective on the allocation date of the HTC~~tax credit~~s.

Minnesota Housing maintains the right not to reserve HTC~~tax credit~~s for any project if it determines, in its sole discretion, that a reservation for such project does not further the purpose and goals as set forth in Chapter 1 of this Manual.

P. Administrative Errors/Appeals Process

Applications requesting HTC~~tax credit~~s from the state's HTC~~tax credit~~ volume cap can request an appeal. If the applicant believes that Minnesota Housing has misinterpreted, was not aware of a submission item, or miscalculated the applicant's selection points or ~~credit~~ HTC amount at time of application/reservation, the applicant must submit in writing evidence supporting their position within five business days of Minnesota Housing's notification of application status. The applicant's appeal must be written in letter form containing a~~n~~ ~~original~~ signature and stating that the communication is an appeal under Chapter 2.P of the ~~Housing Tax Credit Program Procedural~~ Manual. The appeal letter may be submitted through email to mhfa.htc.appeals@state.mn.us or to:

Minnesota Housing
~~Housing~~ HTC~~Tax Credit~~ Administrator
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

An applicant is not permitted to contest the scores of other applicants. Notification will be in the form of a selection or non-selection letter. The first business day after the date on this letter will be the first day of the notification period.

If the evidence provided by the applicant is accepted and the selection points of the project are affected, Minnesota Housing will re-rank all projects in the order of descending selection points. After an additional five-business day period, Minnesota Housing's rankings will stand and reservations for selected projects will be distributed.

Q. Waiting List

In Round 2, eligible applications will be maintained on a waiting list until the end of the year in the event Minnesota Housing receives an increase in credits due to an IRS formula adjustment, National Pool ~~credits~~ or unused and/or returned ~~credits~~HTCs. A project on the waiting list that is allocated ~~awarded~~ its ~~credit~~ HTC request through the subsequent Round 1 will no longer be eligible to receive ~~credits~~ HTCs through the waiting list and will be removed from the list. Projects determined to meet the supplemental priority in accordance with the QAP will receive priority over other applicants. The waiting list will follow Minnesota Housing's ~~selection point ranking~~order of ranking of competitive HTC points. Generally, projects will be chosen in order; however, depending on IRS rules and requirements, time and funds available, Minnesota Housing reserves the right to make modifications to the waiting list or incorporate HTCs into subsequent rounds.

Projects placed on the waiting list must be fully evaluated for underwriting, market and financial viability prior to receiving consideration for an HTC~~tax credit~~ allocation. A project must satisfy these reviews to be eligible for selection from the waiting list. If an application is not selected for a reservation of HTC~~tax credit~~s by the end of the calendar year, there will be no further consideration. An applicant currently on the waiting list must submit a completely new application packet in the next funding round, which is a new HTC~~tax credit~~ year, to receive consideration for an HTC~~tax credit~~ allocation.

R. Carryover Allocations

Federal law (IRS Regulations 1.42-06 Carryover Allocation) provides that Minnesota Housing may give a carryover allocation to certain qualified building(s), which are to be placed in service no later than December 31 of the second year after the allocation year for which the reservation was issued. To receive a carryover allocation, the owner must submit a complete carryover application package to Minnesota Housing no later than November 1 of the allocation year for which the reservation was issued.

In the event Minnesota Housing receives an increase in credits due to an IRS formula adjustment, National Pool, or unused and/or returned HTCs the agency may allocate HTCs for any additional HTC requests based upon the score of the project's allocation request. Generally, projects will be chosen in order; however, depending on IRS rules and requirements, time and funds available, Minnesota Housing reserves the right to incorporate HTCs into subsequent rounds.

Federal law requires that more than 10 percent of the expected basis in the project (including land) must be expended by the later of the date, which is one year after the date that the allocation is made or the close of the calendar year in which the allocation is made. A written certified public accountant's (CPA) certification must be submitted verifying the owner has incurred required expenditures. As decided by the owner, submission of the CPA certification may be made at the time of carryover

application or at a later date as provided for by Section 42 and by the ~~Minnesota Housing Tax Credit Program Procedural~~ Manual. However, the carryover allocation agreement must be executed prior to December 31 of the allocation year for which the reservation was issued.

For a carryover agreement to be valid it must include, among other things:

1. The amount of the reasonably expected basis at the end of the second year after the initial reservation
2. The carryover basis expended by the later of:
    a. The date which is one year after the date that the allocation is made, or
    b. The close of the calendar year in which the allocation is made

If the final CPA certified carryover basis and expenditure information is not available at the time the carryover application is due, an estimate of the expenditure of greater than 10 percent of the expected basis must be performed by the owner and submitted to Minnesota Housing no later than November 1 of the allocation year for which the reservation was issued. The final CPA certifications must be submitted to Minnesota Housing prior to the deadlines established by Section 42 and by no later than Minnesota Housing's submission deadlines identified in Chapter 6.B of this Manual. Failure to comply with the submission dates will result in significant penalties as outlined in Chapter 8.E. Additional carryover requirements are given in Chapter 6.B.

Minnesota Housing's HTC program carryover procedures are intended to conform to the federal laws and are based upon the limited guidance received from the IRS. At any time, additional IRS guidance may be issued that will require further adjustments to the QAP and additional reviews of developments relating to carryover.

S. Final Allocations

Except for carryover allocations, no allocation of HTC~~tax credit~~s will be made until a building or project is placed in service and the proper documentation and fees have been received. The final amount of ~~credits~~ HTCs is determined when the project is placed in service.

Final allocations (Form 8609) may be requested when all eligible buildings are placed in service and the proper documentation and fees have been received. Minnesota Housing may establish, at its sole discretion, required deadlines prior to year-end for final allocation requests in order to permit timely processing of documents.

If an owner of an HTC~~tax credit~~ development does not intend to obtain a carryover allocation, but instead intends to take a project from ~~credit~~ HTC reservation directly to placed-in-service status, an allocation via issuance of 8609 must be obtained prior to year-end of the allocation year for which the reservation was issued. For an 8609 to be issued by Minnesota Housing prior to year-end, the HTC~~tax credit~~ application for issuance of such 8609s must be submitted to Minnesota Housing on or before November 1 of that year.

A project that has neither received a Carryover Allocation nor has been placed in service and issued appropriate 8609s before December 31 of the year of allocation will lose its entire allocation of ~~credits~~HTCs.

The HTC~~tax credit~~ amount that will be allocated is based on Minnesota Housing's final determination of the qualified basis for the building or project and a review of the project costs as outlined in the ~~Minnesota Housing Tax Credit Program Procedural~~ Manual. The allocation may be reduced to comply with federal law based on the final review of the project.

Prior to final allocation, the project owner is required to execute and record a ~~Declaration of Land Use Restrictive Covenants~~LURA.

Non-compliance with the terms of a reservation/preliminary determination of ~~credits~~ HTCs or a carryover allocation will result in a loss of HTC~~credit~~s.

T. Monitoring for Compliance

Federal law requires that Minnesota Housing provide a procedure to be used in monitoring for compliance with Section 42 and for notifying the IRS of noncompliance. Minnesota Housing is required to apply the monitoring procedure to all HTC~~tax credit~~ projects developed within Minnesota Housing's jurisdiction, including HTC~~tax credit~~s issued in connection with tax-exempt volume limited bonds since the inception of the HTC program. Minnesota Housing will perform such duties in accordance with its Housing Tax Credit Compliance Guide.

1. All HTC~~tax credit~~ recipients must submit an annual certification to Minnesota Housing in a manner, form and time established by Minnesota Housing. The certification will include, but is not limited to, the submission of completed IRS forms, ~~compliance report~~occupancy data, including demographic data on households and monitoring fees. Owners are required to certify whether or not the property is in compliance with Section 42 regulations and also whether or not the property complies with the restrictions and/or set-asides under which the ~~allocation~~ HTCs were~~as~~ allocated~~awarded~~.
2. A periodic review of tenant certifications including the tenant applications and verification of income and income from assets, as well as an inspection of the physical condition using HUD's Uniform Physical Conditions Standards, will be conducted in accordance with the ~~Housing~~ HTC~~Tax Credit~~ Compliance ~~Manual~~Guide. If a property received its ~~credit~~ HTC allocation based on serving specific targeted population(s), ~~the~~ administrative records and/or tenant files must also contain supporting documentation showing that the property and/or unit is serving such population(s).
3. Minnesota Housing will conduct its first monitoring inspection no later than the end of the second year of the ~~credit~~ HTC period. Such inspection will include, but is not limited to, a review of tenant files and physical inspection of ~~20 percent of~~ the low-income units as required by Treasury Regulations 1.42-5.
4. Minnesota Housing will conduct a ~~compliance~~ similar monitoring inspection ~~of each development~~ at least once every three years during the 15-year compliance period. Less frequent inspections may be conducted after the 15-year compliance period has expired. ~~Such inspection will include, but is not limited to, a review of tenant files and physical inspection of 20 percent of the low-income units.~~
5. Minnesota Housing must have access to all official project records, including IRS reporting forms, upon reasonable notification. All official project records or complete copies of such records must be made available to Minnesota Housing upon request.

6. To accomplish its compliance monitoring responsibilities, Minnesota Housing will charge a fee of $~~25~~ 30 for each unit in the project annually. The fee for properties covered by the Memorandum of Understanding by and between Minnesota Housing and USDA Rural Development is $~~15~~ 20 per unit per year. Minnesota Housing reserves the right to adjust the annual fee to offset administrative costs.
7. Minnesota Housing will promptly notify the IRS of any project noncompliance within its responsibility as contained in Section 42. Minnesota Housing has no jurisdiction to interpret or administer Section 42, except in those instances where specific delegation has been authorized.
8. Properties that received a ~~credit~~n HTC allocation in 1990 and later are subject to a minimum 15-year Extended Use Period. Minnesota Housing has defined compliance requirements and monitoring procedures during the Extended Use Period in the ~~Housing~~ HTC~~Tax Credit~~ Compliance ~~Manual~~Guide.

U. Qualified Contract

All properties will be subject to a ~~Declaration of Land Use Restrictive Covenants (Declaration)~~LURA with a term of 30 years or longer. Section 42(h)(6)(E)(i)(II) of the ~~Internal Revenue Code~~IRC created a provision that housing credit agencies respond to the request for presentation of a qualified contract for HTC~~tax credit~~ developments with expiring compliance periods. The request for presentation of a qualified contract is a request that the housing credit agency find a buyer (who will continue to operate the property as a qualified low-income property) to purchase the property for a qualified contract price pursuant to IRS regulations. If the housing credit agency is unable to find a buyer within one year, the extended use period is terminated, subject to a three-year period following its termination where existing low income tenants cannot be evicted or tenancy terminated for other than good cause and rents cannot exceed the allowable HTC~~tax credit~~ rent limits.

Owners of properties that receive 9% ~~credits~~ HTCs are required by Minnesota Housing to waive the right to request a qualified contract for a minimum of 30 years. Some owners of 9% properties have agreed to extend the term of the ~~declaration~~ LURA and waive their right to Qualified Contract up to 40 years.

Owners of properties that receive 4% ~~credits~~ HTCs are required to waive their right to request a qualified contract for a minimum of 20 years, which means the request for presentation of a qualified contract may not occur until after year 19. Some owners of properties that receive 4% ~~credits~~ HTCs have agreed to waive their right to Qualified Contract for a longer period and in some cases extend the term of the ~~declaration~~LURA. Owners ~~should~~ must review the respective QAP, development HTC~~tax credit~~ application, carryover agreement, and the ~~Declaration~~ LURA to determine whether the development is eligible to request a Qualified Contract prior to contacting Minnesota Housing.

A Request for Qualified Contract may be submitted only once for each development. If an owner rejects an offer presented under the Qualified Contract or withdraws its request at any time after the notification letter and application materials have been received by Minnesota Housing, no other opportunity to request a Qualified Contract will be available for the development in question.

Owners who are contemplating requesting the presentation of a Qualified Contract ~~should~~ must directly contact a member of Minnesota Housing's HTC~~tax credit~~ team or reference the Qualified Contract Guide.

V. Tenant Selection Plan

Minnesota Housing requires that a Tenant Selection Plan (Plan) be readily available to anyone interested in such Plan for review and/or retention. Minnesota Housing will not develop or provide such a Plan to owners or management companies. See Minnesota Housing's Tenant Selection Plan Guidance.

W. Other Conditions

No member, officer, agent or employee of Minnesota Housing will be personally liable concerning any matters arising out of, or in relation to, the allocation and monitoring of HTC~~tax credit~~s.

X. Revisions to the Manual and Allocation Plan

To the extent necessary to facilitate the award of HTC~~tax credit~~s that would not otherwise be awarded, this ~~Procedural~~ Manual and associated QAP may be modified by Minnesota Housing from time to time. Minnesota Housing may make minor administrative modifications deemed necessary to facilitate the administration of the HTC program or to address unforeseen circumstances. Further, the Minnesota Housing board is authorized to waive any conditions that are not mandated by Section 42 on a case-by-case basis for good cause shown.

A written explanation will be made available to the general public for any allocation of ~~a housing credit~~an HTC dollar amount that is not made in accordance with Minnesota Housing's established priorities and selection criteria.

The QAP may be amended for substantive issues at any time following public notice and public hearing. Public hearings are held at Minnesota Housing's main offices in St. Paul, Minnesota. Any substantive amendments will require approval of the Minnesota Housing board and the governor.

To the extent that anything contained in the ~~Housing Tax Credit Program Procedural~~ Manual and the QAP does not meet the minimum requirements of federal law or regulations, such law or regulation, will take precedence.

Chapter 3 – Federal Program Requirements

A. Eligible Activities

Eligible activities for HTC~~tax credit~~s include new construction, rehabilitation or acquisition with rehabilitation.

B. Applicable Percentage

There are two levels of applicable percentage, depending upon whether the building is new or existing, whether there are rehabilitation expenditures and whether the buildings are federally subsidized.

1. **New Buildings and Qualifying Rehabilitation Expenditures (if neither is federally subsidized):** With respect to new buildings or qualifying rehabilitation expenditures which are not subsidized, the applicable percentage is an amount resulting in aggregate ~~credits~~ HTCs having a present value of 70 percent of qualified basis. Traditionally, this has resulted in an HTC~~a credit~~ percentage of approximately 9 percent.
2. **New Buildings and Qualifying Rehabilitation Expenditures that are Federally Subsidized and Existing Buildings:** With respect to new buildings and qualifying rehabilitation expenditures which are federally subsidized and the acquisition of existing buildings that are rehabilitated, the applicable percentage is an amount which results in aggregate ~~credits~~ HTCs having a present value of 30 percent of qualified basis. Traditionally, this has resulted in ~~a credit~~an HTC percentage of approximately 4 percent.

The 9 percent and 4 percent credit percentage represents the maximum potential rate.

Section 42(b)(2)(A) and (B) of the ~~Internal Revenue Code~~IRC established a temporary minimum ~~credit~~ HTC rate for non-federally subsidized buildings. In the case of any new building which is placed in service by the taxpayer after July 30, 2008 and before December 31, 2013, and which is not federally subsidized for the taxable year, the applicable percentage shall not be less than 9 percent. On December 18, 2015, the Protecting Americans from Tax Hikes (PATH) Act of 2015 was signed into law. The Act permanently extended the fixed 9 percent HTC ~~credit~~ rate.

The Act amended Subparagraph (A) of section 42(b)(2) which established a temporary minimum ~~credit~~ HTC rate for non-federally subsidized new buildings. The Act as amended provides, in the case of any new building — (A) which is placed in service by the taxpayer after the date of the enactment of this paragraph [42(b)(2)(A)], and (B) which is not federally subsidized for the taxable year, the applicable percentage shall not be less than 9 percent.

Applicants are strongly advised to consult closely with their HTC~~tax credit~~ professionals (legal and tax) for guidance with respect to structuring a project to use either the 9 percent or the 4 percent ~~HTCtax credit~~.

C. Qualifying Rehabilitation

Rehabilitation expenditure requirements are established both by state and federal law.

Under Section 42(e), rehabilitation expenses qualify for the ~~credit~~ HTC if the expenditures for each building:

1. Are able to be ~~allocated~~ awarded to one or more low-income units or substantially benefit low-income units; and
2. Are equal to the greater of:
   a. An average qualified basis amount per low-income unit for a building which meets the inflation adjusted amount published by the IRS annually in accordance with Section 42(e)(3)(D); or
   b. An amount that is not less than 20 percent of the adjusted basis of the building, as determined pursuant to Section 42(e)(3).

In addition to the Section 42(e) requirements, Minnesota Statutes Section 462A.221, Subdivision 5, requires rehabilitation expenditures for the project of an average of $5,000 per unit.

It is necessary to acquire an existing building in order to incur qualifying rehabilitation expenditures with respect to that building. In such a case, the costs of acquiring the existing building may be eligible for the 30 percent present value ~~credit~~ HTC and the rehabilitation expenditures may be eligible for the 70 percent present value ~~credit~~HTC.

D. Existing Buildings

In order for an existing building to qualify for the 30 percent acquisition ~~credit~~ HTC in connection with rehabilitation, there must have been a period of at least 10 years between the date the building was acquired and the date it was last placed in service.

Please note that the 10-year rule also applies to existing HTC~~tax credit~~ projects applying for a new allocation of acquisition ~~credits~~ HTCs at the end of the original 15-year compliance period.

E. Exception to the 10-Year Rule

Exceptions to the 10-year rule are provided in Section 42(d)(6) for federal or state assisted buildings, certain low-income buildings subject to mortgage prepayment and buildings acquired from insured financial institutions in default. Certain other situations ~~are~~ may be exempt from the 10-year rule, such as:

1. A person who inherits a property
2. A government unit or qualified nonprofit group if income from the property is exempt from federal income taxation
3. A person who gains a property through foreclosure (or instrument in lieu of foreclosure) of any purchase money security interest, provided the person resells the building within 12 months after placing the building in service following foreclosure
4. Single family residences that had no use during the prior 10-year period except, as an owner-occupied principal residence will not be treated as being placed in service for purposes of the 10-year holding period. Note that although the 10-year rule does not apply, the property must still be rehabilitated to claim the acquisition costs of such a property.

F. Federal Subsidies

The determination of whether a building is federally subsidized is addressed in Section 42(i)(2). In general, a building is treated as federally subsidized if there is financing the interest on which is exempt

from tax under Section 103 of the ~~Internal Revenue Code~~IRC, the proceeds of which were used (directly or indirectly) in the building or its operation.

Federal grants are not to be taken into account in determining eligible basis. The eligible basis of a building must not include any costs financed with the proceeds of a federally funded grant.

Owners of a property receiving a federal subsidy have the option of treating the subsidy amount as if it were a federal grant and deducting the amount of the subsidy from the qualified basis or costs against which the amount of the ~~credit~~ HTC is calculated.

G. Review of Federally Assisted Projects

Minnesota Housing will review projects using Rural Development Section 515 Rural Housing Loan funds in accordance with Minnesota Housing's currently approved underwriting practices and procedures. So as to achieve a coordinated underwriting to the extent reasonably possible, it is the responsibility of the applicant to provide Minnesota Housing with available underwriting requirements and other requirements for the project that have been established by Rural Development. Prior to issuance of the IRS Form 8609, the applicant must submit to Minnesota Housing a copy of RD Form 3560-51, Multiple Family Housing Obligation – Fund Analysis for reference in the determination of the final allocation of HTC~~tax credit~~s to a project.

H. Federal Subsidy Layering Review

Section 911 of the Housing and Community Development Act of 1992 requires that specific procedures be followed for subsidy laying review when HTC~~tax credit~~s and HUD assistance are combined in a single project. Sponsors of projects that combine HUD assistance and HTC~~tax credit~~s should be aware that a subsidy layering review must be completed for their projects, and should contact Minnesota Housing to receive additional information prior to submitting their application.

Suballocators are responsible for ensuring that subsidy layering reviews are completed for developments within their jurisdiction where they are the ~~housing credit~~HTC allocating agency.

Subsidy layering review is required for the following programs, but not limited to:

1. Metropolitan Housing Opportunity Program (MHOP)
2. U.S. Housing and Urban Development (HUD) Risk Share Insurance
3. Section 8 Project-Based Rental Assistance
4. Home Investment Partnership (HOME)
5. National Housing Trust Fund (NHTF)

At a minimum, the following documents must be submitted:

1. Partnership (Syndication) Agreement, spelling out the equity contributions and dates of disbursement; and
2. Copy of the Multifamily Workbook

I. ~~Project Eligibility~~Minimum Set-Aside Election

Applicants must set aside a minimum number of units that meet both rent and income restrictions to qualify for HTC~~tax credit~~s for each year of the ~~credit~~ HTC period. A project must, for a specific period of time, meet one of the following minimum tests:

1. **20/50 Test (20 percent at 50 percent MTSP)**: To meet the 20/50 test, a minimum of 20 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50 percent Multifamily Tax Subsidy Project limits (MTSP income limits), as established for different geographical areas and published by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size.
2. **40/60 Test (40 percent at 60 percent MTSP)**: To meet the 40/60 test, a minimum 40 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60 percent MTSP income limits, adjusted for family size.
3. **Average Income Test**: To meet the average income test, a minimum of 40 percent of the residential units must be both rent restricted and occupied by individuals whose imputed income average at initial occupancy is at or below the 60 percent MTSP income limits, adjusted for family size. The set-aside allows projects to restrict a percentage of units at higher rent and income levels by agreeing to restrict a percentage of its units at lower rent and income levels. The allowable income and rent limit restrictions are 20 percent, 30 percent, 40 percent, 50 percent, 60 percent, 70 percent and 80 percent of MTSP.

Once made, the choice between the 20 percent at 50 percent, ~~and~~ the 40 percent at 60 percent and Average Income set-asides is irrevocable. All HTC units must comply with the respective minimum set-aside income and rent election. For example, for a 20/50 minimum set-aside, if a building's applicable fraction is 100 percent, all units must have an income and rent restriction of 50 percent MTSP.

NOTE: The actual number of restricted units within the project must be consistent with the initial applicable fraction selected at the time of application. Also, IRS defines each building as a separate project unless owner elects to treat certain buildings as a multiple-building project on IRS form 8609. See the instructions for making a multiple-building election on form 8609.

J. Affordable Rents

The rent restrictions for the units are governed by Section 42 and regulations, rulings and other announcements by the IRS. The following summary is not intended to be comprehensive. A violation of the tenant income or rental restrictions in Section 42 may result in project ineligibility or a reduction in basis and/or ~~credit~~ HTC amount.

For a unit to count as a low-income unit, the gross rent may not exceed 30 percent of the imputed tenant income limitation. The imputed income limitation applicable to a unit equals the permissible income limitations that would apply if the number of individuals occupying the unit were:

1. One individual in the case of a studio apartment; and
2. 1.5 individuals per bedrooms in the case of a unit with one or more separate bedrooms.

Therefore, the rent restrictions applicable to a low-income unit are determined by which test is elected and how many bedrooms are contained in the unit. Current income limits, as derived from HUD, for

Minnesota counties are described in the Rent and Income tables found in the Multifamily Common Application Reference Materials section.

For HTC~~tax credit~~ compliance purposes, gross rent means all payments by the tenant, including non-optional charges and payments for utilities other than telephone and cable. If the tenant pays utilities directly, the maximum rent that can be paid to the landlord is reduced by a utility allowance determined in accordance with rules under Section 8 of the U.S. Housing Act of 1937 (Section 8). IRS Regulations (Section 1.42-10 Utility Allowance, as amended) provides guidance relating to Utility Allowances and lays out options for establishing them.

The following is a summary of the sources of utility allowances:

1. USDA Rural Housing Service (RHS) financed projects, or units with tenants receiving RHS assistance, must use the RHS utility allowance.
2. HUD regulated buildings must use the HUD utility allowance (project based HUD financing).
3. Any individual apartments occupied by residents who receive HUD assistance (Section 8 Existing, etc.), must use the HUD utility allowance from the Public Housing Authority (PHA) administering the assistance.
4. For Section 42 buildings without RHS or HUD assistance, the following options may be used:
    a. A PHA utility allowance from the local housing authority administering section 8 vouchers for the area in which the property is located.
    b. A utility company estimate.
    c. An “Agency Estimate” based on actual utility usage data and rates for the building.
    d. A HUD Utility Schedule Model.
    e. An Energy Consumption Model using an energy and water and sewage consumption and analysis model.

The ~~Housing~~ HTC~~Tax Credit~~ Compliance ~~Manual~~ Guide provides additional information and instructions for utility allowances.

Federal, state and local rental assistance payments (such as Section 8 payments) made on behalf of the tenant are not included in gross rent.

Additional rent restrictions may apply if the allocation or award of HTC~~tax credit~~s was made based on such additional restrictions.

K. Tenant Eligibility

To be a low-income unit for purposes of determining the qualified basis, the tenant must have income at or below 50 percent of the applicable MTSP income limits if the 20/50 test is elected or 60 percent of MTSP income limits if the 40/60 test is elected. If the average income test is elected, the tenant must have income at or below the correct percent of MTSP income limits according to unit designation. The allowable income limit restrictions under the average income test are 20, 30, 40, 50, 60, 70, and 80 percent of MTSP. The unit must be rent restricted as set forth above, and the unit must be suitable for occupancy.

The combined household income of all tenants occupying an HTC~~tax credit~~ eligible unit must be less than or equal to the elected income requirements as shown on Rent and Income Limits.

Section 42 does not allow households comprised of full-time students to qualify as low-income units unless certain exceptions are met. There are five exceptions to the limitation on households where all members are full-time students. Full-time student households that are income eligible and satisfy one or more of the following conditions are considered eligible:

1. Students are married and entitled to file a joint tax return. A married couple that is entitled to file a joint tax return, but has not filed one, still satisfies the exception.
2. The household consists of a single-parent with child(ren) and the parent is not a dependent of someone else, and the child(ren) is/are not dependent(s) of someone other than a parent;
3. At least one member of the household receives assistance under Title IV of the Social Security Act (formerly Aid to Families with Dependent Children (AFDC), now known as Temporary Assistance for Needy Families (TANF), or in Minnesota, the Minnesota Family Investment Program (MFIP));
4. At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state, or local laws; or
5. At least one member of the household was previously in foster care.

See Chapter 17 of the HTC Compliance Guide for Completing Form 8823, Low-Income Housing Credit Agency's Report of Noncompliance or Building Disposition, for additional guidance.

L. Eligible Basis

In general, the eligible basis of a building is equal to the building's adjusted basis for acquisition, rehabilitation or construction costs for the entire building, subject to certain conditions and modifications set forth in Section 42(d). As a general rule, the adjusted basis rules of ~~Code~~ IRC Section 1016 apply, with the exception that no adjustments are made for depreciation. Some of the special provisions for determining eligible basis under Section 42(d) are:

1. The eligible basis may be increased for new buildings and rehabilitation to existing buildings that are located in designated qualified census tracts (QCT), difficult development areas (DDA) or in 9% developments utilizing the state designated basis boost.
2. The cost of the non-low-income residential units in a building is included in eligible basis only if the quality of those units does not exceed the average quality of the low-income units. If the cost of a non-low-income unit exceeds the cost of a low-income unit (using the average cost per square foot and assuming the same size) by more than 15 percent, the entire cost of the non-low-income unit must be excluded from the building's eligible basis. If the excess cost is not more than 15 percent, the owner may make an election to exclude only the excess cost of the non-low-income unit(s) from eligible basis.
3. The cost of depreciable property used in common areas or provided as comparable amenities to all residential units (e.g., carpeting and appliances) is included in determining eligible basis. The cost of tenant facilities (e.g., parking, garages, and swimming pools) may be included in eligible basis if there is no separate charge for use of the facilities and they are available to all tenants in the project.

4. The cost of a community service facility is included in basis only if the building is located in a QCT. The eligible basis of that facility must not exceed 25 percent of the first $15 million of eligible basis plus 10 percent of additional basis in the project. All community service facilities that are part of the same qualified low-income housing project will be treated as one facility. A community service facility is defined as a facility that is part of the qualified low-income housing project designed to serve primarily individuals including tenants and non-tenants whose income is 60 percent or less of area median income. Only limited guidance has been issued by the IRS regarding these changes. No assurances can be given that additional IRS guidance will not require further adjustments to the QAP and additional reviews of selected developments.
5. Eligible basis is reduced by federal grants, residential rental units that are above the average quality standard of the low-income units, historic rehabilitation credits, and nonresidential rental property. Buildings located in areas designated as a QCT, DDA or developments utilizing the state designated basis boost may be eligible for an increase in allowable basis.

M. Qualified Basis

Qualified basis is the portion of the eligible basis applicable to low-income housing units in a building. Qualified basis is the product of a project's eligible basis multiplied by the applicable fraction.

N. Applicable Fraction

The applicable fraction is the lesser of:

1. The unit fraction, which is the number of low-income units in a building divided by the total number of residential rental units; or
2. The floor space fraction is the total floor space of the low-income units in the building divided by the total floor space of the residential rental units in the building.

A full time resident manager's unit is not considered a residential unit and must not be included in the numerator or denominator for calculating the applicable fraction.

Throughout the planning, construction and placed in service periods, the applicable fraction has different nuances. At initial application and at carryover, the **estimated project applicable fraction** will be used. It is an approximate goal that the developer is striving to attain. It is calculated by project in order to obtain a rough estimate of the percentage of eligible units and square footage needed and an estimate of the total amount of HTC~~tax credit~~s necessary for a particular project.

At the time that the placed in service application for 8609 is made, the **targeted applicable fraction for each building** is calculated. The targeted applicable fraction is determined on a building-by-building basis. Each building in a multiple building development could have a different applicable fraction. Because the estimated project applicable fraction is approximate, the targeted applicable fraction calculated by building will frequently differ unless the project has a 100 percent applicable fraction. The targeted applicable fraction is also listed as part of the extended use criteria in the ~~Declaration of Land Use Restrictive Covenants~~LURA, which is recorded and remains with the property.

O. Economically Integrated Projects

Project Economic Integration

Projects under common ownership and management that have HTC~~tax credit~~ units and market rate units are considered to be economically integrated. These projects receive priority points ~~for.~~ (See Areas of Opportunity selection category #3, Self-Scoring Worksheet(s)). In an economically integrated project, each building must have an applicable fraction of less than 100 percent. Unless otherwise approved by Minnesota Housing, all buildings must have comparable applicable fractions with necessary variations due to building size. HTC~~Tax credit~~ selection points will generally be based upon the characteristics of only the HTC~~tax credit~~ units.

NOTE: The actual number of restricted units within the project must be consistent from selection, through carryover and to approval of an 8609 and maintained throughout the term of the ~~Declaration~~LURA.

~~Community~~ Economic Integration
Projects located in certain higher income communities (outside of rural/tribal designated areas) that are close to jobs are also considered to promote economic integration and may be eligible for points in the Self-Scoring Worksheet(s).

P. Annual ~~Credit~~ HTC Amount

The HTC~~tax credit~~ is available each year for 10 years. The amount of HTC~~tax credit~~ allocated or awarded is based on the Qualified Basis multiplied by the applicable percentage. However, Section 42(m)(2) requires Minnesota Housing to limit the amount of ~~credit~~ HTC to the amount necessary to ensure project feasibility under rules established by the IRS; therefore, the actual amount of HTC~~tax credit~~s allocated or awarded could be less than the maximum allowable if the analysis reveals the project would still be feasible with fewer HTC~~tax credit~~s.

The IRS publishes the applicable percentages on a monthly basis. These figures are used to calculate the maximum allowable annual ~~credit~~ HTC amount for which the project will be eligible. (Also see Chapter 3.B.)

Q. Declaration of Land Use Restrictive Covenants

As a condition of receiving HTC~~tax credit~~s, a project will be subject to a Declaration of Land Use Restrictive Covenants (~~Declaration~~LURA) between the owner and Minnesota Housing through which the owner commits the building(s) to low-income use for an extended use period of at least 15 years after the conclusion of the 15-year compliance period (a total of 30 years). The owner can elect to extend the term of the ~~declaration~~ LURA and Section 42 income and rental restrictions up to 40 years.

The ~~Declaration~~ LURA terminates upon:

1. Foreclosure of the building (or deed in lieu of foreclosure) unless the Secretary determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period; or
2. During the extended use period and, unless waived or conditioned in the ~~Declaration~~LURA, upon failure of Minnesota Housing to find a purchaser by the end of one year after a request by the owner to Minnesota Housing to find a purchaser for the low-income portion of the building, at a statutory minimum purchase price, unless the owner has waived its right to exercise their option.

Throughout the term of the ~~Declaration~~ LURA and for a three-year period after the termination of the ~~Declaration~~LURA, the owner must not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and must not increase the gross rent above the maximum allowed under the ~~Code~~ IRC with respect to such low-income unit.

The ~~Declaration~~ LURA must be recorded in accordance with 42(h)(6) as a restrictive covenant and submitted to Minnesota Housing prior to Minnesota Housing issuing the allocation or award (IRS Form 8609). The ~~Declaration~~ LURA will set forth the commitments made by the owner to Minnesota Housing in obtaining points, including any additional requirements placed upon the building at the time of reservation. Non-compliance with these additional conditions may result in serious penalties being applied to the owner entities that could result in a ban on future allocations of HTC~~tax credit~~s being made to the owner entities.

R. Ineligible Properties

Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, manufactured housing park or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for ~~credit~~ HTCs under section 42. Projects with buildings having four or fewer residential units must comply with 42(i)(3)(c).

S. Passive Loss Restrictions

There is a limit on the amount of ~~credit~~ HTC any individual may effectively use due to passive loss restrictions and alternative minimum tax provisions. Consult your tax attorney or accountant for clarification of this regulation.

T. State Volume Limits

Each state is limited to the amount of HTC~~tax credit~~s it may allocate annually. An estimate of Minnesota's annual per capita volume limit is published ~~each April~~prior to allocation in Round 1.

Projects financed by tax exempt volume limited bonds which are subject to a separate volume limitation, are not counted against the state HTC~~tax credit~~ volume limit. (See Article 8 of the QAP and Chapter 7 of the Manual for further details.)

U. Recapture

Minnesota Housing reserves the right to recapture HTC~~tax credit~~s from projects that do not provide evidence satisfactory to Minnesota Housing of progress toward completion of the project in accordance with the project schedule (submitted at initial application and updated at carryover), or noncompliance with the terms of the allocation.

Part of the ~~credit~~ HTCs will also be recaptured if the qualified basis at the close of any year is less than the amount of such basis at the close of the preceding taxable year, or if the minimum number of qualified low-income units is not maintained for the complete extended use period.

V. Market Study

~~Internal Revenue Code~~IRC Section 42(m)(1)(A)(iii) requires that a comprehensive market study of the housing needs of low-income individuals in the area to be served by a developer's ~~housing credit~~ HTC project must be conducted by a disinterested party, at the developer's expense, who is approved by the housing credit agency (refer to the Market Study Guidelines on Minnesota Housing's website).

W. Tenant Ownership

Minnesota Housing will review projects incorporating tenant ownership provisions in accordance with Sec. 42 (h)(6), IRS Revenue Ruling 95-49 and Minnesota Housing's requirements. Minnesota Housing requires that developments proposing an Eventual Tenant Ownership (ETO) component must have 100 percent of the development's HTC~~tax credit~~ units specified for this ownership component. (See also Chapter 6.A.)

X. Contract Compliance, Equal Opportunity and Fair Housing Policy

It is the policy of Minnesota Housing to practice affirmative action to provide equal opportunity in all of our projects, programs, and other endeavors. Minnesota Housing's goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities so that all employment and contractual benefits that develops as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and Minnesota Housing's external partners.

Purpose

The purpose of this policy is to make Minnesota Housing's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

Goals

Our goal is to ensure minority and female contractors and subcontractors equal access to business opportunities on Minnesota Housing financed projects and to encourage the presence of minorities and women at all levels, including on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing's goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area in which they are located. These goals will apply for the length of the contract or the life of the mortgage. Minnesota Housing, at its discretion, may set numerical or percentage goals dependent on the location and size of a given project. Current goals will be determined by staff based on the location of the project.

Requirements

Minnesota Housing is required to comply with all applicable local, state, and federal laws. These requirements are passed on to everyone that Minnesota Housing does business with, either by contractual agreement or as a Minnesota Housing policy.

Sanctions

Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, and cease to do business with any entity or individual that fails to follow its affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, sexual orientation, or gender identity.

Minnesota Housing's fair housing policy incorporates the affirmative fair housing marketing practices addressed in Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, which states that it is unlawful to discriminate in the sale, rental, and financing of housing based on race, color, religion, sex, handicap, familial status or national origin; as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status, status with regard to public housing, and sexual orientation.

In part, regarding rental housing issues, Title VIII and the Human Rights Act makes it unlawful to: (i) discriminate in the selection/acceptance of applicants in the rental of housing units; (ii) discriminate in terms, conditions or privileges of the rental of a dwelling unit; (iii) engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit; (iv) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, etc.; (v) tell a person that because of race, etc., a dwelling unit is not available when it is; and (vi) deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation.

Minnesota Housing has a commitment to affirmatively further fair housing for members of the disabled communities by promoting the accessibility requirements set out in the Fair Housing Amendment Act of 1988, which establish design and construction mandates and provide for the residents' right to make reasonable accommodations under certain conditions. (Applicable to covered multifamily dwellings, which are buildings consisting of 4 or more units if such buildings have one or more elevators. It is also applicable to ground floor dwelling units in other buildings consisting of 4 or more dwelling units.)
All Minnesota Housing programs require owners to market affirmatively, using specific steps geared to the particular program. These steps include:

1. Outreach to all groups protected by the Civil Rights Act of 1968, as amended in 1988, and those protected by the Minnesota Human Rights Act
2. Affirmative marketing strategy that reaches protected groups
3. Self-analysis to make sure all steps are non-discriminatory
4. Upon request by Minnesota Housing, the submission of reports and documents that confirm the owner's fair housing efforts

Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants in the housing market area who are least likely to apply, regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, gender identity, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan (AFHMP) documenting an acceptable plan to carry out an affirmative marketing program. Throughout the Extended Use Period, owners must regularly update their AFHMP and maintain a copy with their property records.

Y. Occupancy Restrictions

Under the HTC general public use regulations, residential rental units must be for use by the general public, which incorporates HUD housing policy governing non-discrimination. Residential units provided only for a member of a social organization or provided by an employer for its employees are not considered for use by the general public are examples of restrictions not allowed under the HTC program. Minnesota Housing has an obligation to affirmatively further fair housing, and occupancy restrictions must comply with the Fair Housing Act and the Minnesota Human Rights Act. Projects must also comply with any occupancy limitations imposed by any additional source of funds provided by Minnesota Housing. Age-related occupancy restrictions or preferences will be approved only if set out in the QAP or if the property qualifies as housing for older persons under the Fair Housing Act and the Minnesota Human Rights Act.

Chapter 4 – Development Standards

All applications to Minnesota Housing for HTC~~tax credit~~s will be evaluated according to the following standards (small projects, local Community Development Initiative projects, and projects developed in difficult-to-develop areas may be considered eligible for variances from these standards, if justified).

A. Project Cost Reasonableness

Minnesota Housing will evaluate the costs of each proposed project in comparison to current comparable projects to determine whether the proposed costs are reasonable, taking into consideration unique characteristics of the project and its comparability to similar projects. Additional documentation will be required if the proposed costs are not comparable or reasonable.

Minnesota Housing will use its predictive cost model to test cost reasonableness for all projects. The model uses cost data from HTC~~tax credit~~ properties, industry cost data from RSMeans and regression analysis to predict total project costs. Based on a project's characteristics (building type, building characteristics, project size, project location, population served, financing, etc.), the model predicts the total development costs.

Minnesota Housing will evaluate the cost reasonableness of proposed acquisition costs through an as-is appraisal~~. The as-is appraisal will be ordered by Minnesota Housing and all costs will be the responsibility of the applicant. (See Chapter 6A and Chapter 8). Appraisals will be considered expired by Minnesota Housing one year after the effective date of the report.~~ (Refer to the Multifamily Underwriting Standards for additional as-is appraisal requirements and details).

The Agency reserves the right to reject applications that appear, at Minnesota Housing's sole discretion, to have excessive costs, or to size its award based on the lesser of the option/purchase agreement purchase price or the appraised value of the property.

B. Eligible Basis Tax Credit Fees

Minnesota Housing will limit the amount of developer fees and general contracting fees (Contractor's Profit, General Requirements, Contractor's Overhead) based on the requirements contained in the Multifamily Underwriting Standards for the purposes of calculating eligible basis to determine the amount of HTC~~tax credit~~.

Syndication related consultant fees are not to be included in the eligible basis of the project.

C. Reserves/Contingencies

Minnesota Housing will require documentation of the amount and disposition of reserves/contingencies. If they revert back to the developer, general partner, or any ownership interest, Minnesota Housing will consider the reserves/contingencies as deferred developer fees and the above limits will apply. For letters of credit, bonds, etc., use the actual cost, not face value, when completing the development cost section of the Multifamily Workbook.

D. Comparative Analysis

Notwithstanding these Development Standards and the Selection Criteria within this Manual and the QAP, each and every proposed project is analyzed on a comparative basis in a variety of categories to ensure the highest value for the HTC~~tax credit~~s allocated and awarded.

E. Property Standard

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost effective durable building materials and systems and that minimizes the consumption of natural resources during construction, and in the long-term, maintenance and operation.

All completed developments **must** comply with the Minnesota Overlay to the Enterprise Green Communities Criteria and Minnesota Housing's Rental Housing Design/Construction Standards.

Additional design requirements will also be imposed if a developer claims and is awarded Large Family or Universal Design Points on the Self-Scoring Worksheet(s). To satisfy the Large Family Points on the Self-Scoring Worksheet(s), all of the units included in the application/development must meet the following minimum dimensions:

1. Living room: 11 feet 6 inches
2. Bedrooms: 9 feet 6 inches, and 100 sq. ft. in area

The owner and architect must certify compliance with all required Minnesota Housing Rental Housing Design/Construction Standards, and where points have been awarded, that all the applicable standards and development features have been incorporated into the final working plans.

Chapter 5 – Project Selection

A. First Round - Application Requirements

All applicants statewide applying for a portion of the state's HTC~~tax credit~~ volume cap must meet one of the minimum threshold types as defined in Article 5 of the QAP. ~~Greater Minnesota projects should also refer to the sample Threshold Letter in the Housing Tax Credits Application Reference Materials section on Minnesota Housing's website for a suggested format relating to evidencing thresholds. In meeting the requirements of thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to the next whole unit.~~

In the final competition, projects that previously received an allocation of HTC~~tax credit~~s will receive priority in accordance with the provisions of Article 5 of the QAP.

B. Strategic Priority Policy Threshold

To be eligible for HTCs from the state's volume cap~~tax credits, from the state's volume cap under Minnesota Housing's QAP or non-competitive tax credits, except as set out in Chapter 7~~, a developer must demonstrate that the project meets at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the QAP**.**

C. Scoring

Minnesota Housing will first rank proposals in accordance with the Selection Priorities and Preference Points contained in the Self-Scoring Worksheet and, if necessary, Chapter 5.D Tie-Breakers, below. The highest-ranking proposals based on the selection priorities and preference points will then be reviewed in accordance with the following Project Selection requirements described in E through K of this chapter. Minnesota Housing reserves the right to reject applications not meeting these project selection requirements or to revise proposal features, and decrease associated scoring, to ensure the project meets the requirements. Lower ranking proposals will only be processed further if HTC~~tax credit~~ volume cap remains available after the higher-ranking proposals are processed.

D. Tie Breakers

If two or more proposals have an equal number of points, the following will be used to determine selection:

1. First tie breaker: Priority will be given to the project with the greater number of points in Preference Priority criteria; if a tie still remains;
2. Second tie breaker: Priority will be given to a project located in a city, township or Tribal Reservation that has not received an allocation of HTC volume cap from Minnesota Housing~~tax credits~~ in the last two years; if a tie still remains;
3. Third tie breaker: Priority will be given to the project with the highest Percentage of Funds Secured, Awarded or Committed, as measured by the Financial Readiness to Proceed/Leveraged Funds selection criterion; if a tie still remains;
4. Fourth tie breaker: Priority will be given to the project with the lowest percentage of intermediary costs as measured by the Intermediary Costs selection criterion; if a tie still remains;

5. Fifth tie breaker will be by lot.

See Article 10.1 and 10.2 of the QAP for additional information on which scoring criteria qualify as selection and preference priorities.

E. Market Review

Minnesota Housing will conduct a market review to determine the housing needs of low-income individuals in the area to be served by the project. Minnesota Housing will evaluate the Market Study and in-house occupancy data to determine the marketability of the proposed project. For market consideration, applicants are responsible for providing evidence to document market feasibility at the time of application. Minnesota Housing may contact the applicant if there is a question as to the marketability of the proposed projects. The applicant may be given an opportunity to adjust the unit mix and/or number of units and resubmit prior to Minnesota Housing scoring of selection priority points.

Proposed projects that do not appear marketable and do not modify their proposal will not receive further consideration in the current funding round.

F. Design Review

The proposed owner and architect must certify compliance with all the required development features outlined in Chapter 5 of the Minnesota Housing Rental Housing Design/Construction Standards before the project will be scored and ranked. (Refer to Chapter 4.E. Property Standard of this Manual.)

G. Development Team Review

Minnesota Housing will also consider the following factors when evaluating an application for an HTC~~tax credit~~ allocation or award:

1. The ability and capacity of the development team to proceed expeditiously to complete the proposed development
2. The prior record of the development team in meeting Minnesota Housing and IRS reporting requirements
3. The experience of the development team in developing and managing similar residential housing

Proposed projects from applicants that do not appear to have the experience, capacity or ability will not receive further consideration in the current funding cycle.

H. Site Review

Minnesota Housing staff will conduct a site inspection for each project passing all the project selection requirements described in parts A through G of this chapter for consistency with the principles of sound, affordable housing developments. Site inspections ~~will~~ may be conducted to analyze physical characteristics; the surrounding property and community; the location of schools, shopping, public transportation, employment centers, community and housing service facilities; availability of utilities, water and sewage treatment facilities; and the suitability of the site for the proposed housing.

For purposes of Minnesota Housing's investment in affordable housing, the principles are as follows:

1. **Linkage**: Housing development ~~should~~ must be part of a comprehensive community development effort that links housing, jobs, transportation, recreation, retail services, schools, and social and other services.
2. **Jobs**: Housing is part of the infrastructure necessary to sustain economic vitality. New housing ~~should~~ must be located near jobs and in areas of job growth and ~~should~~ must address housing needs of the local work force. Preference will be given to proposals that provide housing in communities with job growth.
3. **Land Use**: Housing must be developed to maximize the adaptive reuse of existing residential rental buildings and the use of existing infrastructure, where financially feasible. In cases of new developments, housing that maximizes the efficient use of land and infrastructure and minimizes the loss of agricultural and green space.
4. **Transportation**: Housing must be developed near regional and interregional transportation corridors and transit ways.

Minnesota Housing will consider, but is not limited to, the following environmental criteria when evaluating a proposed site.

1. Noise
2. Flood plains and wetlands
3. Site safety
4. Toxic and hazardous waste
5. Underground storage tanks
6. Asbestos and lead based paint

Minnesota Housing may, at its sole discretion, reject applications or recapture HTC~~tax credit~~s from projects that appear unsuitable for the housing proposed.

I. Underwriting Standards

Proposals must meet all Multifamily Underwriting Standards to receive an allocation or award of HTC~~tax credit~~s. The Standards will be used by the agency for underwriting and sizing of the HTC allocation.

All operating assumptions, including for rent, vacancy, operating expenses, reserves, inflation assumptions and debt coverage ratios, must be consistent with the requirements of the Underwriting Standards. The structure of the development budget, including acquisition price; architect, general contracting, and developer fees; sales tax and energy rebates; as well as construction contingency, must also meet the Underwriting Standards.

Refer to the Minnesota Housing Multifamily Underwriting Standards and Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2 for additional information and requirements.

J. Financial Feasibility

Proposals that meet the Project Selection Requirements in paragraphs B through I and K will be evaluated for financial feasibility as required by Section 1.42-17(a)(3) and Chapter 2K of this ~~Procedural~~

Manual. Projects determined not to be financially feasible will not be processed further in the current funding cycle.

An application's structuring may be revised by Minnesota Housing during this review to ensure financial feasibility or to meet required components of the Underwriting Standards, as applicable, and a reduction to the application's scoring may occur as a result of these revisions.

K. Development Cost Review

Minnesota Housing will review project costs based on comparability and reasonableness. Minnesota Housing may, at its sole discretion, reject applications that appear to have excessive project costs. (Also refer to Chapter 4.A Project Cost Reasonableness)

Chapter 6 – Submission Requirements

It is the applicant's responsibility to be aware of the submission requirements needed to proceed to the next step in obtaining an allocation. If the applicant is unable to meet the submission requirements (financing, zoning, site control, syndication, construction start, etc.) in a timely manner, or if approvals have expired, the application will no longer be processed and the application fee will be forfeited. **Any submissions not meeting the requirements below will be returned to the applicant and fees paid will not be refunded.**

A. Application Requirements

Required ~~Housing~~ HTC~~Tax Credit~~ application materials are incorporated into the Application Checklist in the Multifamily Customer Portal (Portal), including the Intent to Apply, which is due in advance of the application. The Multifamily Application Instructions: Consolidated RFP and HTC Round 1 and 2 and the HTC Scoring and Deferred Priority Checklist Guide provide comprehensive resources for these application materials and submittal instructions. The Multifamily and Housing Tax Credit application materials can be found in the Portal and on the Application Resources and Tax Credits web page.

If a Minnesota Housing Multifamily first mortgage and/or deferred loan are sought in conjunction with the HTC~~tax credit~~ application, many HTC forms and submissions are identical to the forms and submissions required for other Minnesota Housing funding sources under the Consolidated Request for Proposals (RFP) or open pipeline.

Minnesota Housing will base its selection decision upon the application and attachments received on the application due date. No applications, attachments or documentation will be accepted after the application due date unless requested by Minnesota Housing.

Upon receipt of an application, as required by federal law, Minnesota Housing will notify the Chief Executive Officer of the local jurisdiction where the proposed project is planned. This notification will include characteristics of the proposed HTC~~tax credit~~ project and provide an opportunity for the local unit of government to comment on the project.

Information submitted in an application for HTC~~tax credit~~s is information that is accessible to the public pursuant to Minnesota Statutes, Chapter 13.

Self-Scoring Worksheet(s) Documentation

In addition to the application materials outlined in the Application Checklist in the Portal, applicants must include documentation supporting all points claimed, including but not limited to the following. No application, documentation will be accepted after the application due date unless requested by Minnesota Housing.

The Self-Scoring Worksheet(s) and the Scoring Guide provide comprehensive resources for the documentation materials and submittal instructions.

Threshold Evidence

For Round 1, provide evidence of meeting one of the threshold types defined in Article 5 of the Minnesota Housing QAP. Copies of the QAP and sample letter format are located in the Housing Tax Credit Allocation or Housing Tax Credits Reference Materials sections. In meeting the requirements of

thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to next whole unit.

Location Efficiency Map
When required as supporting documentation for points claimed on the Self-Scoring Worksheet(s) in the Location Efficiency section of the Areas of Opportunity selection category, at the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and routes and include a copy of the route, span and frequency of service schedules. For more detailed information refer to requirements contained in the Self-Scoring Worksheet(s).

Also, when required as supporting documentation for points claimed on the Self-Scoring Worksheet(s) in the Location Efficiency criterion, provide documentation of the project's Walk Score.

For developments in Greater Minnesota, if required as supporting documentation for points under the Location Efficiency section of the Areas of Opportunity scoring criterion in the Self-Scoring Worksheet(s), provide documentation of access and availability of route deviation service or demand response/dial-a-ride service, and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

Community Development Initiative
To be considered Community Development Initiative, an applicant must provide a Community Development Initiative narrative and backup documentation. Complete the required Community Development Initiative Narrative form identified in the Multifamily Rental Housing Common Application Checklist, submit any supporting documentation, including planning documents that support the initiative. For more detailed information refer to requirements contained in the Self-Scoring Worksheet(s).

Preservation
~~Dual application and preliminary determination of eligibility required:~~

1. ~~**Dual Application:** For developments containing 40 or more units, applicants claiming points under this section must submit dual applications, as defined in the Multifamily Consolidated RFP/HTC Request for Proposal Application Instructions.~~
2. ~~**Preliminary Determination of Eligibility:** Applicants applying for 9% tax credits and claiming points under this section will be required to submit a pre-application. If the project is determined to be eligible for Preservation points, the applicant will receive a Preliminary Determination of Preservation Eligibility letter from the Agency to be submitted with the application that details the Preservation Threshold and points claimed. Applicants **must** submit all required pre-application documentation 30 days prior to the application deadline for HTC Round 1 or Round 2 in order for staff to make a preliminary determination of eligibility. Failure to submit all required pre-application materials will result in rejection of the pre-application.~~

Applicants applying for ~~4%~~ HTC~~tax credit~~s and claiming points under this section must provide all required supporting documentation, as detailed in the Multifamily Customer Portal and HTC Scoring and Deferred Priority Checklist Guide.

Applicants must choose one of three thresholds: Risk of Loss Due to Market Conversion, Risk of Loss Due to Critical Physical Needs or Risk of Loss Due to Ownership Capacity/Program Commitment.

Applicants meeting one of the three thresholds may claim points under Existing Federal Assistance – Tier 1, Existing Federal Assistance – Tier 2 or Critical Affordable Units at Risk of Loss. For more detailed information refer to requirements contained in the Self-Scoring Worksheet(s).

Eventual Tenant Ownership Plan
If applicable, provide a detailed proposal for Eventual Tenant Ownership (ETO). Only detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of Minnesota Housing's ETO Guide. The plan must address the transfer of 100 percent of the HTC~~tax credit~~ unit ownership after the 15-year compliance period from the initial ownership entity of the project (or Minnesota Housing approved Transfer of Ownership entity) to tenant ownership.

The unit purchase price at the time of sale must be affordable to incomes meeting HTC~~tax credit~~ eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (tax credit rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and a budget for capital improvements and services, including home ownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The ~~Declaration of Land Use Restrictive Covenants~~LURA will contain provisions ensuring compliance with these ETO commitments by the owner, including a right of first refusal allowing tenants to purchase their units (Refer also to Chapter 3.W of this Manual for additional information).

Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period (at least 30 years).

Evidence for People with Disabilities
To receive points under People with Disabilities, the proposal must meet all of the requirements contained in the Self-Scoring Worksheet(s).

People with Disabilities Performance Requirement Relief Provisions:
Specific performance requirement relief provisions are available for projects receiving points under the category of the People with Disabilities Selection Criterion of the Self-Scoring Worksheet(s) for ~~PDSC~~PWD Units.

If, for a particular unit meeting the criteria and receiving points under the People with Disabilities Selection Criterion (~~PDSC~~PWD Unit(s)), the necessary rental assistance or operating support (collectively ~~PDSC~~PWD Unit subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected ~~PDSC~~PWD Unit(s). Such petition shall contain all material

facts and supporting documentation substantiating owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall no longer be required to treat such ~~PDSC~~PWD Unit(s) as ~~PDSC~~PWD Unit(s) but must convert the rents of those units to the 50 percent HTC~~tax credit~~ rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the HTC~~tax credit~~ allocation, the above described 50 percent HTC~~tax credit~~ rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC~~tax credit~~ compliance and extended use periods.

If, for a particular ~~PDSC~~PWD Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) alternative funding or an alternative service provider is unavailable; and (iii) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected ~~PDSC~~PWD Units(s). Such petition shall contain all material facts and supporting documentation substantiating owner's request including, but not limited to, items (i) and (ii) of this paragraph. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall modify its provision of such tenant support services for the affected ~~PDSC~~PWD Unit(s) in a manner consistent with Minnesota Housing's modified requirements for the provision of tenant services for the ~~PDSC~~PWD Unit(s), **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply.**

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determine that a ~~PDSC~~PWD Unit subsidy may be available for the remainder of the HTC~~tax credit~~ compliance and extended use periods, that would not adversely affect the full availability of the HTC~~tax credit~~ allocation, and would permit the ~~PDSC~~PWD Unit(s) to again serve People with Disabilities households, then at Minnesota Housing's request the owner shall promptly apply for such ~~PDSC~~PWD Unit subsidy for the ~~PDSC~~PWD Unit(s), upon terms reasonably acceptable to such owner, and if such ~~PDSC~~PWD Unit subsidy is obtained, shall again set aside such ~~PDSC~~PWD Unit(s), when and to the extent then available, people with disabilities needs qualifying individuals.

In addition, if Minnesota Housing shall, at any time thereafter, in its sole discretion, determines that ~~PDSC~~PWD Unit tenant support services funding may be available for the remainder of the HTC~~tax credit~~ compliance and extended use periods, that would not adversely affect the full availability of the HTC~~tax credit~~ allocation and would permit the affected ~~PDSC~~PWD Unit(s) to again provide tenant support services to households targeting People with Disabilities, then at Minnesota Housing's request, the owner shall promptly apply for such ~~PDSC~~PWD Unit tenant support services funding for the affected ~~PDSC~~PWD Unit(s), upon terms reasonably acceptable to such owner, and if such ~~PDSC~~PWD Unit tenant support services funding is obtained, shall resume providing ~~PDSC~~PWD Unit tenant support services, when and to the extent then available, to people with disabilities needs qualifying individuals.

Evidence of targeting units for Permanent Supportive Housing for High Priority Homeless
In accordance with Minnesota's Plan to Prevent and End Homelessness, Minnesota Housing, in cooperation with the Departments of Human Services and Corrections and a broadly inclusive working group, has developed a business plan to achieve this goal. HTC~~Tax credit~~s represent one of several resources selected to attain this goal. To receive points under Permanent Supportive Housing for High

Priority Homeless, the proposal must meet all of the requirements contained in the Self-Scoring Worksheet(s).

HPH Performance Requirement Relief Provisions:
Specific performance requirement relief provisions are available for projects receiving points under the Permanent Supportive Housing for High Priority Homeless Selection Criterion of the Self-Scoring Worksheet(s) for HPH Units.

If, for a particular HPH Unit(s) the necessary rental assistance or operating support (collectively HPH Unit subsidy") is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s). Such petition shall contain all material facts and supporting documentation substantiating owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall no longer be required to treat such HPH Unit(s) as HPH Unit(s) but must convert the rents of those units to the 50 percent HTC~~tax credit~~ rent limit; provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply. If such conversion occurs, in order to retain the HTC~~tax credit~~ allocation, the above described 50 percent HTC~~tax credit~~ rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC~~tax credit~~ compliance and extended use periods.

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determine that an HPH Unit subsidy may be available for the remainder of the HTC~~tax credit~~ compliance and extended use periods, that would not adversely affect the full availability of the HTC~~tax credit~~ allocation and would permit the HPH Unit(s) to again serve households experiencing homelessness, then at Minnesota Housing's request the owner shall promptly apply for such HPH Unit subsidy for the Homeless unit(s), upon terms reasonably acceptable to such owner, and if such HPH Unit subsidy is obtained, shall again set aside such HPH Unit(s), when and to the extent then available, to households experiencing homelessness.

If, for a particular HPH Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) alternative funding or an alternative service provider is unavailable; and (iii) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected Homeless unit(s). Such petition shall contain all material facts and supporting documentation substantiating owner's request including, but not limited to, items (i) and (ii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall modify such tenant support services for the affected HPH Unit(s).

Rental Assistance

~~Continued Renewals~~Rental Assistance Performance Requirement Relief Provisions

Specific performance requirement relief provisions are available for projects receiving points under the Rental Assistance selection criterion ~~for Continued Renewals~~ of the Self-Scoring Worksheet(s) for ~~CRRA~~RA Units.

If, for a particular unit meeting the criteria and receiving points under the Rental Assistance selection criterion for Continued Renewals Rental Assisted Units (~~CRRA~~RA Unit(s)), the necessary rental assistance or operating support (collectively ~~CRRA~~RA Unit subsidy) is (i) not renewed, withdrawn, or terminated due to reasons not attributable to the actions or inactions of the owner; ii) alternative funding is unavailable; and (iii) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected ~~CRRA~~RA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall no longer be required to treat such ~~CRRA~~RA Unit(s) as ~~CRRA~~RA Unit(s) but must convert the rents of those units to the 50 percent HTC~~tax credit~~ rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the HTC~~tax credit~~ allocation, the above described 50 percent HTC~~tax credit~~ rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the 10 year period.

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determines that an ~~CRRA~~RA Unit subsidy may be available for the remainder of the 10 year period, that would not adversely affect the full availability of the HTC~~tax credit~~ allocation, and would permit the ~~CRRA~~RA Unit(s) to again serve 30 percent income households, then at Minnesota Housing's request, the owner shall promptly apply for such ~~CRRA~~RA Unit subsidy for the ~~CRRA~~RA Unit(s), upon terms reasonably acceptable to such owner, and if such ~~CRRA~~RA Unit subsidy is obtained, shall again set aside such ~~CRRA~~RA Unit(s), when and to the extent then available, to income qualifying individuals.

Further restricted Rental Assisted Units Performance Requirement Relief Revisions
Specific performance requirement relief provisions are available for projects receiving points under the Rental Assistance selection criterion for Further Restricted Rental Assistance of the Self-Scoring Worksheet(s) for FRRA Units.

If, for a particular unit meeting the criteria and receiving points under the Rental Assistance selection criterion for Further Restricted Rental Assisted Units (FRRA Unit(s)), the necessary rental assistance or operating support (collectively FRRA Unit subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected FRRA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, owner shall no longer be required to treat such FRRA Unit(s) as FRRA Unit(s) but must convert the rents of those units to the 50 percent HTC~~tax credit~~ rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the HTC~~tax credit~~ allocation, the above described 50 percent HTC~~tax credit~~ rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC~~tax credit~~ compliance and extended use periods.

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determines that an FRRA Unit subsidy may be available for the remainder of the HTC~~tax credit~~ compliance and extended use periods, that would not adversely affect the full availability of the HTC~~tax credit~~ allocation, and would permit the FRRA Unit(s) to again serve 30 percent income households, then at Minnesota Housing's request, the owner shall promptly apply for such FRRA Unit subsidy for the FRRA Unit(s), upon terms reasonably acceptable to such owner, and if such FRRA Units subsidy is obtained, shall again set aside such FRRA Unit(s), when and to the extent then available, to income qualifying individuals.

Universal Design
Provide Tax Credit Design Standards/Review Process Certification certifying that design features, which allow points for the benefit of a development's selection, will be delivered in the final project.

Smoke Free Building(s)
If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building(s) of the project for the term of the ~~declaration~~LURA. The project must include a non-smoking clause in the lease for every household.

The written policy must be submitted with the application and ~~should~~ must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.

B. Carryover Requirements

Several changes to Section 42 of the ~~Internal Revenue Code~~IRC were included in legislation passed by Congress in July 2008 as part of the Housing and Economic Recovery Act of 2008. These amendments made certain changes to the Carryover Allocation requirements. Only limited guidance has been issued by the IRS regarding these changes. No assurances can be given that additional IRS guidance will not require further adjustments to the QAP and additional reviews of selected developments relating to carryover**.**

In addition to meeting requirements of federal law, the applicant of a selected project must provide no later than 5:00 p.m. on November 1 or the next calendar business day of the year in which the reservation was issued, a complete carryover package in final form containing all the required documents in a form satisfactory to Minnesota Housing. Late fees will be enforced (see Chapter 8). All required carryover application materials ~~should~~ must be submitted through the Multifamily Customer Portal.

NOTE: New r~~R~~equests by applicants/developers to Minnesota Housing to apply the 30 percent state designated basis boost at time of carryover application must be formally made in writing. The request ~~should~~ must clearly outline the reasons supporting the request and clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations.

Multifamily Workbook
As part of your Carryover application package, an updated Workbook for Tax Credits must be submitted in electronic form. Please refer to Minnesota Housing's Multifamily Customer Portal for additional important Carryover information and related forms. A printed and fully signed/executed version of the application form, with all changes from initial ~~credit~~ HTC reservation application highlighted and

initialed, must be submitted with your application package. The updated application form must be signed by at least one general partner involved in the project and if applicable, the nonprofit partner. For material changes, refer to Manual Chapter 2.G. An electronic version of the Excel version of the submitted application and a PDF of the signed and updated application form must be submitted to Minnesota Housing at the same time the application package is submitted.

Application forms containing incomplete revisions, including those not highlighted, initialed and dated, are not acceptable and will be returned to the applicant.

Project Schedule
Provide an Updated Project Schedule.

Owner Certification/Application for Carryover Allocation (HTC 4)
Provide a signed and notarized Owner Certification/Application for Carryover Allocation Form

Building Information (HTC 5)
Provide a completed Building Information Form.

Attorney's Opinion Letter
Provide an attorney's opinion letter in an approved Minnesota Housing Form verifying:

1. The legal description of the project property (to be attached to the opinion and labeled Exhibit A) and that it is correct and identical to the property identified in the application and the reservation letter.
2. The name of the entity that will be/is the owner for tax purposes, and/or has demonstrated continued site control of the land and depreciable real property identified as the project in the application and the reservation letter.
3. The name, legal designation and Tax Identification Number (TIN) of the ownership entity that will receive the HTC~~tax credit~~s and the legal designation of the party that signed the application.
4. The name, legal designation and Tax Identification Number (TIN) of all the general partner(s), and the names of the managing partner(s), contact person(s) and the required authorized signatories. If the partners are an organized entity, such as a limited liability corporation, a limited liability partnership, or an organized partnership, provide the above information for each such entity.
5. Identification and copies of any waivers required by Section 42 obtained from the IRS.

Certified Public Accountants Certification (HTC 6)
Provide a written Certified Public Accountant's Certification in an approved Minnesota Housing form verifying:

1. The amount of the reasonably expected basis, the carryover basis and the percent of the expenses incurred.
2. More than 10 percent of the reasonably expected basis on the project must be expended by the later of the date, which is one year after the date that the allocation is made or the close of the calendar year in which the allocation is made. If the final carryover basis and expenditures information is not available at the time the carryover application is due, the application must

include a written estimate of this information prepared by the owner. Final CPA certifications of this information must be submitted to Minnesota Housing prior to the deadlines established by Section 42 and by no later than Minnesota Housing's submission deadline of May 1, ~~2021~~2022. If May 1 is not a business day, then certification will be due the next calendar business day. Minnesota Housing will consider an extension to this deadline via written request by the owner/applicant. The request for extension must be submitted by May 1, ~~2021~~ 2022 and also include information explaining why the extension is required. Minnesota Housing will issue a written response to all extension requests. An extension until October 1, ~~2021~~ 2022 will be the maximum allowable. If October 1 is not a business day then the certification will be due the next calendar business day.

3. A statement of non-affiliation with the developer and/or owner.

Sources of Funds
Identify the sources of construction, interim and permanent financing. Provide a firm letter of commitment in the form of a binding agreement as set forth in Minnesota Statutes Section 513.33. The agreement must:

1. Be in writing
2. Specify the consideration for the transaction and pertinent terms
3. Be signed by both the lender and the borrower (for RD Projects, Form 1944-51)
4. Be current and state both the effective and expiration dates

Rental Assistance
Provide a description of any governmental assistance and/or rental assistance. This includes copies of any contracts/agreements executed or any applications made for rental assistance for the project. (Refer to the Rental Assistance section of the Self-Scoring Worksheet(s).)

Gross Rent Floor Election (HTC 26)
If choosing to make the election at this time, supply a fully executed Statement of Election of Gross Rent Floor including each building of the development in which there are ~~housing~~ HTC~~tax credit~~ units. If the required fully executed form(s) with all elections made by the owner are not submitted to Minnesota Housing by a date no later than the date the project is placed in service, the gross rent floor will be determined to have been elected as the gross rent effective on the allocation date (the earlier of carryover or 8609) of the HTC~~tax credit~~s.

Fair Housing and Equal Employment Opportunity Forms
It is the policy of Minnesota Housing to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute and return the following forms:

1. Affirmative Fair Housing Marketing Plan describing the marketing strategies that an owner will use including, but not limited to, special efforts the owner will make to attract persons who are least likely to apply in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed and sexual orientation.
2. Equal Employment Opportunity Policy Statement.

Tenant Selection Plan
Provide a written tenant selection plan describing the tenant selection policy that an owner will use. The tenant selection plan must be submitted and reviewed by Minnesota Housing prior to the issuance of the 8609. See Minnesota Housing's Tenant Selection Plan Guidance.

Smoke Free Building(s)*
If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building(s) of the project for the term of the ~~declaration~~LURA. The project must include a non-smoking clause in the lease for every household.

The written policy must be submitted with the application and ~~should~~ must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.

Identity of Interest
Provide a written disclosure as to any and all Identity of Interest parties (see Chapter 2 I and J).

Allocation Fee
Submit the nonrefundable Allocation Fee based on the annual HTC~~tax credit~~ reservation amount (see Chapter 8 D and E). Additional fees for additional ~~credits~~ HTCs secured at carryover will be collected following the ~~award~~allocation. Complete an Application Fee Remittance Form, and attach with the payment to the top of application package.

Project Design Certification Form
Provide a completed form signed and dated by the developer and the architect.

Unit and Development Characteristics Profile Form:
Provide a completed form indicating the unit counts and the related funding sources.

C. Placed in Service Requirements

Generally, the placed in service date for HTC~~tax credit~~ purposes, for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date must occur for all buildings within a project within two years after the allocation year of HTC~~tax credit~~s.

An approved Minnesota Housing 8609 form must contain the signature of the authorized Minnesota Housing representative. Minnesota Housing will issue an approved IRS Form 8609 within ~~30~~ 45 days after all the following items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized suballocator. An approved Form 8609 must not be created by any other entity. The owner/agent must not file a Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved Form 8609. In addition, the owner/agent must not electronically file a Form 8609 with the IRS that does not accurately reflect the information contained on the Minnesota Housing signed version of the approved Form 8609 (Also

refer to Chapter 2.G Unacceptable Practices). A condition to this effect will be added to the Carryover Agreement.

If Minnesota Housing is the credit allocating agency, all required 8609 application materials ~~should~~ must be submitted through the Multifamily Customer Portal.

If your credit allocating agency is a suballocator, please contact the suballocator for additional filing instructions.

To optimize timely processing of requests for issuance of Form 8609, it is recommended the owner make every effort to submit the complete Application for 8609 to Minnesota Housing no later than 30 days following completion of the project.

If a complete 8609 application package is not received within 15 days of the last day of the first year of the ~~credit~~ HTC period the application will be considered late.

Transmittal Letter
Provide a transmittal letter indicating the project name, address and Minnesota Housing assigned HTC number. The letter ~~should~~ must request the issuance of IRS Form 8609 and list the following required documents. In the letter, please list the revised information and explain the basis for the changes. The letter must be dated and signed by the owner or legally authorized individual.

Placed in Service Evidence
Provide evidence that all buildings have been Placed-in-Service. Submit a copy of the Certificate of Occupancy provided by the local governmental authority having jurisdiction for each building. If not available from the local government, a Certificate of Substantial Completion prepared by the architect will be accepted. For acquisition and rehabilitation, the developer must provide supporting documentation for the elected date.

Utility Allowance Schedule
Provide a current utility allowance in a manner consistent with the options provided in IRC 1.42-10 (i.e., as appropriate, a utility allowance from RD, HUD, PHA/HRA, local utility company, an Agency Estimate, a HUD utility Schedule Model, an Energy Consumption Model). Include a breakdown of the utilities that a tenant pays directly (heat, electricity, etc.), the utility allowance for each type of utility (gas, electric, etc.), for the various unit types (one bedroom, two bedroom, etc.) and housing types (apartments, townhomes, etc.). Also include a list of each unit type, total tenant paid utilities, contract rent and gross rent. (See Chapter 3 J)

Final Cost Certification (HTC 9)
Provide a final cost certification that evidences the CPA's audit report and cost certification based upon an audit of the owner's schedule of total project costs.

All costs of projects with five or more units owned by all entities must be cost certified by a CPA when construction has been completed and before Minnesota Housing can complete its final evaluation.

Projects with four or fewer units must submit a sworn construction statement and/or certification by owner, as appropriate.

Multifamily Workbook
As part of your 8609 application package, an updated Workbook for Tax Credits must be submitted in both printed and electronic form. A printed and fully signed/executed version of the Multifamily Workbook, with all changes from the most recent of your initial ~~credit~~ HTC reservation application or, as applicable, your carryover application highlighted and initialed, must be submitted with your application package. In particular, check to ensure that changes in number of units, rents, utility allowance, source of funds (loans, grants, etc.), hard and soft cost changes and qualified basis are updated on the revised application pages. The updated application form must be signed by at least one general partner involved in the project and if applicable, the nonprofit partner. For material changes, refer to Manual Chapter 2.G. An electronic Excel version of this updated application form must be submitted to Minnesota Housing at the same time the printed application package is submitted.

Application forms containing incomplete revisions including, those not highlighted, initialed and dated, are not acceptable and will be returned to the applicant.

Attorney's Opinion Letter
Provide an attorney's opinion letter in an approved Minnesota Housing form verifying:

1. The legal description of the project property (to be attached to the opinion and labeled Exhibit A) and that it is correct and identical to the property identified in the application, the reservation letter and the carryover agreement (if one was issued for the project).
2. The name of the entity that is the owner for tax purposes of the property to be part of the project and which is described in Exhibit A of the opinion.
3. The name, legal designation and Tax Identification Number (TIN) of the ownership entity that will receive the HTC~~tax credit~~s, the legal designation of the party that signed the application and the business remains in good standing and duly authorized in Minnesota.
4. The name, legal designation and Tax Identification Number (TIN) of all the general partner(s), and the names of the managing partner(s), contact person(s) and the required authorized signatories. If the partners are an organized entity, such as a limited liability corporation, a limited liability partnership or an organized partnership, provide the above information for each such entity.
5. Identification and copies of any waivers required by Section 42 obtained from the IRS.

Reserves, Contingencies and any Cash Savings
Provide a signed and dated statement documenting the amount and disposition of reserves, contingencies and any cash savings. If any of the above reverts back to developer/owner, general partner or any ownership interest, Minnesota Housing will consider them deferred developer fees, and for purposes of HTC~~tax credit~~ allocation, restrict the developer fees as specified in this ~~Procedural~~ Manual.

Minnesota Housing Declaration of Land Use Restrictive Covenants
Provide a copy of the completed but unrecorded Minnesota Housing ~~Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits (Declaration)~~ LURA for review well in advance of its required filing deadline. The ~~Declaration~~ LURA must be completed and recorded before the end of the first ~~credit~~ HTC period to preserve the HTC~~tax credit~~s allocated to the project. Check with your tax advisor as to timing of filing and claiming of ~~credits~~HTCs. HUD may require that certain riders be attached to your HTC~~tax credit Declaration~~ LURA if your development has primary financing via a HUD

direct insured loan. Check with your financing and legal advisors to determine if this may be required of your development.

Final Tax Credit Proceeds or Receipts
Documentation of the final amount of HTC~~tax credit~~ proceeds or receipts generated. Provide an executed copy of the final Syndication, Private Placement, or Individual Investment Agreements disclosing terms and conditions.

Multifamily Intended Methods Worksheet
Provide the Minnesota Housing Multifamily Intended Methods Worksheet for compliance with the MN Overlay and Enterprise Green Communities.

8609 Certification by Owner (HTC 3)
Provide a completed, executed and notarized original 8609 Certification by Owner/Application, verifying:

1. The placed in service date as defined in IRS Notice 88-116 for each building and/or type of HTC~~tax credit~~. Month and year ~~should~~ must correspond with occupancy certificate. If the month and year do not correspond, submit a written statement indicating the reason.
2. Compliance with all applicable design requirements.
3. Compliance with all requirements of selection, and additional or special conditions of reservation, commitment, or carryover.

Final Loan or Grant Documents
Provide copies of final executed permanent loan and/or grant documents for all sources of funds (loan/grant agreements, mortgage and note) that support the amount, terms and conditions stated on the Multifamily Workbook. Minnesota Housing must evaluate all final sources of funds to ensure the amount of HTC~~tax credit~~s allocated to a project do not exceed the amount necessary for financial feasibility. Therefore, Minnesota Housing will not issue an IRS Form 8609 prior to the execution of final permanent loan documents, or its equivalent, for all funding sources.

15-Year After-Tax Cash Flow Pro Forma
Provide a 15-year after-tax cash flow pro forma. Where applicable, the cash flow pro forma must reflect required payment of deferred developer fees.

Governmental Assistance and/or Rental Assistance
If not previously provided as part of a carryover application, provide a description of any governmental assistance and/or rental assistance. This includes copies of any contracts/agreements executed or any applications made for rental assistance for the project. This also includes copies of Cooperatively Developed Housing Plans/Agreements between owner and the local housing authority or other similar entity if rental assistance points were awarded to the development (Refer to the Rental Assistance section of the Self-Scoring Worksheet(s)).

Transfer Ownership
If the ownership entity has changed, provide a copy of the assignment, a revised Transfer Agreement (HTC 20) and Notice of Intent to Transfer Ownership (HTC 27), an updated Qualification Form for all the

new team members, and Release of Information Authorization Form (HTC 17) (see Chapter 2.F and G) and the Transfer of Ownership Fee (see Chapter 8).

Partnership Agreement
Provide a copy of the executed final Partnership Agreement.

Photographs
Provide clear photographs of completed building(s).

Building Map Form (HTC 28)
Provide a completed Building Map Form for each building. The applicable fraction on the building map must be the same applicable fraction for each respective BIN on Exhibit B of the ~~Declaration~~LURA.

Identity of Interest
A written disclosure as to any and all Identity of Interest parties (see Chapter 2.I and J).

Affirmative Action and Equal Opportunity Forms
It is the policy of the Minnesota Housing Finance Agency to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute and return the following forms:

1. Affirmative Fair Housing Marketing Plan describing the marketing strategies that an owner will use including, but not limited to, special efforts the owner will make to attract persons who are least likely to apply in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed and sexual orientation.
2. Equal Employment Opportunity Policy Statement.

Tenant Selection Plan
Provide a written tenant selection plan describing the tenant selection policy that an owner will use. The tenant selection plan must be submitted and reviewed by Minnesota Housing prior to the issuance of the 8609. See Minnesota Housing's Tenant Selection Plan Guidance.

Smoke Free Building(s)*
If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building(s) of the project for the term of the ~~declaration~~LURA. The project must include a non-smoking clause in the lease for every household.

The written policy must be submitted with the application and must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.

Allocation Fee
Submit the non-refundable, allocation fee based on the annual HTC~~tax credit~~ allocation amount (if not already paid at carryover). (See Chapter 8 Complete an Application Fee Remittance Form, and attach with the payment to the top of the application package.)

Chapter 7 –Projects Financed by Tax Exempt Volume Limited Bonds Seeking ~~Tax Credit~~HTCs

A. General

Section 42 of the ~~Internal Revenue Code~~IRC establishes a separate set of procedures to obtain HTC~~tax credit~~s through the issuance of tax exempt volume limited bonds.[1] Although the HTC~~tax credit~~s are not counted in the HTC~~tax credit~~ volume cap for the state of Minnesota, developers of projects ~~should~~ must be aware of the information contained in Article 8 of the ~~State of Minnesota Housing Tax Credit Qualified Allocation Plan~~QAP. Section 42 (m)(1)(D) provides that in order for a project to receive an ~~allocation~~ award of HTC~~tax credit~~s through the issuance of tax exempt volume limited bonds, the project must satisfy the requirements for allocation contained in ~~of~~ the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a suballocator QAP. The project must comply with the QAP that is in effect for the calendar year in which tax exempt volume limited bonds are issued sufficient, together with any tax exempt volume limited bonds issued in a prior calendar year, to finance at least 50 percent of the aggregate basis of the building and the land it is located on.

Developers ~~should~~ must also be aware of the requirements of Minn. Stat. § 474A.047, including subdivision 1, which requires the extension of existing U.S. Department of Housing and Urban Development (HUD) Housing Assistance Payment (HAP) contracts to the full extent available.

B. Application for Issuance of Preliminary Determination Letter

Applicants may receive a predictive model and scoring determination prior to requesting preliminary determination via the pre-application process. Pre-application is strongly encouraged in order to receive a determination prior to seeking an allocation of a portion of the state ceiling for tax exempt volume limited bonds.

Preliminary Predictive Model Determination: Predictive model analysis and board approval can be pursued earlier than the submission of the 42M application. Applicants must submit the predictive model determination document and will receive a determination letter upon approval. The determination letter will consist of agency approval, expiration date of approval, the project's current percentage of the predictive model, and project cap beyond which a Board waiver for per unit costs will be required. Developments with costs above the predictive model will be informed and, if requested by the developer, will be presented to the Minnesota Housing board to determine if a waiver will be granted.

Preliminary Scoring Determination: Applicants **must** submit all required pre-application documentation a minimum of 30 days prior to the 42(m)(1)(D) application submittal in order for staff to make a preliminary determination of eligibility. Failure to submit all required pre-application materials will result in rejection of the pre-application.

[1] Tax exempt volume limited bonds are "residential rental bonds" that are taken into account under the state ceiling on the aggregate face amount of tax-exempt private activity bonds pursuant to Section 146 of the ~~Internal Revenue Code~~IRC. Residential rental bonds are exempt facility bonds issued pursuant to Section 142(d) of the IRC~~Internal Revenue Code~~ to finance a qualified residential rental project.

Pre-application Documents:

- Workbook
- Self-Scoring Worksheet– 4% – should be the year in which bond issuance is anticipated
- Scoring Documentation

Submit to the Multifamily Customer Portal.

If the project is determined to be eligible for the required minimum points, the applicant will receive a Preliminary Scoring Determination letter from the Agency that details the points awarded. This letter is to be submitted with the complete 42(m)(1)(D) application. The 42(m)(1)(D) application may only be submitted following an allocation of a portion of the state ceiling for tax exempt volume limited bonds.

Thirty days prior to issuance of tax exempt volume limited bonds, sufficient, together with any volume limited bonds issued in a prior calendar year, to finance at least 50 percent of the aggregate basis of the building and the land, the developer must submit to Minnesota Housing a full and complete application for issuance of a Preliminary Determination by Minnesota Housing pursuant to Section 42(m)(1)(D) [also see the QAP for additional detail]. The developer must submit to Minnesota Housing all documents required for an application for HTC~~tax credit~~s under Chapter 6.A of the ~~Housing Tax Credit Program Procedural~~ Manual, incorporated into the Application Checklist in the Multifamily Customer Portal and any additional information requested by Minnesota Housing. The strategic priority policy thresholds in Chapter 5.B apply to projects applying for Minnesota Housing resources except in cases where projects exclusively apply for non-competitive ~~tax credit~~HTCs.[2] For projects in which Minnesota Housing is the allocating agency, the developer must submit an application fee (review fee). (See Chapter 8) In addition, if the issuer of the bonds is not Minnesota Housing, the initial submission must include evidence from the issuer that the project received an approval of an allocation of a portion of the state ceiling for tax exempt volume limited bonds from the state of Minnesota and a preliminary determination issued by the issuer of the bonds addressing the HTC~~tax credit~~ dollar amount and project costs pursuant to Section 42(m)(2)(D) of the ~~Internal Revenue Code~~IRC [also see the QAP for additional detail].

Based upon the submission of documents, Minnesota Housing will prepare a letter with its preliminary determination pursuant to Section 42(m)(1)(D) as to whether the project satisfies the requirements for ~~allocation~~ award of ~~a housing credit dollar amount~~HTCs under the QAP. A Preliminary Determination fee must be submitted to Minnesota Housing prior to release of the letter (See Chapter 8). **This process may take six weeks or more from the time the full application package is submitted. All applicants should develop their timelines and schedules accordingly.**

C. Election of Applicable Percentage

Section 42 of the ~~Internal Revenue Code~~IRC requires that the owner elect the applicable percentage for the project. **The election is made at the time any tax-exempt volume limited bonds are issued for a project to fix the percentage for the month in which the building is placed in service or the month in which any tax-exempt volume limited bonds are issued.** If the election is not made at the time any tax-

[2] As required by Minn. Stat. § 462A.222, subd. (3)(d) residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority threshold.

exempt volume limited bonds are issued, the percentage will be fixed for the month in which the building is placed in service. The owner must be sure to consider the best options for this election and make sure the election is made at the correct time. Once made, the election is irrevocable.

D. Requests for Building Identification Numbers (BIN)

At the time of application for issuance of a Preliminary Determination letter, the applicant must obtain a Building Identification Number (BIN) for each of the proposed buildings in the development. Minnesota Housing will assign all BINs. An address or other specific legal description is needed to identify with each BIN. The address and BIN will be needed as part of an application for Form 8609.

E. Election of Gross Rent Floor

The owner/taxpayer of a qualified HTC~~tax credit~~ project financed with tax exempt volume limited bonds is permitted under IRS Revenue Procedure 94-57 to fix the date of the gross rent floor to be the date on which Minnesota Housing initially issues its Preliminary Determination letter to the building or the Placed in Service date (Gross Rent Floor Election Form). The election of one of the two timing options must be completed and the election form(s) received by Minnesota Housing by a date no later than the date the project is placed in service. If no election is made and/or no form(s) received by Minnesota Housing by a date no later than the date the project is placed in service, then the gross rent floor date will automatically be fixed by Minnesota Housing to be the initial issuance date of the Preliminary Determination letter for the building.

F. Application for Issuance of Form 8609

Subsequent to the project being placed in service and prior to a Form 8609 being issued for the project by Minnesota Housing, the owner must submit an application for the issuance of Form 8609 to Minnesota Housing. The application must contain those items as identified in Section G below titled Tax Exempt Placed in Service, in addition to any other submissions deemed necessary by Minnesota Housing. For projects for which Minnesota Housing is the allocating agency, the developer must submit a Form 8609 fee based upon the requested annual HTC~~tax credit~~ amount. (See Chapter 8)

G. Placed in Service

Placed in service dates for HTC~~tax credit~~ purposes must be established for all buildings using ~~credits~~HTCs, including acquisition ~~credits~~HTCs, which are treated as a separate building for HTC~~tax credit~~ purposes. Generally, the placed in service date for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date for acquisition ~~credits~~ HTCs is generally the date of the acquisition of the building. It is highly recommended that owners/developers of projects financed with the proceeds of tax exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.

An approved Minnesota Housing Form 8609 must contain the signature of the authorized Minnesota Housing Finance Agency representative. Minnesota Housing will issue an approved IRS Form 8609 within 30 days after all of the following items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized suballocator. An approved Form 8609 must not be created by any other entity. The owner/agent must not file a Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved 8609. In addition, the

owner/agent must not electronically file a Form 8609 with the IRS that does not accurately reflect the information contained on Minnesota Housing's signed version of the approved Form 8609 or information contained in the reservation or carryover agreement. (Also refer to Chapter 2.G Unacceptable Practices).

If Minnesota Housing is the ~~credit~~ HTC allocating agency, all required 8609 application materials ~~should~~ must be submitted through the Multifamily Customer Portal.

Transmittal Letter
A transmittal letter indicating the project name, address and Minnesota Housing assigned HTC number. The letter ~~should~~ must request the issuance of IRS Form 8609 and list the following required documents. In the letter, please list the revised information and explain the basis for the changes. The letter must be dated and signed by the owner or authorized individual.

Placed in Service
Submit evidence that all buildings have been Placed-in-Service. Submit a copy of the Certificate of Occupancy provided by the local governmental authority having jurisdiction for each building. If not available from the local government, a Certificate of Substantial Completion prepared by the architect will be accepted. For acquisition and rehabilitation, the developer must provide supporting documentation for the elected date.

Evidence of Tax Exempt Volume Limited Bonds
If the issuer of the bonds is not Minnesota Housing, submit evidence from the issuer of the bonds that the project received an approval of an allocation of a portion of the state ceiling for the issuance of tax-exempt volume limited bonds from the state of Minnesota.

Utility Allowance Schedule
Provide a current utility allowance in a manner consistent with the options provided in IRC 1.42-10 (i.e. as appropriate, a utility allowance from RD, HUD, PHA/HRA, local utility company), an Agency Estimate, a HUD utility Schedule Model, an Energy Consumption Model). Include a breakdown of the utilities that a tenant pays directly (heat, electricity, etc.), the utility allowance for each type of utility (gas, electric, etc.), for the various unit types (one bedroom, two bedroom, etc.) and housing types (apartments, townhomes, etc.). Also, include a list of each unit type, total tenant paid utilities, contract rent and gross rent. (See Chapter 3 J)

Final Cost Certification (HTC 9)
Provide a Final Cost Certification when construction has been completed that evidences the CPA's audit report and cost certification based upon an audit of the owner's schedule of total project costs.

Multifamily Workbook
Provide an updated Multifamily Workbook signed by at least one general partner involved in this project and if appropriate, nonprofit partner. Highlight all changes from the Preliminary Determination Application, re-date and initial the revised pages. For material changes, refer to Chapter 2.G. Incomplete revisions or those not highlighted, initialed and dated are not acceptable and will be returned to the developer. In particular, check to ensure that changes in number of units, rents, utility allowance, source of funds (loans, grants, etc.), hard and soft cost changes and qualified basis are updated on the revised application pages.

Determination of Credits
Provide evidence that the governmental unit that issued the tax exempt volume limited bonds (or on behalf of which the bonds were issued) made a determination that the amount of ~~credits~~ HTCs ~~allocated~~ awarded to the project does not exceed the amount necessary to ensure project feasibility pursuant to Section 42(m)(2)(A) and (B), including a copy of the final written determination (and the analysis on which it was based) that the ~~credits~~ HTCs ~~allocated~~ award to the building did not exceed the maximum HTC~~tax credit~~ based upon the lesser of the eligible basis or the amount necessary to achieve financial feasibility. The issuer analysis and determination must address all of the items set forth in Section 42(m)(2)(B). The determination must be made by the issuer based upon review of the submission items required in Chapter 6.C of the Manual.

Attorney's Opinion Letter
Provide an attorney's opinion letter in a Minnesota Housing approved form verifying:

1. The legal description of the project property (to be attached to the opinion and labeled as Exhibit A) and that it is correct and identical to the property identified in the application, the preliminary determination letter issued by Minnesota Housing and the legal description of the property financed with the tax exempt volume limited bonds.
2. The name of the entity that is the owner for tax purposes of the property to be part of the project and which is described in Exhibit A of the opinion.
3. The name, legal designation and Tax Identification Number (TIN) of the ownership entity that will receive the HTC~~tax credit~~s, the legal designation of the party that signed the application and that the business is in good standing and duly authorized in Minnesota.
4. The name, legal designation, and Tax Identification Number (TIN) of all the general partner(s), and the names of the managing partner(s), contact person(s) and the required authorized signatories. If the partners are an organized entity, such as a limited liability corporation, a limited liability partnership, or an organized partnership, provide the above information for each such entity.
5. Identification and copies of any waivers required by Section 42 obtained from the IRS.
6. The buildings identified in the application qualify for an allocation of ~~credits~~ HTCs under Section 42(h)(4).

Reserves, Contingencies, and any Cash Savings
A signed and dated statement documenting the amount and disposition of reserves, contingencies and any cash savings. If any of the above reverts back to developer/owner, general partner or any ownership interest, Minnesota Housing will consider them deferred developer fees, and for purposes of the ~~HTC~~~~tax credit~~ ~~allocation~~ award, restrict the developer fees as specified in the Underwriting Standards.

Minnesota Housing Declaration of Land Use Restrictive Covenants
Provide a copy of the unrecorded ~~Declaration of Land Use Restrictive Covenants for Housing Tax Credits~~Minnesota Housing LURA.

NOTE: A copy of a properly recorded ~~Declaration~~LURA, in final form and content as approved by Minnesota Housing following its review, must be provided to Minnesota Housing prior to the release of any 8609s to the owner. A ~~Declaration~~ LURA must be completed and recorded before the end of the

first ~~credit~~ HTC period to preserve the HTC~~tax credit~~s allocated or awarded to the project. Check with your tax advisor as to timing of filing and claiming of ~~credits~~HTCs.

Final Tax Credit Proceeds or Receipts
Documentation of the final amount of HTC~~tax credit~~ proceeds or receipts generated. Provide a copy of the executed final Syndication, Private Placement, or Individual Investment Agreements disclosing terms and conditions.

8609 Certification by Owner/Application Form
Submit a fully completed, executed and notarized original 8609 Certification by Owner/Application Form, (HTC 3) verifying:

1. The placed in service date as defined in IRS Notice 88-116 for each building and/or type of HTC~~tax credit~~. Month and year should correspond with occupancy certificate. If the month and year do not correspond, submit a written statement indicating the reason.
2. It is highly recommended that owners/developers of projects financed with the proceeds of tax exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.
3. Compliance with all applicable design requirements.
4. Compliance with all requirements of the Preliminary Determination letter issued by Minnesota Housing on the project and the requirements of Article 8 of the ~~State of Minnesota Housing Tax Credit~~ QAP.

Final Executed Loan or Grant Documents
Provide copies of final executed loan and/or grant documents for all sources of funds (loan/grant agreements, mortgage and note) that support the amount, terms and conditions stated on the HTC Application.

Multifamily Intended Methods Worksheet
Provide the Minnesota Housing Multifamily Intended Methods Worksheet for compliance with the MN Overlay and Enterprise Green Communities.

15-Year After-Tax Cash Flow Pro Forma
Provide a 15-year after-tax cash flow pro forma. The proforma must reflect required payments of any deferred developer fees.

Transfer Ownership
If the ownership entity has changed, submit a copy of the assignment, a revised Transfer Agreement (HTC 20), an updated Qualification Form for all the new team members, a written disclosure as to any and all Identity of Interest parties and Release of Information Authorization Form (HTC 17) (See Chapter 2 F and G), and the Transfer of Ownership Fee (See Chapter 8).

Partnership Agreement
Provide a copy of the executed final Partnership Agreement.

Photographs
Provide clear photographs of completed building(s).

Building Map Form (HTC 28)
Provide a completed Building Map Form.

Affirmative Action and Equal Opportunity Forms
It is the policy of the Minnesota Housing Finance Agency to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute and return the following forms:

1. Affirmative Fair Housing Marketing Plan describing the marketing strategies that an owner will use including, but not limited to, special efforts the owner will make to attract persons who are least likely to apply in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed and sexual orientation.
2. Equal Employment Opportunity Policy Statement.

Tenant Selection Plan
Provide a written tenant selection plan describing the tenant selection policy that an owner will use. The tenant selection plan must be submitted and reviewed by Minnesota Housing prior to the issuance of the 8609. See Minnesota Housing's Tenant Selection Plan Guidance.

Smoke Free Building(s)
If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building(s) of the project for the term of the ~~declaration~~LURA. The project must include a non-smoking clause in the lease for every household.

The written policy must be submitted with the application and ~~should~~ must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.

8609 Fee
Submit a non-refundable 8609 fee based upon the annual HTC~~tax credit~~ amount (see Chapter 8) along with a completed Fee Remittance Form.

Chapter 8 – Fees

A. Application Fee

An $800 application fee must be submitted with all applications. The fee is non-refundable. For dual applications, Minnesota Housing will require a single fee. For multi-building projects, Minnesota Housing will require only one application and a single fee.

B. Supplemental Application Fee

The application fee for projects requesting supplemental HTC~~tax credit~~s is $350. This fee is non-refundable and will be charged to projects that resubmit their proposals in Round 2 of the allocation year and were underwritten by Minnesota Housing in Round 1.

1. A non-selected project will be required to submit a new application package as described in Chapter 2.M.
2. A selected project (must have been selected in the same year) requesting additional ~~credits~~ HTCs will be required to submit a new application package as described in Chapter 2.L.

C. Reservation Fee

After the project has been selected to receive HTCs from the state's HTC volume cap, a reservation fee of 3.5 percent of the annual ~~credit~~ HTC amount to be reserved must be paid to Minnesota Housing. The developer will have approximately 30 days in which to pay the reservation fee and maintain their HTC~~tax credit~~ selection/reservation. An additional 3.5 percent reservation fee must also be paid for any additional ~~credits~~ HTCs ~~awarded and~~ allocated through carryover and must be paid following issuance of the Carryover Agreement. A reservation fee is non-refundable and will not be adjusted if the final HTC~~tax credit~~ amount is reduced, recaptured, or the HTC~~tax credit~~s are returned or unused.

D. Allocation Fee – Carryover or 8609

At the time the taxpayer/owner submits an application for a carryover allocation or for issuance of IRS Form(s) 8609 (whichever occurs earlier), an allocation fee will be due that is equal to 3.5 percent of the annual HTC~~tax credit~~ allocation amount. This fee is non-refundable and will not be adjusted if the final HTC~~tax credit~~ amount is reduced, recaptured, or the HTC~~tax credit~~s are returned or unused.

NOTE: See section C. above for fee information relating to additional ~~credits~~ HTCs allocated at carryover.

E. Allocation Late Fee

Developers submitting a carryover package or, if an owner has elected not to request a carryover, an 8609 package prior to the end of the year of allocation for which the reservation was issued that:

1. Do not submit a carryover/8609 application by the established due date; or
2. Submit a substantially incomplete carryover/8609 application by the established due date; or
3. Do not submit the carryover CPA final certification by the established due date

Must pay a $1,000 late fee plus an additional penalty fee of $200 for each business day from the original due date through the date on which Minnesota Housing receives a substantially complete carryover/8609 application.

The fee will not be allowed as an eligible cost in carryover/8609 basis and must be paid at the time the carryover/8609 application is substantially complete.

F. Preliminary Determination Fee

A Preliminary Determination Fee must be submitted to Minnesota Housing prior to issuance of a Preliminary Determination letter. For projects for which Minnesota Housing is the allocating agency, the developer must submit a fee equal to 3.5 percent of the requested annual HTC~~tax credit~~ amount. This fee is non-refundable and will not be adjusted if the final HTC amount is reduced or recaptured.

~~G. 8609 Fee~~

~~An 8609 Fee must be submitted at the time of application to Minnesota Housing for Form 8609. For projects for which Minnesota Housing is the allocating agency, the developer must submit an 8609 fee equal to 3.5 percent of the requested annual tax credit amount. This fee is non-refundable.~~

~~H~~G. Monitoring Fee

Minnesota Housing will charge an annual monitoring fee of $~~25~~ 30 per unit, based on the total number of units except for projects covered by the Memorandum of Understanding (MOU) between Minnesota Housing and the U.S. Department of Agriculture, Rural Housing Service. The compliance monitoring fee will be $~~15~~ 20 per unit per year for projects covered by the MOU. This fee may be increased depending upon the requirements of the U.S. Treasury, IRS or increased costs of Minnesota Housing. The fee will be due in a manner and time as prescribed by Minnesota Housing. Failure to pay the fee will result in Minnesota Housing notifying the IRS that the project is out of compliance.

During the extended use period required by ~~Internal Revenue Code~~ IRC Section 42(h)(6), Minnesota Housing will charge a monitoring fee of $~~15~~ 20 per unit per year. No HTC monitoring will be required during this time for properties with Project-Based Section 8, Rural Development or HUD Contract Administration since these properties are already subject to monitoring and consequences under those programs. However, if a property is no longer subject to monitoring for HUD and/or Rural Development programs, then the owner must notify Minnesota Housing HTC~~Tax Credit~~ compliance staff immediately so that the property can be placed back on the monitoring schedule. At that time, the property will be subject to the $~~15~~ 20 per unit per year monitoring fee.

H~~I~~. Transfer of Ownership Fee

All changes in ownership must be approved by Minnesota Housing. If the transfer occurs prior to a date five years after the project's new construction/rehabilitation placed in service date, a non-refundable transfer of ownership fee of $2,500 must be submitted to Minnesota Housing along with updated materials of the new owner/management team for each project in which 50 percent or more of the ownership entity is new since reservation or carryover allocation. After the five year period, owners must submit a RFA non-refundable processing fee. Refer to the Servicing page on Minnesota Housing's website. (See Chapter 2.G. Unacceptable Practices for further details on Transfer of Ownership.)

I~~J~~. Check Cashing Procedure

Applicant's payments for fees (in the form of checks) will be held pending verification of the accuracy of the amount tendered and submitted materials.

J~~K~~. Right to Adjust Fees

Minnesota Housing reserves the right to adjust fees due to changing circumstances in order to cover its costs associated with producing and delivering Minnesota's ~~Housing~~ HTC~~Tax Credit~~ Program.

K~~L~~. Appraisal Fee

The appraisal fee will be determined based on fees charged by the appraiser to complete Minnesota Housing's requirement for an as-is appraisal. These fees are subject to change at Minnesota Housing's sole discretion based upon changes in fee structures found in the appraisal marketplace and on the type of appraisal required by Minnesota Housing for a particular application type. For estimates of appraisal fees, please reference the Fee remittance form located in the Multifamily Customer Portal.

If the~~The~~ as-is appraisal ~~will be~~ is ordered by Minnesota Housing, ~~and~~ all costs will be the responsibility of the applicant. This fee is non-refundable. ~~Appraisals will be considered expired by Minnesota Housing one year after the effective date of the report.~~ (Refer to the Multifamily Underwriting Standards for additional details.)

Chapter 9 – Tentative Allocation Schedule of Critical Dates

A. ~~2020~~ 2021 Allocation Dates

A list of important allocation dates can be found on the Tax Credit webpage on Minnesota Housing's website.

B. Previous Year's Allocation of ~~Credits~~ HTCs

Placed in Service Allocation: To optimize timely processing of requests for issuance of Form 8609, it is recommended that the owner make every effort to submit the complete Application for 8609 to Minnesota Housing no later than 30 days following completion of the project.

At the latest, complete 8609 application packages are due no later than 15 days after the last day of the first year of the ~~credit~~ HTC period. Section 42 states the owner must elect the first year of the ~~credit~~ HTC period in the year the project is placed in service or the year following.

C. Compliance Dates

Owners Certifications, compliance report and monitoring fees are due February 15th (or next business day) of each year.

When filed with IRS: Completed first year 8609 with Part II completed.

Chapter 10 – Alphabetical Index of HTC Forms

A. Application Materials

All HTC Application Forms are identified in the Multifamily Consolidated RFP/HTC Request for Proposal Application Instructions and are available on Minnesota Housing's Multifamily website and in the Multifamily Customer Portal.

B. Post Application Materials

All Post Application materials are available on Minnesota Housing's Multifamily website and in the Multifamily Customer Portal.

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~~2020~~ 2021 Housing Tax Credit Self-Scoring Worksheet

Housing Tax Credit projects submitted in a Competitive funding round[1]

Updated ~~May 2018~~July 2019

Project Name:

Property Number (D Number):

Project Number (M Number):

Primary Address:

City:

Instructions

Strategic Priority Policy Threshold:

A. All projects, must meet at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) in order to apply for Housing Tax Credits (HTC).

Minimum Point Requirements:

1. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered ~~tax credit~~HTCs from the state's HTC~~tax credit~~ volume cap must demonstrate the project is eligible for not fewer than 70 points, excluding projects funded through the Rural Development/Small Projects set-aside.
2. Request for HTC~~tax credit~~s in association with tax exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.
3. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

A. Indicate the selection criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **In addition to the Self-Scoring Worksheet, the applicant must submit ~~a separate detail sheet and~~ documentation that clearly supports the points claimed. See the HTC and Deferred Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points will**

[1] A Competitive funding round includes the Consolidated Request for Proposal (RFP), HTC Round 1, HTC Round 2, and available financing throughout the year including first mortgage products, bonds, and deferred funds in conjunction with 4% ~~tax credits~~HTCs.

not be awarded unless the required documentation is provided along with the application to justify the points claimed.

Adherence to HTC and Deferred Scoring Guide:

A. Applicants must meet the requirements outlined in the Self-Scoring Worksheet and the HTC and Deferred Scoring Guide to be eligible for points.

Documentation of Units:

A. Indicate the number of units for each selection criteria expected for your project. When calculating a percentage for a criterion all units must be rounded up to the next full unit. The number of units indicated will be required and incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants (~~declaration~~LURA) and deferred loan documents with the exception of tenant targeting in the Permanent Supportive Housing for High Priority Homeless.

Extended Duration:

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered ~~tax credits~~HTCs from the state's ~~tax credit~~HTC volume cap must maintain the duration of low-income use for a minimum of 30 years or longer if a longer duration is selected. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of at least 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

B. Request for ~~tax credit~~HTCs in association with tax exempt volume limited bonds must maintain the duration of low-income use for a minimum of 30 years, or longer if a longer duration is selected. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) will not apply to the project for a minimum of 20 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

Design Standards:

A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g. Universal Design).

A Declaration of Land Use Restrictive Covenants:

A. A Declaration of Land Use Restrictive Covenants (LURA) covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing:

A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Round 1 – Minimum Threshold Requirements

For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area[2]:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the ~~Declaration of Land Use Restrictive Covenants~~LURA), at least 75% of the total ~~tax credit~~HTC units are single room occupancy, efficiency, or one bedroom units with rents affordable to households whose income does not exceed 30% of the area median income (AMI).

2. ☐ New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the ~~Declaration of Land Use Restrictive Covenants~~LURA), at least 75% of the total ~~tax credit~~HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms **OR**

3. ☐ Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

1. ☐ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application.

C. ☐ Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the ~~Declaration of Land Use Restrictive Covenants~~LURA), a percentage of the units are set aside and rented to persons:

1. With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c).

2. With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended.

3. Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2.

4. With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**

[2] Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Fallls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

5. With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

   NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.

   NOTE: This definition is not limited to persons with mobility impairment.

D. Preserve Existing Subsidized Housing

1. ☐ Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of ~~tax credits~~HTCs is necessary to (1) prevent conversion to market rate use; or (2) to remedy physical deterioration of the project which would result in loss of existing federal subsidies; **OR**

E. Rural Development:

1. ☐ Projects financed by Rural Development, which meet statewide distribution goals.

Strategic Priority Thresholds

Applicants using this Self-scoring Worksheet must demonstrate that the project meets at least one of the following priorities.

Select all that apply.

A. Access to Fixed Transit:

1. ☐ Projects within one-half mile of a planned or existing LRT, BRT or commuter rail station.

B. Greater Minnesota Workforce Housing:

1. ☐ Projects in Greater Minnesota documenting both of the following:
   a. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:
      i. That have experienced net job growth of 100 or more jobs, or
      ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or
      iii. With planned job expansion documented by a local employer
   b. Employer Support in the form of a letter of support from an employer with 20 or more full time employees. ~~The letter should discuss the difficulty of employees' to locate housing in the jurisdiction where the project is located and provide a description of employee wages and proposed rents in the project.~~

C. Economic Integration:

1. ☐ Projects located in higher income communities (~~outside of rural/tribal designated areas~~in the Twin Cities 7-County Metropolitan Area and areas in or around Duluth, Rochester and St. Cloud) with access to low and moderate wage jobs, meeting either First or Second Tier ~~Community~~ Economic Integration as defined in the Areas of Opportunity category. This strategic priority must be selected to activate the Economic Integration criterion (Excel).

D. Tribal:

1. ☐ Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

E. Community Development Initiative:

1. ☐ Projects that contribute to active implementation of a Community Development Initiative, as defined in the Community Development Initiative selection criterion to address locally identified needs and priorities in which local stakeholders are actively engaged. This strategic priority must be selected to activate the Community Development Initiative selection criterion (Excel).

F. Preservation:

1. ☐ Projects that preserve existing federally assisted housing or other critical affordable housing projects must be eligible under the Preservation selection criterion. This strategic priority must be selected to activate the Preservation selection criterion (Excel).

G. Supportive Housing:

1. ☐ Projects that will serve people with disabilities or High Priority Homeless (HPH) households must be eligible under the Permanent Supportive Housing for High Priority Homeless selection criterion or the People with Disabilities selection criterion. This strategic priority must be selected to activate the High Priority Homeless or People with Disabilities selection criteria (Excel).

H. Tax-Exempt Bond Allocation

1. ☐ As required by Minn. Stat. § 462A.222, subd. (3)(d) residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority.

I. Minimum Point Requirement

1. ☐ A request for Minnesota Housing administered HTCs from the state's HTC volume cap need not meet a separate strategic priority if it demonstrates the project is eligible for not fewer than 70 points, excluding projects funded through the Rural Development/Small Projects set-aside.

~~2020~~ 2021 HOUSING TAX CREDIT SELECTION CRITERIA
1. Greatest Need Tenant Targeting (5 to 39 points)

A. Large Family Housing (5 to 7 points):

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children. Select all that apply:

a. ☐ At least 75% of the total assisted[3] units contain two or more bedrooms. **(5 points)**

Number of units with
2 Bedrooms_____
3 Bedrooms_____
4 Bedrooms_____

b. ☐ For Greater Minnesota proposals if eligible under 1. a. above, at least one-third of the 75% contain three or more bedrooms. **(2 points)**

Number of units with
3 Bedrooms_____
4 Bedrooms_____

B. Permanent Supportive Housing for High Priority Homeless (HPH)[4] (7 to 22 points):

1. A minimum of 5% of the total units, but no fewer than four units are set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System[5] (HPH Units) and targeted to the populations indicated below. Select one and complete the unit count below:

a. ☐ 50% to 100%, but no fewer than 20 units **(20 points)**
Number of units _____

b. ☐ 10% to 49.99%, but no fewer than 7 units **(10 points)**
Number of units _____

c. ☐ 5% to 9.99%, but no fewer than 4 units **(7 points)**
Number of units _____

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[3] Assisted is defined as ~~tax credit~~HTC units for HTC applications and affordable units for deferred funding.

[4] **Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless selection criterion for "HPH Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the ~~Tax Credit Declaration of Land Use Restrictive Covenants~~LURA and deferred loan documents recorded with the property.

[5] Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing.

Number of units representing:

Youth with Children: _____
Youth Singles: _____
Youth Total: _____
Single Adults: _____
Families with Children: _____
Total High Priority Homeless: _____

2. Continuum of Care

Proposals that are eligible for B. 1 above can claim this selection criterion if units will be available for populations consistent with local needs identified by the local Continuum of Care. (Published Priorities are available on Minnesota Housing's website at: **[insert link]**)

a. ☐ 5% of units or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**
Number of units _____
Priority Type: _____
(Families with children, youth singles, youth with children or single adults)

EXCEL HELP TEXT:
Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for Permanent Supportive Housing for High Priority Homeless**.**

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria cannot be claimed for the same units.

To be eligible for Permanent Supportive Housing for High Priority Homeless (HPH), the proposal must meet *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Application Checklist in the Multifamily Customer Portal.
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. The applicant agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.
4. Supportive Housing Threshold Criteria:
    a. Supportive Services: On-site service coordination and tenant engagement must be made available to supportive housing residents. The level and type of services offered ~~should~~ must be appropriate for the needs of the target population, with a minimum of

tenant service coordination averaging two hours per household per week as further defined in the supportive housing narrative.

b. Experienced service provider, or partnering with an experienced service provider, with demonstrated outcomes:
   i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time, and has sufficient capacity to deliver the services proposed.

c. Service funding commitments: At a minimum, a portion of service funding is secured with a viable plan for securing the remaining resources, as approved by Minnesota Housing. Evidence must be provided in the application narrative and commitment letters or other documentation.
   i. Developments with 5% to 9.99% HPH Units must have secured at least 75% of service funding
   ii. Developments with 10% to 49.99% HPH Units must have secured at least 20% of service funding
   iii. Developments with 50% to 100% HPH Units must have secured at least 5% of service funding

d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the HPH supportive housing units through Coordinated Entry.

A proposal that claims this category and is selected to receive ~~tax credit~~HTCs will be required to comply with the reporting requirements for Permanent Supportive Housing for High Priority Homeless, as defined by Minnesota Housing. The ~~Tax Credit Declaration of Land Use Restrictive Covenants,~~LURA, including a specific Rider to the ~~Declaration~~ LURA and Minnesota Housing loan documents, will contain performance requirements related to these permanent supportive housing units for High Priority Homeless and will be recorded with the property.

C. People with Disabilities (PWD) (7 to 10 points):

1. Select the number of units set aside for people with disabilities:

   a. ☐ 15% to 25% of units, but not fewer than six units **(10 points)**
   Number of units _____

   b. ☐ 10% to 14.99% of units, but not fewer than five units **(9 points)**
   Number of units _____

   c. ☐ 5% to 9.99%, but no fewer than four units **(7 points)**
   Number of units _____

Permanent housing proposals are not restricted to persons of a particular age group. A percentage of the units are set aside and rented to persons with any of the following disabilities[6]:

[6] **Specific performance requirement relief provisions are available for projects that meet the People with Disabilities Selection Criterion for "~~PDSC~~ PWD Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific

i. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
ii. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
iii. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
iv. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a)
v. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.

NOTE: This definition is not limited to persons with mobility impairment.

EXCEL HELP TEXT: Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for People with Disabilities.

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria may not be claimed for the same units.

To be eligible under People with Disabilities, the proposal must also meet all of the following conditions:

1. The applicant must submit the People with Disabilities narratives and any other forms and submittals identified in Application Checklist in the Multifamily Customer Portal.
2. The applicant must submit a signed Service Agreement. Applicant can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative, or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria as evidenced in the People with Disabilities Narrative and Service Agreement:
    a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
    b. Units are restricted to households with incomes at or below 30% MTSP income limits.
    c. The applicant agrees that if units set aside for People with Disabilities are occupied by households without ~~project-based~~ rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the

performance requirements will be incorporated into the ~~Tax Credit Declaration of Land Use Restrictive Covenants~~LURA and deferred loan documents recorded with the property.

household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

c. Service Agreement: The property owner must have an agreement with the county or tribal human services office specifying:
   i. How they will provide outreach to the target population
   ii. How eligible applicants will be referred to the property management agent
   iii. That verification of applicant disability will be provided to the owner
   iv. The types of services appropriate to the population that will be made available with the goal of housing stability
   v. Service funding sources
   vi. How services will be provided to tenants
   vii. How the service entity will communicate and coordinate with property management
   viii. Plans for crisis intervention, eviction prevention and lease mitigation
d. Units for individuals with disabilities must be provided in an integrated setting.

2. Serves Lowest Income for Long Durations (2 to 48 points)

A. Serves Lowest Income Tenants/Rent Reduction (8 to 13 points):

1. Eligibility is based on gross rent level, including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed 50% of MTSP income limits as published by HUD without rental assistance for a period of 10 years. MTSP rent limits are available on Minnesota Housing's website.

   The applicant agrees to maintain the deeper rent structuring for which selection points are requested.

   This selection will restrict rents only (tenant incomes will not be restricted to the 50% income level by claiming this section).

   a. ☐ 100% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(13 points)**

      Number of units _____

   b. ☐ At least 50% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(8 points)**

      Number of units _____

NOTE: Serves Lowest Income selection criteria cannot be claimed for units that qualify for or are claiming the Rental Assistance criterion. ~~Serves Lowest Income and Rental Assistance selection criteria cannot be claimed for the same units.~~

Minnesota Housing will incorporate these restrictions into the ~~Declaration of Land Use Restrictive Covenants~~ LURA and Minnesota Housing loan documents. The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

IMPORTANT

All 50% rent restricted units must meet rents affordable at the 50% MTSP income for a minimum of 10 years after the last placed in service date for any building in the property or loan closing. After the 10 year period has expired, if the units are not otherwise subject to more restrictive conditions, rent may be increased to the 60% MTSP rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	30% of 50% Rent Levels
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

B. Rental Assistance (2 to 26 points):

1. Priority is given to an owner who submits with the application a **fully executed binding commitment** (i.e., binding Resolution/binding Letter of Approval from the governing body) for project-based rental assistance awarded in accordance with 24 CFR Ch. IX, Section 983.51 or which is effectively project-based by written contract. For the purposes of this category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.

   ~~**NOTE:**~~ **Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant paid portion of household income, program structure, goals, and population served.**

   - New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.

- Site-based Housing Support[7] and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.
- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals. Be aware that rental assistance from non-governmental organizations will not be treated the same as governmental rental assistance when determining tenant income eligibility for compliance purposes. See the HTC and Deferred Scoring Guide for more information.
- A current request for Minnesota Housing Rental Assistance is not eligible to claim this category. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a-f. ~~and, if applicable, select g~~. In addition, by selecting an option, the development agrees to continue renewals of existing project-based housing subsidy payment contract(s) for a **minimum 10 years** from the later of the last placed in service date for any building in the property or loan closing. Applicant agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period[8].

a. ☐ 100% of the total units for project-based rental assistance **(~~15~~ 19 points)**
Number of units _____

b. ☐ Between 51.1% to 99.9% of the total units **(~~12~~ 16 points)**
Number of units _____

c. ☐ 20.1% to 51% of the total units **(~~9~~ 13 points)**
Number of units _____

d. ☐ 10.1% to 20% of the total units, with a minimum of four units **(~~6~~ 10 points)**
Number of units _____

e. ☐ 5% to 10% of the total units, with a minimum of four units **(~~3~~ 7 points)**
Number of units _____

f. ☐ Less than 5% of units, a minimum of four units **(~~2~~ 6 points)**
Number of units _____

~~g. ☐ For selection components a-f above, if, in addition, the development agrees to provide the project-based rental assistance for a **minimum 10 years** after the last placed~~

[7] Formerly known as Group Residential Housing.

[8] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for "RA Units."** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the LURA and deferred loan documents recorded with the property.

~~in service date for any building in the property or loan closing. The owner must continue renewals of existing project-based housing subsidy payment contract(s). Applicant agrees that rents will remain at affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period[9]. **(4 points)**~~

2. Projects that are eligible under B. 1. a - f above and have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period[10]**. Rental Assistance Commitment documentation ~~should~~ must indicate that deeper income restrictions on project based units are~~is~~ allowable.**[~~11~~12]
3. Select one:

   a. ☐ 75.1% to 100% of the total units **(7 points)**
   Number of units

   b. ☐ 50.1% to 75% of the total units **(6 points)**
   Number of units_____

   c. ☐ 25.1% to 50% of the total units **(5 points)**
   Number of units

   d. ☐ 15.1% to 25% of the total units **(4 points)**
   Number of units _____

   e. ☐ 5% to 15%, of the total units but no fewer than four units **(3 points)**
   Number of units _____

NOTE: Serves Lowest Income selection criteria cannot be claimed for units that qualify for or are claiming the Rental Assistance criterion.~~Rental Assistance and Serves Lowest Income Tenants/Rent Reduction selection criteria cannot be claimed for the same units.~~

NOTE: Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation criterion. Rental assistance under the Rental

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[9] ~~**Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Continued Renewal Rental Assisted unit "CRRA uUnits".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive CovenantsLURA and deferred loan documents recorded with the property.~~

[10] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for Further Restricted Rental Assisted Units ("FRRA Units").** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the LURA and deferred loan documents recorded with the property.

[11] ~~**Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Sselection Ccriterion for Further Restricted Rental Assisted Uunits ("FRRA Units.").** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants LURA and deferred loan documents recorded with the property.~~

[12] Site-based Housing Support is excluded from this requirement.

Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible.

To claim the criterion, the applicant must comply with all program requirements for the assistance at application, including maintaining rents within the appropriate payment standard for the project area in which the project is located for the full compliance and extended use period of the ~~housing tax credits~~HTCs.

Rent for assisted units must be at or below Fair Market Rents (or appropriate payment standard for the project area). Eligibility and agreeing to a minimum number of assisted units does not release owners from their obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

C. Long Term Affordability (3 to 9 points):

1. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project and, where applicable, agrees to extend the long-term affordability of the project by extending the term of the ~~declaration~~ LURA beyond 30 years (beginning on the first day of the compliance period in which the building is a part of a qualified low income housing project). Select one:

   a. ☐ Extend the term of ~~declaration~~ LURA and waive the right to Qualified Contract for a minimum of 40 years**. (9 points)**

   b. ☐ Extend the term of the ~~declaration~~ LURA and waive the right to Qualified Contract for a minimum of 35 years. **(8 points)**

   c. ☐ Waive the right to Qualified Contract for a minimum of 30 years. (4% projects only) **(7 points)**

   d. ☐ Waive the right to Qualified Contract for a minimum of 25 years. (4% projects only) **(3 points)**

3. Areas of Opportunity (1 to 28 points)

A. Economic Integration (2 to 9 points):

1. Projects that meet the requirements under economic integration include (select one):

   a. ☐ Provides the project economic integration by providing at least 25% but not greater than 80% of the total units in the project as qualified ~~HTC~~ assisted low-income units (does not include full-time manager or other common space units). **(2 points)**

Number of units _____

b. Promotes economic integration for projects that are located in higher income communities that are ~~outside of Rural/Tribal Designated Areas~~ in the Twin Cities 7-County Metropolitan Area and areas in or around Duluth, Rochester and St. Cloud. First and second tier economic integration areas are outside of racially and ethnically concentrated areas of poverty.

i. ☐ **First Tier -** The proposed housing is located in a first tier census tract **(9 points)**

ii. ☐ **Second Tier -** The proposed housing is located in a second tier census tract **(7 points)**

EXCEL HELP TEXT:
Select Economic Integration under Strategic Priority Threshold to enable the checkboxes for First and Second Tier.
First and Second Tier are disabled when Rural/Tribal under the section Supporting Community Development has been selected.

The following resources on Minnesota Housing's website may be used to determine if the proposed housing is located in areas that meet the requirements under Economic Integration:
Economic integration area maps and census tract listing: **[insert link]**
Rural/Tribal Designated areas maps and census tract listing: **[insert link]**

Economic integration and Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

B. Access to Higher Performing Schools (4 points):

1. Projects serving families in locations that will provide access to higher performing schools must have at least 25% of total assisted units, with a minimum of 15 units, contain two or more bedrooms, and the owner agrees to market the units to families with minor children. Eligible areas are in the Twin Cities 7-County Metropolitan Area and areas in and around Duluth, Rochester and St. Cloud.

a. ☐ The proposed housing will serve families and is located in an area considered to have Access to Higher Performing Schools **(4 points)**
Number of units to be marketed to families with minor children:
2 Bedrooms: _____
3 Bedrooms: _____
4 Bedrooms: _____

Access to Higher Performing Schools area maps: **[insert link]**

Access to Higher Performing Schools Area map overlays in the community profiles interactive mapping tool: **[insert link]**

C. Workforce Housing Communities (3 to 6 points):

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances, as outlined in the Workforce Housing Communities Methodology). Select one:

   a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**

   b. ☐ The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**

   ☐ The proposed housing is in a Long Commute Community **(3 points)**

In the Twin Cities 7-County Metropolitan Area, project locations must be within five miles of a workforce housing city or township. In Greater Minnesota, project locations must be within ten miles of a workforce housing city or township.

Top Job Centers, Net Five Year Job Growth communities, and Long Commute communities lists and maps: **[insert link]**

Proximity to workforce housing in the community profiles interactive mapping tool: **[insert link]**

D. Location Efficiency (1 to 9 points):

1. For Projects in the **Twin Cities 7-County Metropolitan Area**, indicate whether the project will promote location efficiency based on access to transit and walkability.

   a. Access to Transit: To claim access to transit in the Twin Cities 7-County Metropolitan Area, a project must be (select one):

      i. ☐ Located within one half mile of a planned[13] or existing LRT, BRT, or commuter rail station **(7 points)**;

      ii. ☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network **(4 points)**

[13] Includes planned stations on future transitways that are in advance design or under construction that meet the following criteria: completion ~~issuance~~ of an ~~draft~~ Environmental Impact Statement, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advance design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

iii. ☐ Located within one quarter mile of a high service[14] public transportation fixed route stop **(2 points)**;

iv. ☐ Located within one half mile of an express bus route stop **(2 points)**

v. ☐ Located within one half mile of a park and ride facility **(2 points)**

b. Walkability: To claim walkability in the Twin Cities 7-County Metropolitan Area, a project must meet the Access to Transit criterion described above, and be (select one):

i. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**

ii. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT)[15] as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

a. Urbanized Areas (population greater than 50,000)[~~16~~]:

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one, see the Location Efficiency Methodology to determine points):

1. ☐ Located within one quarter mile of a planned [17]or existing public transportation fixed route stop **(7 points)**;

2. ☐ Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop **(4 points)**;

3. ☐ Located less than one half mile of an express bus route stop or park and ride lot **(4 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criterion described above, and be (select one):

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[14] High service fixed route stop is defined as those serviced from 6 am to 7 pm and with service approximately every half hour during that time.

[15] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment

[~~16~~] ~~Eligible areas are those in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead and St. Cloud. These are the seven MnDOT identified fixed route transit systems for Greater Minnesota.~~

[17] For a Greater Minnesota planned stop to be claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

1. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**;

2. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

b. Rural and Small Urban Areas (population fewer than 50,000). For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service[~~18~~] is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

Go to MnDOT's website (http://www.dot.state.mn.us/transit/riders/index.html) to locate a project's transit service provider.

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

1. ☐ Located within one ~~quarter~~ half mile of an existing or planned[19] designated stop that has service every 60 minutes OR within one half mile of a commuter rail station OR served by demand response/dial-a-ride with ~~no more than two hour advance~~ same day ~~notice~~service available. **(7 points)**

2. ☐ ~~Located between one quarter mile and one half mile of an existing or planned designated stop that has service every 60 minutes OR s~~Served by demand response/dial-a-ride with prior day notice. **(4 points)**

3. ☐ The proposed housing has access to demand response/dial-a-ride service not meeting the scheduling terms above **(2 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criteria described above, and be (select one):

[~~18~~] ~~Applicants can find providers by county or city on MnDOT's website, https://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf~~

[19] For a Greater Minnesota existing or planned stop to ~~claimed~~be eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The existing or planned stop ~~of route~~ must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day, with the exception of the commuter rail transit stations serviced by Metro Transit.

1. ☐ Located in an area with a Walk Score of 50 or more according to www.walkscore.com **(2 points)**

2. ☐ Located in an area with a Walk Score between 35 – 49 according to www.walkscore.com **(1 point)**

~~At the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and include a copy of the route, span and frequency of service.~~

Access to transportation maps and census tract listings are found on Minnesota Housing's website: **[insert link]**

Community profiles interactive mapping tool: **[insert link]**

4. Supporting Community and Economic Development (1 to ~~18~~ 21 points)

A. Community Development Initiative (3 points):

Project contributes to active implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities, or other community stakeholders. The plan must contain more components than the project itself. Documentation must be provided that addresses four requirements for the Community Development Initiative:

a. Targeted Geographic Area and Map
b. Current implementation plan with goals or outcomes specific to the need identified by the initiative
c. Affordable housing as a key strategy of the initiative
d. A list of stakeholders, including their role in active implementation of the initiative

If a project is located in a Qualified Census Tract (QCT), in order to be eligible for these points, the application must provide additional evidence that demonstrates a strategy for obtaining commitments of public and/or private investment in non-housing efforts to demonstrate that the project contributes to a concerted community revitalization plan.

Applicants must complete the Community Initiative Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below. Documents can include plans, charters or other evidence demonstrating active implementation of the Community Development Initiative. A full copy of all referenced plans or initiatives must be submitted. Note that comprehensive and land use plans are not by themselves considered evidence of a Community Development Initiative.

REQUIRED	DECSRIPTION OF REQUIREMENT	REQUIRED DOCUMENTATION
1. Targeted Geographic Area + Map	A Targeted Geographic Area and map of the area. The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.	Yes
2. Current implementation plan with goals or outcomes specific to the need identified by the initiative	Include milestones or steps of the plan that have been: 1. Completed 2. Underway 3. Planned	Yes
3. Affordable housing as a key strategy	Affordable housing is identified as a key strategy of the initiative.	Yes
4. Stakeholder List and Role	Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.	Yes
REQUIRED FOR PROJECTS IN A QCT		
1. Public or Private Investment (non-housing)	Demonstrated strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services that could include, but is not limited to: • Commercial/retail development • Economic development • Education-related initiatives/development • Environmental clean-up • Public works/infrastructure • Parks, green space and recreation • Transit-oriented development or transit initiatives	Required if the project is in a QCT

EXCEL HELP TEXT:
Select Community Development Initiative under Strategic Priorities to enable checkboxes for Community Development Initiative.

B. Eventual Tenant Ownership (1 point):

1. ☐ Projects with detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The plan must address the transfer of 100% of the HTC unit ownership after the end of the 15-year compliance period

from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership" entity) of the project to tenant ownership. **(1 point)**

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The ~~Declaration of Land Use Restrictive Covenants~~LURA will contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units (Refer to the Eventual Tenant Ownership (ETO) Guide and also to Chapter 3W of the HTC Program Procedural Manual for additional information).

NOTE: Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period.

C. Rural/Tribal (10 points):

Projects located in Rural/Tribal Designated Areas outside of the Twin Cities 7-County Metropolitan Area and areas in and around Duluth, Rochester and St. Cloud.

1. ☐ The proposed housing is located in a census tract eligible as a Rural/Tribal Designated Area outside of the Twin Cities 7-County Metropolitan Area. **(10 points)**

Rural/Tribal Designated Area maps and census tract listing: **[insert link]**

Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

D. QCT/Community Revitalization and Tribal Equivalent Areas (~~1~~ 3 points):

1. ☐ The proposed housing is located in a QCT Community Revitalization Area or a Tribal Equivalent Area **(~~1~~ 3 points)**

To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and be part of a concerted plan that provides for community revitalization consistent with the definition described in the Community Development Initiative selection criteria.

To be eligible for the Tribal Equivalent Areas criterion, the project must be located in one of the Tribal Equivalent Areas: **[insert link]**

Find these areas in the community profiles interactive mapping tool: **[insert link]**

E. Minority-owned/Women-owned Business Enterprise (MBE/WBE) (~~3~~ 4 points):

1. ☐ The project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a MBE/WBE[20], as certified by the owner. **(~~3~~ 4 points)**

5. Preservation (5 to 30 points)

~~**IMPORTANT NOTE: DUAL APPLICATION and PRE-APPLICATION REQUIRED.**~~
~~Applicants **must submit a dual application**, as defined in the Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2, if the development contains 40 units or more.~~

~~Applicant **must provide the required Pre-Application by the required Pre-application due date (30 days, or such later date as may be established by Minnesota Housing) prior to the application deadline for HTC Round 1 or Round 2**, as detailed in the Multifamily Customer Portal. Failure to submit all required pre-application materials will result in rejection of the pre-application. Provide Minnesota Housing's "Preliminary Determination of Preservation Eligibility" letter with the application which should be consistent with threshold and items claimed below.~~

A. Thresholds: Applicants seeking Preservation ~~should~~ must read the descriptions and then select one of the following three Thresholds:

1. ☐ Risk of Loss Due to Market Conversion

   a. Expiration of contract/use-restrictions
      i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR
      ii. Existing ~~tax credit~~HTC developments eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; AND
   b. Market for conversion evidenced by low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); AND
   c. Market for conversion evidenced by one or more of the following:
      i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value; OR
      ii. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers which was completed within a year of the application date that shows current rents are below comparable market rents; OR

[20] A MBE/WBE is a tribe or tribally-designated housing entity, tribal corporate entity, or another entity which is at least 51% owned by one or more minority persons or women, and whose management and daily business operations are controlled by one or more minority persons or women who own it.

iii. A market study approved by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has comparable location, amenities and condition to convert to market rate; AND

d. Fifteen (15) or more years have passed since the award of the existing federal assistance and the ~~tax credit~~HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent ~~tax credit~~HTC placed in service date for projects claiming Critical Affordable Units.

NOTE: Minnesota Housing, at its sole discretion, must agree that a market exists for a conversion to market rate housing.

2. ☐ Risk of Loss Due to Critical Physical Needs

a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the ~~tax credit~~HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent ~~tax credit~~HTC placed in service date for projects claiming Critical Affordable Units; AND

b. Critical physical needs identified by third party assessment to support the following conclusions:

i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND

ii. Identified scope of critical physical needs exceeds the available reserves by at least $5,000 per unit, as evidenced by the Three Year Critical Needs Model;

NOTE: Minnesota Housing will conduct an inspection of the development and must agree with applicant on scope of work, severity levels and cost estimates.

3. ☐ Risk of Loss Due to Ownership Capacity/Program Commitment

a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the ~~tax credit~~HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent ~~tax credit~~HTC placed in service date for projects claiming Critical Affordable Units; AND

b. One of four conditions exist:

i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, on-going lack of compliance with lenders or terms of federal assistance, or self-determination by non-profit board are severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party; OR

ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after

an opt-out notice for the HAP contract had been submitted to Minnesota Housing; OR

iii. The property has been or will be acquired from an unrelated party within 3 years of the application date as a result of a PARIF Right of First Refusal being exercised; OR

iv. The acquisition of a property with USDA Rural Development rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA Rural Development mortgage to mature, and has turned down offers from USDA Rural Development to reamortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

NOTE: Minnesota Housing, at its sole discretion, must agree that a change in ownership is necessary for units to remain decent, safe or affordable.

EXCEL HELP TEXT
Select Preservation under Strategic Priorities to enable checkboxes for Preservation**.**
For projects meeting one of the three thresholds above, choose either Existing Federal Assistance or Critical Affordable Units at Risk of Loss below.

B. Criteria:

1. **Existing Federal Assistance – Tier I – project based rental assistance/operating subsidies (5 to 30 points):**

Definition: Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), NAHASDA or other program that is not scheduled to sunset or expire. Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration program, Component 2 (RAD 2), and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Such assistance must have been committed to the property 15 years prior to the year of application.

Owner will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause," the owner will not evict existing subsidized residents and must continue to renew leases for those residents. Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) ~~should~~ must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

Select an option from either a. or b. below.

a. Existing Federally Assisted Units:

i. ☐ 100% of units are federally assisted **(30 points)**
Number of units _____

ii. ☐ 75.01% - 99.99% of units are federally assisted **(22 points)**
Number of units _____

iii. ☐ 50.01 - 75% of units are federally assisted **(15 points)**
Number of units _____

iv. ☐ 25.01% - 50% of units are federally assisted **(10 points)**
Number of units _____

v. ☐ Less than 25% of units are federally assisted **(5 points)**
Number of units _____

b. Partially assisted projects with Existing Federally Assisted Units within Economic Integration census tracts:

i. ☐ 75.01 - 99.99% of units are federally assisted **(30 points)**
Number of units _____

ii. ☐ 25.01 - 75% of units are federally assisted **(20 points)**
Number of units _____

iii. ☐ Less than 25% of units are federally assisted **(10 points)**
Number of units _____

OR

2. **Existing Federal Assistance—Tier 2** ~~**Critical Affordable Units at Risk of Loss**~~ **(6 points)**

a. ☐ Any housing which is federally assisted with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. ~~Includes~~ Federal assistance includes: existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), ~~tax credit~~HTC units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph B~~1~~. above (e.g., 202, 236).

AND

You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion, unless the project is a RAD 1 conversion with 50% of more of the units covered by a Section 8 rental assistance contract.

OR

3. **Critical Affordable Units at Risk of Loss (6 points)**

a. ☐ Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income under another non-federal program, including state, local or intermediary funds.
~~or other programs limiting income and rent restrictions as stated above.~~

AND

You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion, unless the project is a RAD 1 conversion with 50% of more of the units covered by a Section 8 rental assistance contract. ~~**(6 points)**~~

EXCEL HELP TEXT:
Projects must select one of the three Risk of Loss thresholds above to activate options in Preservation Selection Priority.

6. Efficient Use of Scarce Resources and Leverage (1~~0~~ to 38 points)

A. Financial Readiness to Proceed/Leveraged Funds (4~~0~~ to 16 points):

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application, except commitments for funding from Minnesota Housing and Funding Partners (i.e. ~~Minnesota Department of Employment and Economic Development, Family Housing Fund,~~ Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account) are only included if obtained in a previous funding cycle/round. **All capital funding sources must be counted in this criterion.**

Calculate your total using the formula below, and then select the appropriate option. The calculation must exclude amortizing first mortgage financing and any anticipated proceeds from the current ~~tax credit~~HTC request.

Total eligible funding secured, awarded or committed (excluding amortizing first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current ~~tax credit~~HTC request, and sales tax rebate[21]) **$_____divided by Total Development Cost** (excluding amortizing first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current ~~tax credit~~HTC request, and sales tax rebate) **$_____ equals Percentage of Funds Committed _____% (round to nearest tenth):**

a. ☐ 70% or more of funding secured, awarded or committed[22] **(16 points)**

b. ☐ 60% to 69.9% of funding secured, awarded or committed **(14 points)**

c. ☐ 50% to 59.9% of funding secured, awarded or committed **(12 points)**

d. ☐ 40% to 49.9% of funding secured, awarded or committed **(10 points)**

[21] Sales tax rebate, for the purpose of this scoring category, should be calculated as 40% of the construction contract amount (without contingency) multiplied by the local tax rate for the area where the project is located.
[22] Projects that have both a numerator and denominator equal to zero are eligible to claim 70% or more of funding secured, awarded or committed.

e. ☐ 30% to 39.9% of funding secured, awarded or committed **(8 points)**

f. ☐ 20% to 29.9% of funding secured, awarded or committed **(6 points)**

g. ☐ 10% to 19.9% of funding secured, awarded or committed **(4 points)**

~~h. ☐ 9.9% and below of funding secured, awarded or committed **(0 points)**~~

For scoring purposes, ~~T~~the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount, terms and conditions and be executed or approved by the lender or contributor ~~and the applicant~~. Documentation containing words synonymous with "consider" or "may," (as in "may award") regarding the commitment will not be acceptable.

The list below includes potential Financial Readiness/Leverage Funding Commitments, ~~include~~but is not all inclusive:

- Syndication proceeds due to previously allocated or awarded ~~tax credits~~HTCs: Syndication proceeds from ~~tax credits~~ HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent from the syndicator that is acceptable to Minnesota Housing. The executed Letter of Intent must:
  - Be current within 15 days of submission of the application
  - ~~Contain a projected closing date for the development~~
  - ~~Contain a projected equity price for the purchase of the credit~~
  - ~~Contain a detailed explanation of the assumptions being used by the syndicator to arrive at the projected equity price~~
- Syndication proceeds from the current tax credit request
- Monetary grants/donations
- Amortizing first mortgage incorporates tax abatement and payments in lieu of taxes (PILOT) for properties with an amortizing first mortgage
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application~~, including a letter from the city and~~. The documentation must include a city council resolution~~,~~ indicating its intention to provide TIF assistance. The ~~and the~~ anticipated amount ~~and term~~ must be included in the resolution or a letter from the city. ~~The documentation should include the TIF analysis from the city or its consultant.~~
- Deferred loans ~~with a minimum 30-year term with an interest rate at or below the Applicable Federal Rate (AFR)~~
- Grants from nonprofit charitable organizations converted to deferred loans ~~with a minimum 30-year term that is with an interest rate at or below the AFR~~. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance along with a syndicator/investor Letter of Intent.

- Funder commitments to modify existing debt including: approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of an ~~tax credit~~HTC allocation or award. At the time of application, written documentation of approval from the funder clearly demonstrating that the approval is for the re-syndication/receipt of new deferred or ~~tax credit~~HTC allocation or award, justifying the amount and the terms of the contribution must be provided.
- General Partner commitments can count as long as satisfactory documentation is provided. Examples include:
  - GP cash and seller loans
  - Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow or an amount approved by the syndicator/investor in the LOI.
  - Purchased reserves: Provide satisfactory documentation to determine that the reserves are available, will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include purchase agreement, financial statements, with a commitment letter from the applicant.
  - Energy Rebate: Provide satisfactory documentation that the energy rebate will funded at closing with general partner cash or a general partner loan

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

B. Other Contributions (2~~0~~ to 10 points):

1. For projects that receive **non-capital contributions**. ~~referenced below~~Contributions can come from any entity including ~~from~~ the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

   ~~Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.~~

   Total "Other" non-capital funding contributions and ~~from federal/local/philanthropic~~ sources $_____ divided by Total Development Cost $_____ equals (rounded to the nearest tenth):

   a. ☐ ~~20.1~~10.1% and above **(10 points)**

   b. ☐ ~~15.1~~8.1 to ~~20~~10.0% **(8 points)**

   c. ☐ ~~10.1~~ 6.1 to ~~15~~8.0% **(6 points)**

   d. ☐ 3.5~~5.1~~ to ~~10~~6.0% **(4 points)**

   e. ☐ ~~2.1~~1.0 to ~~5~~3.4% **(2 points)**

   ~~f. ☐ 0 to 2 % **(0 points)**~~

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding.

For scoring purposes, ~~T~~the documentation must state the amount~~, terms and conditions~~ and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable. ~~Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.~~

The list below includes potential Other Contributions, ~~include~~but is not all inclusive:

- Land donation or ~~city~~ write-down of the development site. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing.
- In-kind work and materials that benefit the project are donated at a lower or no cost.
- Local government reduction, donation or ~~/~~waiver of project specific costs, assessments or fees (e.g. SAC/WAC)
- Reservation land not subject to local property taxes. Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). C~~(c~~alculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term ~~of the LURA)~~.
- Reservation land with long-term low cost leases
- Funder commitments to modify existing debt including: debt forgiveness; forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of an ~~tax credit~~HTC allocation or award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.
- Tax Increment Financing (TIF) for properties that cannot support an amortizing first mortgage. C~~(c~~alculate the net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the TIF ~~loan)~~. Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include~~, including a letter from the city and~~ a city council resolution~~,~~ indicating its intention to provide TIF assistance. The ~~and the~~ anticipated amount ~~and term~~ must be included in the resolution or a letter from the city. The documentation should include the TIF analysis from the city or its consultant.
- Tax abatement and payments in lieu of taxes for properties that cannot support an amortizing first mortgage. Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). C~~(c~~alculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA). ~~of the LURA).~~

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

C. Intermediary Costs (1~~0~~ to 6 points):

1. Intermediary costs are third-party service costs related to the project development. Excluded costs are Park Dedication Fees, Surveys, Soil Borings, Payment and Performance Bond Premium, Sewer-Water Access Charge, Furnishing and Equipment, and Hazard and Liability Insurance.

   Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For selected projects, this percentage will be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below.

   Intermediary cost amount $_____ divided by Total Development Costs $_____ Equals Intermediary Percentage _____% (rounded to the nearest tenth):

   a. ☐ 0.0 to 15% **(6 points)**

   b. ☐ 15.1 to 20% **(3 points)**

   c. ☐ 20.1 to 25% **(2 points)**

   d. ☐ 25.1 to 30% **(1 point)**

~~e. ☐ 30.1% and over **(0 points)**~~

D. Cost Containment (6 points):

1. ☐ 50% of developments with the lowest costs within each development type/location group will receive priority (subject to the methodology described in Cost Containment Methodology.

   Applicants may claim this criterion and Minnesota Housing will review costs for all applications to confirm eligibility in the funding round. **(6 points)**

   A different process occurs for the second round of 9% ~~tax credit~~HTC selections. For each of the four competition groups, the cost per unit of the proposal at the 50th percentile in Round 1 will determine the cut-off point or threshold for receiving points in Round 2.

NOTE: Proposals that believe they have contained their costs should select this criterion. Only proposals that claim cost containment and are awarded through the process described above will be eligible for cost containment.

CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and ~~will~~ may result in negative four points being awarded in all of the applicant's ~~tax credit~~HTC submissions in the next funding round in which submissions are made. The penalty will be assessed to an application submitted to the same funding round (Competitive or 4% Only) for which the points were initially awarded. If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

Cost Containment Methodology: **[insert link]**

7. Building Characteristics (1 to 4 points)

A. Universal Design (3 points):

1. A unit that includes all Minimum Essential Universal Design Features below, along with eight Optional Features for units in a new construction or adaptive re-use project, and four Optional Features for units in a rehabilitation project. Type A accessible units (as referenced in Minnesota Housing's Rental Housing Design and Construction Standards) also meet the definition of a Universal Design Unit.

   Select one:

   a. ☐ An elevator building with 100% of assisted units meeting the definition of a Universal Design Unit **(3 points)**; **OR**
   Number of units

   b. ☐ A non-elevator building with at least 10% of assisted units meeting the definition of a Universal Design Unit **(3 points)**
   Number of units

Minimum Essential Universal Design Features:

- At least one bedroom or space that can be converted to a bedroom (without changing door locations for new construction or adaptive re-use) on an accessible level and connected to an accessible route, or efficiency units (without a bedroom) on an accessible level and connected to an accessible route.
- At least 42" minimum hallways within a unit for new construction or adaptive re-use.
- At least one three quarter bathroom on an accessible level with five foot open radius for new construction or adaptive re-use, and clear floor space of 30" x 48" for rehabilitation projects. Accessible "T" turn clearance may be accepted in lieu of the five foot open radius.
- Lever handles on all doors and plumbing fixtures.
- Provide wall blocking in all tub and shower areas for new construction or adaptive re-use, and for rehabilitation if showers are being replaced.
- Door thresholds flush with the floor with maximum threshold height of ½" beveled or ¼"square edged.
- Kitchen and laundry appliances have parallel approach clear floor space with all controls within maximum height of 48". ~~Range~~ Oven controls must have lockout feature. Stackable laundry units with a maximum reach range of 54" will meet this requirement.
- If microwave/exhaust hood combination appliances are provided in 95 percent of Universal Design Units, then the remaining 5 percent of Universal Design Units must provide a countertop or accessible microwave or have one in stock and on-site and available upon request.
- Kitchen sink area 30" wide minimum with cabinet panel concealing piping or a removable base cabinet
- All common spaces and amenities provided in the housing development located on an accessible route

- For new construction or adaptive re-use projects, deck and patio spaces must have a step-less transition meeting door threshold requirements above, with decking gaps no greater than ¼". A step-less transition and door threshold meeting requirements as promulgated by Minnesota Accessibility Code for Type A units is also permitted.
- Universal Design features are incorporated in an aesthetic, marketable, non-institutional manner

Optional Features:

- High contrast finish selections that include floor to wall transitions, top treads of stairs, counters and adjacent flooring and walls
- Single lever, hands free or touch type faucets are provided throughout the Universal Design Unit
- At least 50% of kitchen storage space within reach range. This can include pull-out shelves, full extension glide drawers or within a roll-in pantry design
- A variety of work surface heights in kitchen and one five foot open radius
- Roll under vanity or sink in 25% of Universal Design qualifying units, rounded up to the nearest whole number
- Cabinet hardware with "D" type pull handles or operation for people with limited dexterity
- Zero threshold shower or transfer space at tub is provided for minimum of half the qualifying Universal Design Units, rounded up to the nearest whole number
- Slip resistant flooring in kitchens and baths in the Universal Design Units
- Toilets provided with seats 17"– 19" from the floor
- Windows are provided with maximum sill height of 36", parallel clear floor space and locks/operating mechanism within 48" and easily operable with one hand. Sidelight or view window at main entry door from a seated position
- Thermostats designed for visually impaired or ability to monitor and operate with electronic device such as a tablet computer
- Majority of closets within Universal Design Units must have shelving that is adjustable OR provide multiple shelving/hanger rod configuration where by majority of shelving/hanger rods are within one of the reach ranges of the Minnesota Accessibility Code-Section 308~~Closet storage is adjustable in a majority of the closets provided~~
- An audio/visual doorbell is included at all main dwelling unit entry doors
- A c~~C~~overed ~~entry~~ canopy with adequate lighting is provided at exterior main/unit entry. An ~~and~~ interior or exterior bench space for parcels or groceries is provided.
- ~~Lettering and numbering with all characters and symbols contrasting with their background~~
- Parking spaces provided for at least 50% of Universal Design qualifying units, rounded up to the nearest whole number, with a five foot wide adjacent auxiliary space (access aisle) connected to accessible route
- Residential elevator or chair lift space structured for future use in multiple level homes
- Enterprise Green Communities Model Specifications are used for applicable sections for the Universal Design qualifying units
- On-site accessible physical activity is provided for in a fitness area, biking or walking path or community garden
- Other modifications that make units livable for disabled populations, as demonstrated by credible evidence provided in the application, and at the sole discretion of Minnesota Housing

B. Smoke Free Buildings (1 point):

1. ☐ The projects will institute and maintain a written policy[23]* prohibiting smoking in all the units and all common areas within the building/s of the project. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria will be required to maintain the smoke-free policy for the term of the ~~declaration~~LURA. **(1 point)**

8. Unacceptable Practices (-4 to -25 points)

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 2.G. of the HTC Program Procedural Manual.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

TOTAL MINNESOTA HOUSING AWARDED POINTS:

Signatures

Under penalty of perjury, owner hereby certifies the information provided herein is true and accurate.

Name of Owner: _____

_____

By (Signature):

_____

Of (Name of Legal Entity):

_____

Its (Title) (Managing General Partner):

Print or Type Name of Signatory:

NOTE: During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance

[23] The written policy must be submitted with the application and ~~should~~ must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

obligations on behalf of the applicant/owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.

~~2020~~ 2021 Housing Tax Credit Self-Scoring Worksheet

4% Housing Tax Credits Only

Updated ~~May 2018~~July 2019

Project Name:

Project Number (D Number):

Property Number (M Number):

Primary Address:

City:

Instructions

Strategic Priority Policy Threshold:

A. As required by Minn. Stat. § 462A.222, subd. (3)(d) residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority, and such developments are therefore not required to meet a separate strategic priority threshold.

Minimum Point Requirements:

A. Request for Housing Tax Credits (HTC) in association with tax exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.

B. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

A. Indicate the selection criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **In addition to the Self-Scoring Worksheet, the applicant must submit ~~a separate detail sheet and~~ documentation that clearly supports the points claimed. See the HTC and Deferred Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points will not be awarded unless the required documentation is provided along with the application to justify the points claimed.**

Adherence to Scoring Guide:

A. Applicants must meet the requirements outlined in the Self-Scoring Worksheet and the HTC and Deferred Scoring Guide to be eligible for points.

Documentation of Units:

A. Indicate the number of units for each selection criteria expected for your project. When calculating a percentage for a criterion all units must be rounded up to the next full unit. The

number of units indicated will be required and incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants (~~declaration~~LURA) and deferred loan documents with the exception of tenant targeting in the Permanent Supportive Housing for High Priority Homeless.

Extended Duration:

A. Request for ~~tax credits~~HTCs in association with tax exempt volume limited bonds must maintain the duration of low-income use for a minimum of 30 years, or longer if a longer duration is selected. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) will not apply to the project for a minimum of 20 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

Design Standards:

A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g. Universal Design).

A Declaration of Land Use Restrictive Covenants:

A. A Declaration of Land Use Restrictive Covenants (LURA) covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing:

A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

~~2020~~ 2021 HOUSING TAX CREDIT SELECTION CRITERIA
Greatest Need Tenant Targeting (5 to 47 points)

A. Large Family Housing (5 to 15 points):

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children. Select all that apply:

a. ☐ At least 75% of the total assisted[1] units contain two or more bedrooms. **(10 points)**

Number of units with
2 Bedrooms_____
3 Bedrooms_____
4 Bedrooms_____

b. ☐ For Greater Minnesota proposals eligible under 1. a. above, at least one-third of the 75% contain three or more bedrooms. **(5 points)**

Number of units with
3 Bedrooms_____
4 Bedrooms_____

B. Permanent Supportive Housing for High Priority Homeless (HPH)[2] (7 to 22 points):

1. A minimum of 5% of the total units, but no fewer than four units are set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System[3] (HPH Units) and targeted to the populations indicated below. Select one and complete the unit count below:

a. ☐ 50% to 100%, but no fewer than 20 units **(20 points)**
Number of units _____

b. ☐ 10% to 49.99%, but no fewer than 7 units **(10 points)**
Number of units _____

c. ☐ 5% to 9.99%, but no fewer than 4 units **(7 points)**
Number of units _____

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[1] Assisted is defined as ~~tax credit~~HTC units for HTC applications and affordable units for deferred funding.

[2] **Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless category selection criterion for "HPH Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the ~~Tax Credit Declaration of Land Use Restrictive Covenants~~LURA and deferred loan documents recorded with the property.

[3] Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing.

Number of units representing:

Youth with Children: _____
Youth Singles: _____
Youth Total: _____
Single Adults: _____
Families with Children: _____
Total High Priority Homeless: _____

2. **Continuum of Care**
Proposals that are eligible for B. 1 above can claim this selection criterion if units will be available for populations consistent with local needs identified by the local Continuum of Care. (Published Priorities are available on Minnesota Housing's website at: **[insert link]**)

a. ☐ 5% of units or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**
Number of units _____
Priority Type: _____
(Families with children, youth singles, youth with children or single adults)

EXCEL HELP TEXT:
Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for Permanent Supportive Housing for High Priority Homeless**.**

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria cannot be claimed for the same units.

To be eligible for Permanent Supportive Housing for High Priority Homeless (HPH), the proposal must meet *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in Application Checklist in the Multifamily Customer Portal.
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. The applicant agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.
4. Supportive Housing Threshold Criteria:
   a. Supportive Services: On-site service coordination and tenant engagement must be made available to supportive housing residents. The level and type of services offered ~~should~~

must be appropriate for the needs of the target population, with a minimum of tenant service coordination averaging two hours per household per week as further defined in the supportive housing narrative.

b. Experienced service provider, or partnering with an experienced service provider, with demonstrated outcomes:
   i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time, and has sufficient capacity to deliver the services proposed.

c. Service funding commitments: At a minimum, a portion of service funding is secured with a viable plan for securing the remaining resources, as approved by Minnesota Housing. Evidence must be provided in the application narrative and commitment letters or other documentation.
   i. Developments with 5% to 9.99% HPH Units must have secured at least 75% of service funding
   ii. Developments with 10% to 49.99% HPH Units must have secured at least 20% of service funding
   iii. Developments with 50% to 100% HPH Units must have secured at least 5% of service funding

d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the HPH supportive housing units through Coordinated Entry.

A proposal that claims this category and is selected to receive ~~tax credits~~HTCs will be required to comply with the reporting requirements for Permanent Supportive Housing for High Priority Homeless, as defined by Minnesota Housing. The ~~Tax Credit Declaration of Land Use Restrictive Covenants~~LURA, including a specific Rider to the ~~Declaration~~ LURA and Minnesota Housing loan documents, will contain performance requirements related to these permanent supportive housing units for High Priority Homeless and will be recorded with the property.

C. People with Disabilities (PWD) (7 to 10 points):

1. Select the number of units set aside for people with disabilities:

   a. ☐ 15% to 25% of units, but not fewer than six units **(10 points)**
   Number of units _____

   b. ☐ 10% to 14.99% of units, but not fewer than five units **(9 points)**
   Number of units _____

   c. ☐ 5% to 9.99%, but no fewer than four units **(7 points)**
   Number of units _____

Permanent housing proposals are not restricted to persons of a particular age group. A percentage of the units are set aside and rented to persons with any of the following disabilities[4]:

[4] **Specific performance requirement relief provisions are available for projects that meet the People with Disabilities Selection Criterion for "~~PDSC~~ PWD Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific

i. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
ii. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
iii. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
iv. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a) Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.

NOTE: This definition is not limited to persons with mobility impairment.

EXCEL HELP TEXT: Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for People with Disabilities.

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria may not be claimed for the same units.

To be eligible under People with Disabilities, the proposal must also meet all of the following conditions:

1. The applicant must submit the People with Disabilities narratives and any other forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist.
2. The applicant must submit a signed Service Agreement. Applicant can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative, or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria as evidenced in the People with Disabilities Narrative and Service Agreement:
    a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
    b. Units are restricted to households with incomes at or below 30% MTSP income limits.
    c. The applicant agrees that if units set aside for People with Disabilities are occupied by households without ~~project-based~~ rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the

performance requirements will be incorporated into the ~~Tax Credit Declaration of Land Use Restrictive Covenants~~LURA and deferred loan documents recorded with the property.

household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

d. Service Agreement: The property owner must have an agreement with the county or tribal human services specifying:
   i. How they will provide outreach to the target population
   ii. How eligible applicants will be referred to the property management agent
   iii. That verification of applicant disability will be provided to the owner
   iv. The types of services appropriate to the population that will be made available with the goal of housing stability
   v. Service funding sources
   vi. How services will be provided to tenants
   vii. How the service entity will communicate and coordinate with property management
   viii. Plans for crisis intervention, eviction prevention and lease mitigation
e. Units for individuals with disabilities must be provided in an integrated setting.

2. Serves Lowest Income for Long Durations (2 to 48 points)

A. Serves Lowest Income Tenants/Rent Reduction (8 to 13 points):

1. Eligibility is based on gross rent level, including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed 50% of MTSP income limits as published by HUD without rental assistance for a period of 10 years. MTSP rent limits are available on Minnesota Housing's website.

   The applicant agrees to maintain the deeper rent structuring for which selection points are requested.

   This selection will restrict rents only (tenant incomes will not be restricted to the 50% income level by claiming this section).

   a. ☐ 100% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(13 points)**

      Number of units _____

   b. ☐ At least 50% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(8 points)**

      Number of units _____

NOTE: Serves Lowest Income selection criteria cannot be claimed for units that qualify for or are claiming the Rental Assistance criterion.~~Serves Lowest Income and Rental Assistance selection criteria cannot be claimed for the same units.~~

Minnesota Housing will incorporate these restrictions into the ~~Declaration of Land Use Restrictive Covenants~~LURA and Minnesota Housing loan documents. The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

IMPORTANT

All 50% rent restricted units must meet rents affordable at the 50% MTSP income for a minimum of 10 years after the last placed in service date for any building in the property or loan closing. After the 10 year period has expired, if the units are not otherwise subject to more restrictive conditions, rent may be increased to the 60% MTSP rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	30% of 50% Rent Levels
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

B. Rental Assistance (2 to 26 points):

1. Priority is given to an owner who submits with the application a **fully executed binding commitment** (i.e., binding Resolution/binding Letter of Approval from the governing body) for project-based rental assistance awarded in accordance with 24 CFR Ch. IX, Section 983.51 or which is effectively project-based by written contract. For the purposes of this category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.

   ~~NOTE:~~ Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant paid portion of household income, program structure, goals, and population served.

   - New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
   - Site-based Housing Support[5] and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.

[5] Formerly known as Group Residential Housing.

- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals. Be aware that rental assistance from non-governmental organizations will not be treated the same as governmental rental assistance when determining tenant income eligibility for compliance purposes. See the HTC and Deferred Scoring Guide for more information.
- A current request for Minnesota Housing Rental Assistance is not eligible to claim this category. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a-f~~. and, if applicable, select g~~. In addition, by selecting an option, the development agrees to continue renewals of existing project-based housing subsidy payment contract(s) for a **minimum 10 years** from the later of the last placed in service date for any building in the property or loan closing. Applicant agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period[6].

a. ☐ 100% of the total units for project-based rental assistance **(~~15~~ 19 points)**
Number of units _____

b. ☐ Between 51.1% to 99.9% of the total units **(~~12~~ 16 points)**
Number of units _____

c. ☐ 20.1% but under to 51% of the total units **(~~9~~ 13 points)**
Number of units _____

d. ☐ 10.1% to 20% of the total units, with a minimum of four units **(~~6~~ 10 points)**
Number of units _____

e. ☐ 5% to 10% of the total units, with a minimum of four units **(~~3~~ 7 points)**
Number of units

f. ☐ Less than 5% of units, with a minimum of four units **(~~2~~ 6 points)**
Number of units _____

~~g. ☐ For selection components a-f above, if, in addition, the development agrees to provide the project-based rental assistance for a **minimum 10 years** after the last placed in service date for any building in the property or loan closing. The owner must continue renewals of existing project-based housing subsidy payment contract(s).~~

[6] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for "RA Units."** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the LURA and deferred loan documents recorded with the property.

~~Applicant agrees that rents will remain at affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period[7]. **(4 points)**~~

2. Projects that are eligible under B 1. a - f above and have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period[8] ~~after the last placed in service date for any building in the property or loan closing~~**. Rental Assistance Commitment documentation ~~should~~ must indicate that deeper income restrictions on project based units are~~is~~ allowable.** [9~~10~~] Select one:

   a. ☐ 75.1% to 100% of the total units **(7 points)**
   Number of units _____

   b. ☐ 50.1% to 75% of the total units **(6 points)**
   Number of units _____

   c. ☐ 25.1% to 50% of the total units **(5 points)**
   Number of units _____

   d. ☐ 15.1% to 25.1% of the total units **(4 points)**
   Number of units _____

   e. ☐ 5% to 15% of the total units, but no fewer than four units **(3 points)**
   Number of units _____

NOTE: Serves Lowest Income selection criteria cannot be claimed for units that qualify for or are claiming the Rental Assistance criterion.~~Rental Assistance and Serves Lowest Income Tenants/Rent Reduction selection criteria cannot be claimed for the same units.~~

NOTE: Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation criterion. Rental assistance under the Rental

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[7] ~~**Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Continued Renewal Rental Assisted unit "CRRA Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive CovenantsLURA and deferred loan documents and deferred loan documents recorded with the property.~~

[8] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for Further Restricted Rental Assisted Units ("FRRA Units").** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the LURA and deferred loan documents recorded with the property.

[9] Site-based Housing Support is excluded from this requirement.

[10] ~~**Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Continued Renewal Rental Assisted Units "CRRA Units."** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants LURA and deferred loan documents and deferred loan documents recorded with the property.~~

Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible.

To claim the criterion, the applicant must comply with all program requirements for the assistance at application, including maintaining rents within the appropriate payment standard for the project area in which the project is located for the full compliance and extended use period of the ~~housing tax credits~~HTCs.

Rent for assisted units must be at or below Fair Market Rents (or appropriate payment standard for the project area). Eligibility and agreeing to a minimum number of assisted units does not release owners from their obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

C. Long Term Affordability (3 to 9 points):

1. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, except as set out below and, where applicable, agrees to extend the long-term affordability of the project by extending the term of the ~~declaration~~ LURA beyond 30 years (beginning on the first day of the compliance period in which the building is a part of a qualified low income housing project). Select one:

   a. ☐ Extend the term of the ~~declaration~~ LURA and waive the right to Qualified Contract for a minimum of 40 years. **(9 points)**

   b. ☐ Extend the term of the ~~declaration~~ LURA and waive the right to Qualified Contract for a minimum of 35 years. **(8 points)**

   c. ☐ Waive the right to Qualified Contract for a minimum of 30 years. **(7 points)**

   d. ☐ Waive the right to Qualified Contract for a minimum of 25 years. **(3 points)**

3. Areas of Opportunity (1 to 28 points)

A. Economic Integration (2 to 9 points):

1. Projects that meet the requirements under economic integration include (select one):

   a. ☐ Provides the project economic integration by providing at least 25% but not greater than 80% of the total units in the project as qualified assisted low-income units (does not include full-time manager or other common space units). **(2 points)**

   Number of units _____

b. Promotes economic integration for projects that are located in higher income communities that are ~~outside of Rural/Tribal Designated Areas~~in the Twin Cities 7-County Metropolitan Area and areas in or around Duluth, Rochester and St. Cloud. First and second tier economic integration areas are outside of racially and ethnically concentrated areas of poverty.

i. ☐ **First Tier -** The proposed housing is located in a first tier census tract **(9 points)**

ii. ☐ **Second Tier -** The proposed housing is located in a second tier census tract **(7 points)**

EXCEL HELP TEXT:
Select Economic Integration under Strategic Priority Threshold to enable the checkboxes for First and Second Tier.

The following resources on Minnesota Housing's website may be used to determine if the proposed housing is located in areas that meet the requirements under Economic Integration:
Economic integration area maps and census tract listing: **[insert link]**
Rural/Tribal Designated areas maps and census tract listing: **[insert link]**

Economic integration and Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

B. Access to Higher Performing Schools (4 points):

1. Projects serving families in locations that will provide access to higher performing schools must have at least 25% of total assisted units, with a minimum of 15 units, contain two or more bedrooms, and the owner agrees to market the units to families with minor children. Eligible areas are in the Twin Cities 7-County Metropolitan Area and areas in and around Duluth, Rochester and St. Cloud.

a. ☐ The proposed housing will serve families and is located in an area considered to have Access to Higher Performing Schools **(4 points)**

Enter number of units to be marketed to families with minor children:
2 Bedrooms: _____
3 Bedrooms: _____
4 Bedrooms: _____

Access to Higher Performing Schools area maps: **[insert link]**

Access to Higher Performing Schools Area map overlays in the community profiles interactive mapping tool: **[insert link]**

C. Workforce Housing Communities (3 to 6 points):

1. Projects located in a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances, as outlined in the Workforce Housing Communities Methodology). Select one:

    a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**

    b. ☐ The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**

    c. ☐ The proposed housing is in a Long Commute Community **(3 points)**

In the ~~metropolitan area~~ Twin Cities 7-County Metropolitan Area, project locations must be within five miles of a workforce housing city or township. In Greater Minnesota, project locations must be within ten miles of a workforce housing city or township.

Top Job Centers, Net Five Year Job Growth communities, and Long Commute communities lists and maps: **[insert link]**

Proximity to workforce housing in the community profiles interactive mapping tool: **[insert link]**

D. Location Efficiency (1 to 9 points):

1. For Projects in the **Twin Cities 7-County Metropolitan Area**, indicate whether the project will promote location efficiency based on access to transit and walkability.

    a. Access to Transit: To claim access to transit in the Twin Cities 7-County Metropolitan Area, a project must be (select one):

        i. ☐ Located within one half mile of a planned[11] or existing LRT, BRT, or commuter rail station **(7 points)**;

        ii. ☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network **(4 points)**

        iii. ☐ Located within one quarter mile of a high service[12] public transportation fixed route stop **(2 points)**;

[11] Includes planned stations on future transitways that are in advance design or under construction that meet the following criteria: completion ~~issuance~~ of an ~~draft~~ Environmental Impact Statement, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advance design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

iv. ☐ Located within one half mile of an express bus route stop **(2 points)**

v. ☐ Located within one half mile of a park and ride facility **(2 points)**

b. Walkability: To claim walkability in the Twin Cities 7-County Metropolitan Area, a project must meet the Access to Transit criterion described above, and be (select one):

i. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**

ii. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT)[13] as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

a. Urbanized Areas (population greater than 50,000)[~~14~~]:

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one, see the Location Efficiency Methodology to determine points):

1. ☐ Located within one quarter mile of a planned [15]or existing public transportation fixed route stop **(7 points)**;

2. ☐ Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop **(4 points)**;

3. ☐ Located less than one half mile of an express bus route stop or park and ride lot **(4 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criterion described above, and be (select one):

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[12] High service fixed route stop is defined as those serviced from 6 am to 7 pm and with service approximately every half hour during that time.

[13] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment

[~~14~~] ~~Eligible areas are those in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead and St. Cloud. These are the seven MnDOT identified fixed route transit systems for Greater Minnesota.~~

[15] For a Greater Minnesota planned stop to be claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

1. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**;

2. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

b. Rural and Small Urban Areas (population fewer than 50,000). For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service[16] is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

Go to MnDOT's website (http://www.dot.state.mn.us/transit/riders/index.html) to locate a project's transit service provider.

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

1. ☐ Located within one quarter half mile of an existing or planned[17] designated stop that has service every 60 minutes OR within one half mile of a commuter rail station OR served by demand response/dial-a-ride with no more than two hour advance noticesame day service available. **(7 points)**

2. ☐ Located between one quarter mile and one half mile of an existing or planned designated stop that has service every 60 minutes OR sServed by demand response/dial-a-ride with prior day notice. **(4 points)**

3. ☐ The proposed housing has access to demand response/dial-a-ride service not meeting the scheduling terms above **(2 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criteria described above, and be (select one):

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[16] Applicants can find providers by county or city on MnDOT's website, https://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf

[17] For a Greater Minnesota existing or planned stop to claimedbe eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The existing or planned stop of route must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day, with the exception of the commuter rail transit stations serviced by Metro Transit.

1. ☐ Located in an area with a Walk Score of 50 or more according to www.walkscore.com **(2 points)**

2. ☐ Located in an area with a Walk Score between 35 – 49 according to www.walkscore.com **(1 point)**

~~At the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and include a copy of the route, span and frequency of service.~~

Access to transportation maps and census tract listings are found on Minnesota Housing's website: **[insert link]**

Community profiles interactive mapping tool: **[insert link]**

4. Supporting Community and Economic Development (1 to ~~18~~ 21 points)

A. Community Development Initiative (3 points):

1. Project contributes to active implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities, or other community stakeholders. The plan must contain more components than the project itself. Documentation must be provided that addresses four requirements for the Community Development Initiative:

    a. Targeted Geographic Area and Map
    b. Current implementation plan with goals or outcomes specific to the need identified by the initiative
    c. Affordable housing as a key strategy of the initiative
    d. A list of stakeholders, including their role in active implementation of the initiative

    If a project is located in a Qualified Census Tract (QCT), in order to be eligible for these points, the project must provide additional evidence that demonstrates a strategy for obtaining commitments of public and/or private investment in non-housing efforts to demonstrate that the project contributes to a concerted community revitalization plan.

    Applicants must complete the Community Initiative Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below. Documents can include plans, charters or other evidence demonstrating active implementation of the Community Development Initiative. A full copy of all referenced plans or initiatives must be submitted. Note that comprehensive and land use plans are not by themselves considered evidence of a Community Development Initiative.

REQUIRED	DECSRIPTION OF REQUIREMENT	REQUIRED DOCUMENTATION
1. Targeted Geographic Area + Map	A Targeted Geographic Area and map of the area. The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.	Yes
2. Current implementation plan with goals or outcomes specific to the need identified by the initiative	Include milestones or steps of the plan that have been: 1. Completed 2. Underway 3. Planned	Yes
3. Affordable housing as a key strategy	Affordable housing is identified as a key strategy of the initiative.	Yes
4. Stakeholder List and Role	Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.	Yes
REQUIRED FOR PROJECTS IN A QCT		
1. Public or Private Investment (non-housing)	Demonstrated strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services that could include, but is not limited to: • Commercial/retail development • Economic development • Education-related initiatives/development • Environmental clean-up • Public works/infrastructure • Parks, green space and recreation • Transit-oriented development or transit initiatives	Required if the project is in a QCT

EXCEL HELP TEXT:
Select Community Development Initiative under Strategic Priorities to enable checkboxes for Community Development Initiative**.**

B. Eventual Tenant Ownership (1 point):

1. ☐ Projects with detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The plan must address the transfer of 100% of the HTC unit ownership after the end of the 15-year compliance period

from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership" entity) of the project to tenant ownership. **(1 point)**

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The ~~Declaration of Land Use Restrictive Covenants~~LURA will contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units (Refer to the Eventual Tenant Ownership (ETO) Guide and also to Chapter 3W of the HTC Program Procedural Manual for additional information).

NOTE: Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period.

C. Rural/Tribal (10 points):

Projects located in Rural/Tribal Designated Areas outside of the Twin Cities 7-County Metropolitan Area and areas in and around Duluth, Rochester and St. Cloud.

1. ☐ The proposed housing is located in a census tract eligible as a Rural/Tribal Designated Area outside of the Twin Cities 7-County Metropolitan Area. **(10 points)**

Rural/Tribal Designated Area maps and census tract listing: **[insert link]**

Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

D. QCT/Community Revitalization and Tribal Equivalent Areas (~~1~~ 3 points):

1. ☐ The proposed housing is located in a QCT Community Revitalization Area or a Tribal Equivalent Area **(~~1~~ 3 points)**

To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and be part of a concerted plan that provides for community revitalization consistent with the definition described in the Community Development Initiative selection criteria.

To be eligible for the Tribal Equivalent Areas criterion, the project must be located in one of the Tribal Equivalent Areas: **[insert link]**

Find these areas in the community profiles interactive mapping tool: **[insert link]**

E. Minority-owned/Women-owned Business Enterprise (MBE/WBE) (~~3~~ 4 points):

1. ☐ The project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a MBE/WBE[18], as certified by the owner. **(~~3~~ 4 points)**

5. Preservation (5 to 30 points)

A. Criteria:

1. **Existing Federal Assistance – Tier 1 – project based rental assistance/operating subsidies (5 to 30 points):**

   Definition: Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), NAHASDA or other program that is not scheduled to sunset or expire. Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration program, Component 2 (RAD 2), and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Such assistance must have been committed to the property 15 years prior to the year of application.

   Owner will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause," the owner will not evict existing subsidized residents and must continue to renew leases for those residents. Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) ~~should~~ must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

   Select an option from either a. or b. below.

   a. Existing Federally Assisted Units:

      i. ☐ 100% of units are federally assisted **(30 points)**
      Number of units _____

      ii. ☐ 75.01% - 99.99% of units are federally assisted **(22 points)**
      Number of units _____

      iii. ☐ 50.01 - 75% of units are federally assisted **(15 points)**
      Number of units _____

[18] A MBE/WBE is a tribe or tribally-designated housing entity, tribal corporate entity, or another entity which is at least 51% owned by one or more minority persons or women, and whose management and daily business operations are controlled by one or more minority persons or women who own it.

iv. ☐ 25.01% - 50% of units are federally assisted **(10 points)**
Number of units _____

v. ☐ Less than 25% of units are federally assisted **(5 points)**
Number of units _____

b. Partially assisted projects with Existing Federally Assisted Units within Economic Integration census tracts:

i. ☐ 75.01 - 99.99% of units are federally assisted **(30 points)**
Number of units _____

ii. ☐ 25.01 - 75% of units are federally assisted **(20 points)**
Number of units _____

iii. ☐ Less than 25% of units are federally assisted **(10 points)**
Number of units _____

OR

2. **Existing Federal Assistance – Tier 2 ~~Critical Affordable Units at Risk of Loss~~ (6 points)**

a. ☐ Any housing which is federally assisted with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. ~~Includes~~ Federal assistance includes: existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), ~~tax credit~~HTC units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph A~~1~~. above (e.g., 202, 236) ~~or other programs limiting income and rent restrictions as stated above~~.

AND

You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion, unless the project is a RAD 1 conversion with 50% of more of the units covered by a Section 8 rental assistance contract.

OR

3. Critical Affordable Units at Risk of Loss (6 points)

a. ☐ Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income under another non-federal program, including state, local or intermediary funds.

AND

You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion, unless the project is a RAD 1 conversion with 50% of more of the units covered by a Section 8 rental assistance contract.

6. Efficient Use of Scarce Resources and Leverage (1~~0~~ to 38 points)

A. Financial Readiness to Proceed/Leveraged Funds (4~~0~~ to 16 points):

1. Applicants who have secured funding commitments for one or more permanent capital funding sources at the time of application, except commitments for funding from Minnesota Housing and Funding Partners (i.e.~~, Minnesota Department of Employment and Economic Development, Family Housing Fund,~~ Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account) are only included if obtained in a previous funding cycle/round. **All capital funding sources must be counted in this criterion.**

Calculate your total using the formula below, and then select the appropriate option. The calculation must exclude amortizing first mortgage financing and any anticipated proceeds from the current ~~tax credit~~HTC request.

Total eligible funding secured, awarded or committed (excluding amortizing first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current ~~tax credit~~HTC request, and sales tax rebate[19]) **$_____divided by Total Development Cost** (excluding amortizing first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current ~~tax credit~~HTC request, and sales tax rebate) **$_____ equals Percentage of Funds Committed _____% (round to nearest tenth):**

a. ☐ 70% or more of funding secured, awarded or committed[20] **(16 points)**

b. ☐ 60% to 69.9% of funding secured, awarded or committed **(14 points)**

c. ☐ 50% to 59.9% of funding secured, awarded or committed **(12 points)**

d. ☐ 40% to 49.9% of funding secured, awarded or committed **(10 points)**

e. ☐ 30% to 39.9% of funding secured, awarded or committed **(8 points)**

f. ☐ 20% to 29.9% of funding secured, awarded or committed **(6 points)**

g. ☐ 10% to 19.9% of funding secured, awarded or committed **(4 points)**

~~h. ☐ 9.9% and below of funding secured, awarded or committed **(0 points)**~~

[19] Sales tax rebate, for the purpose of this scoring category, should be calculated as 40% of the construction contract amount (without contingency) multiplied by the local tax rate for the area where the project is located.
[20] Projects that have both a numerator and denominator equal to zero are eligible to claim 70% or more of funding secured, awarded or committed.

For scoring purposes, the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount~~, terms and conditions~~ and be executed or approved by the lender or contributor~~ and the applicant~~. Documentation containing words synonymous with "consider" or "may," (as in "may award") regarding the commitment will not be acceptable.

The list below includes potential Financial Readiness/Leverage Funding Commitments, ~~include~~but is not all inclusive:

- Syndication proceeds due to previously allocated or awarded ~~tax credits~~HTCs: Syndication proceeds from ~~tax credits~~ HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent from the syndicator that is acceptable to Minnesota Housing. The executed Letter of Intent must:
  - Be current within 15 days of submission of the application
  - ~~Contain a projected closing date for the development~~
  - ~~Contain a projected equity price for the purchase of the credit~~
  - ~~Contain a detailed explanation of the assumptions being used by the syndicator to arrive at the projected equity price~~
- Syndication proceeds from the current tax credit request
- Monetary grants/donations
- Amortizing first mortgage incorporates tax abatement and payments in lieu of taxes (PILOT) for properties with an amortizing first mortgage
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application~~, including a letter from the city and~~. The documentation must include a city council resolution~~,~~ indicating its intention to provide TIF assistance. ~~and the~~The anticipated amount ~~and term~~must be included in the resolution or a letter from the city. ~~The documentation should include the TIF analysis from the city or its consultant.~~
- Deferred loans ~~with a minimum 30-year term with an interest rate at or below the Applicable Federal Rate (AFR)~~
- Grants from nonprofit charitable organizations converted to deferred loans ~~with a minimum 30-year term that is with an interest rate at or below the AFR~~. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance along with a syndicator/investor Letter of Intent.
- Funder commitments to modify existing debt including: approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of a ~~tax credit~~n HTC allocation or award. At the time of application, written documentation of approval from the funder clearly demonstrating that the approval is for the re-syndication /receipt of new deferred or ~~tax credit~~ HTC allocation or award, justifying the amount and the terms of the contribution must be provided.
- General Partner commitments can count as long as satisfactory documentation is provided. Examples include:
  - GP cash and seller loans

- Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow or an amount approved by the syndicator/investor in the LOI.
- Purchased reserves: Provide satisfactory documentation to determine that the reserves are available, will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include purchase agreement, financial statements, with a commitment letter from the applicant.
- Energy Rebate: Provide satisfactory documentation that the energy rebate will funded at closing with general partner cash or a general partner loan

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

B. Other Contributions (~~0~~ 2 to 10 points):

1. For projects that receive **non-capital contributions**. ~~referenced below from~~Contributions can come from any entity including the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

~~Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.~~

Total "Other" non-capital funding contributions and ~~from federal/local/philanthropic~~ sources $_____ divided by Total Development Cost $_____ equals (rounded to the nearest tenth):

a. ☐ ~~20.1~~10.1% and above **(10 points)**

b. ☐ ~~15.1~~8.1 to ~~20~~10.0% **(8 points)**

c. ☐ ~~10.1~~6.1 to ~~15~~8.0% **(6 points)**

d. ☐ ~~5.1~~3.5 to ~~10~~6.0% **(4 points)**

e. ☐ ~~2.1~~1.0 to ~~5~~3.4% **(2 points)**

~~f. ☐ 0 to 2 % **(0 points)**~~

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding.

~~The~~ For scoring purposes, the documentation must state the amount~~, terms and conditions~~ and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be

acceptable. ~~Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.~~

The list below includes potential Other Contributions, ~~include:~~but is not all inclusive:

- Land donation or ~~city~~ write-down of the development site. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing.
- In-kind work and materials that benefit the project are donated at a lower or no cost.
- Local government reduction, donation or waiver of project specific costs, assessments or fees (e.g. SAC/WAC)
- Reservation land not subject to local property taxes. Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term ~~of the LURA~~.
- Reservation land with long-term low cost leases
- Funder commitments to modify existing debt including: debt forgiveness; forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of an ~~tax credit~~HTC allocation or award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.
- Tax Increment Financing (TIF) for properties that cannot support an amortizing first mortgage. Calculate the net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the TIF ~~loan~~. Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include ~~, including a letter from the city and~~ a city council resolution~~,~~ indicating its intention to provide TIF assistance. The ~~and the~~ anticipated amount ~~and term~~must be included in the resolution or a letter from the city. The documentation should include the TIF analysis from the city or its consultant.
- Tax abatement and payments in lieu of taxes for properties that cannot support an amortizing first mortgage. Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for ~~30 years).~~the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA).

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

C. Intermediary Costs (~~0~~ 1 to 6 points):

1. Intermediary costs are third-party service costs related to the project development. Excluded costs are Park Dedication Fees, Surveys, Soil Borings, Payment and Performance Bond Premium, Sewer-Water Access Charge, Furnishing and Equipment, and Hazard and Liability Insurance.

   Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For selected projects, this percentage will be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below, and then select the appropriate option.

Intermediary cost amount $_____ divided by Total Development Costs $_____ Equals Intermediary Percentage _____% (rounded to the nearest tenth):

a. ☐ 0.0 to 15% **(6 points)**

b. ☐ 15.1 to 20% **(3 points)**

c. ☐ 20.1 to 25% **(2 points)**

d. ☐ 25.1 to 30% **(1 point)**

~~e. ☐ 30.1% and over **(0 points)**~~

D. Cost Containment (6 points):

1. ☐ Proposals will receive points based on the cost containment methodology. For each of the four competition groups, the cost per unit of the proposal at the 50th percentile in Round 1 will determine the cut-off point or threshold for receiving points for 4% ~~tax credits~~HTCs. **(6 points)**

NOTE: Proposals that believe they have contained their costs should select this criterion. Only proposals that claim cost containment and are awarded through the process described above will be eligible for cost containment.

CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and ~~will~~ may result in negative four points being awarded in all of the applicant's ~~tax credit~~HTC submissions in the next funding round in which submissions are made. The penalty will be assessed to an application submitted to the same funding round (Competitive or 4% Only) for which the points were initially awarded. ~~Tax credit~~HTC developments awarded points via the 4% Only ~~allocation~~ award process will receive a penalty if the points were necessary to meet the minimum point requirement. If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

Cost Containment Methodology: **[insert link]**

7. Building Characteristics (1 to 4 points)

A. Universal Design (3 points):

1. A unit that includes all Minimum Essential Universal Design Features below, along with eight Optional Features for units in a new construction or adaptive re-use project, and four Optional Features for units in a rehabilitation project. Type A accessible units (as referenced in Minnesota Housing's Rental Housing Design and Construction Standards) also meet the definition of a Universal Design Unit.

   Select one:

a. ☐ An elevator building with 100% of assisted units meeting the definition of a Universal Design Unit **(3 points)**; **OR**
Number of units_

b. ☐ A non-elevator building with at least 10% of assisted units meeting the definition of a Universal Design Unit **(3 points)**
Number of units

Minimum Essential Universal Design Features:

- At least one bedroom or space that can be converted to a bedroom (without changing door locations for new construction or adaptive re-use) on an accessible level and connected to an accessible route, or efficiency units (without a bedroom) on an accessible level and connected to an accessible route.
- At least 42" minimum hallways within a unit for new construction or adaptive re-use.
- At least one three quarter bathroom on an accessible level with five foot open radius for new construction or adaptive re-use, and clear floor space of 30" x 48" for rehabilitation projects. Accessible "T" turn clearance may be accepted in lieu of the five foot open radius.
- Lever handles on all doors and plumbing fixtures.
- Provide wall blocking in all tub and shower areas for new construction or adaptive re-use, and for rehabilitation if showers are being replaced.
- Door thresholds flush with the floor with maximum threshold height of ½" beveled or ¼"square edged.
- Kitchen and laundry appliances have parallel approach clear floor space with all controls within maximum height of 48". ~~Range~~ Oven controls must have lockout feature. Stackable laundry units with a maximum reach range of 54" will meet this requirement.
- If microwave/exhaust hood combination appliances are provided in 95 percent of Universal Design Units, then the remaining 5 percent of Universal Design Units must provide a countertop or accessible microwave or have one in stock and on-site and available upon request.
- Kitchen sink area 30" wide minimum with cabinet panel concealing piping or a removable base cabinet
- All common spaces and amenities provided in the housing development located on an accessible route
- For new construction or adaptive re-use projects, deck and patio spaces must have a step-less transition meeting door threshold requirements above, with decking gaps no greater than ¼". A step-less transition and door threshold meeting requirements as promulgated by Minnesota Accessibility Code for Type A units is also permitted.
- Universal Design features are incorporated in an aesthetic, marketable, non-institutional manner

Optional Features:

- High contrast finish selections that include floor to wall transitions, top treads of stairs, counters and adjacent flooring and walls
- Single lever, hands free or touch type faucets are provided throughout the Universal Design Unit
- At least 50% of kitchen storage space within reach range. This can include pull-out shelves, full extension glide drawers or within a roll-in pantry design
- A variety of work surface heights in kitchen and one five foot open radius

- Roll under vanity or sink in 25% of Universal Design qualifying units, rounded up to the nearest whole number
- Cabinet hardware with "D" type pull handles or operation for people with limited dexterity
- Zero threshold shower or transfer space at tub is provided for minimum of half the qualifying Universal Design Units, rounded up to the nearest whole number
- Slip resistant flooring in kitchens and baths in the Universal Design Units
- Toilets provided with seats 17"– 19" from the floor
- Windows are provided with maximum sill height of 36", parallel clear floor space and locks/operating mechanism within 48" and easily operable with one hand. Sidelight or view window at main entry door from a seated position
- Thermostats designed for visually impaired or ability to monitor and operate with electronic device such as a tablet computer
- Majority of closets within Universal Design Units must have shelving that is adjustable OR provide multiple shelving/hanger rod configuration where by majority of shelving/hanger rods are within one of the reach ranges of the Minnesota Accessibility Code-Section 308~~Closet storage is adjustable in a majority of the closets provided~~
- An audio/visual doorbell is included at all main dwelling unit entry doors
- A covered ~~entry~~ canopy with adequate lighting is provided at exterior main/unit entry. An~~and~~ interior or exterior bench space for parcels or groceries is provided.
- ~~Lettering and numbering with all characters and symbols contrasting with their background~~
- Parking spaces provided for at least 50% of Universal Design qualifying units, rounded up to the nearest whole number, with a five foot wide adjacent auxiliary space (access aisle) connected to accessible route
- Residential elevator or chair lift space structured for future use in multiple level homes
- Enterprise Green Communities Model Specifications are used for applicable sections for the Universal Design qualifying units
- On-site accessible physical activity is provided for in a fitness area, biking or walking path or community garden
- Other modifications that make units livable for disabled populations, as demonstrated by credible evidence provided in the application, and at the sole discretion of Minnesota Housing

B. Smoke Free Buildings (1 point):

1. ☐ The projects will institute and maintain a written policy[21]* prohibiting smoking in all the units and all common areas within the building/s of the project. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria will be required to maintain the smoke-free policy for the term of the ~~declaration~~LURA. **(1 point)**

[21] The written policy must be submitted with the application and ~~should~~ must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

8. Unacceptable Practices (-4 to -25 points)

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 2.G. of the HTC Program Procedural Manual.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

TOTAL MINNESOTA HOUSING AWARDED POINTS:

Signatures

Under penalty of perjury, owner hereby certifies the information provided herein is true and accurate.

Name of Owner: _____

_____

By (Signature):

_____

Of (Name of Legal Entity):

_____

Its (Title) (Managing General Partner):

_____

Print or Type Name of Signatory:

NOTE: During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.

2021 QAP - Access to Higher Performing Schools Methodology

Access to higher performing schools is based on a development being located in an area that meets at least two out of three school performance assessments:

- Share of 3rd graders who are reading proficient (~~2016~~2017/~~2017~~ 2018 school year). The area's neighborhood elementary school needs to meet or exceed the statewide proficiency rate of ~~56.5~~55.7%[1]
- Share of 8th graders who are math proficient (~~2016~~2017/~~2017~~ 2018 school year). The area's neighborhood middle school needs to meet or exceed the statewide proficiency rate of ~~58.0~~57.0%[1]
- Share of high school students that graduate on time (~~2016~~2017/~~2017~~ 2018 school year). The area's neighborhood high ~~neighborhood~~ school needs to meet or exceed the statewide graduation rate of ~~82.68~~83.2%[2]

Applicants will receive 4 points if the development is located in an area with access to higher performing schools. **The same regions eligible for economic integration points are also eligible for access to higher performing school points. This includes the ~~7-county Twin Cities metropolitan area~~Twin Cities 7-County Metropolitan Area and areas in and around Duluth, Rochester, and Saint Cloud.**

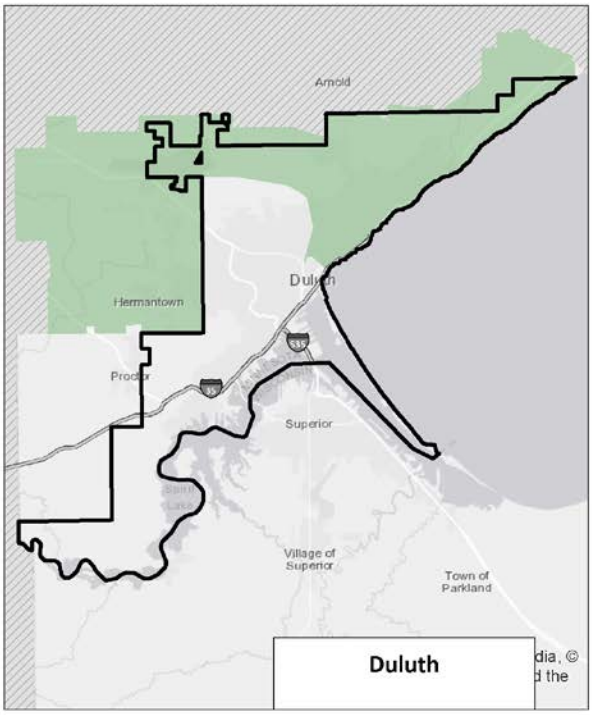
Each elementary school, middle school[3], and high school attendance boundary are assessed separately and then combined for a final score. If a school is equal to or greater than the statewide average, it meets that performance threshold for that measure. If at least two of the three measurements achieve the performance threshold, the area is eligible for points.

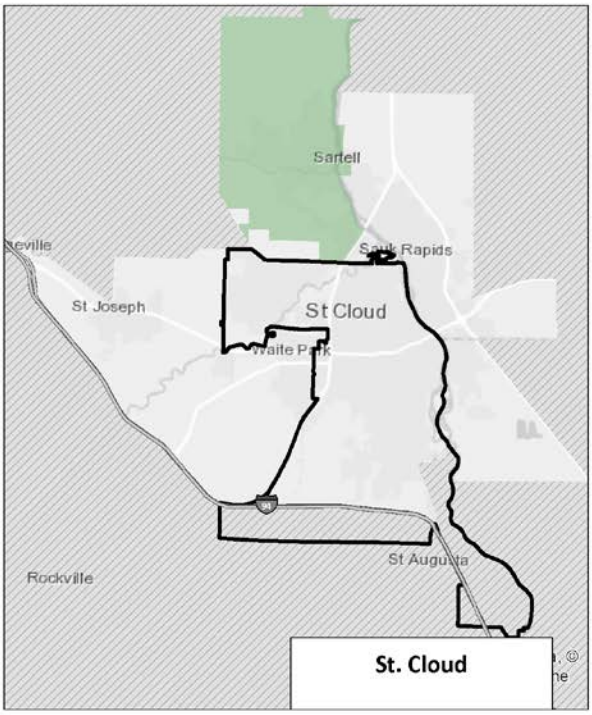
Access to higher performing schools is based on elementary school attendance boundaries.[4] Points for 8th grade math proficiency and high school graduation rate are assigned to the elementary school that feeds into those middle and high schools. Private, charter, and magnet schools are excluded from this analysis.

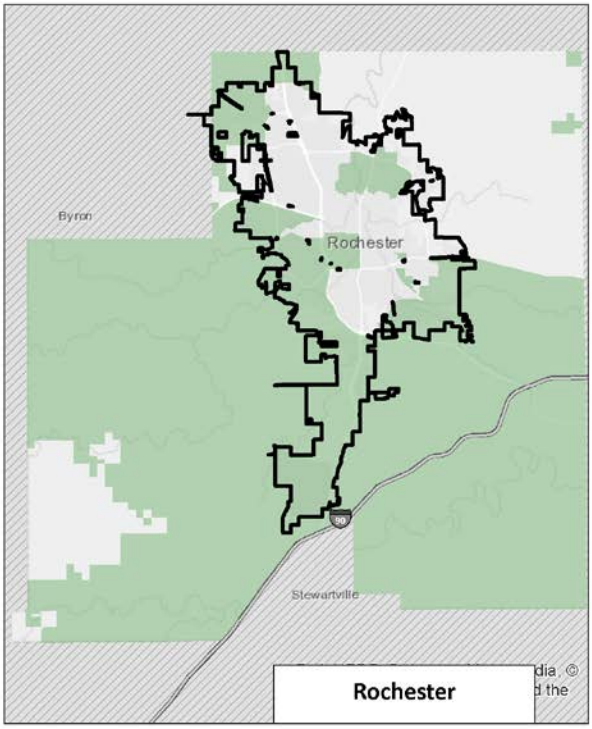
This document includes maps of the areas eligible for points given their access to higher performing schools. Interactive tools will be made available for applicants to map project locations and determine the high-performing school points through the community profiles at www.mnhousing.gov > Policy & Research > Community Profiles.

[1] Based on Minnesota Comprehensive Assessments (MCA) Series III test scores by school for ~~2016~~2017/~~2017~~ 2018 school year – 3rd and 8th grade proficiency. Data source: http://w20.education.state.mn.us/MDEAnalytics/Data.jsp.
[2] Based on 4-year graduation rates by school for ~~2016~~2017/~~2017~~ 2018 school year. Data source: http://w20.education.state.mn.us/MDEAnalytics/Data.jsp.
[3] If a middle school attendance boundary is not defined or a middle school does not exist, the high school attendance boundary is used.
[4] Data source Minnesota Department of Education via the Minnesota Geospatial Commons: https://gisdata.mn.gov/organization/us-mn-state-mde.

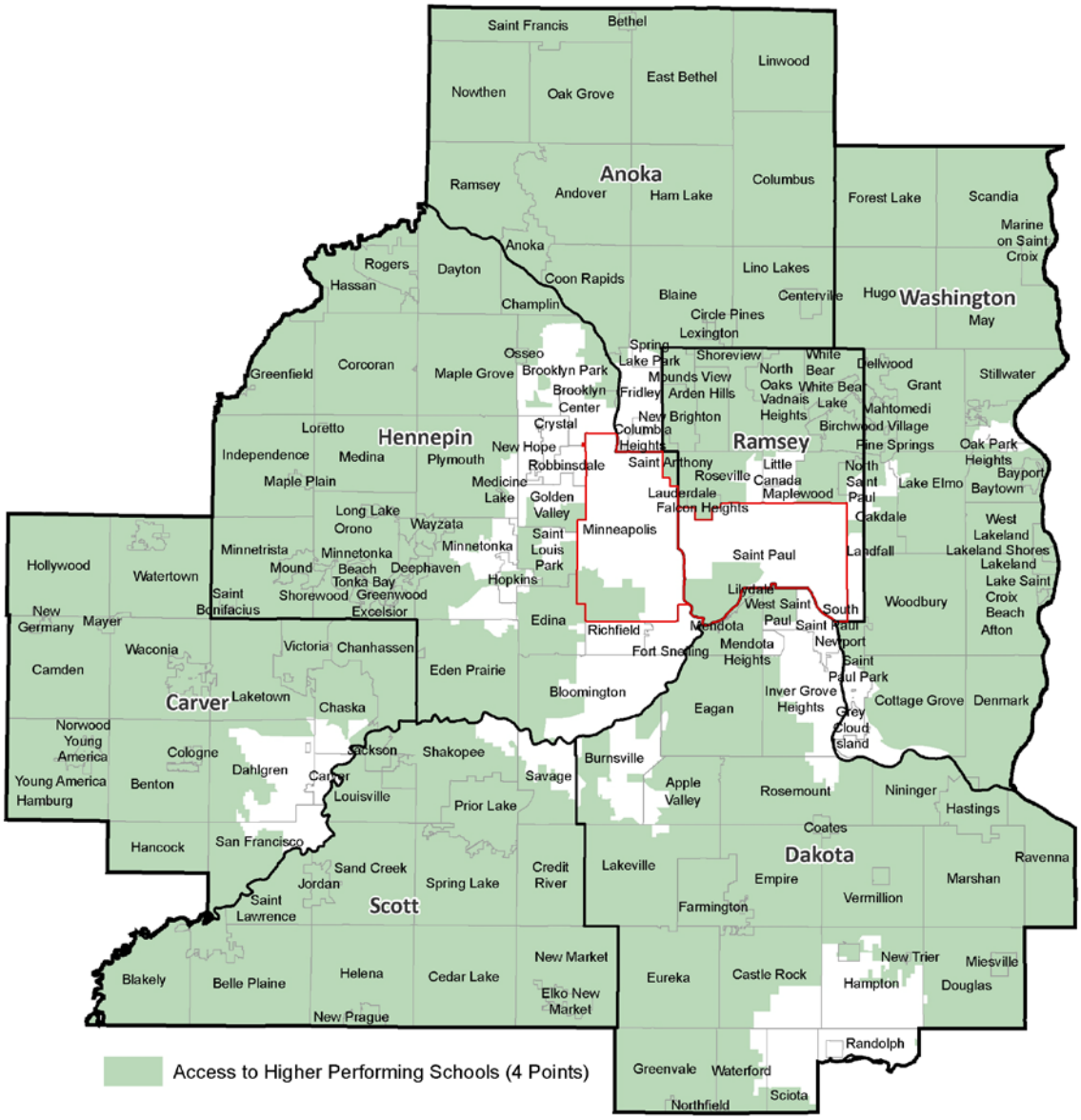
Areas outside the ~~7-county Twin Cities metropolitan area~~Twin Cities 7-County Metropolitan Area, Duluth, Rochester, and St. Cloud are not eligible for school performance or economic integration points, but they are eligible for 10 points under the Rural/Tribal Designated Areas.







Access to Higher Performing Schools (4 Points)


Anoka
Hennepin
Ramsey
Washington
Carver
Scott
Dakota
Saint Francis
Bethel
Linwood
East Bethel
Nowthen
Oak Grove
Ramsey
Andover
Ham Lake
Columbus
Forest Lake
Scandia
Marine on Saint Croix
Anoka
Rogers
Dayton
Coon Rapids
Lino Lakes
Hassan
Champlin
Blaine
Centerville
Hugo
Circle Pines
Lexington
May
Spring Lake Park
Shoreview
White Bear Lake
Dellwood
Osseo
Greenfield
Corcoran
Maple Grove
Brooklyn Park
Mounds View
North Oaks
Grant
Stillwater
Brooklyn Center
Fridley
Arden Hills
Vadnais Heights
Mahtomedi
New Brighton
Birchwood Village
Loretto
Crystal
Columbia Heights
Fine Springs
Oak Park Heights
Independence
Medina
Plymouth
New Hope
Robbinsdale
Saint Anthony
Little Canada
Roseville
North Saint Paul
Bayport
Maple Plain
Medicine Lake
Golden Valley
Lauderdale
Falcon Heights
Maplewood
Lake Elmo
Baytown
Long Lake
Orono
Wayzata
Minneapolis
Oakdale
West Lakeland
Saint Louis Park
Minnetrista
Minnetonka
Minnetonka
Saint Paul
Landfall
Lakeland Shores
Lakeland
Hollywood
Watertown
Mound
Beach
Deephaven
Tonka Bay
Hopkins
Lake Saint Croix Beach
Saint Bonifacius
Shorewood
Greenwood
Excelsior
Lilydale
West Saint Paul
South Saint Paul
Woodbury
New Germany
Mayer
Edina
Richfield
Mendota
Afton
Waconia
Victoria
Chanhassen
Fort Snelling
Mendota Heights
Newport
Camden
Eden Prairie
Saint Paul Park
Bloomington
Inver Grove Heights
Cottage Grove
Denmark
Laketown
Chaska
Eagan
Grey Cloud Island
Norwood Young America
Cologne
Jackson
Shakopee
Burnsville
Dahlgren
Carver
Savage
Apple Valley
Young America
Benton
Louisville
Rosemount
Nininger
Hamburg
Prior Lake
Hastings
Coates
Hancock
San Francisco
Sand Creek
Credit River
Lakeville
Ravenna
Jordan
Spring Lake
Empire
Marshan
Saint Lawrence
Farmington
Vermillion
New Market
New Trier
Miesville
Blakely
Belle Plaine
Helena
Cedar Lake
Eureka
Castle Rock
Hampton
Douglas
Elko New Market
New Prague
Randolph
Greenvale
Waterford
Sciota
Northfield
Access to Higher Performing Schools (4 Points)

2021 QAP - ~~Community~~ Economic Integration Methodology

~~Community e~~Economic integration is defined by Minnesota Housing in two tiers based on median family income.

Communities are eligible for these points in the ~~7-county Twin Cities metropolitan area~~Twin Cities 7-County Metropolitan Area and areas in and around Duluth, St. Cloud, and Rochester. For applicants to be awarded 7 or 9 points for ~~community~~ economic integration, the proposed housing needs to be located in a community (census tract) with the median family income meeting or exceeding the region's[1] 40th percentile for 7 points and 80th percentile for 9 points, based on data published in the American Community Survey (ACS) for 2017. For each region, the 40 percent of census tracts with the lowest incomes are excluded from receiving points.

This document includes maps of the census tracts that meet the two tiers of ~~community~~ economic integration as well as a list of census tracts by county for each tier. Maps 1 and 2 display the census tracts that meet these criteria, and the corresponding tables show the median incomes needed to achieve the thresholds by region. In the maps we have identified racially/ethnically-concentrated areas of poverty (R/ECAPs), which are a census-tract based concept developed by HUD[2]. As the maps show, R/ECAPs are not in areas eligible for economic integration points. Interactive tools will be made available for applicants and staff to map project locations and determine economic integration points through the community profiles at www.mnhousing.gov > Policy & Research > Community Profiles.

Areas outside the ~~7-county Twin Cities metropolitan area~~Twin Cities 7-County Metropolitan Area, Duluth, Rochester, and St. Cloud are not eligible for economic integration or school performance points, but they are eligible for 10 points under the Rural/Tribal Designated Areas.

First Tier ~~Community~~ Economic Integration – 9 Points
Meets or exceeds the 80th percentile of median family income for the region.

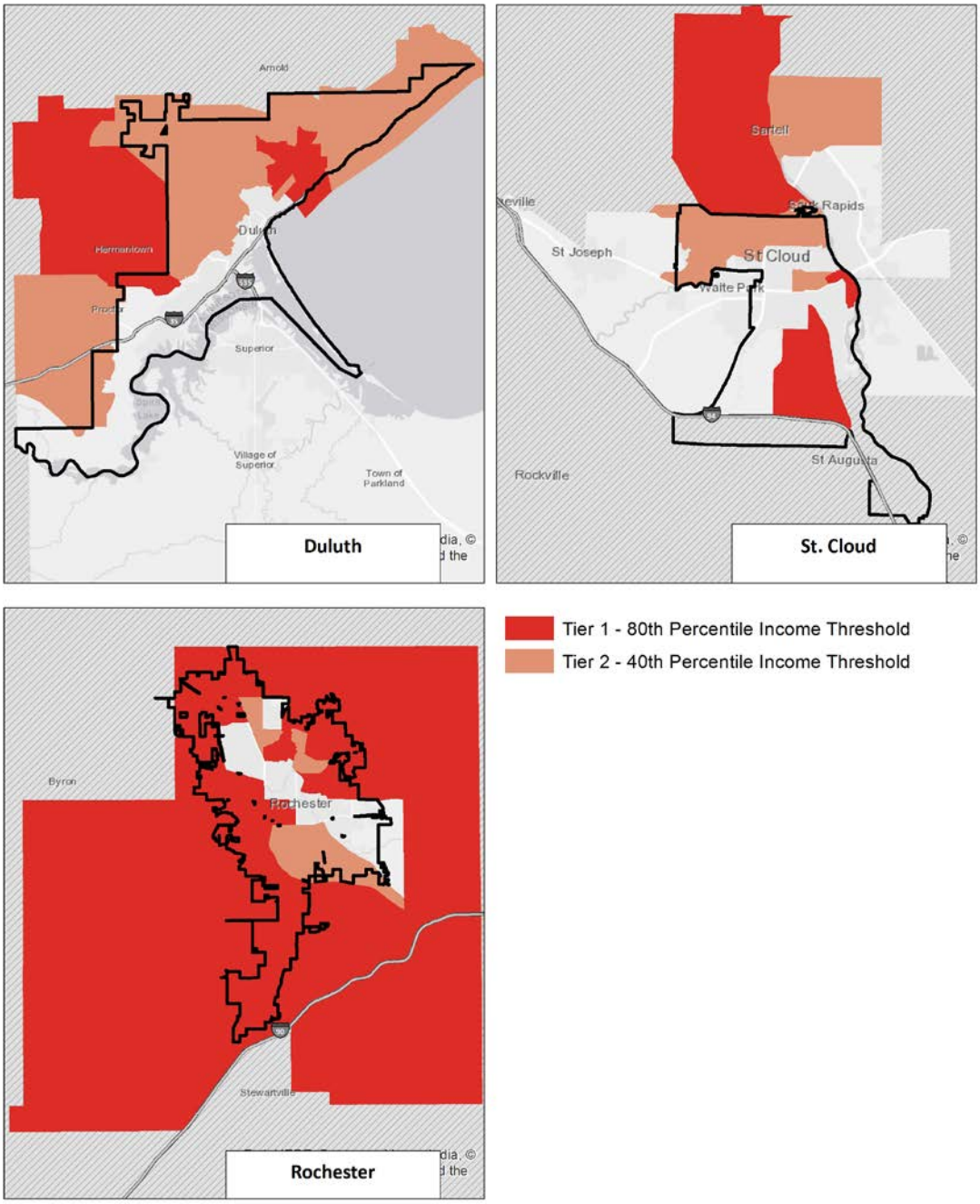
Second Tier ~~Community~~ Economic Integration – 7 Points
Meet or exceed the 40th percentile of median family income (but less than the 80th percentile) for the region.

[1] For the purpose of assessing income by region, Minnesota Housing used three regional categories 1) Twin Cities 7-County Metropolitan Area, 2) Counties making up Greater Minnesota MSAs, including: Duluth, St. Cloud, Rochester and 3) Balance of Greater Minnesota. The purpose of the regional split is to acknowledge that incomes vary by region.
[2] R/ECAPs must have a non-white population of 50 percent or more and has a poverty rate that exceeds 40 percent or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower (http://hub.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0?selectedAttribute=RCAP_Current).

Table 1 – Median Family Income Thresholds by Region.

~~Community~~ Economic Integration *(Twin Cities Metro on next page)*	Non Metro MSAs
Med Family Income / 40th percentile	$66,838
Med Family Income / 80th percentile	$85,625

MAP 1 – CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME (OUTSIDE OF RURAL/TRIBAL AREAS)



MAP 2 – TWIN CITIES 7-COUNTY ~~METRO~~ METROPOLITAN AREA DETAIL - CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME

	Twin Cities 7-County Metropolitan Area
Med Family Income / 40th percentile	$82,108
Med Family Income / 80th percentile	$120,063

Census Tract Listing by County for Economic Integration

(denotes tract achieves second tier)*

Anoka	
501.09	*
501.1	*
501.11	*
501.14	*
501.15	*
501.16	*
502.08	*
502.1	*
502.15	*
502.16	*
502.17	*
502.18	*
502.19	*
502.2	
502.21	*
502.22	*
502.23	*
502.24	*
502.25	*
502.26	*
502.27	*
502.28	*
502.29	*
502.3	
502.32	*
502.33	*
502.34	*
502.36	
502.37	
506.05	*
506.09	*
506.1	*
507.07	*
507.09	*
507.11	*
508.05	*
508.06	*
508.13	*

508.16	*
508.18	
508.19	
508.2	*
508.21	
509.02	*
511.03	*
516	*
Benton	
202.06	*
Carver	
901	*
902	*
903.01	*
903.02	*
904.01	
904.02	
905.01	
905.02	
905.03	
906.01	*
906.02	
907.01	*
907.02	
908	*
909	
910	*
911	*
912.01	*
912.02	*
Dakota	
601.02	*
601.03	*
605.06	*
605.07	*
605.08	
605.09	*
606.03	
606.04	

606.05	*
606.06	
607.09	*
607.1	*
607.13	*
607.14	*
607.16	*
607.17	*
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607.26	*
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607.29	
607.3	
607.31	
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608.18	*
608.19	
608.2	
608.21	*
608.22	
608.23	
608.24	*
608.25	
608.26	*
608.28	*
609.02	*

609.05	*
609.06	*
609.07	*
610.01	*
610.03	
610.04	
610.05	*
610.07	*
610.08	*
610.09	*
611.02	*
611.06	*
611.07	*
614.01	*
614.02	*
615.01	*
615.02	*
Hennepin	
3	*
6.03	*
81	*
106	
107	
110	*
117.03	
117.04	
118	*
119.98	*
120.01	
121.02	*
201.01	*
201.02	*
209.02	*
211	*
212	*
214	*
215.03	*
215.05	*
216.01	*

216.02	*
217	*
218	
219	*
220	*
221.01	*
222	*
223.01	*
224	*
227	*
228.01	
228.02	*
229.01	
229.02	
230	*
231	
235.01	
235.02	
236	
237	
238.01	
238.02	*
239.01	
239.02	
239.03	
240.03	*
240.05	*
240.06	
242	*
245	*
246	*
253.01	*
256.01	*
256.03	*
256.05	*
257.01	*
257.02	*
258.01	*
258.02	*

258.03	*
258.05	*
259.03	*
259.05	
259.06	*
259.07	*
260.05	*
260.07	
260.13	
260.14	
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260.16	
260.18	
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260.22	
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261.03	*
262.01	*
262.02	
262.05	
262.06	
262.07	*
262.08	*
263.01	
263.02	
264.03	*
264.04	
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265.08	
265.09	
265.1	*
265.12	*
266.05	
266.06	
266.09	*
266.1	
266.11	*
266.12	

266.13	
267.06	*
267.07	*
267.08	*
267.1	*
267.11	*
267.12	*
267.13	*
267.14	
267.15	
267.16	
268.12	*
268.15	*
268.2	
268.22	*
268.23	*
269.06	*
269.07	
269.08	*
269.09	
269.1	*
270.01	*
270.02	*
271.01	
271.02	*
272.01	
272.02	*
272.03	
273	
274	
275.01	
275.03	
275.04	
276.01	*
276.02	*
277	
1012	*
1019	*
1030	*

1036	
1037	*
1044	
1051	
1052.01	*
1054	*
1055	
1056	*
1064	*
1065	
1066	
1067	*
1076	*
1080	
1089	*
1090	*
1091	
1093	*
1098	
1099	*
1102	*
1105	*
1108	*
1109	*
1111	*
1112	
1113	
1114	
1115	
1116	
1225	*
1226	*
1256	*
1261	*
1262	
Olmsted	
4	
9.02	*
9.03	

10	*
11	*
12.01	
12.02	
12.03	
13.01	
13.02	
14.02	
15.01	*
15.02	
15.03	
16.01	*
16.02	
16.03	
17.01	*
17.03	
22	
23	
Ramsey	
301	*
302.01	*
303	*
321	*
322	*
333	*
342.02	*
349	
350	
351	
352	*
353	*
355	*
357	
358	
360	*
363	
364	
365	*
366	*

370	*
375	
376.01	*
401	*
402	*
403.01	*
404.01	*
404.02	*
405.02	*
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406.03	
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413.02	*
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415	*
416.01	*
417	*
418	*
419	
421.02	*
423.01	*
424.01	*
425.03	
425.04	*

429	
430	
Scott	
802.01	
802.02	
802.03	*
802.04	*
802.05	
803.01	*
803.02	*
806	*
807	*
808	*
809.03	
809.04	*
809.05	*
809.06	*
810	
811	
812	*
813	*
St. Louis	
1	*
2	*
3	*
4	*
5	
6	*
7	
10	*
11	
23	*
101	*
102	*
103	
157	
Stearns	
4.02	
6.02	*

9.01	*
10.01	*
101.01	
101.02	
116	
Washington	
701.05	*
701.06	*
702.03	*
702.04	*
702.05	*
702.06	*
703.01	
703.03	
703.04	*
704.03	*
704.04	
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704.06	*
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709.09	*
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710.1	
710.11	
710.12	*
710.13	*
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710.15	
710.16	
710.17	
710.18	

711.01	*
711.02	*
712.06	*
712.07	*
712.08	*
712.09	*
713	*
714	*

2021 QAP - Cost Containment Methodology

Background

Cost containment points are awarded to the 50% of proposals with the lowest total development costs (TDC) per unit in each of the following four groups:

1. New Construction – ~~Metro~~Twin Cities 7-County Metropolitan Area (Metro)
2. New Construction – Greater MN
3. Rehabilitation – ~~Metro~~Twin Cities 7-County Metropolitan Area (Metro)
4. Rehabilitation – Greater MN

The process divides the proposals into the four groups so that proposals are competing for the cost containment points with somewhat similar proposals. The process also levels the playing field with respect to the size of the units in the proposed development. ~~To address the issue of d~~Developments with larger units typically have~~ing~~ higher costs than developments with smaller units~~, the scoring process includes cost adjustments related to the size of the units~~. ~~Specifically~~To account for this, the process also classifies proposed developments as ~~largely for~~:

- Singles (~~primarily~~ SROs, efficiencies, and 1 bedroom units are 75% or more of all units),
- Large families (~~primarily~~ 3+ bedroom units are 50% or more of all units), and
- Families/mixed (developments with all other bedroom mixes).

The process then applies adjustments to bring the TDCs for these different sized developments into equivalent~~s~~ terms~~ and reflect historical differences~~. (The adjustments are shown in Table 1 on page 3.) For example, ~~new construction~~ TDCs per unit for ~~family/mixed~~new construction developments for singles are typically ~~16% higher~~lower than the TDCs for developments for ~~singles~~families/mixed. Thus, to make the TDCs for singles equivalent to those for families/mixed for cost comparison purposes, the TDCs per unit for singles are increased by 16% ~~when making cost comparisons~~(multiplying by a 1.16 adjustment). Similarly, the TDCs per unit for new construction developments for large families are typically higher than the TDCs for developments for families/mixed. To level the playing field, the process reduces the TDCs per unit of large family developments by 5% (multiplying by a 0.95 adjustment). The adjustment factors shown in Table 1 are based on historical differences in developments that Minnesota Housing has financed in the past.

The purpose of the cost containment criterion is to give developers an incentive to "sharpen their pencils" and eliminate unnecessary costs and/or find innovative ways to minimize costs. However, Minnesota Housing does not want developers to compromise quality, durability, energy-efficiency, location desirability, and ability to house lower-income and vulnerable tenants. To ensure that these priorities are not compromised, all selected developments must meet Minnesota Housing's architectural and green standards. In addition, the Agency has intentionally set the points awarded under the cost containment criterion (6 points) to be equal to or less than the points awarded under other criterion, including economic integration, location efficiency, workforce housing, permanent supportive housing for households experiencing homelessness, housing for people with disabilities, and others.

The cost containment criterion applies to the selection of proposals for both 9% credits and 4% credits with tax-exempt bonds; however, the processes for awarding the points are different for the two types of credits.

Process for Awarding Points for Proposals Seeking 9% Credits

To carry out the competition for the points, the following process will be followed for all proposals seeking competitive 9% credits:

- Group all the 9% tax credit proposals into four development type/location categories:
    - New Construction – Metro
    - New Construction – Greater Minnesota
    - Rehabilitation – Metro
    - Rehabilitation – Greater Minnesota

- Adjust the TDCs for developments for singles and large families to make them equivalent to the TDCs for family/mixed developments, which levels the playing field for cost comparison purposes. See the second column of Table 1 for the adjustments. For example, the TDC per unit for large-family new-construction projects (which typically have higher costs) is multiplied by 0.95 to reduce and make it equivalent to the costs for a family/mixed development. Specifically, if the TDC per unit is $265,000 for a large-family new-construction development, it is multiplied by 0.95 to compute the equivalent TDC of $247,037,500.

- After adjusting the TDCs for single and large-family developments, order all the proposals by TDC per unit within each of the four groups from lowest to highest.

- Within each group, award 6 points to the 50% of proposals with the lowest TDCs per unit.

    - If the number of proposals in a group is even, the number of proposals eligible to get points =
      (Number of proposals in group)/2

    - If the number of proposals in a group is odd, the number of proposals eligible to get points =
      (Number of proposals in group)/2
      Rounded down to nearest whole number

    However,

        - If the next proposal in the rank order (of those not already receiving points) meets that group's threshold (see the third column of Table 1), that proposal is also eligible to get points, or
        - If that proposal's TDC per unit is higher than the threshold, it does not get points.

Only proposals that claim cost containment points on the self-scoring worksheet **and** are in the lowest half of the costs for their group will actually receive the cost containment points.

For each group, the cost thresholds in the third column reflect the historical mid-point costs for family/mixed developments that Minnesota Housing has financed in the past.

Table 1: 2021 QAP - Adjustment Factors and Thresholds to Determine if Middle Proposal Gets Points if Odd Number in Group

	Cost Adjustment to Families/ Mixed	Threshold Test if Odd Number of Proposals
New Construction Metro for Singles (increase historically lower costs to level the playing field)	1.16	$273~~67~~,000
New Construction Metro for Families/Mixed	1.00	
New Construction Metro for Large Families (decrease historically higher costs to level the playing field)	0.95	
New Construction Greater MN for Singles	1.16	$217~~12~~,000
New Construction Greater MN for Families/Mixed	1.00	
New Construction Greater MN for Large Families	0.95	
Rehabilitation Metro for Singles	1.23	$218~~13~~,000
Rehabilitation Metro for Families/Mixed	1.00	
Rehabilitation Metro for Large Families	0.83	
Rehabilitation Greater MN for Singles	1.23	$173~~69~~,000
Rehabilitation Greater MN for Families/Mixed	1.00	
Rehabilitation Greater MN for Large Families	0.83	

- "Metro" applies to the ~~seven-county Twin Cities metro area~~Twin Cities 7-County Metropolitan Area, while "Greater MN" applies to the other 80 counties.
- "Singles" applies to developments where the share of efficiencies and 1 bedroom units is 75% or greater.
- "Large Families" applies to developments where the share of units with 3 or more bedrooms is 50% or greater.
- "Families/Mixed" applies to all other developments.
- "New Construction" includes regular new construction, adaptive reuse/conversion to residential housing, and projects that mix new construction and rehabilitation if the new construction gross square footage is greater than the rehabilitation gross square footage.

Implementation Details for 9% Credit Proposals

Tribal Proposals. To recognize the unique costs and situation of projects on Tribal lands, these projects will receive a 15% adjustment to their TDCs. Their proposed TDCs will be reduced by 15% when they compete for the cost-containment points.

Self-Scoring Worksheet and Awarding Points. All applicants that want to pursue the cost containment points must claim the 6 points in the self-scoring worksheet; however, during the final scoring by the Agency, staff will take away the points from those proposals not in the lower half of TDCs for each of the four categories. (To identify the 50% of proposals with the lowest costs in each category, the Agency will include the TDCs of all proposals seeking 9% tax credits, not just those electing to participate in the competition for cost containment points by claiming the points in the self-scoring worksheet. However, only those electing to participate in the competition by claiming the points in the self-scoring worksheet will be eligible to receive the points if they are in the lower half of project TDCs.)

Applicable Cost Threshold and Unacceptable Practices. If a project receives points under this criterion, failure to keep the actual TDC under the "applicable cost threshold" will be considered an unacceptable practice as described in the Housing Tax Credit Manual.~~and result in negative 4 points being awarded in the applicant's next round of tax credit submission. [See the section on Implementing Negative Points for more details.]~~

The "applicable cost thresholds" will be determined by the cost-containment selection process. Within each of the 4 development/location types, the TDC per unit of the proposal at the 50th percentile (as identified in the process outlined above) will represent the "applicable cost threshold" that projects receiving cost-containment points will need to meet (with appropriate adjustments for single, family/mixed, and large family developments). For example, if the 50th percentile proposal for new construction in Greater Minnesota is a family/mixed development with a per unit TDC of $215,000, all new construction family/mixed developments in Greater Minnesota receiving the cost-containment points will need to have a final TDC per unit at or below this threshold when the project is completed.

Within the 4 development/location types, separate thresholds will be published for single, family/mixed, and large-family developments, using the cost-adjustment factors in Table 1. In the example above, if the family/mixed category has a $215,000 threshold, the threshold for large-family developments will be $226,316 ($215,000 divided by 0.95 equals $226,316). The thresholds for large-family developments are increased to account for the typically higher costs associated with these developments with larger units.

Under this process, there will be some cushion for cost overruns for projects that have proposed TDCs less than the applicable cost thresholds. However, the project at the 50th percentile, which is the basis of the applicable cost threshold, will have no cushion. Its actual TDC per unit will have to be at or below its proposed TDC per unit ~~to avoid the negative 4 points~~. Because applicants will not know if their project is the one at the 50th percentile until after proposals have been submitted, all applicants need to carefully assess their proposed costs and the potential for cost increases.

If developers are concerned about their costs and keeping them within the "applicable cost threshold", they should not claim the cost-containment points in the self-scoring worksheet.

Round-2 Process. A different process is used for the Round-2 tax credit applications and selections. The Round-1 "applicable cost thresholds" will serve as the thresholds for determining if a Round-2 tax credit proposal receives the cost containment points. Like Round-1, Round-2 proposals will need to claim the 6 cost containment points on the self-scoring worksheet to be eligible; and the unacceptable practice provision, as described in the Housing Tax Credit Manual, will apply ~~developers for selected projects that receive the points will receive negative 4 points for their next tax credit submission~~ if they receive the 6 points and do not keep their actual TDCs within the applicable cost thresholds. ~~[See the section on Implementing Negative Points for more details.]~~

Process for Awarding Points for Proposals Seeking 4% Credits

Minnesota Housing will publish the "applicable cost thresholds" from the Round-1 competition for 2021~~0~~ 9% credits by September 30, 2020~~19~~. Proposals for 2021~~0~~ 4% credits must have TDCs within these thresholds to receive the cost containment points.

To be eligible for the points, an applicant must claim the 6 cost containment points on the self-scoring worksheet; and the unacceptable practice provision, as described in the Housing Tax Credit Manual, will apply if they receive the 6 points and do not keep their actual TDCs within the applicable cost thresholds.~~developers for selected projects that receive the points will receive negative 4 points for their next tax credit submission if they~~

~~do not keep their actual TDCs within the applicable cost thresholds. [See the section on Implementing Negative Points for more details.]~~

~~Implementing Negative Points for Actual Costs above the Applicable Cost Thresholds~~

~~The penalty will be assessed against a future credit request of the same funding round for which the points were initially awarded.~~

- ~~Tax credit developments that exceed the cost containment threshold and were awarded points in a competitive funding round (Consolidated RFP or Supplemental Round 2) will receive the penalty on the next tax credit application submitted to either of these competitive funding rounds.~~
- ~~Tax credit developments that exceed the cost containment threshold and were awarded points via the 4% only allocation process will receive the penalty on the next 4% only (42M) tax credit application if the points were necessary to meet the minimum point requirement.~~

Predictive Cost Model and Cost Reasonableness

Besides awarding cost-containment points under this criterion, Minnesota Housing will also evaluate "cost-reasonableness" of tax credits proposals (even those that do not receive points under this criterion) using the Agency's predictive cost model. The model is a regression analysis that predicts TDCs per unit using data from developments that the Agency has financed in the past (adjusted for inflation) and industry-wide data on construction costs. The model measures the individual effect that a set of explanatory variables (which includes building type, building characteristics, unit characteristics, type of work carried out, project size, project location, population served, financing, etc.) have on costs. During the process of evaluating projects for funding, Minnesota Housing compares the proposed TDC per unit for each project with its predicted TDC per unit from the model. The Agency combines the model's results with the professional assessment of the Agency's architects and underwriters to assess cost reasonableness overall. The purpose of the cost-reasonableness testing (on top of the cost-containment scoring) is to ensure that all developments financed by Minnesota Housing have reasonable costs, even those that do not receive points under the cost-containment criterion.

~~2020~~ 2021 QAP - Location Efficiency Methodology

Location efficiency is defined by Minnesota Housing through a combination of access to transit and walkability criteria in the ~~Twin Cities Metro~~Twin Cities 7-County Metropolitan Area and Greater Minnesota.

Twin Cities Metropolitan Area

In the ~~Twin Cities Metro~~Twin Cities 7-County Metropolitan Area, applicants can receive up to 9 points for location efficiency based on two criteria. First, applicants must achieve one of three levels of access to transit. Second, up to two additional points are available for walkability as measured by Walk Score (www.walkscore.com).

• **Access to Transit (one of the following):** *Applicants can map project locations and determine access to transit points at the Minnesota Housing Community Profiles tool: www.mnhousing.gov > Research & Publications > Community Profiles*		
Proximity to LRT/BRT/Commuter Rail Station	Locations within ½ mile of a planned[1] or existing LRT, BRT, or Commuter Rail Station. As of publication, lines include: Hiawatha, Central Corridor, Bottineau, and Southwest LRT, Northstar Commuter Rail, and stations of the Cedar Ave, Snelling, Penn, D Line, and I-35W rapid bus lines.	Points 7
Proximity to Hi-Frequency Transit Network	Locations located within ¼ mile of a fixed route stop on Metro Transit's Hi-Frequency Network.	4
Access to Public Transportation	Locations within one quarter mile of a high service[2] public transportation fixed route stop or within one half mile of an express route bus stop or park and ride lot.	2
• **Walkability (one of the following):**		
Walk Score of 70+	Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated print out of locations' Walk Score from the Walk Score tool.[3]	2
Walk Score of 50-69		1

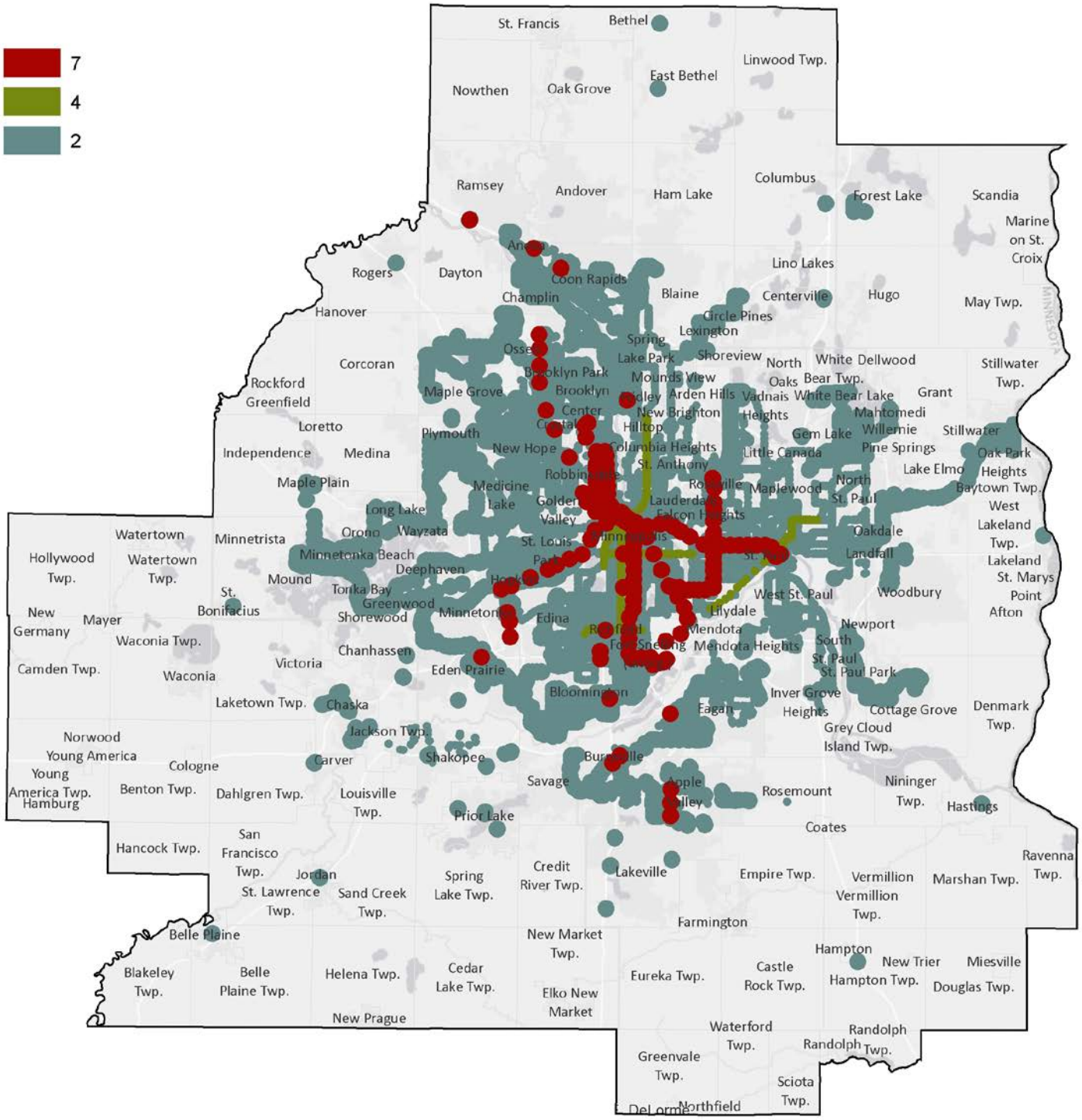
The following map shows areas with access to transit. An interactive version of this map is accessible at: www.mnhousing.gov > Policy & Research > Community Profiles.

[1] Includes planned stations on future transitways that are in advanced design or under construction. To be considered in advanced design, transitways need to meet the following criteria: ~~issuance~~ completion of a ~~draft~~n Environmental Impact Statement~~IS~~, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advanced design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

[2] High service fixed route stop defined as those serviced during the time period 6 AM through 7 PM and with service approximately every half hour during that time.

[3] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If an address cannot be found in the Walk Score tool, use closest intersection within ¼ mile of the proposed location.

Figure 1: Transit Access Point Levels in the Twin Cities Metro



Map Source: Minnesota Housing analysis of Metro Transit data on Hi-Frequency Network, Planned and Existing Transit Lines, bus service, and park and rides (obtained May~~January~~ ~~2018~~2019)

Greater Minnesota – Urbanized Areas

For urbanized areas, defined by the U.S. Census as places with populations greater than 50,000, applicants can receive up to 9 points with a combination of access to fixed route transit and walkability. These areas, identified by the Minnesota Department of Transportation (MnDOT)[4], are in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato, and St. Cloud.

For urbanized areas:

• **Access to Transit (one of the following):**		Points
Within ¼ mile of existing or planned[5] fixed route transit stop		7
Between ¼ mile and ½ mile of existing or planned fixed route transit stop		4
Within ½ mile of an express bus route stop or park and ride lot		4
• **Walkability (one of the following):**		
Walk Score of 70+	Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated print out of locations' Walk Score from the Walk Score tool.[6]	2
Walk Score of 50-69		1

- The proposed housing must have access to transit service Monday through Friday for a minimum of 10 hours per day.
- The maps in Figure 2 display fixed route stops and ¼ and ½ mile buffers in Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato, and St. Cloud.
- ~~Applicants must provide a map with the proposed housing's distance to the nearest stop.~~

[4] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment/

[5] For a Greater Minnesota planned stop to be eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop or route must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day.

[6] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If address cannot be found in the Walk Score tool, use the closest intersection within ¼ mile of the proposed location.

Figure 2: Transit Access Point Levels in Greater Minnesota

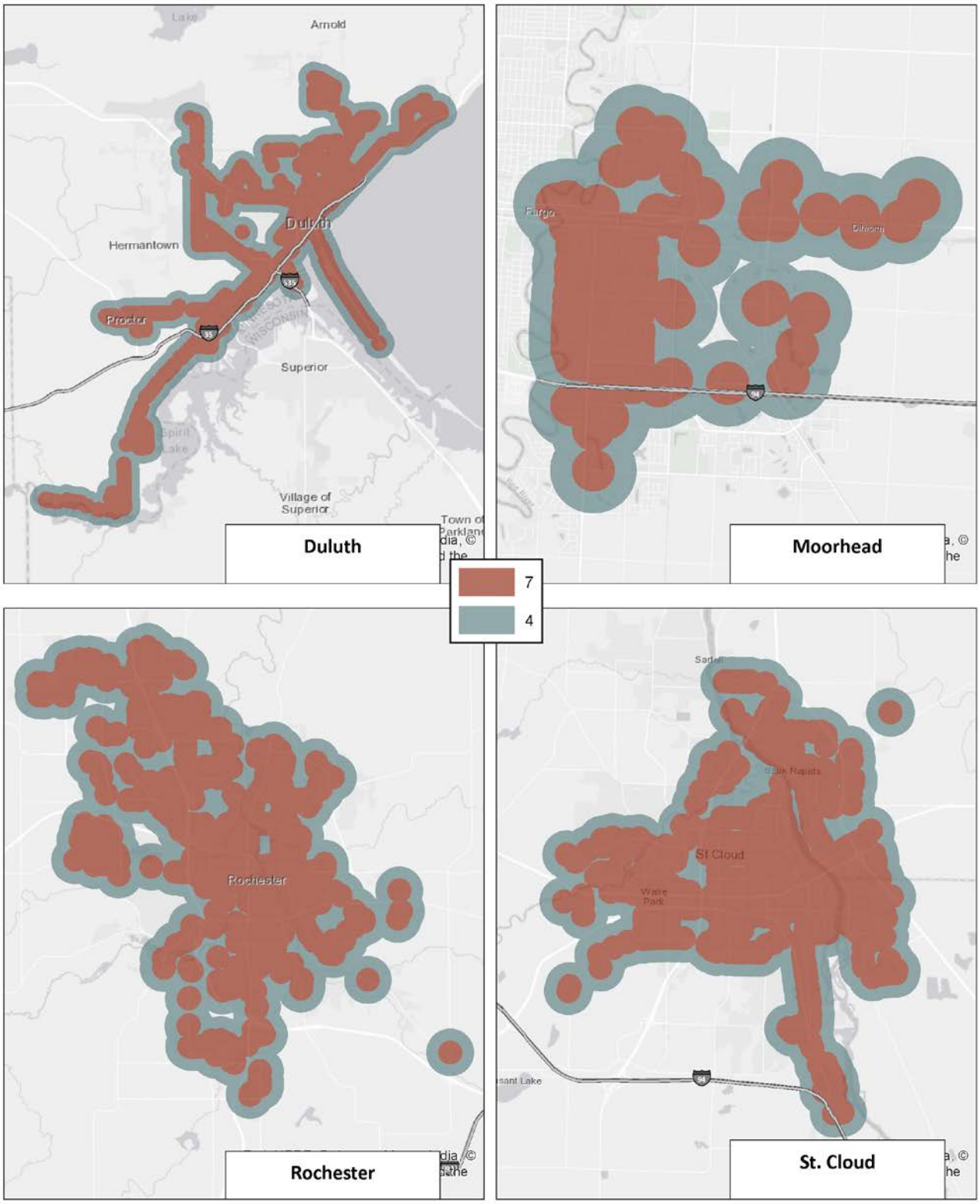


Figure 2: Transit Access Point Levels in Greater Minnesota

Source: Duluth Transit Authority, Rochester Public Works, Saint Cloud Metropolitan Transit Commission, MATBUS (Moorhead), city of Mankato, city of Grand Forks, and city of La Crosse.

Greater Minnesota – Rural and Small Urban Areas

For rural and small urban areas, places with populations less than 50,000, applicants can receive up to 9 points by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/ dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

Go to MnDOT's website (http://www.dot.state.mn.us/transit/riders/index.html) to locate a projects transit service provider.

~~Applicants can find providers by county or city on MnDOT's website, http://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf.~~

For rural and small urban areas:

• **Access to Transit (one of the following):**		Points
Within ½ ~~¼~~ mile of an existing or planned designated stop that has service every 60 minutes[7] **OR** within ½ mile of a ~~Northstar c~~Commuter r~~R~~ail s~~S~~tation **OR** served by demand response/dial-a-ride with same day ~~notice~~ service available~~no more than 2 hour advance notice~~		7
~~Between ¼ mile and ½ mile of an existing or planned[7] designated stop that has service every 60 minutes~~ ~~**OR**~~ S~~s~~erved by demand response/dial-a-ride with prior day notice		4
Demand response/dial-a-ride service not meeting the scheduling terms above		2
• **Walkability (one of the following):**		
Walk Score of 50+	Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated print out of locations' Walk Score from the Walk Score tool.[8]	2
Walk Score of 35-49		1

- The proposed housing must have access to transit service Monday through Friday for a minimum of 10 hours per day.
- ~~Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative. For proposed housing near deviated routes, applicants must provide a map with the distance to the nearest stop or predetermined route if the service allows passengers to board anywhere along that route.~~
- For proposed housing in communities with deviated route service but beyond the ½ mile requirement, requests for route deviations must meet the advanced notice requirements for demand response in that pointing category to receive the points.

[7] For a Greater Minnesota existing or planned stop to be eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The existing or planned stop must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day, with the exception of the ~~Northstar~~ commuter rail transit stations serviced by Metro Transit.

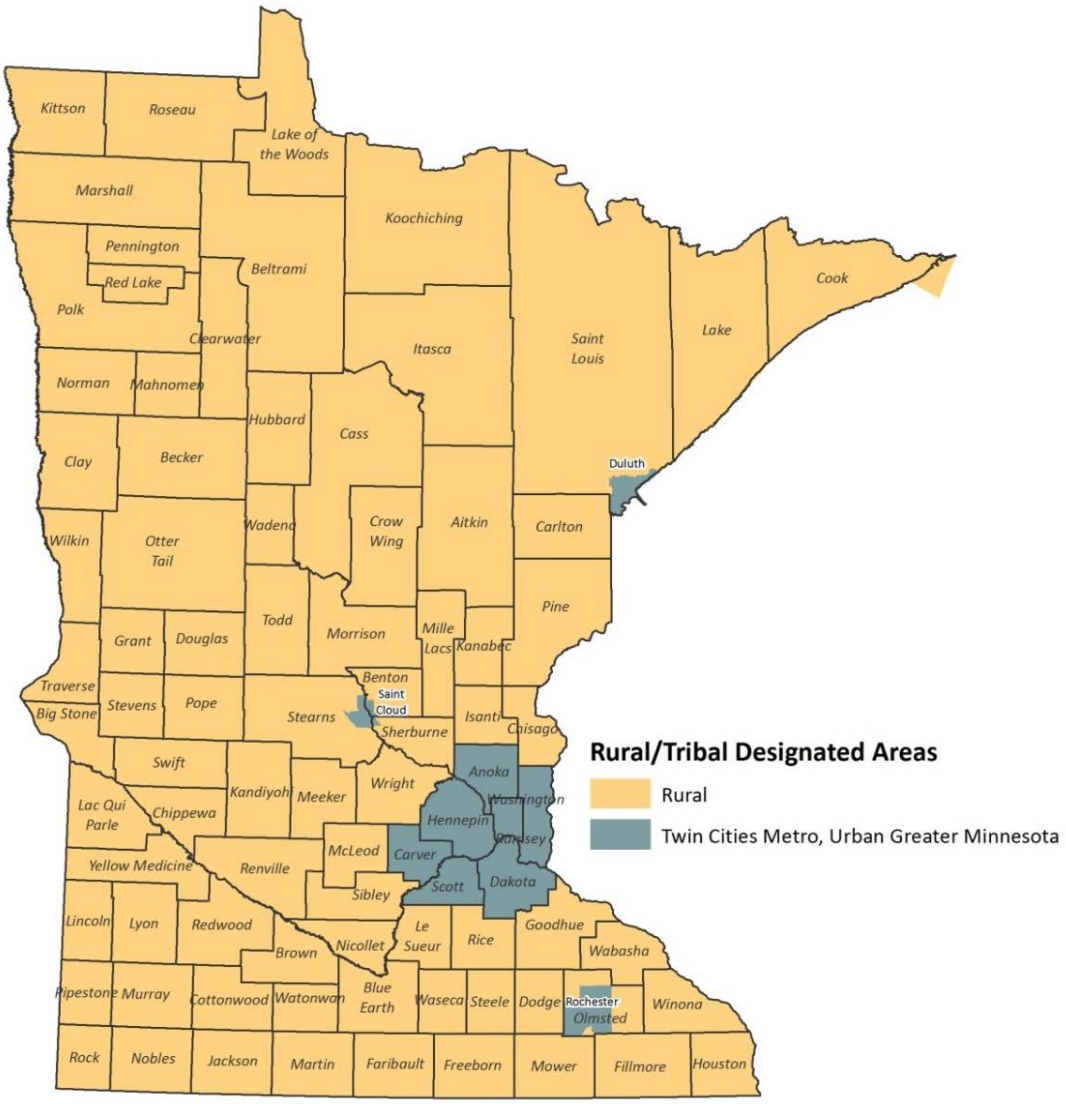
[8] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If address cannot be found in the Walk Score tool, use the closest intersection within ¼ mile of the proposed location.

2021 QAP - Rural/Tribal Designated Areas Methodology

Because communities in rural parts of Minnesota will no longer compete for economic integration priority points, the selection process will now have a new 10 point criterion for rural communities.

Minnesota Housing defines rural communities using tracts outside of the Twin Cities 7-County Metropolitan Area and communities in Greater Minnesota with populations over 50,000. These areas include tracts in, Duluth, Rochester, and St Cloud.

The map below shows areas receiving the rural/tribal designation points in orange. The following pages list the tracts eligible by county.



Tracts Eligible for Rural/Tribal Designation Points

Aitkin
7701
7702
7703
7704
7905.01
7905.02
Becker
4501
4502
4503
4504
4505
4506
4507
4508
4509
9400
Beltrami
4501
4502
4503
4504
4505
4506
4507.01
4507.02
9400.01
9400.02
Benton
201
202.02
202.03
202.05
203
Big Stone
9501
9502
9503
Blue Earth

1701
1702
1703
1704
1705
1706
1707
1709
1710
1713
1714
1715
1708
1712.02
1716
1711.01
Brown
9601.01
9601.02
9602
9603
9604
9605
9606
9607
Carlton
701
702
703
704
705
706
9400
Cass
9400.01
9400.02
9601
9602
9603.01
9603.02

9606
9607
9608.01
9608.02
Chippewa
9503
9504
9505
9506
Chisago
1101
1102
1103.01
1103.02
1104.02
1105.01
1105.02
1106
1107
1104.01
Clay
201
202.02
203
204
205
206
301.02
301.07
302.01
302.02
301.06
301.03
301.04
Clearwater
1
2
3
Cook
4801

4802
Cottonwood
2701
2702
2703
2704
Crow Wing
9501
9502.04
9504
9505.01
9505.02
9507
9508
9509
9510
9511
9512
9513.01
9513.02
9514
9516
9517
Dodge
9501
9502
9503
9504
9505
Douglas
4501
4502
4505
4506
4507.01
4507.02
4508
4509
4510
Faribault

4601
4602
4603
4604
4605
4606
Fillmore
9601
9602
9603
9604
9605
9606
Freeborn
1801
1802
1803
1804
1805
1806
1807
1808
1809
1810
Goodhue
801.01
801.02
802
803
804
805
806
807
808
809
Grant
701
702
Houston
201

202
203
205
209
Hubbard
701
702
703
704
705
706
707
Isanti
1301
1302
1303.01
1303.02
1304
1305.01
1305.02
1306
Itasca
4801
4803
4804
4805
4806
4807
4808.01
4808.02
4809
4810
9400
Jackson
4801
4802
4803
4804
Kanabec
4801
4802

4803
4804
Kandiyohi
7709
7801
7802
7803
7804
7805
7806
7807
7808
7810
7811
7812
Kittson
901
902
Koochiching
7901
7902
7903
7905
Lac Qui Parle
1801
1802
1803
Lake
3701
3703
3704
Lake of the Woods
4603
4604
Le Sueur
9501
9502
9503
9504
9505

9506
Lincoln
2010.01
2010.02
Lyon
3601
3602
3603
3604
3605
3606
3607
Mahnomen
9401
9403
Marshall
801
802
803
804
Martin
7901
7902
7903
7904
7905
7906
McLeod
9501
9502
9503
9504
9505
9506
9507
Meeker
5601
5602
5603
5604
5605

5606
Mille Lacs
1704
1705
1706
1707
9701
9702
9703
Morrison
7801
7802
7803
7804
7805
7806
7807
7808
Mower
1
2
3
10
12
13
14
4.1
6
8
9
Murray
9001
9002
9003
Nicollet
4801
4802
4803
4804
4806
4805.01

4805.02
Nobles
1051
1052
1053
1054
1055
1056
Norman
9601
9602
9603
Olmsted
18
19
20
21
Otter Tail
9601.02
9601.03
9603
9604
9605
9606
9607
9608
9609
9610
9611
9612
9613
9614
9615
9616
9617
Pennington
901
902
903
904
905

Pine
9501
9502
9503
9504
9505
9506
9507
9508
Pipestone
4601
4602
4603
4604
4605
Polk
201
202
203
204
205
206
207
208
209
210
Pope
9701
9702
9703
9704
Red Lake
101
102
Redwood
7501
7502
7503
7504
7505
7506

Renville
7901
7902
7903
7904
7905
7906
Rice
701
702
703
704
705.01
705.03
705.04
706.01
706.02
707
708
709.01
709.02
Rock
5701
5702
5703
Roseau
9701
9702
9703
9704
9705
Saint Louis
104
105
106
111
112
113
114
126
127

128
130
131
132
133
134
135
136
138
139
140
141
151
152
153
154
155
121
122
123
124
125
Sherburne
301.01
301.02
302
303
304.02
304.03
304.04
305.02
305.03
305.04
Sibley
1701.98
1702
1703
1704
Stearns
102
104.01

104.02
104.03
105
106
109
110
111
112
113.02
113.04
114
115
Steele
9601
9602
9603
9604
9605
9606
9607
9608
Stevens
4801
4802
4803
Swift
9601
9602
9603
9604
Todd
7901
7902
7903
7904
7905
7906
7907
7908
Traverse
4601

4602
Wabasha
4901
4902
4903
4904
4905
4906
Wadena
4801
4802
4803
Waseca
7901
7902
7903
7904
7905
Watonwan
9501
9502
9503
Wilkin
9501
9502
Winona
6701
6702
6703
6704
6705
6706
6707
6708
6709
6710
Wright
1001
1002.02
1002.03
1002.04

1003
1004
1005
1007.01

1007.02
1007.03
1008.01
1008.02

1009
1010
1011
1012

1013
Yellow Medicine
9701
9702

9703
9704

2021 QAP - Qualified Census Tracts (QCT), Tribal Equivalent Areas Methodology

QCTs are based on Census Tract boundaries, but the boundaries of larger Census Tracts and reservations in ~~greater~~ Greater Minnesota do not always align. Thus, large geographic areas of some low-income reservations are not classified as QCTs. Reservations that meet the criteria for designation as a QCT are treated as a QCT equivalent area for scoring purposes if either (1) the entire reservation meets the definition of a QCT or (2) if a tract within the reservation is eligible under current HUD QCT criteria[1]. Applicants will find interactive maps to identify whether a property falls within these areas on Minnesota Housing's website – www.mnhousing.gov > Policy & Research > Community Profiles.

Eligible Areas (3 Points)

The reservations in the table below and identified on the map on the following page are eligible as Tribal QCT ~~equivalent~~ Equivalent ~~areas~~Areas. To be eligible, these areas must meet either income or poverty thresholds:

- Areas are eligible based on income thresholds if 50% or more of households have incomes below the average household size adjusted income limit for at least two of three evaluation years (2014~~3~~-2016~~5~~).
- Areas are eligible based on the poverty threshold if the poverty rate is 25% or higher for at least two of three evaluation years (2014~~3~~-2016~~5~~).

Indian Reservations or Trust Land in Minnesota Based on Characteristics of Eligibility for Qualified Census Tracts

Indian Reservation	Years Eligible Based on Income	Years Eligible based on Poverty
Bois Forte Reservation, MN	3	0
~~Fond du Lac Reservation and Off-Reservation Trust Land, MN--WI~~	~~0~~	~~1~~
Ho-Chunk Nation Reservation and Off-Reservation Trust Land, WI--MN	3	~~3~~2
Leech Lake Reservation and Off-Reservation Trust Land, MN	1	3
Lower Sioux Indian Community, MN	0	~~3~~2
Mille Lacs Reservation and Off-Reservation Trust Land, MN	3	~~1~~0
Red Lake Reservation, MN	3	3
Upper Sioux Community and Off-Reservation Trust Land, MN	0	2
White Earth Reservation and Off-Reservation Trust Land, MN	3	~~3~~1

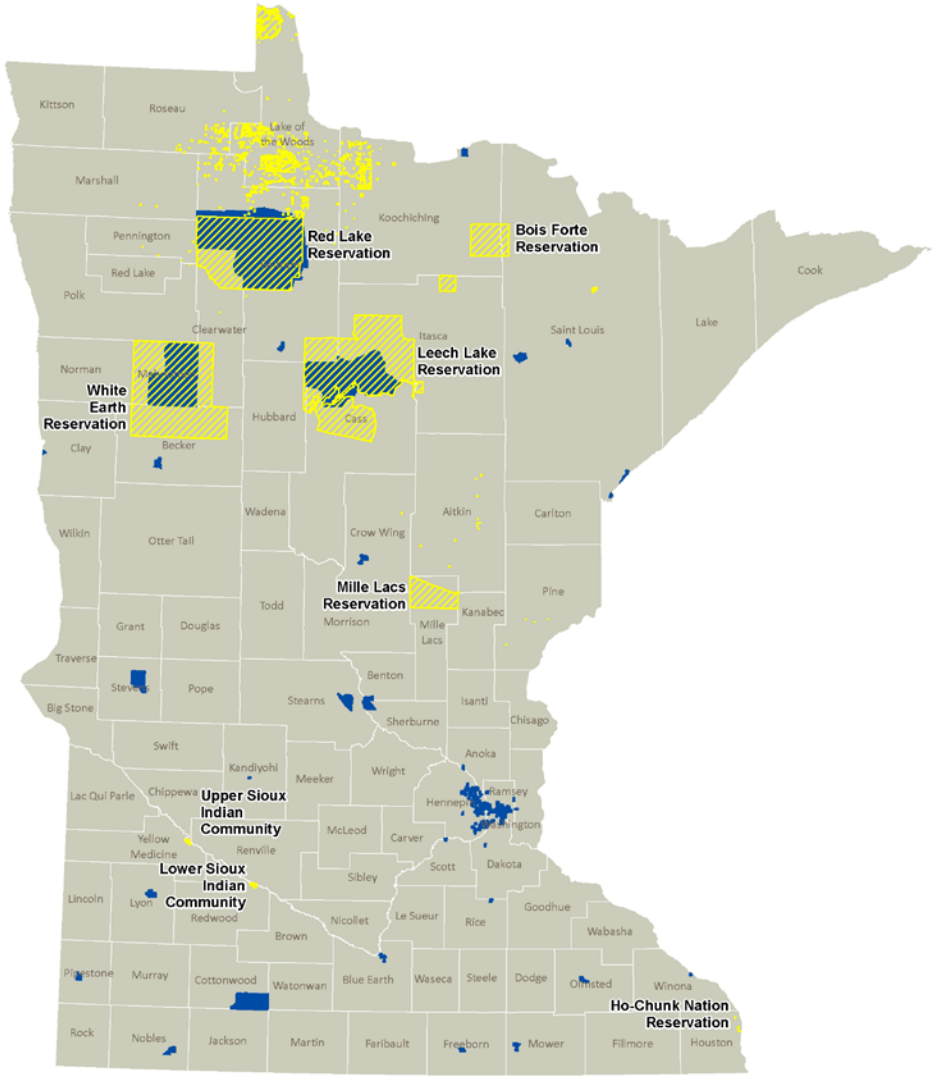
Sources: Decennial Census, HUD Income Limits (Statewide for Very Low Income, 50%), American Community Survey ~~2009~~2010-~~2013~~2014, ~~2010~~2011-~~2014~~2015, and ~~2011~~2012-~~2015~~-2016 samples.

[1] HUD QCT Designation Algorithm found here: http://qct.huduser.org/tables/QCT_Algorithm_2019~~8~~.htm

Field Code Changed

Minnesota Housing will update the list of Tribal Census tracts or reservations, in accordance with HUD updates to federally designated qualified census tracts.

Qualified Census Tracts and Tribal Lands Eligible Under QCT Methods



Reservations Eligible Under 2019 QCT Methodology

HUD Designated QCT 2019

0 20 40 Miles

Source: Minnesota Housing Analysis of American Community Survey Data for three periods, 2012-2016, 2011-2015, and 2010-2014. Tribal lands are 2018 boundaries from the US Census of American Indian, Alaska Native, and Native Hawaiin geographies.

MINNESOTA HOUSING

2021 QAP - Workforce Housing Communities Methodology

Communities with a need for workforce housing are identified using data on: (1) total jobs in 2017, (2) 5 year job growth, or (3) long distance commuting. Data on jobs and growth are from the Minnesota Department of Employment and Economic Development's Quarterly Census of Employment and Wages.[1] Data on commuting are from the US Census Bureau's Longitudinal Employer-Household Dynamics program.[2] Workforce housing areas are defined separately for the ~~Twin Cities Metro (7-County)~~Twin Cities 7-County Metropolitan Area and Greater Minnesota. The priority has two point levels, 6 and 3 points. The following sections describe the eligible communities and buffers around these communities for the two regions. Applicants will find interactive maps to identify whether a property falls within these areas at Minnesota Housing's website: www.mnhousing.gov > Policy & Research > Community Profiles.

- **6 Points**

  - **Top Job Centers**. A community is eligible if it is one of the top 10 job centers in Greater Minnesota or the top 5 job centers in the Twin Cities ~~Metro~~ 7-County Metropolitan Area as of 2017 as defined by total jobs. *Communities are buffered by 10 miles in Greater Minnesota and 5 miles in the Twin Cities ~~Metro~~ 7-County Metropolitan Area to account for a modest commuteshed.*

(OR)

  - **Net Five Year Job Growth.** Communities are eligible in Greater Minnesota if they have at least 2,000 jobs in the current year and had a net job growth of at least 100 jobs in the last five years. In the Twin Cities ~~Metro~~ 7-County Metropolitan Area the minimum net job growth is 500. Minnesota Housing is publishing in this document the most current available data from the Dept. of Employment and Economic Development, 2012-2017; but will add additional communities when more current data becomes available by April 2020 for the 2021 QAP. *Communities are buffered by 10 miles in Greater Minnesota and 5 miles in the Twin Cities ~~Metro~~ 7-County Metropolitan Area to account for a modest commuteshed.*

(OR)

  - **Individual Employer Growth.** A community is eligible if an individual employer has added at least 100 net jobs (for permanent employees of the company) in that community during the last five years, and can provide sufficient documentation signed by an authorized representative of the company to prove the growth.

(OR)

- **3 Points**

  - **Long Commute Communities.** A community is eligible if it has at least 2,000 jobs in the current year and is not a top job center, job growth community, or an individual employer growth community, yet is identified as a long commute community. These are communities where 15% or more of the communities' workforce travels 30+ miles into the community for work. *Communities are buffered by 10 miles in Greater Minnesota and 5 miles in the Twin Cities ~~Metro~~ 7-County Metropolitan Area to account for a modest commuteshed.*

[1]The 5 year job growth communities presented in this methodology are for 2012-2017. Minnesota Housing will also add eligible 2013-2018 growth communities by application release of the 2021 QAP. Data source: https://mn.gov/deed/data/data-tools/qcew/

[2] Data from LEHD are current to 2016. Minnesota Housing will also add eligible communities with more current data available by application release of the 2021 QAP. Data source: https://lehd.ces.census.gov/data/.

The maps and tables below and on following pages list and display eligible areas for the Twin Cities ~~Metro~~ 7-County Metropolitan Area (pages 2-4) and Greater Minnesota (pages 5-7). If additional communities become eligible in the next year with updated data, Minnesota Housing will add them to the 2021 QAP lists; no communities will be subtracted from the 2021 QAP lists with the update.

Twin Cities ~~Metro~~ 7-County Metropolitan Area Job Centers and Ranked Job Growth Communities 2012-2017 (6 Points)

Twin Cities ~~Metro~~ 7-County Metropolitan Area Top 5 Job Centers (2017)
Minneapolis, Hennepin
Saint Paul, Ramsey
Bloomington, Hennepin
Eden Prairie, Hennepin
Eagan, Dakota

Twin Cities ~~Metro~~ 7-County Metropolitan Area Communities With Net Growth of 500 Jobs or More (2012-2017)	
Andover, Anoka	Lino Lakes, Anoka
Anoka, Anoka	Maple Grove, Hennepin
Apple Valley, Dakota	Maple Plain, Hennepin
Bayport, Washington	Minneapolis, Hennepin
Blaine, Anoka	Minnetonka, Hennepin
Bloomington, Hennepin	New Brighton, Ramsey
Brooklyn Center, Hennepin	New Hope, Hennepin
Brooklyn Park, Hennepin	Oakdale, Washington
Burnsville, Dakota	Plymouth, Hennepin
Chanhassen, Carver	Ramsey, Anoka
Chaska, Carver	Rogers, Hennepin
Cottage Grove, Washington	Roseville, Ramsey
Eagan, Dakota	Saint Paul, Ramsey
Eden Prairie, Hennepin	Savage, Scott
Falcon Heights, Ramsey	Shakopee, Scott
Farmington, Dakota	Shoreview, Ramsey
Forest Lake, Washington	Stillwater, Washington
Golden Valley, Hennepin	Vadnais Heights, Ramsey
Ham Lake, Anoka	Waconia, Carver
Hopkins, Hennepin	West Saint Paul, Dakota
Inver Grove Heights, Dakota	White Bear Lake, Ramsey
Lake Elmo, Washington	Woodbury, Washington
Lakeville, Dakota	

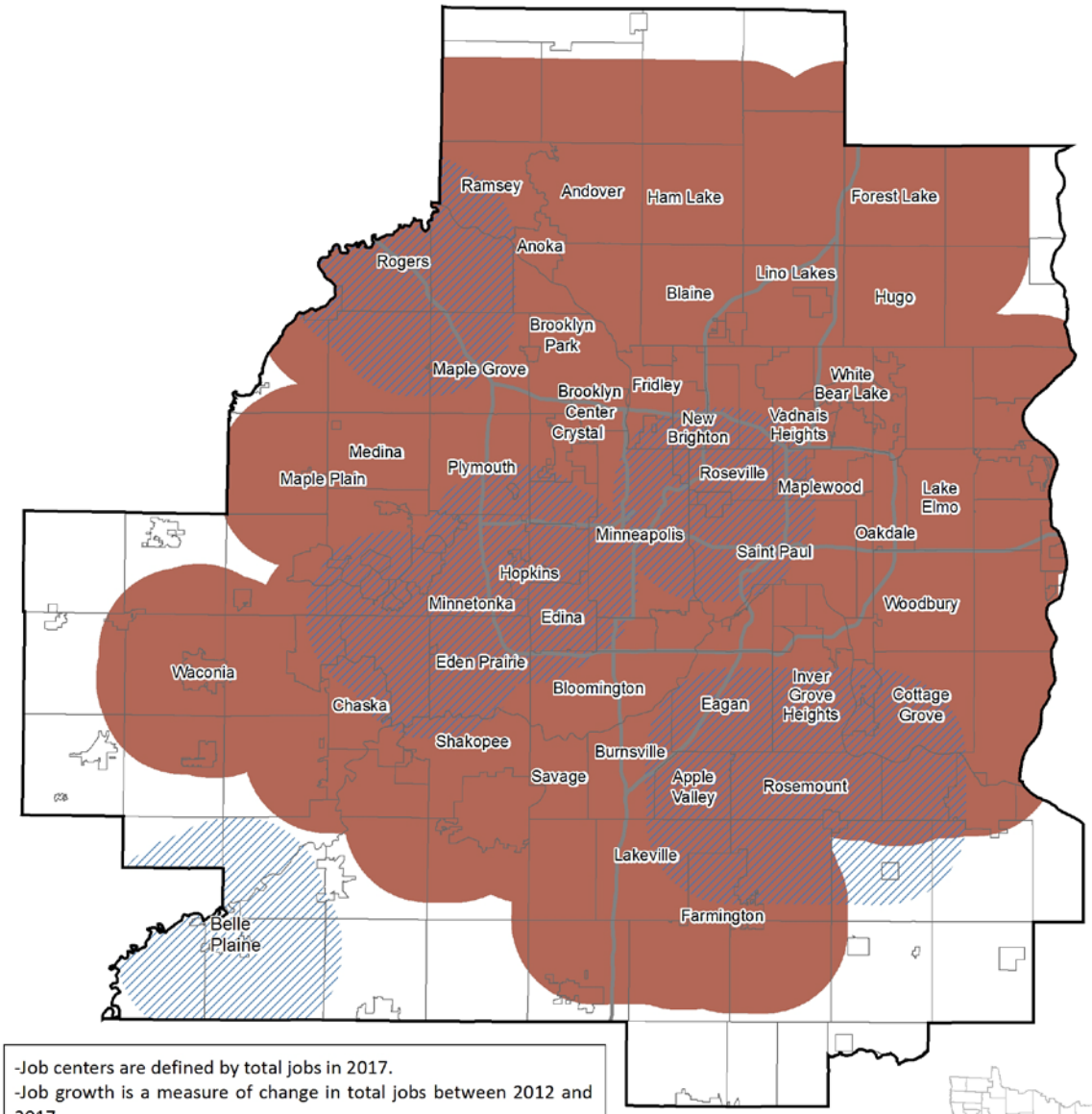
Source: Minnesota Housing analysis of Minnesota Dept. of Employment and Economic Development Quarterly Census of Employment and Wages (2012-2017).

Twin Cities ~~Metro~~ 7-County Metropolitan Area Long Commute Communities (3 Points)

Twin Cities Metro Long Commute Communities		
Belle Plaine	Falcon Heights	Rogers
Chanhassen	Hopkins	Rosemount

Source: Minnesota Housing analysis of US Census Longitudinal Employer Household Dynamics Data, 2015.

Metro Workforce Housing Communities for 2021 QAP



-Job centers are defined by total jobs in 2017.
-Job growth is a measure of change in total jobs between 2012 and 2017.
-To be eligible as a job growth community, a community must have 2,000 or more jobs in 2017.
-Long Commute Communities have 15% or more of the workforce travelling 30+ miles to work.

Long Commute Community (3 Points)

Top 5 Job Center or Growth >=500 Jobs (6 Points)

0 4 8 Miles

MINNESOTA HOUSING

Source: Minnesota Housing analysis of MN Department of Employment and Economic Developments Quarterly Census of Employment and Wages. Date: 12/27/2018

Greater Minnesota Job Centers and Job Growth Communities 2012-2017 (6 Points)

Greater Minnesota Top 10 Job Centers (2017)
Rochester, Olmsted
Duluth, Saint Louis
Saint Cloud, largely Stearns
Mankato, largely Blue Earth
Winona, Winona
Owatonna, Steele
Willmar, Kandiyohi
Moorhead, Clay
Austin, Mower
Alexandria, Douglas

Greater MN Communities With Net Growth of 100 jobs or more, 2012-2017	
Aitkin, Aitkin	Mankato, Blue Earth
Albertville, Wright	Monticello, Wright
Alexandria, Douglas	Moorhead, Clay
Austin, Mower	Mountain Iron, Saint Louis
Baxter, Crow Wing	New Ulm, Brown
Becker, Sherburne	North Branch, Chisago
Bemidji, Beltrami	North Mankato, Nicollet
Big Lake, Sherburne	Northfield, Rice
Brainerd, Crow Wing	Otsego, Wright
Buffalo, Wright	Park Rapids, Hubbard
Cloquet, Carlton	Pipestone, Pipestone
Cold Spring, Stearns	Princeton, Mille Lacs
Delano, Wright	Redwood Falls, Redwood
Detroit Lakes, Becker	Rochester, Olmsted
Dodge Center, Dodge	Saint Cloud, Stearns
Duluth, Saint Louis	Saint Joseph, Stearns
Elk River, Sherburne	Saint Michael, Wright
Faribault, Rice	Saint Peter, Nicollet
Glenwood, Pope	Sartell, Stearns
Hermantown, Saint Louis	Sauk Rapids, Benton
Lake City, Goodhue	Thief River Falls, Pennington
Le Sueur, Le Sueur	Waite Park, Stearns
Litchfield, Meeker	Willmar, Kandiyohi
Long Prairie, Todd	Worthington, Nobles
Luverne, Rock	Wyoming, Chisago

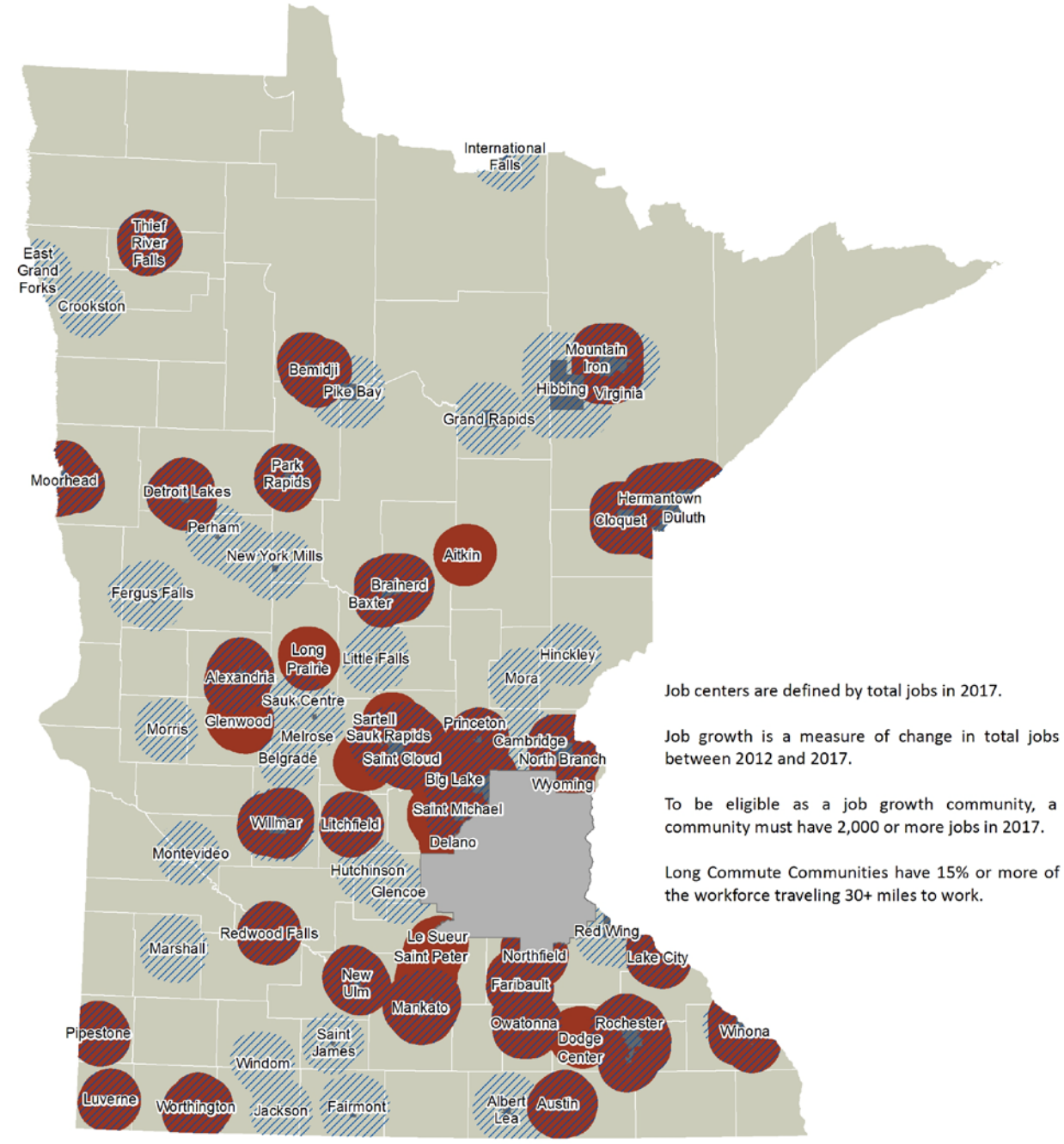
Source: Minnesota Housing analysis of Minnesota Dept. of Employment and Economic Development Quarterly Census of Employment and Wages (2012-2017).

Greater Minnesota Long Commute Communities (3 Points)

Greater Minnesota Metro Long Commute Communities			
Albert Lea	Fergus Falls	Montevideo	Redwood Falls
Alexandria	Glencoe	Moorhead	Rochester
Austin	Goodview	Mora	Saint Cloud
Baxter	Grand Rapids	Morris	Saint James
Belgrade	Hermantown	Mountain Iron	Saint Joseph
Bemidji	Hibbing	New Ulm	Saint Michael
Big Lake	Hinckley	New York Mills	Sauk Centre
Brainerd	Hutchinson	North Branch	Sauk Rapids
Cambridge	International Falls	North Mankato	Thief River Falls
Cloquet	Jackson	Northfield	Virginia
Crookston	Lake City	Owatonna	Wadena
Detroit Lakes	Litchfield	Park Rapids	Waite Park
Duluth	Little Falls	Perham	Willmar
East Grand Forks	Luverne	Pike Bay Twp.	Willmar Twp.
Elk River	Mankato	Pipestone	Windom
Fairmont	Marshall	Princeton	Winona
Faribault	Melrose	Red Wing	Worthington

Source: Minnesota Housing analysis of US Census Longitudinal Employer Household Dynamics Data, 2015.

Greater Minnesota Workforce Housing Communities for 2021 QAP



Job centers are defined by total jobs in 2017.

Job growth is a measure of change in total jobs between 2012 and 2017.

To be eligible as a job growth community, a community must have 2,000 or more jobs in 2017.

Long Commute Communities have 15% or more of the workforce traveling 30+ miles to work.

Long Commute Community (3 Points)

Top 10 Job Center or Growth >=100 Jobs (6 Points)

0 20 40 Miles

MINNESOTA HOUSING

Source: Minnesota Housing analysis of MN Department of Employment and Economic Developments Quarterly Census of Employment and Wages. Date: 12/27/2018

2021 QAP - Continuum of Care (CoC) Priorities

Priority Household Type Options: Single Adults, Families with Children, Youth –Singles, Youth with Children
(Youth are defined as age 24 and younger)

Central	
County	**Household Type**
Benton	Singles
Cass	Singles
Chisago	Families
Crow Wing	Singles
Isanti	Families
Kanabec	Families
Mille Lacs	~~Singles~~Families
Morrison	Singles
Pine	~~Singles~~Families
Sherburne	Singles
Stearns	Singles
Todd	Singles
Wright	Singles
Hennepin County	
Hennepin	Singles
Northeast	
Aitkin	Singles
Carlton	~~Families~~Singles
Cook	Singles
Itasca	Singles
Koochiching	Singles
Lake	Singles
Northwest	
Beltrami	Families
Clearwater	Families
Hubbard	Families
Kittson	Families
Lake of the Woods	Families
Mahnomen	Families
Marshall	Families
Norman	Families
Pennington	Families
Polk	Families
Red Lake	Families
Roseau	Families
Ramsey County	
Ramsey	Families
St Louis County	
St Louis	Singles

Southeast	
County	**Household Type**
Blue Earth	Youth w/children
Brown	Youth w/children
Dodge	~~Families~~Youth w/children
Faribault	Families
Fillmore	Singles
Freeborn	Families
Goodhue	Singles
Houston	~~Families~~Singles
Le Sueur	~~Singles~~Families
Martin	~~Singles~~Families
Mower	~~Families~~Singles
Nicollet	Singles
Olmsted	Singles
Rice	~~Singles~~Families
Sibley	~~Singles~~Families
Steele	~~Singles~~Families
Wabasha	~~Singles~~Families
Waseca	Families
Watonwan	Families
Winona	Singles
Southwest	
Big Stone	Families
Chippewa	Families
Cottonwood	Families
Jackson	~~Families~~Singles
Kandiyohi	~~Families~~Singles
Lac qui Parle	Families
Lincoln	~~Families~~Singles
Lyon	~~Families~~Singles
McLeod	Families
Meeker	Families
Murray	Families
Nobles	Families
Pipestone	Families
Redwood	Families
Renville	~~Families~~Singles
Rock	~~Families~~Singles
Swift	Families
Yellow Medicine	Families

Suburban Metro Area	
County	**Household Type**
Anoka	~~Families~~Singles
Carver	~~Families~~Singles
Dakota	~~Families~~Singles
Scott	~~Families~~Singles
Washington	~~Families~~Singles
West Central	
Becker	Families
Clay	Families
Douglas	Families
Grant	~~Families~~Singles
Otter Tail	~~Families~~Singles
Pope	~~Families~~Singles
Stevens	Families
Traverse	Families
Wadena	Families
Wilkin	Families

These priorities were determined and approved by each COC governing body. The COC is required to invite broad community input, including tribal representatives if the COC region includes tribal land, and must broadly advertise the meeting to vote on the priority. The COC must use the most recent, reliable local data and needs assessment to determine the priority. Recommended methodology is to use the local Point in Time Data (PIT), Housing Inventory Chart (HIC), and coordinated entry waitlist data. Local housing studies may also be used. The Minnesota Interagency Council on Homelessness implementation team verifies that the prioritization process is valid.

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Board Agenda Item: 7.F
Date: 7/25/2019

Item: Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency fixed rate Residential Housing Finance Bonds (RHFB)

Staff Contact(s):
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Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff is preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) 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 2019 Series H will be variable rate bonds, and are authorized pursuant to a separate resolution. The attached resolution, which provides for the issuance of initial series 2019 Series EFG, also provides the authority for the Agency to issue up to $300 million in fixed rate bonds, including both 2019 Series EFG and future fixed rate bonds under the RHFB indenture. This resolution also selects RBC Capital Markets as the senior underwriter for the 2019 Series EFG bonds and provides other parameters for this and future issuances of fixed rate bonds under this resolution. If the Agency moves forward with this RHFB 2019 Series EFGH bond issue, the timing likely would include pricing the bonds in mid-August, and closing mid-September; 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 a profitable spread such that the Agency builds the sustainability of future income. By including a variable rate component in an 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

RESOLUTION NO. MHFA 19-035

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE BONDS, 2019/2020 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, 2020, the first three Series of which may be designated as "Residential Housing Finance Bonds, 2019 Series "E," "Residential Housing Finance Bonds, 2019 Series "F" and "Residential Housing Finance Bonds, 2019 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, [2019] [2020] 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; any Series issued pursuant to this Series Resolution may additionally be designated with "(Mortgage-Backed Securities Pass-Through Program)". 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 together with transferred loans and securities, if any (as hereinafter defined, the "Transferred Program Obligations"), 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 as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution. Interest will accrue on the outstanding principal amount of the Series Bonds in the manner as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution, and be paid on the dates as set forth in that Agency Certificate (the Interest Payment Dates for those Series Bonds). Interest 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.

(i) Mandatory Redemption. Notice of the date or amount of any mandatory redemption of any Series Bond redemption (other than through mandatory sinking fund installments, if any) will be given to any Bondowner as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

If Series Bonds are to be redeemed in part upon any mandatory redemption, each of the Series Bonds then outstanding will be redeemed as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(ii) Optional Redemption. Notice of any optional 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 those Series Bonds, or, if all Outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, the Trustee must give notice to the Bond Depository in accordance with its operational arrangements, in each case not less than 30 days before the optional redemption date. Upon an optional redemption of the Series Bonds, the principal amount 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 this Series Resolution. 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 related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution 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 are to be optionally redeemed, the Series Bonds to be optionally redeemed will be selected (i) as DTC determines under DTC's current operational arrangements, or (ii) if the Series Bonds are held under the name of another Bond Depository, under the operational arrangements of that Bond 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 this Series Resolution.

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:

2019/2020 Series Program Loan: A Transferred Program Loan or a Pooled 2019/2020 Series Program Loan.

2019/2020 Series Program Security: A Program Security financed in whole or in part with amounts on deposit in the 2019/2020 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2019/2020 Series Program Loans less the applicable servicing fee and guaranty fee.

Conventional Mortgage Loan: A 2019/2020 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: If all Program Securities allocable to a Series of Bonds will not be purchased on the date of issuance of that Series of Bonds, 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 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 or UMBS, 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 or UMBS, 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 2019/2020 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 2019/2020 Series Program Loan and constituting a lien on a Home.

Mortgagor: The obligor or joint obligors on a 2019/2020 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

2019/2020 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 2019/2020 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 2019/2020 Series Program Loans to Freddie Mac and the servicing thereof.

Pooled 2019/2020 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 2019/2020 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.

Transferred Program Loans: The Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities, if any.

Transferred Mortgage Loan: The Program Loans allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

Transferred Program Obligations: Collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

Transferred Program Securities: The Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

UMBS: The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

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 2019/2020 Series Program Securities. The Agency will designate in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution whether or not the Series Bonds are intended to be Tax-Exempt Bonds. The sale proceeds of Series Bonds not used to refund certain obligations of the Agency will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Program 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 Program Loans were purchased by the Agency, those provisions will constitute the Series Program Determinations with respect to the Transferred Program Loans, and those Transferred Program 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 Program 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 2019/2020 Series Program Loans.

(E) Acquisition of 2019/2020 Series Program Securities. For any Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, prior to the issuance of those Series Bonds, the Master Servicer must have acquired Program Loans from Lenders and pooled the Program Loans into Series Bond Program Securities as provided in the Master Servicing Agreement. For any Series Bonds not designated as Mortgage-Backed Securities Pass-Through Program, 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 2019/2020 Series Program Securities as provided in the Master Servicing Agreement. In each case, the Trustee will disburse moneys from the 2019/2020 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 approved by an Authorized Officer, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

For any Series Bonds with a Delivery Period, the Agency may at any time transfer any proceeds of a Series of the Series Bonds in a 2019/2020 Series Acquisition Account related to the Series to the 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2019/2020 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2019/2020 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 2019/2020 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2019/2020 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2019/2020 Series Accounts in the Debt

Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2019/2020 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 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 related Series Bonds. Notwithstanding any provision in this Subsection (E) to the contrary, the Trustee must apply amounts in a 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 Series Program Securities.

(1) The 2019/2020 Series Program Securities acquired by the Trustee on behalf of the Agency, and the Transferred Program Securities, if any, 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 (a) for Freddie Mac Securities which are not UMBS, on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day) or (b) for Freddie Mac Securities which are UMBS, on the 25th day of each month (or the next Business Day if the 25th 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 2019/2020 Series Program Securities or the Transferred Program Obligations; 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) and Section 4(C) 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) Program Securities. Prior to each delivery of Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, Transferred Program Securities and/or Series Bond Program Securities in an aggregate principal amount equal to or greater than the aggregate principal amount of those Series Bonds and to constitute the Transferred Program Securities or Series Bond Program Securities, as applicable, for those Series of Bonds must be identified by the Agency in a manner acceptable to the Trustee.

(D) 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.

(E) 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.

(F) 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) 2019/2020 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 2019/2020 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 Program Obligations, other transferred proceeds, 2019/2020 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the 2019/2020 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 Program Obligations, other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the Accounts established pursuant to Section 9(A), as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds and other funds of the Agency related thereto.

Section 10. Tax Covenant and Restrictions. The below covenants relate to all Series Bonds intended to be Tax-Exempt Bonds ("Tax-Exempt Series Bonds"):

(A) General Tax Covenant. The Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on Tax-Exempt Series Bonds will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Tax-Exempt Series Bonds will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Tax-Exempt Series Bond, would have caused the Tax-Exempt Series Bonds to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Tax-Exempt Series Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal

tax law so that the interest on the Tax-Exempt Series Bonds will be excludable from gross income for federal income tax purposes.

(B) Qualified Program Loans. The covenants and restrictions set forth in Section 11 of the Series Resolution will apply to each Program Loan, including Program Loans purchased by the Master Servicer to be pooled in a Program Security from the sale proceeds of any Tax-Exempt Series of Series Bonds. The Agency retains the right to impose covenants with respect to Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(C) Amendments. Any particular covenant or restriction set forth in Sections 10 and 11 of the Series Resolution, other than the covenant in Subsection (A) of this Section 10, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 10 and 11 of the Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 11. Compliance with Applicable Federal Tax Law.

(A) Code Provisions. Unless otherwise determined in the Agency Certificate to be delivered pursuant to Section 8(A) of the Series Resolution, the Agency determines that Section 143 of the Code is applicable to the Tax-Exempt Series Bonds as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

(B) Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of applicable federal tax law as applicable to Tax-Exempt Series Bonds are set forth in Subsections (C) through (L) of this Section 11. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95% or more of the proceeds of the Tax-Exempt Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Program 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 Program Loans

were executed. With respect to the Pooled 2019/2020 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 2019/2020 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 Program Loans and the portions of 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 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 2019/2020 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.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing
Finance Agency this 25th day of July, 2019.

By:_____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 19-035]

EXHIBIT A

[Form of Series Bond]

No. $

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2019] [2020] SERIES [_____]

[(MORTGAGE-BACKED SECURITIES PASS-THROUGH PROGRAM)]

Rate	Maturity Date	Date of Original Issue	CUSIP
		_____, 2019/2020	

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, [2019] [2020] Series [_____][(Mortgage-Backed Securities Pass-Through Program)], 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 July 25, 2019 (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, [2019] [2020] Series [__][_____][(Mortgage-Backed Securities Pass-Through Program)].]

The Series Bonds are issuable in fully registered form. The Series Bonds are issued in denominations of $[____] 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 mandatory redemption on each Interest Payment Date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, in a principal amount equal to all principal repayments, including Prepayments, on the [2019][2020] [__] Program Securities purchased with proceeds of the Series Bonds on deposit in the Revenue Fund received during the immediately preceding calendar month, as further provided in the Series Resolution.]

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 2019/2020 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[s] 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:

_____

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.

NEW ISSUE

RATINGS: Moody's: 2019 Series EFG: "____" 2019 Series H: "_____"
S&P: 2019 Series EFG: "____" 2019 Series H: "_____"
(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, 2019 Series E (AMT)[1]
$_____,000* Residential Housing Finance Bonds, 2019 Series F (Non-AMT)[1]
$____,000* Residential Housing Finance Bonds, 2019 Series G (Taxable)[1]
$_____,000* Residential Housing Finance Bonds, 2019 Series H (Taxable)[2]

Dated Date: Date of Delivery **Due: As shown on inside front cover**

Tax Exemption	Interest on the 2019 Series E Bonds and the 2019 Series F 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 2019 Series G Bonds and the 2019 Series H 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. Owners of the 2019 Series H Bonds will have the option, and may be required, to tender their Series Bonds at par, as described under "The Series Bonds" herein**.**
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by the Agency's pledge of all Bond proceeds, Program Obligations, Investment Obligations, Revenues and other assets held under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. *The Agency has no taxing power. The State is not liable for the payment of the Series Bonds and the Series Bonds are not a debt of the State.* (See "Security for the Bonds" herein.) Liquidity support for the purchase of any 2019 Series H Bonds tendered will, subject to the terms and conditions of that support, initially be provided by _____. See "Liquidity Facility" and "Security for the Bonds" herein.
Interest Payment Dates	January 1 and July 1, commencing January 1, 2020,* and, in respect of a Series Bond to be redeemed or subject to mandatory tender, the redemption date or mandatory tender date.
Denominations	$5,000 or any integral multiple thereof for the 2019 Series E Bonds, the 2019 Series F Bonds and the 2019 Series G Bonds, and $100,000 or any integral multiple of $5,000 in excess thereof for the 2019 Series H Bonds.
Closing/Settlement	_____, 2019* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriters' Counsel	Dorsey & Whitney LLP.
Trustee	Wells Fargo Bank, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. See Appendix F hereto.

The Series Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of 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 __, 2019.

_____ is the initial Remarketing Agent for the 2019 Series H Bonds.

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* Preliminary; subject to change.
[1] Long-term fixed rate.
[2] Long-term variable rate.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES*

2019 Series E Bonds (AMT)

$_____,000* Serial Bonds

Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
	$,000	%			$,000	%	
	,000				,000		
	,000				,000		
	,000						

Price of Serial Bonds — ___%

2019 Series F Bonds (Non-AMT)

$_____,000* Serial Bonds

Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
	$,000	%			$,000	%	
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		

Price of Serial Bonds — ___%

$_____,000* ___% Term Bonds Due 1, 20__* at ___% (CUSIP _____)**

$_____,000* ___% PAC Term Bonds Due 1, 20_* at ___% (CUSIP _____)**

2019 Series G Bonds (Taxable)

$_____,000* Serial Bonds

Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
	$,000	%			$,000	%	
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000				,000		
	,000						

Price of Serial Bonds — ___%

$ _____,000* ___% Term Bonds Due 1, 20_* at ___% (CUSIP _____)**

$_____,000* ___% Term Bonds Due 1, 20_* at ___% (CUSIP _____)**

$_____,000* ___% Term Bonds Due 1, 20_* at ___% (CUSIP _____)**

2019 Series H Bonds (Taxable)

$__,000,000* Variable Rate Demand Term Bonds Due 1, 20_* (CUSIP _____)**
(The initial interest rate on the 2019 Series H Bonds will be set forth in a certificate of the Remarketing Agent delivered to the Trustee at closing.)
Price of 2019 Series H Bonds — 100%

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*Preliminary, subject to change.

**CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

None of Minnesota Housing Finance Agency, _____ (the "Initial Liquidity Provider"), or 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 or the Initial Liquidity Provider since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, its Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
relating to
$150,000,000*
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS,
2019 SERIES E, 2019 SERIES F, 2019 SERIES G AND 2019 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, 2019 Series E (the "2019 Series E Bonds"), 2019 Series F (the "2019 Series F Bonds," collectively with the 2019 Series E Bonds, the "Tax-Exempt Series Bonds"), 2019 Series G (Taxable) (the "2019 Series G Bonds" and, collectively with the 2019 Series E Bonds and the 2019 Series F Bonds, the "2019 Series EFG Bonds"), and 2019 Series H (Taxable) (the "2019 Series H Bonds," collectively with the 2019 Series EFG Bonds, the "Series Bonds," and collectively with the 2019 Series G Bonds, the "Taxable 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 1, 2018, as amended, and on July 25, 2019 with respect to the 2019 Series EFG Bonds (the "2019 Series EFG Resolutions") and a series resolution adopted on July 25, 2019 with respect to the 2019 Series H Bonds (the "2019 Series H Resolution" and, collectively with the 2019 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 $[_____,000] as of July 31, 2019 under the Bond Resolution, and any additional Residential Housing Finance Bonds hereafter issued pursuant to the Bond Resolution, including the Series Bonds (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution).

The Resolutions include definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix D and Appendix K. The summaries and references in this Official Statement to the Act, the Resolutions, the Standby Bond Purchase Agreement and other documents are only outlines of certain provisions and do not summarize or describe all the provisions thereof. All references in this Official Statement to the Act, the Resolutions and the Standby Bond Purchase Agreement are qualified in their entirety by the complete text of the Act, the Resolutions and the Standby Bond Purchase Agreement, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete form thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the state of Minnesota (the "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

* Preliminary; subject to change.

the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Bond Resolution. Please refer to the information in the notes to the financial statements included in Appendix A to this Official Statement at pages 58 and 59 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 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. Program Securities guaranteed by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") may also include Uniform Mortgage-Backed Securities ("UMBS"). (See "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities.") 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 Fannie Mae or Freddie Mac or have certain loan-to-value ratios or other characteristics acceptable to Fannie Mae or Freddie Mac.

The 2019 Series H Bonds will bear interest at a rate determined weekly (the "Weekly Mode"), unless the Agency converts the 2019 Series H Bonds to a different interest-rate-setting mode (a "Mode") as described herein. Except as otherwise provided herein, so long as the 2019 Series H Bonds are in the Weekly Mode, the owners of any 2019 Series H Bonds are entitled to demand purchase of their 2019 Series H Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon satisfaction of the terms and conditions described herein. Owners also will be required to tender their 2019 Series H Bonds for purchase under certain circumstances. _____ will act as the initial remarketing agent for the 2019 Series H Bonds (the "Remarketing Agent"). (See "Description of the Series Bonds – Remarketing of 2019 Series H Bonds.")

The Agency will provide a liquidity facility (the "Liquidity Facility") to be in effect for the period from the date of delivery of the 2019 Series H Bonds until the date, if any, when the Agency has converted all 2019 Series H Bonds from a Weekly Mode to another mode not requiring a Liquidity Facility, subject to terms and conditions described herein. The Initial Liquidity Facility with respect to the 2019 Series H Bonds will be a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement"), between the Agency, the Trustee, the Tender Agent and _____ (the "Initial Liquidity Provider"). The Initial Liquidity Facility has a stated expiration date of _____,* subject to earlier termination or suspension as hereinafter described. The Standby Bond Purchase Agreement will be executed as of the date of delivery of the 2019 Series H Bonds, and will provide for the purchase by the Initial Liquidity Provider on the terms and conditions specified therein of tendered 2019 Series H Bonds that cannot be remarketed. If the Standby Bond Purchase Agreement is to expire or terminate according to its terms (other than as a result of an Immediate Termination Event thereunder) or is to be replaced

* Preliminary; subject to change.

with another Liquidity Facility, the 2019 Series H Bonds are subject to mandatory tender. If an Immediate Termination Event or Immediate Suspension Event (each as defined in the Standby Bond Purchase Agreement) has occurred under the Standby Bond Purchase Agreement, the Initial Liquidity Provider will have no obligation to purchase the 2019 Series H Bonds and the Remarketing Agent will be entitled to suspend its efforts to remarket 2019 Series H Bonds. (See "Description of the Series Bonds—Optional and Mandatory Tender of Certain 2019 Series H Bonds—Agency Not Responsible to Owners for Initial Liquidity Provider's Failure to Purchase 2019 Series H Bonds" herein, and "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement" hereto.)

THIS OFFICIAL STATEMENT PROVIDES INFORMATION TO PROSPECTIVE INVESTORS OF 2019 SERIES H BONDS WHILE THOSE SERIES BONDS ARE IN THE WEEKLY MODE AND WHILE THE INITIAL LIQUIDITY FACILITY REMAINS IN EFFECT. PROSPECTIVE INVESTORS OF 2019 SERIES H BONDS IN THE EVENT OF A MODE CHANGE, IF A CONVERSION DATE HAS OCCURRED OR WHILE AN ALTERNATE LIQUIDITY FACILITY IS IN EFFECT SHOULD NOT RELY ON THIS OFFICIAL STATEMENT. THE AGENCY MUST DELIVER AN UPDATED DISCLOSURE DOCUMENT IN THE EVENT OF A MODE CHANGE OR CONVERSION AND THE RELATED REMARKETING OF 2019 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 2019 Series H Bonds, effective on the anticipated date of delivery of the 2019 Series H Bonds. (See "The Series Bonds — Interest on the 2019 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 to acquire Program Securities backed by qualifying single family first mortgage loans. The Agency does not currently anticipate that future Series of Bonds issued under the Bond Resolution will finance Program Obligations other than Program Securities backed by single family loans or certain home improvement loans. (See "Security for the Bonds" and "Appendix D – Summary of Certain Provisions of the Bond Resolution.")

The Series Bonds are also general obligations of the Agency payable from any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that provide that particular funds must be applied for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund is legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (See "The Agency—Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund.") (For purposes of the Resolutions, the General Reserve is designated as the "General Reserve Account.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency —State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering the programs from those appropriations only to the

extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

The Agency has no taxing power. Neither the State 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 *Julie Blaha — Ex officio*, St. Paul, Minnesota – State Auditor

Joseph Johnson III, Vice Chairman — Term expires January 2021, Duluth, Minnesota – Banker

Craig Klausing, Member – Term expires January 2023, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member – Term expires January 2023, Elk River, Minnesota – Writer and Publisher

Terri Thao, Member — Term expires January 2020, St. Paul, Minnesota – Program Director

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*One position is currently vacant.

Staff

The staff of the Agency presently consists of approximately 250 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:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner must be confirmed by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

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 60 through 63 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.

In Appendix B to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the nine months ended March 31, 2019. The Agency has prepared the information in Appendix B and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B is not accompanied by a statement from the independent auditors.

Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ended 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 C — 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 C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a quarterly disclosure report for each of its single family bond resolutions (including the Bond Resolution) and a semiannual disclosure report for its rental housing bond resolution. Recent reports are available at the Agency's website at http://www.mnhousing.gov/investors, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Bond Resolution but is not pledged to pay the Bonds, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the

unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $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 and 59 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 and for the nine-month period ended March 31, 2019 (unaudited) (in thousands):

	Nine months Ended March 31, 2019 (unaudited)	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues			
Fees earned and other income[1]	$ 8,799	$11,936	$11,077
Interest earned on investments	506	419	254
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]	20,482	24,479	22,482
Total revenues	29,787	36,834	33,813
Expenses			
Salaries and benefits	20,427	33,114	36,311
Other general operating expenses	4,668	6,338	7,690
Total expenses	25,095	39,452	44,001
Revenues over expenses	4,692	(2,618)	(10,188)
Non-operating transfer of assets between funds[4]	(6,350)	5,192	9,624
Change in net position	(1,658)	2,574	(564)
Net position beginning of period	14,619	12,045[5]	14,280
Net position end of period	$12,961	$14,619	$13,716

(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, 2013, 2015, 2017 and 2019, the total appropriations to the Agency aggregated approximately $392 million. For the biennium ending June 30, 2021, the Legislature has appropriated approximately $120.6 million to the Agency, including an increase of approximately 9.5 percent to the Agency's base budget for State appropriations.

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 July 31, 2019 [TABLE TO BE UPDATED]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	12	2049	$ 49,435	$ 46,275
Residential Housing Finance Bonds	46	2049	2,094,140	1,363,070
Homeownership Finance Bonds	57	2049	2,391,645	1,632,493
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	13,480
Totals	116		$4,550,220	$3,055,318

*Does not include series of bonds or the original principal amount of any bonds that had been, as of July 31, 2019, 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 I – 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 and in the unaudited financial statements contained in Appendix B to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily

housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the "Housing Infrastructure Bonds") for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $315,000,000. 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 2019 Series E-F-G-H subaccount in the Acquisition Account. The Agency has requested advances in the aggregate principal amount of $_____. Following the [____] 1, 2019 advance, advances in the aggregate principal amount of $_____ will be 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 $[880] million of Program Securities in the open market as of _____, 2019, $[298] 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

Uses

Deposit to 2019 Series E-F-G-H Acquisition Account.....
Deposit to Costs of Issuance Account.....
Underwriters' Compensation .....
Total Uses of Funds

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 deposited in the 2019 Series E-F-G-H Acquisition Account, together with Agency funds 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 ____ percent* to _____ percent* upon the issuance of the Series Bonds. Any Program Securities purchased from the Agency will be credited to the 2019 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 2019 Series E Bonds, the 2019 Series F Bonds and the 2019 Series G Bonds will be fully registered bonds issued in the denominations of $5,000 or any integral multiple thereof of single maturities. The 2019 Series H Bonds will be fully registered bonds issued in the denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The Series Bonds of each Series will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for each Series of the Series Bonds. Wells Fargo Bank, National Association, Minneapolis, Minnesota, serves as Trustee under the Bond Resolution. Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See "Appendix F — Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer. The Series Bonds mature on the dates and in the amounts set forth on the inside front cover hereof, subject to prior redemption and tender as hereinafter described.

* Preliminary; subject to change.

Interest on the 2019 Series EFG Bonds

Interest on the 2019 Series EFG Bonds will be paid semiannually on January 1 and July 1 of each year, commencing January 1, 2020,* and, in respect of any 2019 Series EFG Bond then to be redeemed, on any redemption date. The 2019 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 2019 Series EFG Bonds. Interest on the 2019 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 2019 Series EFG Bonds).

Interest on the 2019 Series H Bonds

The 2019 Series H Bonds will bear interest from their dated date and will be dated as of the date of their authentication and delivery. The 2019 Series H Bonds will mature, subject to earlier redemption and tender as herein described, on _____ 1, 20__.* The Record Date for 2019 Series H Bonds in the Weekly Mode (described below) is the last Business Day preceding each Interest Payment Date.

Weekly Mode. Interest on the 2019 Series H Bonds in a Weekly Mode will accrue from their date of delivery and will be payable in arrears, on the basis of a 365/366-day year for the number of days actually elapsed. Interest is payable on January 1 and July 1 of each year, commencing January 1, 2020,* and on any redemption date or Conversion Date; for the initial Interest Payment Date, from the date of delivery of the 2019 Series H Bonds, and for subsequent Interest Payment Dates, from the preceding Interest Payment Date (i.e., January 1 or July 1), to, but not including, that Interest Payment Date.

The 2019 Series H Bonds will bear interest from the date of delivery to and including _____, 2019,* at the rate set forth in a certificate delivered by the Remarketing Agent on the date of delivery of the 2019 Series H Bonds. Thereafter, the 2019 Series H Bonds in the Weekly Mode (other than Bank Bonds) will bear interest at the Weekly Rate that will take effect each Thursday (the "Effective Rate Date") following a Rate Determination Date and remain in effect until the day before the next Effective Rate Date. The Weekly Rate will be determined by the Remarketing Agent by 5:00 p.m. New York time on the first Business Day preceding the applicable Effective Rate Date (each a "Rate Determination Date"). In no event will the 2019 Series H Bonds (other than Bank Bonds) bear interest at an annual rate in excess of the lesser of 12 percent or the maximum rate permitted by law (the "Maximum Rate").

The Weekly Rate applicable to the 2019 Series H Bonds will be the rate that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2019 Series H Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. In determining the Weekly Rate for any 2019 Series H Bonds, the Remarketing Agent will take into account to the extent applicable (1) market interest rates for comparable securities held by open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to those 2019 Series H Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as those 2019 Series H Bonds; (2) other financial market rates and indices that may have a bearing on the Weekly Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rate ("LIBOR"), indices maintained by *The Bond Buyer*, and other publicly available interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and those 2019 Series H Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2019 Series H Bonds (other than Bank Bonds) will be conclusive and binding on the Owners of those 2019 Series H Bonds. If the

* Preliminary; subject to change.

Remarketing Agent or the Trustee fails to give any notice required under the 2019 Series H Resolution, or there is any defect in a notice, it will not affect the interest rate on any 2019 Series H Bonds or the rights of the Owners thereof.

If for any reason the position of Remarketing Agent is vacant or a Remarketing Agent fails to establish the interest rate, the 2019 Series H Bonds (other than Bank Bonds) will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) [One-Month LIBOR] or (ii) the Maximum Rate.

Mode Changes. The Agency may elect (1) to change the intervals at which the interest rate is calculated with respect to all or part of the 2019 Series H Bonds (each change is a "Mode Change" with respect to the 2019 Series H Bonds to which that Mode Change applies, and the date on which each Mode Change is effective is a "Mode Change Date"), (2) to change all or part of the 2019 Series H Bonds to become variable rate bonds not required to be covered by a Liquidity Facility (each change an "Unenhanced Variable Rate Change" with respect to the 2019 Series H Bonds to which it applies, and the date of each change an "Unenhanced Variable Rate Change Date"), or (3) to convert all or part of the 2019 Series H Bonds to bear interest at fixed rates to their maturity or to bear interest at an index rate (with respect to the 2019 Series H Bonds to which that conversion applies, a "Conversion," and the date on which that a Conversion is effective a "Conversion Date"). The Agency is to provide notice of a Mode Change, an Unenhanced Variable Rate Change or a Conversion to the Remarketing Agent, the Trustee, the Liquidity Provider, and the Tender Agent not less than 20 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date or Conversion Date. The Trustee is to provide notice of a Mode Change, an Unenhanced Variable Rate Change or a Conversion to DTC not less than 15 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date or Conversion Date. On each Mode Change Date, Unenhanced Variable Rate Change Date or Conversion Date, the 2019 Series H Bonds to which that Mode Change, Unenhanced Variable Rate Change or Conversion applies will be subject to mandatory tender for purchase. **This Official Statement does not describe the 2019 Series H Bonds in any Mode other than a Weekly Mode or while an Alternate Liquidity Facility is in effect**.

For additional information with respect to the 2019 Series H Bonds, see also "Optional Redemption of 2019 Series H Bonds" below, "Appendix K – Certain Definitions With Respect to the 2019 Series H Bonds" and "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement."

Swap Agreement. The Agency expects to enter into an interest rate swap agreement (the "Swap Agreement") with _____ (the "Swap Counterparty") effective on the anticipated date of issuance of the 2019 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 2019 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 semiannually on the basis of a notional principal amount and the relationship between an agreed-upon fixed rate and a variable rate calculated by reference to a percentage of One-Month LIBOR. Payments the Agency makes to the Swap Counterparty, including any applicable termination amount referenced below, will be paid from Revenues on deposit in the Revenue Fund under the Bond Resolution on a basis subordinate to the payment of the interest on and principal of the Bonds and the funding of the Debt Service Reserve Fund and the Insurance Reserve Fund. Payments the Swap Counterparty makes to the Agency under the Swap Agreement (which would result if the variable rate payable by the Swap Counterparty under the Swap Agreement exceeds the fixed interest rate payable by the Agency under the Swap Agreement) are pledged as Revenues under the Resolutions. Unless earlier terminated in whole (in which case a termination amount may be payable by one party to the other party), the Swap Agreement will expire on _____1, 20__.*

* Preliminary; subject to change.

Sinking Fund Redemption

The Agency is required to redeem the 2019 Series F Bonds with a stated maturity of _____ 1, 20_* in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		$,000
	,000		,000
	,000	(maturity)	,000
	,000		

The Agency is required to redeem the 2019 Series F Bonds with a stated maturity of _____ 1, 20_* (the "PAC Bonds") in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		$,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000	(maturity)	,000

The Agency is required to redeem the 2019 Series G Bonds with a stated maturity of _____ 1, 20_* in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		$,000
	,000		,000
	,000		,000
	,000		,000
	,000	(maturity)	,000

* Preliminary; subject to change.

The Agency is required to redeem the 2019 Series G Bonds with a stated maturity of _____ 1, 20_* in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		$,000
	,000		,000
	,000		,000
	,000		,000
	,000	(maturity)	,000

The Agency is required to redeem the 2019 Series G Bonds with a stated maturity of _____ 1, 20_* in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		,000
	,000	(maturity)	,000

The Agency is required to redeem the 2019 Series H Bonds with a stated maturity of _____ 1, 20_* in part on _____ 1, 20__* and on each July 1 and January 1 thereafter to and including _____ 1, 20_,* 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*
	$,000		$,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000		,000
	,000	(maturity)	,000
	,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, (except that any PAC Bonds are to be redeemed at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, plus the unamortized premium thereon as the Agency determines by straight-line amortization of the original issue premium set forth on the inside front cover of this Official Statement between the date of issue and _____ 1, 20_* (as of which date the premium would reduce to $0)) from moneys representing Series Bond proceeds not used to purchase Program Securities and transferred to the Bond Redemption Fund from the 2019 Series E-F-G-H Acquisition Account and any allocable amounts held in the Debt Service Reserve Fund. In the event the Agency determines to redeem any Series Bonds from unexpended proceeds, the Agency will select the Series, maturities and amounts of the Series Bonds to be redeemed and the Trustee will select the Series Bonds at random within each Series and maturity.

If the Agency has not expended all proceeds of the Series Bonds credited to the 2019 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 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 2019 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 _____, 2019.)

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), 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

* Preliminary; subject to change.

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:"

Dates*	Percentages*
, 2019 to	. %
July 1,	.
July 1,	.
July 1,	.
July 1,	.
July 1,	.
July 1,	.
July 1,	.
July 1,	.
, 2029 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, in the event that the Tax-Exempt Receipts available and applied to the redemption of the PAC Bonds were insufficient to redeem the PAC Bonds on a cumulative basis up to the Maximum Cumulative Amounts set forth in the table above, to redeem the PAC Bonds up to those amounts, (b) second 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 (c) 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.

* Preliminary; subject to change.

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:

Redemption Period*	Maximum Cumulative Amounts*†	Redemption Period*	Maximum Cumulative Amounts*†
January 1, 2020	$,000	July 1, 2025	$,000
July 1, 2020	,000	January 1, 2026	,000
January 1, 2021	,000	July 1, 2026	,000
July 1, 2021	,000	January 1, 2027	,000
January 1, 2022	,000	July 1, 2027	,000
July 1, 2022	,000	January 1, 2028	,000
January 1, 2023	,000	July 1, 2028	,000
July 1, 2023	,000	January 1, 2029	,000
January 1, 2024	,000	July 1, 2029	,000
July 1, 2024	,000	January 1, 2030	,000
January 1, 2025	,000	July 1, 2030	,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.

* Preliminary; subject to change.

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 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 2019 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 _____, 2019,* (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	.

* Preliminary; subject to change.

†The weighted average life may be affected if, among other things, the Series Bonds, including the PAC Bonds, are redeemed with Excess Revenues or from unexpended proceeds of the Series Bonds, as described above, or if PAC Bonds are redeemed on a date other than a regularly scheduled interest payment date.

The Agency cannot give any assurance that prepayments of principal of the Series Bond Program Loans will conform to any level of a particular prepayment projection, schedule or model or that prepayments will be available to be applied to redemptions of any of the Series Bonds, including the PAC Bonds. The rates of principal prepayments on mortgage loans are generally influenced by a variety of economic, geographical, social and other factors, including servicing decisions, changing property values, prevailing interest rates and the time within which mortgage loans are originated. In general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, those mortgage loans may be likely to prepay at higher rates than if prevailing interest rates remain at or above the interest rates on those mortgage loans. Conversely, if prevailing interest rates rise above the interest rates on the mortgage loans, the rate of prepayments might be expected to decrease. Foreclosures or repurchases of Series Bond Program Loans will also affect the expected special redemption schedules. The Agency cannot predict the number of Series Bond Program Loans that may become delinquent, repurchased or foreclosed. For these reasons, the Agency cannot offer any assurances as to the rate at which the Series Bond Program Loans will prepay and offers no assurance that the scheduled amounts will, in fact, be available to effect any redemptions described herein.

Optional Redemption of the 2019 Series EFG Bonds

The Agency may redeem 2019 Series EFG Bonds with stated maturities on or after July 1, 2029* 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, 2029* 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 2019 Series EFG Bonds

Except as otherwise provided in the 2019 Series EFG Resolution, any 2019 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 2019 Series EFG Bonds to be redeemed and (b) the maturities and amounts from which 2019 Series EFG Bonds are to be redeemed. If less than all 2019 Series EFG Bonds of a Series and maturity are to be redeemed, the 2019 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 2019 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 2019 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 F — Book-Entry-Only System.”)

Optional Redemption of 2019 Series H Bonds

Optional Redemption. The Agency may redeem 2019 Series H Bonds in the Weekly Mode at its option, in whole or in part on any Business Day (including any optional or mandatory tender date), from any money made available for that purpose, at a Redemption Price equal to 100 percent of the principal amount thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date.

* Preliminary; subject to change.

Notice of Redemption. While 2019 Series H Bonds are in the Weekly Mode, the Trustee must give a copy of the notice of redemption identifying 2019 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 2019 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 the address as the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid. Notwithstanding the foregoing, the Trustee need not give a separate notice of redemption in addition to the notice of tender the Owner or the Trustee, as applicable, must give for 2019 Series H Bonds to be redeemed on an optional or mandatory tender date.

Subject to the terms of the 2019 Series H Resolution, any 2019 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 2019 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. Upon any redemption of 2019 Series H Bonds, the Trustee is to select those to be redeemed by lot or another method of selection as it deems proper in its discretion; provided that the 2019 Series H Bonds that are Bank Bonds must be selected for redemption before other 2019 Series H Bonds.

Optional and Mandatory Tender of 2019 Series H Bonds

Optional Tender. Owners of 2019 Series H Bonds in the Weekly Mode may elect to tender their 2019 Series H Bonds for purchase, by providing notice to the Remarketing Agent and the Tender Agent not later than 5:00 p.m. (New York City time) on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in the notice. Those 2019 Series H Bonds are to be purchased on the purchase date specified in the notice at a price equal to 100 percent of the principal amount thereof plus accrued interest to but not including the purchase date (the "Purchase Price"). The notice of optional tender for purchase of 2019 Series H Bonds by the Owners or beneficial owners thereof will be irrevocable once that notice is given to the Remarketing Agent and the Tender Agent.

Mandatory Tender. The 2019 Series H Bonds or any portion thereof are subject to mandatory tender for purchase (with no right to retain) at the Purchase Price (i) on any Mode Change Date and each Unenhanced Variable Rate Change Date for those 2019 Series H Bonds, (ii) upon scheduled expiration or termination by the Agency of the Initial Liquidity Facility or an Alternate Liquidity Facility (defined below) (a "Liquidity Expiration Event") for those 2019 Series H Bonds, on a date not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) the effective date of an Alternate Liquidity Facility, if a mandatory tender has not already occurred pursuant to the Liquidity Expiration Event, (iv) on any Conversion Date for those 2019 Series H Bonds, and (v) upon receipt of a Notice of Termination Date (as described in any Liquidity Facility) by the Trustee following the occurrence of certain Events of Default under that Liquidity Facility, on a date not less than five days prior to the date on which the Liquidity Facility will terminate (each a "Mandatory Tender Date"). If any of the listed events occur, the Trustee must deliver a notice of mandatory tender to the Owners, at least 15 days prior to the Mandatory Tender Date, stating the reason for the mandatory tender, the date of mandatory tender, and that all Owners of 2019 Series H Bonds subject to that mandatory tender are deemed to have tendered their 2019 Series H Bonds upon that date.

This paragraph is applicable to the 2019 Series H Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2019 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 2019 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 2019 Series H Bonds will be issued in place of those untendered 2019 Series H Bonds pursuant to the 2019 Series H Resolution, and, after the issuance of the replacement 2019 Series H Bonds, the untendered 2019 Series H Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

Remarketing of 2019 Series H Bonds

General. On each date on which 2019 Series H Bonds are required to be purchased, the Remarketing Agent must use its best efforts to sell those 2019 Series H Bonds at a Weekly Rate (or, in the case of purchase upon a Mode Change, an interest rate corresponding to the appropriate mode) that results as nearly as practicable in the price being 100 percent of the principal amount thereof. In the event the Remarketing Agent is unable to remarket the 2019 Series H Bonds so tendered while the Initial Liquidity Facility is in effect, the Initial Liquidity Provider has agreed to purchase those 2019 Series H Bonds in accordance with the Initial Liquidity Facility. The Remarketing Agent is not required to remarket the 2019 Series H Bonds (i) after the occurrence of an Event of Default under the Resolution; (ii) after the occurrence of an Immediate Termination Event under the Initial Liquidity Facility and the Initial Liquidity Provider's termination of its commitment to purchase 2019 Series H Bonds thereunder; (iii) during an Immediate Suspension Event under the Initial Liquidity Facility and the Initial Liquidity Provider's suspension of its commitment to purchase the 2019 Series H Bonds thereunder (unless there is reinstatement of the Initial Liquidity Facility; provided that if no reinstatement occurs within specific time periods, termination will occur without mandatory tender); or (iv) if the Initial Liquidity Provider breaches its obligation to purchase 2019 Series H Bonds tendered and not remarketed. The Agency will enter into a Remarketing Agreement with the Remarketing Agent pursuant to which the Remarketing Agent will undertake the duties of Remarketing Agent in the 2019 Series H Resolution, including remarketing of tendered 2019 Series H Bonds and determination of interest rates. The Remarketing Agreement provides that the Remarketing Agent may suspend its activities under certain circumstances, that the Remarketing Agent may resign its duties by giving 30 days' written notice to the Agency, and that the Agency may remove the Remarketing Agent upon 30 days' written notice.

Remarketing Agent Is Paid by the Agency. The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket the 2019 Series H Bonds that are tendered by the Owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Official Statement. The Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of the Remarketing Agent may differ from those of Owners and potential purchasers of 2019 Series H Bonds.

Remarketing Agent May Purchase Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase those obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2019 Series H Bonds for its own account and, in its sole discretion, may acquire tendered 2019 Series H Bonds in order to achieve a successful remarketing of the 2019 Series H Bonds (i.e., because there otherwise are not enough buyers to purchase the 2019 Series H Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2019 Series H Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2019 Series H Bonds by purchasing and selling 2019 Series H Bonds other than in connection with an optional or mandatory tender and remarketing. Those purchases and sales may be at or below the principal amount thereof. However, the Remarketing Agent is not required to make a market in the 2019 Series H Bonds. The purchase of 2019 Series H Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2019 Series H Bonds in the market than is actually the case. The Remarketing Agent may also sell any 2019 Series H Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2019 Series H Bonds. The practices described above also may result in fewer 2019 Series H Bonds being tendered for purchase pursuant to the 2019 Series H Resolution.

2019 Series H Bonds May Be Offered at Different Prices on Any Date, Including a Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2019 Series H Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. The interest rate will reflect, among other factors, the level of market demand for the 2019 Series H Bonds (including whether the Remarketing Agent is willing to purchase 2019 Series H Bonds for its own account). There may or may not be 2019 Series H Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2019 Series H Bonds

tendered for purchase on that date at the principal amount thereof and the Remarketing Agent may sell 2019 Series H Bonds at varying prices to different investors on that date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2019 Series H Bonds at the remarketing price. In the event the Remarketing Agent owns any 2019 Series H Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer those 2019 Series H Bonds on any date, including the Rate Determination Date, at a discount to the principal amount thereof to some investors.

Ability to Sell the 2019 Series H Bonds Other Than Through Tender Process May Be Limited. The Remarketing Agent may buy and sell 2019 Series H Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender their 2019 Series H Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2019 Series H Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2019 Series H Bonds other than by tendering the 2019 Series H Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2019 Series H Bonds, Without a Successor Being Named. Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee will establish the applicable rate of interest on the 2019 Series H Bonds as described in the 2019 Series H Resolution.

Agency Not Responsible to Owners for Initial Liquidity Provider's Failure To Purchase 2019 Series H Bonds. Under the terms and provisions of the Remarketing Agreement and the Initial Liquidity Facility, the Purchase Price of 2019 Series H Bonds is payable from moneys furnished in connection with the remarketing of the 2019 Series H Bonds or from the Initial Liquidity Facility. Upon the occurrence of certain Immediate Termination Events or Immediate Suspension Events under the Initial Liquidity Facility, the Initial Liquidity Provider's obligation to purchase 2019 Series H Bonds under the Initial Liquidity Facility will immediately terminate or suspend without notice or other action on the part of the Initial Liquidity Provider. (See "Appendix L – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement.") **The Agency is not responsible to Owners if the Initial Liquidity Provider fails to purchase 2019 Series H Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to the 2019 Series H Resolution or upon the occurrence of an Immediate Termination Event or a Suspension Event.**

If a Termination Event or Immediate Suspension Event has occurred resulting in the termination or suspension of the Initial Liquidity Facility or if the Initial Liquidity Provider does not purchase any 2019 Series H Bonds tendered or deemed tendered for purchase by the owners thereof and not remarketed, those Bonds will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the [One-Month LIBOR plus 1.00 percent] or (ii) the Maximum Rate. Owners will not have the right to tender their 2019 Series H Bonds during that period and may be required to hold their 2019 Series H Bonds to maturity or prior redemption.

LIQUIDITY FACILITY

General Provisions

The Agency has agreed in the 2019 Series H Resolution to maintain a Liquidity Facility in effect at all times when any 2019 Series H Bonds are in a Weekly Mode, or other Mode requiring a Liquidity Facility, except as otherwise provided below, in an amount not less than the potential Purchase Price of the outstanding 2019 Series H Bonds in the Weekly Mode or other Mode requiring a Liquidity Facility.

The Agency may elect to replace any Liquidity Facility (including but not limited to the Initial Liquidity Facility) for the 2019 Series H Bonds, with another liquidity facility meeting the requirements of the 2019 Series H Resolution (an "Alternate Liquidity Facility," and, together with the Initial Liquidity Facility, a "Liquidity Facility"). The Agency will notify the Trustee, the Remarketing Agent and the Tender Agent of the Agency's

intention to deliver an Alternate Liquidity Facility at least 45 days prior to that delivery. Upon receipt of that notice, the Trustee will mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of that Alternate Liquidity Facility, to each Owner of the 2019 Series H Bonds at that Owner's registered address not less than 15 days prior to the date the 2019 Series H Bonds are subject to mandatory tender. If the Agency elects to replace the Liquidity Facility, the 2019 Series H Bonds will be subject to mandatory tender not less than five days prior to the termination of the existing Liquidity Facility. This Official Statement does not describe the 2019 Series H Bonds when an Alternate Liquidity Facility in respect thereof is in place.

The Agency may also elect to provide liquidity support for any 2019 Series H Bonds from its own funds or by delivering a liquidity facility that does not meet the requirements of an Alternate Liquidity Facility. If the Agency makes an election, those 2019 Series H Bonds will be subject to mandatory tender prior to the expiration of the Liquidity Facility then in effect.

The Standby Bond Purchase Agreement

The Initial Liquidity Facility will be the Standby Bond Purchase Agreement. Appendix L to this Official Statement summarizes certain provisions of the Standby Bond Purchase Agreement, to which Appendix reference is made for the detailed provisions thereof. Certain information regarding the Initial Liquidity Provider appears in Appendix M to this Official Statement. **The Initial Liquidity Provider has no responsibility for the form and content of this Official Statement, other than solely with respect to the information describing itself set forth in "APPENDIX M – Certain Information Regarding the Initial Liquidity Provider", and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, other than solely with respect to the information describing itself set forth in "APPENDIX M – Certain Information Regarding the Initial Liquidity Provider", or omitted herefrom.**

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 D — Summary of Certain Provisions of the Bond Resolution — Revenue Fund," the Agency may withdraw from the Revenue Fund funds to be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, in each case upon the filing with the Trustee a Cash Flow Certificate and a Parity Certificate.

Program Obligations

General information concerning the Agency's Residential Housing Finance Program and the types of Program Obligations that have been and are expected to be financed with the proceeds of the Series Bonds is provided below under the heading "The Residential Housing Finance Program." The Agency expects that approximately $_____ 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 J to this Official Statement.

Investment Obligations

Bond proceeds and other funds held in the Acquisition Account, the Debt Service Reserve Fund, the Insurance Reserve Fund, the Revenue Fund, the Bond Fund, and the Redemption Fund under the Bond Resolution may be invested in Investment Obligations as defined in the Bond Resolution (see "Appendix D – Summary of Certain Provisions of the Bond Resolution – Certain Defined Terms").

Under the Bond Resolution, the Agency may direct the Trustee to invest funds held thereunder in investment agreements (sometimes referred to as "guaranteed investment contracts"), if that investment agreement does not adversely affect any ratings of the Bonds at the time of execution thereof. As of March 31, 2019, $546,450 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

* Preliminary; subject to change.

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 any of (a) the General Reserve Account of the Agency, (b) the Alternative Loan Fund, or (c) any other lawful source other than funds and accounts pledged pursuant to the Bond Resolution, or the Trustee must withdraw the necessary amount from the following funds in order of priority: (i) the Bond Redemption Fund, but only to the extent that amounts therein are in excess of amounts required for the redemption of Bonds for which the notice of redemption has been given, (ii) the Revenue Fund, (iii) the Debt Service Reserve Fund, and (iv) the Insurance Reserve Fund.

Debt Service Reserve Fund

The Bond Resolution creates and establishes a Debt Service Reserve Fund and provides that the Debt Service Reserve Requirement as of any date will be the sum of amounts established for each Series of Bonds by each Series Resolution. The aggregate Debt Service Reserve Requirement with respect to the Series Bonds is initially equal to $0.* The balance in the Debt Service Reserve Fund on July 31, 2019, 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

* Preliminary; subject to change.

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 J to this Official Statement.

Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds

The Agency has purchased with its own funds Program Securities that are eligible to be financed with Bonds of approximately $__ million in unpaid principal balance of mortgage loans as of _____, 2019, at pass-through interest rates ranging from ___ percent to _____ percent. The Agency expects that all funds credited to the 2019 Series E-F-G-H Acquisition Account will be disbursed by _____, 2019 to purchase, or 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, currently HDS SF Web Application ("HDS"). Upon the Agency's implementation of the

Enterprise Lending Center ("ELC"), estimated to occur in April 2019, new loan commitments will be processed in ELC. Each commitment request is subject to a review of the Agency's eligibility rules that are a part of HDS or ELC, as applicable. 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 HDS or ELC. 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	$100,000	$93,800	$88,600
3 or more Persons	$115,000	$107,800	$101,800

*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 13 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.

Uniform Mortgage-Backed Securities

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security ("UMBS"). The UMBS finance the same types of fixed-rate mortgages that currently back Fannie Mae Securities and Freddie Mac Securities and will continue to be guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Certificates and Freddie Mac will offer investors the opportunity to exchange existing Freddie Mac Securities for "mirror" UMBS backed by the same loans as the existing securities. Proceeds of the Series Bonds will be to be used to purchase Program Securities, which include UMBS. For purposes of this Official Statement, the term "Program Securities" includes UMBS

Program Loans

Under the "whole loan" model utilized by the Agency until 2009, Program Loans were purchased from (1) Lenders including any bank, savings bank, credit union or mortgage company organized under the laws of Minnesota or the United States or nonprofit licensed by the State of Minnesota, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veterans Affairs, or (2) any agency or instrumentality of the United States or the State.

Subject to the right of the Agency to modify the terms of Program Loans (see Appendix D – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms) under applicable Series Resolutions, the Agency must take or require a Servicer to take all measures, actions and proceedings reasonably necessary and deemed by it to be most effective to recover the balance due on a Defaulted Program Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Mortgage, renting or selling the Home, collection of any applicable mortgage insurance or guaranty, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Program Loan. (See "State Laws Affecting Foreclosures" in Appendix E to this Official Statement.)

Acquisition of Program Securities

Under the "MBS" model, the Trustee, on behalf of the Agency, is to purchase mortgage-backed GNMA I and GNMA II-Custom Pool securities, guaranteed as to timely payment of principal of and interest by GNMA, mortgage-backed Fannie Mae Securities, guaranteed as to payment of principal and interest by Fannie Mae, and mortgage-backed Freddie Mac Securities, guaranteed as to payment by Freddie Mac (each a Program Security), each of which is backed by pools of mortgage loans that have been made by Lenders to qualified borrowers to finance the purchase of single family residential housing located in the State, in accordance with the Servicing Agreement, the

Participation Agreements, the Manual and other Program documents. For additional information regarding GNMA, Fannie Mae, Freddie Mac, Program Securities and the Master Servicer, see Appendix J to this Official Statement.

During the Delivery Period, the Master Servicer is to acquire Program Loans from Lenders and pool the Program Loans into Program Securities as provided in the Servicing Agreement. The Trustee is to disburse moneys from the 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 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 D to this Official Statement.

The Agency may participate each Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Program Security secured, but those interests need not be equal as to interest rate.

Qualified Real Property

Program Loans may finance the purchase of residential property in Minnesota on which is located an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.

The Agency has established maximum purchase prices under the Program pursuant to the requirements of applicable federal law. The maximum purchase prices for both one and two-family homes currently are as follows:

If the property to be mortgaged is located in:	
Twin Cities Metropolitan Area	$330,100
Balance of State	$283,300

The Agency may revise the maximum purchase prices from time to time to conform to applicable State and federal law and Agency policy objectives.

Targeted Areas

Pursuant to applicable federal tax law, targeted areas have been established for the Program. Targeted areas consist of certain census tracts in the State in which 70 percent of the families have an annual income of 80 percent or less of the statewide median income or areas determined by the State and approved by the Secretary of the Treasury of the United States and the Secretary of the United States Department of Housing and Urban Development to be areas of chronic economic distress (the "Targeted Areas"). The Agency will make available the required amount of the proceeds of the Series Bonds for the financing of loans for the purchase of residences located in Targeted Areas and will advertise the availability of those funds for loans in Targeted Areas. The Agency is also required to exercise reasonable diligence in seeking to finance residences in Targeted Areas. Absent any determination by the Agency that further availability of the proceeds of the Series Bonds is required by federal law, any moneys remaining unused may be made available to finance the purchase of residences located anywhere within the State, or may be used to redeem Bonds.

Servicing of Program Loans

Under the Program, the Agency has set forth requirements for the servicing and accounting of Program Loans in a Servicing Manual. Servicing may be granted to Lenders that demonstrate adequate technical capability to the Agency's satisfaction. Each Servicer must maintain at all times a fidelity bond and an errors and omissions policy issued by a company having a current rating in Best's Insurance Reports of A/AAA or better. Servicers are required to ensure that mortgagors maintain on each home a hazard insurance policy providing fire and extended coverage equal to or greater than that customary in the geographic area in which the home is located. Servicers are required to advise the Agency if a home is exposed to a risk not otherwise covered by the hazard insurance policy and the Agency may require additional coverage.

The Agency requires its Servicers to supply reports and other data sufficient to reconcile the transactions within its loan portfolio. Servicers remit mortgage collections daily to the Trustee. The Agency may, at any time, terminate a servicing agreement and re-assign servicing. Under the Program, Servicers will receive as compensation a monthly servicing fee not to exceed 0.375 percent/12 of the outstanding principal amount of Program Loans they service.

The Agency has established specific requirements for Servicers regarding the procedures to be followed in cases involving delinquencies. In addition to a monthly report requirement, Servicers are required, by following the Agency's procedures, to bring a delinquency current in the shortest practicable time. Servicers use the following tools in an effort to bring delinquencies current: borrowers may be referred to foreclosure prevention counselors, Servicers may, in some cases, accept partial payments, set up repayment plans with borrowers, enter into forbearance agreements, originate deferred payment second mortgage loans funded with Agency funds, modify the

delinquent loan, approve a short sale and accept a deed-in-lieu of foreclosure. The Agency has significant flexibility under the Bond Resolution to modify the terms of a loan, including interest rate reductions, extension of loan term and principal forgiveness. (See "Security for the Bonds—Modification of Terms of Program Loans" in this Official Statement.)

Servicing of Program Securities

A servicer of mortgage loans backing a Program Security must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Program Securities. For additional information regarding the Master Servicer, see Appendix J to this Official Statement. The Series Resolutions provide that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency must proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Resolutions or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

Applicable Federal Law Mortgage Eligibility Requirements

Applicable federal law imposes significant limitations on the financing of mortgage loans on owner occupied one- to four-family residences with the proceeds of a qualified mortgage bond issue, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

Mortgage Loan Portfolio and Acquired Program Securities

As of March 31, 2019, the Agency had outstanding Program Loans receivable of $411,262,000 gross, which were financed from the proceeds of Bonds. As of March 31, 2019, there were no uncommitted proceeds from previous bond sales under the Bond Resolution available for commitment. Certain information relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds is contained in Appendix H to this Official Statement.

In addition, as of March 31, 2019, 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 Outstanding	Percentage
GNMA II	$390,498,000	46.54%
GNMA I	115,165,000	13.73
FNMA	318,388,000	37.94
FHLMC	15,016,000	1.79
Total	$839,067,000	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 March 31, 2019, the Homeownership Finance Bond Fund had $1,570,026,000 in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of March 31, 2019, the Agency had outstanding home improvement loans receivable of $67,251,000 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 2019 Series E Bonds will be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code and (ii) interest on the 2019 Series F Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code.

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 2019 Series F 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 G.

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 F attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Dorsey & Whitney LLP.

RATINGS

The 2019 Series EFG Bonds are rated "___" by Moody's Investors Service, Inc. ("Moody's"), and "__" by S&P Global Ratings, Inc. ("S&P"), and the 2019 Series H Bonds are rated "____" by Moody's and "____" by S&P. The short-term ratings assigned to the 2019 Series H Bonds are conditioned upon the issuance by the Initial Liquidity Provider of the Standby Bond Purchase Agreement. The ratings reflect only the views of the applicable

rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

UNDERWRITING

RBC Capital Markets, LLC, Piper Jaffray & Co., Wells Fargo Bank, National Association and J.P. Morgan Securities LLC (collectively, the "Underwriters") will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds for the public offering prices stated on the inside front cover of this Official Statement. The Agency will pay the Underwriters a fee of $_____ with respect to their purchase of the Series Bonds. The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than those public offering prices.

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: __, 2019.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2018

APPENDIX B

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY

(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)

AS OF MARCH 31, 2019

AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED)

AS PREPARED BY THE AGENCY'S ACCOUNTING DEPARTMENT

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondowners" or "Owners") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the outstanding principal amounts and types of Program Securities pledged to the payment of Bonds outstanding under the Bond Resolution as the end of that fiscal year of a type substantially similar to that under the heading "The Residential Housing Finance Program—Mortgage Loan Portfolio and Acquired Program Securities" in the Official Statement; information of the type set forth in Appendix H to the Official Statement relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds; information of the type set forth in Appendix I to the Official Statement relating to liquidity facilities for outstanding Bonds; and information 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.

"*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"*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;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or another address or addresses as the MSRB may from time to time specify), the electronic format, accompanied by the identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of that information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ended June 30, 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 D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution. Terms defined herein are identical in all material respects with the definitions in the Bond Resolution or the Series Resolutions.

Certain Defined Terms

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Bond Resolution or (iii) requesting or directing the Trustee or other party to take action pursuant to the Bond Resolution.

Agency Swap Payment: A payment due to a Swap Counterparty from the Agency pursuant to the applicable Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement).

Authorized Officer: The Chairperson, Vice Chairperson, Commissioner or Deputy Commissioner of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bondowner or *Owner*: The registered owner of any outstanding Bond or Bonds which at the time is registered on the registration books maintained by the Trustee.

Cash Flow Certificate: A certificate from an Authorized Officer giving effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established hereunder or under any Series Resolution (excluding the Insurance Reserve Fund and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) shall not be taken into account when preparing such Cash Flow Certificate. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund or, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of such Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, with respect to Outstanding Bonds of such Series.

Code: The Internal Revenue Code of 1986, as amended, and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Counterparty Swap Payment: A payment due to or received by the Agency from a Swap Counterparty pursuant to a Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement) and amounts received by the Agency under any related Swap Counterparty Guarantee.

Debt Service Reserve Requirement: As of any particular date of computation, the sum of amounts established for each Series of Bonds by each Series Resolution.

Defaulted Program Loan: A Program Loan on which payments are 60 days in arrears (but not a Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

Delivery Period: For the Series Bonds, the period of time for the purchase of Program Securities from the Master Servicer; the Delivery Period shall end on _____ 1, 20__ unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond _____ 1, 20__.

Fannie Mae: The Federal National Mortgage Association or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

Federal Mortgage Agency: The Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farmers Home Mortgage Corporation and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

Finance or finance: When used with reference to a Program Obligation, shall be construed to include (i) the making or purchase of such Program Obligation, (ii) the participation by the Agency, either with itself or with others, in the making or purchase thereof, or (iii) the permanent financing of a Program Obligation which has been temporarily financed by the Agency through the issuance of notes or other obligations or otherwise.

Fiscal Year: The period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by Agency Certificate delivered to the Trustee.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

GNMA: The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within HUD, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

Insurance Reserve Requirement: As of any particular date of computation, the sum of amounts, if any, established for each Series of Bonds by the Series Resolution.

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America;

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined

capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such Depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a) or (b) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a) or (b) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Bonds.

Lender: To the extent permitted in the Act, any bank or trust company, savings and loan association, savings bank, credit union, insurance company or other financial intermediary (whether or not organized for profit) approved by the Agency or mortgage banker or mortgage broker authorized to deal in mortgage loans insured or guaranteed by an agency of the United States government. Such Lender shall be authorized to do business in the State, and shall have such qualifications as may be established from time to time by rules and regulations of the Agency. For purposes of the Bond Resolution, Lender shall also be deemed to include any federal or state agency, including the Agency, or any political subdivision of the State or agency thereof.

Parity Certificate: An Agency Certificate, giving effect to the action proposed to be taken in connection with the filing thereof, showing that (A) the sum of (i) the moneys, Investment Obligations and Cash Equivalents then credited to the Acquisition Accounts, the Revenue Fund, the Bond Fund Principal Account, the Bond Fund Interest Account and the Debt Service Reserve Fund, (ii) the unpaid principal amount of all Program Obligations credited to the Acquisition Accounts (other than any Acquisition Account funded with moneys transferred from the Alternative Loan Fund), and (iii) any other moneys, Investment Obligations and Cash Equivalents and the unpaid principal amount of all Program Obligations otherwise specifically pledged to the payment of Outstanding Bonds by a Series Resolution, exceeds (B) an amount equal to 103% of the principal amount of Outstanding Bonds of all Series.

Principal Requirement: As of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due plus the Principal Installment to become due on each Series of Bonds on the next respective Principal Installment Date within the next succeeding six months.

Private Mortgage Insurer: Any private mortgage insurance company approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

Program: The program for the financing of Program Obligations for Housing established by the Agency pursuant to the Act, as the same may be amended from time to time, and the Bond Resolution and for financing Other Obligations.

Program Loan: A loan for Housing secured in such manner as the Agency may specify in the applicable Series Resolution for Program Loans to be made from the proceeds of a Series of Bonds.

Program Obligation: Any Program Loan or Program Security acquired by the Agency by the expenditure of amounts in an Acquisition Account.

Program Security: An obligation representing an undivided interest in a pool of Program Loans, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

Rating: With respect to any Series of Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Bond Resolution, and an action which does not "impair" the Rating with respect to any Series of Bonds shall be an action which will not cause the Rating Agency to lower or withdraw the rating it has assigned to the Series of Bonds.

Rating Agency: Any nationally recognized entity which, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued pursuant to the Bond Resolution.

Revenues: With respect to the Outstanding Bonds, all payments, proceeds, rents, premiums, penalties, charges and other cash income received by the Agency from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) (exclusive, however, of Program Obligations, if any, credited to the Alternative Loan Fund), any Counterparty Swap Payments received from any Swap Counterparty pursuant to a Swap Agreement, any amounts deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution, and all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), but excludes (i) any amount retained by a servicer (including the Agency) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by or in connection with any Program Obligation, (iv) amounts payable with respect to a Program Obligation which represent a return on amounts financed by the Agency or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held hereunder and (v) to the extent such items do not exceed the income derived therefrom, payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Loan.

Series: All Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Bond Resolution.

Series Resolution: A resolution of the Agency authorizing the issuance and delivery of Bonds pursuant to the Bond Resolution.

Swap Agreement: With respect to any Bonds, an interest rate exchange agreement between the Agency and a Swap Counterparty, as amended or supplemented, or other interest rate hedge agreement between the Agency and a Swap Counterparty, as amended or supplemented, for the purpose of converting, in whole or in part, (i) the Agency's fixed interest rate liability on all or a portion of any Bonds to a variable rate liability, (ii) the Agency's variable rate liability on all or a portion of any Bonds to a fixed rate liability or (iii) the Agency's variable rate liability on all or a portion of any Bonds to a different variable rate liability.

Swap Counterparty: Any Person with whom the Agency shall from time to time enter into a Swap Agreement, as specified in a Series Resolution.

Swap Counterparty Guarantee: A guarantee in favor of the Agency given in connection with the execution and delivery of a Swap Agreement, as specified in a Series Resolution.

Series Accounts

Unless otherwise provided in a Series Resolution, the Trustee shall establish within each Fund under the Bond Resolution (other than the Alternative Loan Fund), a separate Series Account for each Series of Bonds. The proceeds of a particular Series of Bonds, other amounts made available by the Agency in the Series Resolution or otherwise relating to a particular Series of Bonds and the Revenues relating to a particular Series of Bonds (including the payments on Program Obligations acquired with the proceeds of a particular Series of Bonds or the payments on any other collateral pledged to a particular Series of Bonds and the earnings on investments of any of said proceeds, funds and amounts) shall be deposited or credited to the separate Series Accounts established for that particular Series of Bonds. Where required to assure compliance with the covenants of the Bond Resolution and any Series Resolution, withdrawals from Series Accounts established in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds. For purposes of investment, the Trustee, may, or shall at the direction of the Agency, consolidate the Series Accounts required to be established in a particular Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds. In addition to the Funds and Accounts established under the Bond Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such accounts and subaccounts as may be requested by the Agency for convenience of administration of the Program and as shall not be inconsistent with the provisions of the Bond Resolution.

Cost of Issuance Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Cost of Issuance Account to be held by the Trustee. Moneys in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment. Any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for such Series of Bonds shall (i) if not proceeds of Bonds, be transferred to the Revenue Fund and (ii) if sale proceeds, investment proceeds or transferred proceeds of Bonds, be transferred to any one or more of the Acquisition Accounts or the Bond Redemption Fund, upon receipt by the Trustee of a Certificate of the Agency stating that such moneys are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Acquisition Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds shall, unless such Bonds are Refunding Bonds for which no such account is necessary, establish a separate Acquisition Account to be held by the Trustee. There shall be deposited from time to time in each Acquisition Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the Bond Resolution or the applicable Series Resolution and (ii) any other amounts determined by the Agency to be deposited therein from time to time.

Except as otherwise permitted or required to be transferred to other Funds and Accounts, amounts in an Acquisition Account shall be expended only to Finance Program Obligations. All Program Obligations Financed by application of amounts in an Acquisition Account shall be credited to such Acquisition Account or, if a Series Resolution so provides, to the Alternative Loan Fund. No Program Loan shall be Financed unless the requirements of the applicable Series Resolution have been met, and no Program Security shall be Financed unless the Program Security is registered in the name of the Trustee or is registered in the name of the Agency and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is Financed hereunder. In addition, no Program Security shall be Financed unless such Program Security represents a pass through or participation interest in a pool of Program Loans and provides for a guaranty of all payments to be made to the Agency thereunder by a Federal Mortgage Agency.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in any Acquisition Account at any time for the purpose of making payments pursuant to the Bond Resolution, but only upon receipt of the following documents prior to any proposed withdrawal:

(1) an Agency Certificate setting forth the amount to be paid, the person persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) an Agency Certificate stating that the amount to be withdrawn from such Acquisition Account pursuant to such requisition is a proper charge thereon and, if such requisition is made to Finance the acquisition of Program Obligations, that (i) the terms of such Program Obligations conform to the description of the Program Obligations to be Financed from such amount as provided to the Trustee pursuant to the terms of the Bond Resolution, and (ii) such Program Obligations otherwise comply with the provisions of the Bond Resolution.

At any time the Agency, by Agency Certificate, may direct the Trustee to transfer amounts in an Acquisition Account into the Bond Fund Principal Account or Bond Fund Interest Account, as appropriate, to pay principal or sinking fund installments of and interest on the related Series of Bonds, or into the appropriate account in the Debt Service Reserve Fund or Insurance Reserve Fund, which Request shall state that such transfer is appropriate to meet the requirements of said Fund.

The interest earned and other income derived from the investment or deposit of each Acquisition Account may be transferred to the appropriate account in the Revenue Fund for the related Series of Bonds by the Trustee upon receipt thereof to the extent that such amounts exceed any losses realized by investment of deposits in such Acquisition Account or may be retained in the Acquisition Account for the Financing of additional Program Obligations, as directed by Agency Certificate.

All amounts deposited into an Acquisition Account shall be disbursed in the manner provided in the Bond Resolution or the Agency may, by Agency Certificate, direct the Trustee to transfer any amounts from the Acquisition Account to the Bond Redemption Fund to be used for the redemption of Bonds of the related Series; provided, however, that (i) the Agency Certificate shall specify the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, the Agency shall file an updated Cash Flow Certificate with the Trustee.

The Agency may establish temporary subaccounts within an Acquisition Account for the collection and custody of fees paid by Lenders or other persons in connection with the reservation of funds in the Acquisition Account for use in Financing Program Obligations to be originated by such Lenders or other persons. To the extent that the Agency's agreements with such Lenders or other persons provide for the refund of any such fees (or portions thereof), amounts may be withdrawn from any such subaccount or the Acquisition Account in accordance with such agreements, and any amounts not required to be so applied may, pursuant to an Agency Certificate, be applied to any other purpose of the Acquisition Account as provided in the Bond Resolution.

Revenue Fund

The Agency shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee. Unless otherwise provided in the Bond Resolution, all such amounts shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or the Series Resolution or other resolution of the Agency.

The Trustee shall withdraw from any money in the Revenue Fund and credit to each of the following Funds and Accounts, or pay to the Person specified, the amount indicated in the following tabulation, at the times indicated in the following tabulation:

(1) on or before the applicable Interest Payment Date, to the Bond Fund Interest Account the amount needed, taking into account any balance then on deposit therein, to increase the balance therein to the Interest Requirement;

(2) on or before the applicable Principal Installment Date, to the Bond Fund Principal Account the amount, needed, taking into account any balance then on deposit therein, to increase the amount therein to the Principal Requirement;

(3) on any date, assuming any prior transfers required pursuant to subsections (1) and (2) above have been made, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount therein to the Debt Service Reserve Requirement;

(4) on any date, assuming any prior transfers required pursuant to subsections (1), (2) and (3) above have been made, to the Insurance Reserve Fund, the amount, if any, needed to increase the amount therein to the Insurance Reserve Requirement;

(5) unless otherwise expressly provided in the Series Resolution in respect of a Series of Bonds to which the Swap Agreement relates in whole or in part, on or before the applicable due dates, assuming any prior transfers required pursuant to subsections (1), (2), (3) and (4) above have been made, to any Swap Counterparty, the Agency Swap Payments due from time to time pursuant to a Swap Agreement; and

(6) to the extent not transferred pursuant to the preceding subsections, the balance shall be held in the Revenue Fund until and unless directed by Agency Certificate to be transferred and utilized as set forth elsewhere in this section.

At such periodic intervals as the Agency, by Agency Certificate, shall direct, the Trustee shall withdraw from the Revenue Fund and transfer to the United States of America such amounts as are necessary to comply with the Code, including particularly the arbitrage rebate requirements of Section 148 thereof.

Amounts credited to the Revenue Fund shall be transferred to the Bond Redemption Fund on or before the designated Redemption Date to be used for the purchase or redemption of Bonds pursuant to the Bond Resolution and the terms of any related Series Resolution upon the filing with the Trustee of (i) an Agency Certificate specifying the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, a Cash Flow Certificate.

Amounts credited to the Revenue Fund may be transferred to an existing Acquisition Account or a new Acquisition Account to be established to be used to acquire Program Obligations upon filing with the Trustee of (i) an Agency Certificate specifying the amount to be so transferred and either specifying the existing Acquisition Account to which the funds are to be deposited or directing the establishment of a new Acquisition Account for the deposit of the funds and providing the information relating to the new Acquisition Account required by the Bond Resolution and (ii) a Cash Flow Certificate.

Amounts credited to the Revenue Fund, as directed by an Agency Certificate, shall be released to the Agency for the payment of Program Expenses or the establishment of reserves therefor in an amount needed or required to pay reasonable and necessary Program Expenses; provided that if the amount to be released exceeds the amount assumed in the most recently filed Cash Flow Certificate, the Agency shall file a new Cash Flow Certificate with the Trustee.

Amounts credited to the Revenue Fund, except Program Expenses, may be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, upon the filing with the Trustee of (i) an Agency Certificate directing the same, (ii) a Cash Flow Certificate and (iii) a Parity Certificate.

Any investment earnings on moneys held in the Revenue Fund shall be retained therein.

Bond Fund Interest Account and Bond Fund Principal Account

The Trustee shall withdraw from the Bond Fund Interest Account, on or immediately prior to each Interest Payment Date of the Bonds, an amount equal to the unpaid interest due on the Bonds on such Interest Payment Date,

and shall cause the same to be applied to the payment of said interest when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

If the withdrawals required with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Fund Principal Account, on or immediately prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, maturing on or before said Principal Installment Date and shall cause the same to be applied to the payment of the principal amount of said Bonds when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

Any amount at any time held in the Bond Fund Interest Account or Bond Fund Principal Account in excess of the Interest Requirement or Principal Requirement may be transferred by the Trustee to the Revenue Fund, if so directed by Agency Certificate, and otherwise shall be retained in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be.

The interest earned or other income derived from the investment of moneys in the Bond Fund Interest Account and Bond Fund Principal Account shall be transferred by the Trustee to the Revenue Fund (unless the Trustee is directed by Agency Certificate to retain such amounts in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be).

Bond Redemption Fund

Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Series Resolutions authorizing the issuance thereof, all amounts deposited in the Bond Redemption Fund shall be applied to the purchase or redemption of Bonds, including payment of any redemption premium, on the applicable Redemption Date; provided, however, that in the event the Agency has issued refunding obligations for the purpose of redeeming Bonds of a Series in accordance with the Bond Resolution, upon receipt of an Agency Certificate directing such transfer and confirmation by the Trustee that provisions have been made for wiring proceeds of such refunding obligations to the Trustee, the Trustee, immediately on the date of such confirmation, shall transfer moneys in the Bond Redemption Fund in an amount equal to the amount of refunding proceeds received by the Trustee to the funds or accounts specified in the refunding resolution as specified in the Agency Certificate. The Redemption Price of Bonds subject to redemption by operation of the Bond Redemption Fund in the Bond Fund shall be the price set forth in the applicable Series Resolution. Upon receipt of an Agency Certificate directing the same, the Trustee shall transfer at the time of purchase or no more than 45 calendar days prior to such redemption to the Bond Redemption Fund in the Bond Fund from the Debt Service Reserve Fund or Insurance Reserve Fund the amount stated in such Request, which amount shall be no greater than the amount by which the Debt Service Reserve Requirement or Insurance Reserve Requirement will decrease due to the purchase or redemption of Bonds. Subject to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds, requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Bond Redemption Fund to the purchase or redemption of Bonds at the times and in the manner provided in the Bond Resolution. Amounts on deposit in the Bond Redemption Fund for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Series Resolution authorizing the issuance of Refunding Bonds shall be segregated and shall be identified as such on the records of the Trustee.

Any earnings derived from the investment of amounts deposited in the Bond Redemption Fund pursuant to the issuance and delivery of Refunding Bonds, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in the Resolution, be deposited in the Bond Redemption Fund. All other interest earned or other income derived from the investment or deposit or moneys in each Bond Redemption Fund in the Bond Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Debt Service Reserve Fund

There shall be deposited in the Debt Service Reserve Fund all amounts required to be deposited therein by the Bond Resolution or any Series Resolution and any other amounts available therefor and determined by the Agency to be deposited therein.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Debt Service Reserve Fund shall be in excess of the Debt Service Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Debt Service Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Debt Service Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Debt Service Reserve Fund shall, to the extent the balance therein is less than the Debt Service Reserve Requirement, be retained in the Debt Service Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

In order better to secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 3 of the Act, the Agency shall cause the Chair annually, on or before December 1 of each year, to make and deliver to the Governor of the State the Chair's certificate stating the sum, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. All money received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 3 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund.

Notwithstanding the provisions of the foregoing paragraph, prior to causing the Chair to execute and deliver the certificate specified therein, the Agency shall first transfer to the Debt Service Reserve Fund from the Alternative Loan Fund such amount as may be available therein to reduce or eliminate, if possible, the deficiency in the Debt Service Reserve Fund.

Insurance Reserve Fund

The Insurance Reserve Requirement, if any, received by the Trustee upon the issuance of a Series of Bonds shall be held in the Insurance Reserve Fund and used for the purpose of paying that portion of the claim for loss with respect to any Program Loan in default, made or purchased from an Acquisition Account, which is not paid by any public or private insuring agency. The Agency shall promptly furnish to the Trustee an Agency Certificate stating the amount of the loss, when determinable, and the Trustee shall forthwith transfer this amount to the extent available from the Insurance Reserve Fund to the Revenue Fund.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Insurance Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Insurance Reserve Fund shall be in excess of the Insurance Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds,

investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Insurance Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Insurance Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Insurance Reserve Fund shall, to the extent the balance therein is less than the Insurance Reserve Requirement, be retained in the Insurance Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Alternative Loan Fund

The Trustee shall maintain the Alternative Loan Fund created within the Bond Resolution and shall deposit therein any amounts authorized by an Agency Certificate to be withdrawn from the Revenue Fund in accordance with the Resolution and any other amounts provided by the Agency for deposit therein. Amounts on deposit in the Alternative Loan Fund shall be free and clear of any lien or pledge created by the Bond Resolution, and free and clear of any restrictions on the investment of funds set forth in the Bond Resolution. Amounts deposited into the Alternative Loan Fund may be used for any lawful purpose for which the Agency may from time to time use funds on deposit in its General Reserve Account and, pending such use, may be invested in any securities or investments permissible generally for the investment of funds of the Agency as specified by Agency Certificate. By Agency Certificate furnished to the Trustee, the Agency may at any time appropriate any funds and investments on deposit in the Alternative Loan Fund to any Account or Fund created pursuant to the Bond Resolution (in which case such funds and investments shall become subject to the lien and pledge thereof) or may direct that such funds and investments be transferred to the Agency's General Reserve Account or to any other fund or account established pursuant to resolution of the Agency.

The Agency, by Agency Certificate, may request the Trustee to establish one or more subaccounts in the Alternative Loan Fund to be restricted to such uses, and used in accordance with such terms, as are specified in the Agency Certificate.

Any earnings derived from the investment of amounts deposited in the Alternative Loan Fund shall be retained therein unless otherwise directed by Agency Certificate.

Investment of Moneys Held by the Trustee

Moneys held by the Trustee for the credit of any Account or Fund established under the Bond Resolution shall be invested by the Trustee as directed by the Agency to the fullest extent practicable and reasonable in Investment Obligations which shall mature or be redeemable at the option of the Owner prior to the respective dates when the moneys held for the credit of such Fund or Account will be required for the purposes intended. Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Agency shall be deemed written confirmation by the Agency that investment transactions identified therein accurately reflect the investment directions given to the Trustee pursuant to the terms of the Bond Resolution, unless the Agency notifies the Trustee in writing to the contrary within 45 days of the date of such settlement.

The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or combination thereof, and the Trustee shall inform the Agency of the detail of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary to provide moneys to meet any payment from a Fund or Account. The Trustee shall not be liable for any depreciation of the value of any investment on the redemption, sale and maturity thereof, and in the absence of any direction from the Agency, the Trustee shall not be required to invest such funds.

The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, any Investment Obligations. The Trustee shall advise the Agency in writing monthly, unless otherwise directed by Agency

Certificate, of all investments held for the credit of each Fund and Account in its custody under the provisions of the Bond Resolution as of the end of the preceding month.

In computing the amount in any Fund or Account, Investment Obligations shall be valued at par or, if purchased at a price other than par, at their Amortized Value, in either event exclusive of accrued interest purchased.

Except as otherwise specifically provided in the Bond Resolution or in a Series Resolution, the income or interest earned, or gain, shall be transferred by the Trustee upon receipt thereof to the appropriate Revenue Account.

The Trustee shall not be liable or responsible for the making of any investment authorized by the Bond Resolution in the manner provided in the Bond Resolution or for any loss resulting from any such investment so made, except for its own negligence.

Program Loans; Modification of Terms

The Agency may consent to the modification of the security for, or any terms or provisions of, one or more Program Loans but only if (1) the Agency reasonably determines that the modification will not be materially adverse to the security or other interests of Owners of Outstanding Bonds, and (2) the modification does not impair any contract of insurance or guaranty of the Program Loan.

Any such modifications shall be reflected in the next Cash Flow Certificate which the Agency is required to prepare and provide to the Trustee pursuant to the provisions of the Bond Resolution; provided, however, that if the cumulative effect of such modifications not reflected in a Cash Flow Certificate previously delivered to the Trustee would reduce estimated Revenues from the Program Loans so modified by more than $500,000 in the current or any future Fiscal Year, then the Agency may not consent to such modifications until it has delivered a Cash Flow Certificate to the Trustee reflecting such modifications.

Sale of Program Obligations

The Agency may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation is related):

(i) in the event that payment under such Program Loan is delinquent more than 90 calendar days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;

(ii) in order to obtain funds to provide for the redemption (whether optional or special, to the extent permitted by the terms of any applicable Series Resolution) or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation as reasonably estimated by the Agency; or

(iii) in the event that a Certificate of the Agency shall be filed with the Trustee, and each Rating Agency, which gives effect to the proposed sale thereof and states that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Agency to pay the Debt Service on the Outstanding Bonds when and as due and payable and reasonable and necessary Program Expenses.

Cash Flow Certificates

The Agency is required to file a Cash Flow Certificate (i) at least once within any 12-month period and (ii) at such other times as may be required pursuant to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds of a Series then Outstanding.

Creation of Liens

The Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Bond Resolution and shall not create or cause to be created any lien or charge on any

pledged Revenues or such moneys, securities, rights or interests: provided, however, that nothing in the Bond Resolution shall prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after any pledge of Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) notes or bonds of the Agency not secured under the Bond Resolution; and provided, further, that, to secure its obligation to make Agency Swap Payments to a Swap Counterparty pursuant to a Swap Agreement, the Agency may grant to the Swap Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondowners) in all or any of the collateral pledged to the payment of the Bonds under the Bond Resolution.

Defeasance of Bonds

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Resolution. All Outstanding Bonds of any Series shall be deemed prior to the maturity or Redemption Date thereof to have been paid within the meaning and with the effect expressed in the Bond Resolution if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds.

Events of Default

Each of the following events shall constitute an event of default under the Bond Resolution: (1) the Agency shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or shall fail to pay the purchase price of any Bond tendered or deemed tendered for purchase on the date established therefor; or (2) the Agency shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable; or (3) the Agency shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Bond Resolution or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than a majority in principal amount of the Bonds Outstanding; or (4) the Agency shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or (5) the State limits or alters the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Bond Resolution, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Acceleration; Annulment of Acceleration

Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, give 30 days' notice in writing to the Agency of its intention to declare all Bonds Outstanding immediately due and payable; provided, however, that the Trustee may not make any such declaration with respect to an Event of Default under item (3) above unless (1) the Trustee has received a written request to do so from 100% of the Owners of all Outstanding Bonds or (2) there are sufficient moneys available in the Funds and Accounts to pay the principal and interest on the Bonds upon such declaration. At the end of such 30-day period the Trustee may, and upon such written request of Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the Agency, declare all Bonds Outstanding immediately due and payable and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution to the contrary notwithstanding. In

such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (1) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal or Redemption Price or purchase price (other than principal then due only because of such declaration) of all Outstanding Bonds; (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (3) all other amounts then payable by the Agency under the Bond Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (4) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

If the Agency shall fail to pay any Principal Installment, the Redemption Price, the purchase price or any installment of interest on any Bond when and as the same shall become due and payable, the Trustee shall, within 30 days, give written notice thereof by first class mail to the Bondowners, shown by the registry of Bondowners required to be maintained at the office of the Trustee.

Additional Remedies and Enforcement of Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to: (1) suit upon all or any part of the Bonds; (2) suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners; (3) suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners; (4) enforcement of any other right of the Bondowners conferred by law or by the Bond Resolution; and (5) in the event that all Bonds are declared due and payable, by selling Program Obligations.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Resolution by any acts which may be unlawful or in violation of the Bond Resolution, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution.

Amendments

Amendments of the Resolutions may be made by a Supplemental Resolution.

Supplemental Resolutions may become effective upon filing with the Trustee if they add limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution or Series Resolution, add covenants and agreements of the Agency in the Bond Resolution or Series Resolution that are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution in effect at the time, add limitations and restrictions to be observed by the Agency, surrender any right, power or privilege reserved to or conferred upon the Agency or are reasonably necessary to preserve the tax exemption of Outstanding Bonds or permit the issuance of additional tax exempt Bonds.

Supplemental Resolutions become effective upon consent of the Trustee for the following purposes:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution or any Series Resolution;

(2) To insert such provisions clarifying matters or questions arising under the Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution theretofore in effect;

(3) To waive any right reserved to the Agency, provided that the loss of such right shall not adversely impair any Revenues available to pay the Outstanding Bonds of any Series; and

(4) To make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

Other Supplemental Resolutions may become effective only with consent (i) of the Bondowners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondowners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given.

However, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price or purchase price thereof or in the rate of interest thereon (except as otherwise provided in a Series Resolution) without the consent of the Bondowners of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Bondowners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Any amendment may be made with unanimous consent of the Bondowners, except that no amendment shall change any of the rights or obligations of any fiduciary without the consent of the Fiduciary.

APPENDIX E

MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES

The following description of certain mortgage insurance programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in regulations of the Federal Housing Administration ("FHA"), Rural Development ("RD") and the Veterans Administration ("VA"), respectively, and of the regulations, master insurance contracts and other information of the various private mortgage insurers. Program Loans purchased by the Agency are not limited by the Resolutions to the foregoing programs and it is possible that insurance benefits under other federal or private programs in which the Agency may participate could be more or less favorable.

While all Program Loans are subject to the applicable mortgage insurance programs, Program Loans that back Program Securities are further guaranteed by GNMA, Fannie Mae or Freddie Mac as further described in Appendix J to this Official Statement.

Federal Housing Administration Single-Family Mortgage Insurance Programs

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the mortgaged premises contain five or more dwelling units or less than five units.

The regulations governing all of the FHA programs under which the mortgage loans may be insured provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to the Department of Housing and Urban Development ("HUD").

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash, unless the mortgage holder specifically requests payment in debentures issued by HUD. Under others, HUD has the option, at its discretion, to pay insurance claims in cash or in those debentures. The current HUD policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash, with respect to all programs covering those units as to which it has discretion to determine the form of insurance payment.

HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher. The HUD debenture interest rates applicable to the FHA insured mortgages that the Agency has acquired or committed to acquire are in most cases lower than the interest rates of those mortgages.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of institution of foreclosure proceedings or acquisition of the property. The mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under those circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed 2/3 of the mortgagee's foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default, to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property to be conveyed to HUD has been damaged by fire, earthquake, flood or tornado, or, if the property has suffered damage because of failure of the mortgage holder to take action to inspect and preserve the property, it is generally required, as a condition to payment of an insurance claim, that the property be repaired by

the mortgage holder prior to the conveyance or assignment. For mortgages insured on or after April 19, 1992, if the property has been damaged during the mortgage holder's possession by events other than fire, flood, earthquake or tornado notwithstanding reasonable action by the mortgage holder, HUD may require the mortgage holder to repair the property prior to conveyance to HUD as a condition to payment of an insurance claim.

Veterans Administration Guaranty Program

The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or, in certain instances, his or her spouse) to obtain a mortgage loan guaranteed by the VA covering mortgage financing of the purchase of a one to four family dwelling unit at interest rates agreed upon by the purchaser and the mortgagee, as the VA may elect. The program has no mortgage loan limits (other than that the amount may not exceed the property's reasonable value as determined by the VA), requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms of up to 30 years. The guaranty provisions for mortgage loans are as follows: (a) for home and condominium loans of $45,000 or less, 50 percent of the loan is guaranteed (for loans with an original principal balance of $45,000 and not more than $56,250, the guaranty will not exceed $22,500); (b) for home and condominium loans of more than $56,250 but less than or equal to $144,000, 40 percent of the loan is guaranteed subject to a maximum guaranty of $36,000; (c) for home and condominium loans of more than $144,000, 25 percent of the principal amount of the loan is guaranteed subject to a maximum guarantee amount hereinafter described; and (d) for loans for manufactured homes, 40 percent of the loan is guaranteed (with a maximum guaranty of $20,000). The maximum guaranty amount for loans greater than $144,000 is generally 25 percent of the Freddie Mac conforming loan limit (currently $417,000); however, pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the maximum guaranty amount for loans originated in 2009 through 2011 is 25 percent of the greater of (i) the Freddie Mac conforming loan limit or (ii) 125 percent of the area median price for a single family residence in the county in which the property securing the loan is located. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of mortgaged premises is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

Rural Development (RD) Insured Program

Loans insured by RD may be made to purchase new or existing homes in designated rural areas. Eligible rural areas have a population not in excess of 10,000 persons or if located outside a Metropolitan Statistical Area, not in excess of 25,000. Loans may be made up to 100 percent of the market value of the property or 100 percent of the acquisition cost, whichever is less. The maximum loan amount is the applicable FHA maximum loan amount. The interest rate of these 30 year mortgages may not exceed the higher of the current VA rate or the Fannie Mae required net yield for 90 day commitments on a 30 year fixed rate mortgage with actual/actual remittance plus 60 basis points. RD covers all losses on foreclosed loans up to 35 percent of the original principal. Any loss in excess of this amount carries an 85 percent guarantee. It is the present administrative policy of the Agency to tender a claim to RD by the earlier of (a) six months after the date of acquisition of the property through foreclosure or (b) 30 days after the sale of the property. The Agency retains title to the property and may apply the insurance proceeds and any sale proceeds to the outstanding debt.

Private Mortgage Insurance Programs

Under outstanding Series Resolutions, all Program Loans insured by a private mortgage insurance company are to be in any amount not exceeding the Market Value of the Home, provided that the Agency is issued a mortgage insurance policy under which the minimum insured percentage of any claim filed is at least equal to that percentage of the Market Value or sale price of the Home, whichever is less, by which the original principal amount of the mortgage exceeds 80 percent of that Market Value. Each private mortgage insurer insuring those Program Loans must be a company (a) that is licensed to do business in Minnesota; (b) that has ratings not less than "A2" from Moody's Investors Service, Inc., and "AA" from S&P Global Ratings, Inc., or that is approved to insure mortgages purchased by Fannie Mae and Freddie Mac, or any other agency or instrumentality of the United States to which the powers of either of them have been transferred or which has similar powers to purchase Program Loans; and (c) that,

by insuring Program Loans financed by the Agency, does not cause the Rating on the Bonds to be adversely affected. Both Fannie Mae and Freddie Mac require approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by them.

Among the considerations taken into account by Fannie Mae in determining whether to approve a private mortgage insurer currently are the following: (a) experienced mortgage insurers are expected to have policyholders' surplus of not less than $5 million; (b) it is preferred that an insurer's principal insurance activity relate to loss resulting from nonpayment of mortgages and deeds of trust on residential structures, with total liability not in excess of 25 times its policyholders' surplus; (c) a private mortgage insurer must demonstrate that it possesses the technical expertise necessary to properly evaluate property and credit; and (d) an insurer must expressly consent to and comply with Fannie Mae's requirements for audit and reports concerning changes in personnel, financial structure, qualifications, and rates.

Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that (a) not more than 10 percent of an insurer's mortgage insurance risk may be represented by mortgage insurance covering property other than real property improved by a building or buildings designed for occupancy by one to four families; (b) an insurer shall not insure mortgages secured by properties in a single housing tract or contiguous tracts where the insurance risk applicable thereto is in excess of 10 percent of its policyholders' surplus (net of reinsurance); (c) no insurer shall have more than 20 percent of its total insurance in force in any one Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 60 percent of its total insurance in force; and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted under state law.

Freddie Mac also requires the private mortgage insurer to meet the following financial requirements: (a) policyholders' surplus must be maintained at not less than $5 million; (b) an insurer shall maintain an unearned premium reserve computed on a monthly pro rata basis; if a greater unearned premium reserve is required by the state where the insurer is licensed, then that greater requirement shall be met; (c) an insurer shall establish and maintain a contingency reserve in an amount equal to 50 percent of earned premiums; (d) an insurer shall maintain a loss reserve for claims incurred but not reported, including estimated losses on insured mortgages that have resulted in the conveyance of property that remains unsold, mortgages in the process of foreclosure or mortgages in default for four or more months; (e) an insurer shall maintain no less than 85 percent of its total admitted assets in the form of marketable securities or other highly liquid investments that qualify as insurance company investments under the laws and regulations of the state of its domicile and the standards of the National Association of Insurance Commissioners; and (f) an insurer shall not at any time have total insurance risk outstanding in excess of 25 times its policyholders' surplus. Approved private mortgage insurers must file quarterly and annual reports with the Freddie Mac.

It has been the administrative policy of the Agency to require that any private mortgage insurance policy with respect to a Program Loan to be purchased with the proceeds of Bonds contain provisions substantially as follows: (a) the private mortgage insurer must pay a claim, including unpaid principal, accrued interest and certain expenses, within sixty days of presentation of the claim by the mortgage lender; (b) for a mortgage lender to present a claim, the mortgage lender must have acquired, and tendered to the insurer, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor; (c) when a claim is presented, the insurer will have the option of paying the claim in full, taking title to the property and arranging for its sale, or of paying the insured percentage of the claim (the Agency's exposure is to be limited to 70 percent or 75 percent, depending on the initial loan-to-value ratio of the mortgage loan) and allowing the insured lender to retain title to the property.

The private mortgage insurance companies providing mortgage insurance on outstanding Program Loans under the Bond Resolution are identified in Appendix H to this Official Statement. There is no assurance that any private mortgage insurance company will be able or willing to honor its obligations under the mortgage insurance policy as provided therein. In particular, certain private mortgage insurance companies have recently experienced substantial financial difficulties and ratings downgrades, and some are in receivership and are paying claims at the rate of 50 cents on the dollar. No representation is made as to the creditworthiness of any private mortgage insurance company.

State Laws Affecting Foreclosures

Mortgage foreclosures in Minnesota are governed by statute and permit two alternative methods, "by action" or "by advertisement." The latter is normally utilized since it is slightly faster, less expensive, and does not have the same tendency to invite contest as does foreclosure by action. The process is normally initiated by the publication, recordation and service of a notice of foreclosure. This notice must include all relevant information on the mortgage loan and the secured premises as well as a statement of the time and place of sale and the time allowed by law for redemption by the mortgagor. This notice must then be published in a legal newspaper each week for six consecutive weeks. Service of the notice on the mortgagor and any other affected party must be completed at least four weeks prior to the designated date of the foreclosure sale. Compliance with the above publication and service of notice requirements within the prescribed time limitations is essential to the validity of the mortgage foreclosure sale.

Prior to the foreclosure sale, the mortgagor has the right to reinstate the mortgage and prevent foreclosure by curing all defaults on a current basis and by paying attorneys' fees and out-of-pocket disbursements to the extent permitted by statute. If the mortgage is not reinstated, the foreclosure sale is held in the sheriff's office in the county in which the real estate being foreclosed is located. Although anyone can bid at a foreclosure sale, the normal result of the foreclosure sale is that the lien holder bids in the debt without competing bidders (and under the Bond Resolution, the Agency is required to do so), and purchases the mortgaged property from the defaulting borrower through the sheriff, subject to the rights of the borrower and subsequent creditors to redeem.

The holding of the foreclosure sale starts the period of redemption. The period of redemption will normally be six months but can be as long as twelve months. During the period of redemption the mortgagor normally retains the right to remain in possession of the mortgaged property without making mortgage payments or paying real estate taxes. During the period of redemption, the mortgagor has the right to pay off the entire indebtedness, including full principal, accrued interest, any amounts reasonably paid by the mortgagee to preserve the security, and attorneys' fees and disbursements to the extent allowed by statute.

After the period of redemption expires, the mortgagee is entitled to possession of the premises, but may have to bring an unlawful detainer proceeding to enforce its possessory rights, and a proceeding subsequent in the case of Torrens property to perfect its title to the mortgaged property.

It is not unusual, therefore, for a mortgagee to be delayed 10 months or more from the date of initiation of the mortgage foreclosure proceeding until it realizes its possessory rights.

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for each Series of the Series Bonds. The ownership of one fully registered Series Bond of each Series for each maturity in the aggregate principal amount of that maturity, will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds of a Series, references herein to the Bondowners, Owners or registered owners of those Series Bonds means Cede & Co. or any other nominee and not the Beneficial Owners(as hereinafter defined) of those Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Beneficial Owner (as defined in Appendix C) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for the Series Bonds of the Series is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or any other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or that other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts those Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

Redemption notices will be sent to DTC. If less than all of the Series Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the Series and maturity to be redeemed.

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

Payment of the principal, redemption price and purchase price of, and interest on, the Series Bonds will be made to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of that Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, purchase price and interest to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of those payments to Direct Participants will be the responsibility of DTC, and disbursement of those payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Under the Series Resolutions, payments made by or on behalf of the Agency to DTC or its nominee shall satisfy the Agency's obligations to the extent of the payments so made.

A Beneficial Owner must give notice to elect to have its Series Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and must effect delivery of such Series Bonds by causing the Direct Participant to transfer the Participant's interest in the Series Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Tender Agent's DTC account.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the Underwriters nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal, redemption price or purchase price of, or interest on, the Series Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Owners of Series Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (5) any consent given or other action taken by DTC as a Bondowner.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to all or any Series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, that Series of the Series Bonds are required to be delivered as described in the Series Resolutions. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, shall become the Bondowner.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for all or any Series of the Series Bonds. In that event, the Series Bonds of that Series are to be delivered as described in the Series Resolutions.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

[to be dated the date of issuance of the Series Bonds]

_____, 2019

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2019 Series E
2019 Series F
2019 Series G (Taxable)
2019 Series H (Taxable)

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, 2019 Series E, in the aggregate principal amount of $_____ (the "2019 Series E Bonds"), its Residential Housing Finance Bonds, 2019 Series F, in the aggregate principal amount of $_____ (the "2019 Series F Bonds"), its Residential Housing Finance Bonds, 2019 Series G (Taxable), in the aggregate principal amount of $_____ (the "2019 Series G Bonds" and, together with the 2019 Series E Bonds and the 2019 Series F Bonds, the "2019 Series Fixed Rate Bonds"), and its Residential Housing Finance Bonds, 2019 Series H (Taxable), in the aggregate principal amount of $_____ (the "2019 Series H Bonds" and, together with the 2019 Series Fixed Rate Bonds, the "2019 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 2019 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 2019 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2019 Series H Bonds are subject to optional and mandatory tender, all as provided in the Series Resolutions referenced below.

As bond counsel, we have examined certificates as to facts, estimates and circumstances and certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Amended and Restated Bond Resolution adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and Series Resolutions relating to the 2019 Series Fixed Rate Bonds adopted November 1, 2018, as amended, and July 25, 2019, and a Series Resolution relating to the 2019 Series H Bonds adopted July 25, 2019 (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 2019 Series E Bonds and the 2019 Series F Bonds (together, the "2019 Series Tax-Exempt Bonds") in order that interest on the 2019 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 2019 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 2019 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 2019 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 2019 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 2019 Series G Bonds and the 2019 Series H Bonds (the "2019 Series Taxable 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 2019 Series Taxable Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Interest on the 2019 Series E Bonds will be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals. Interest on the 2019 Series F 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. Interest on the 2019 Series F 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 2019 Series Bonds. All owners of 2019 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 2019 Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2019 Series Bonds and the Bond Resolution and Series Resolutions is subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

APPENDIX H

CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO

Mortgage Insurance for RHFB Whole Loan Mortgage Portfolio as of March 31, 2019

RHFB Whole Loan Mortgage Portfolio

Delinquency and Foreclosure Statistics as of March 31, 2019

APPENDIX I

CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR BONDS OUTSTANDING

as of March 31, 2019

(unaudited)

Liquidity Provider	Related Bond Series	Bonds Outstanding	Expiration Date
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	40,000,000	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	40,000,000	7/19/2024
		$90,000,000	

APPENDIX J

CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov.

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of $25,000 and multiples of $1 in excess of $25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and the Central Paying and Transfer Agent is required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less the Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives those installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for the commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (the origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the

Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as that ability may be affected by the Master Servicer's bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all the requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

GNMA Security

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States, states that guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

Government National Mortgage Association Borrowing Authority

In order to meet its obligations under the guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make the payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of each GNMA Security outstanding on the last day of the month preceding the calculation. Each GNMA Security carries an interest rate that is fixed below the lowest interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before the payments are forwarded to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of money for payments on the GNMA Securities. If those payments are less than the amount then due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. The Government National Mortgage Association guarantees

the timely payment in the event of the failure of the Master Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors).

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue the payments as scheduled on the third business day after the twentieth day of each month. However, if the payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on that GNMA Security (the "GNMA Guaranty Agreement"), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the mortgage loans, and the mortgage loans will thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In that event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs a letter of extinguishment to the Master Servicer, the Government National Mortgage Association will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Master Servicer's indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no agreement is to detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the twentieth day (in the case of a GNMA II-Custom Pool Security) (or in each case if that day is not a business day then the next business day), of the first month following the date of issuance of the GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

FANNIE MAE MORTGAGE-BACKED SECURITIES

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752-7115. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Fannie Mae

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

The terms of the MBS Program are governed by the Fannie Mae 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

Fannie Mae Securities are mortgage-backed pass-through securities issued and guaranteed by Fannie Mae under its MBS Program. As of June 3, 2019, each Fannie Mae Security will be a Uniform Mortgage-Backed Security ("UMBS") (see "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities"). Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Security be in a minimum amount of $250,000 (or, in each case, the lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer's servicing fee and Fannie Mae's guaranty fee.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by the Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not that principal balance is actually received. **The obligations of Fannie Mae under these guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy these obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Bonds would be affected by delinquent payments and defaults on those mortgage loans**.

Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month the Fannie Mae Security is issued), or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying the Fannie Mae Security during the period beginning on the second day of the month prior to the month of the distribution and ending on the first day of the month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of the distribution (including as prepaid for this purpose at Fannie Mae's election any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase that mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of that mortgage loan has been received, whether or not that full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

FREDDIE MAC MORTGAGE-BACKED SECURITIES

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at http://www.sec.gov. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Freddie Mac

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by those mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and

Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Securities

Freddie Mac Securities will be mortgage-backed pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. As of June 3, 2019, each Freddie Mac Security will be a Uniform Mortgage-Backed Security ("UMBS") (see "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities"). 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 that are not UMBS begin on or about the 15th day of the first month following issuance. Payments on Freddie Mac Securities that are UMBS begin on the 25th day of the first month following issuance, or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. 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 March 31, 2019, the Master Servicer serviced 1,463,327 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately $228.3 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 March 31, 2019, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately $475.8 billion and a net worth of $52.1 billion. For the three months ended March 31, 2019, 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 $3.1 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing. (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of Outstanding Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

APPENDIX K

CERTAIN DEFINITIONS WITH RESPECT TO THE 2019 SERIES H BONDS

"*Alternate Liquidity Facility*" means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change to a Mode Period or in substitution for an existing Liquidity Facility pursuant to the terms of the 2019 Series H Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Bank*" means (i) with respect to the Initial Liquidity Facility for the 2019 Series H Bonds, _____, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self-Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means 2019 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 2019 Series H Bonds.

"*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.

"*Conversion Date*" means the Business Day on which the interest rate on any of the 2019 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 2019 Series H Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to the 2019 Series H Resolution.

["*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 the 2019 Series H Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of the 2019 Series H Resolution, including the Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Maximum Rate*" means (i) with respect to the 2019 Series H Bonds (other than Bank Bonds) [12] percent per annum, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (a) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2019 Series H Bonds by each Rating Agency; and (b) a certified copy of a resolution adopted by the Agency approving that increase in the Maximum Rate; and (ii) with respect to Bank Bonds, the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event may the Maximum Rate, as described in (i) above, exceed the

lesser of (a) [12] percent or a higher rate as approved by the Agency's governing body or specified for the Bank Bonds, or (b) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the 2019 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 2019 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 2019 Series H Bonds.

"*Non-Conforming Liquidity Facility*" means a liquidity facility delivered by the Agency pursuant to the 2019 Series H Resolution that does not meet the requirements for an Alternate Liquidity Facility.

"*One-Month LIBOR*" means _____.

"*Purchase Date*" means any date that 2019 Series H Bonds are to be purchased pursuant to the 2019 Series H Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2019 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.

"*Record Date*" means, with respect to Variable Rate Bonds, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the 15th day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and _____, with respect to the 2019 Series H Bonds, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of those 2019 Series H Bonds.

"*Self-Liquidity*" means a liquidity facility provided by the Agency's own funds pursuant to the 2019 Series H Resolution, other than a Non-Conforming Liquidity Facility.

"*Tender Agent*" means the Trustee appointed pursuant to the Bond Resolution.

"*Variable Rate Bonds*" means 2019 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 2019 Series H Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

APPENDIX L

SUMMARY OF CERTAIN PROVISIONS OF AND RELATING TO THE STANDBY BOND PURCHASE AGREEMENT

[TO COME FROM LIQUIDITY PROVIDER]

APPENDIX M

CERTAIN INFORMATION RELATING TO THE LIQUIDITY PROVIDER

Information Concerning [LIQUIDITY PROVIDER]

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MINNESOTA HOUSING

Board Agenda Item: 7.G
Date: 7/25/2019

Item: Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency variable rate Residential Housing Finance Bonds (RHFB), 2019 Series H

Staff Contact(s):
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Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff is preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) 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 2019 Series H as well as potential future variable rate issuances for the remainder of the year provides the authority for the Agency to issue up to $100 million in variable rate bonds, expected to be structured as Variable Rate Demand Obligations (VRDOs). To provide the necessary support for VRDOs, the resolution also provides for the selection of US Bank as the liquidity provider on the 2019 Series H bonds, as well as appoints US Bank as the ongoing remarketing agent for the VRDOs. (US Bank would similarly act as liquidity provider and remarketing agent for any additional VRDOs issued under the RHFB indenture pursuant to this resolution for the remainder of 2019.) This resolution also includes appointing RBC Capital Markets as the senior underwriter for the 2019 Series H bonds. In addition, this resolution authorizes the Agency to enter into an interest rate swap agreement with Bank of New York Mellon to convert the variable rate interest payments on 2019 Series H into a payment obligation that is largely fixed. If the Agency moves forward with this RHFB 2019 Series EFGH bond issue, the timing would likely include pricing the bonds in mid-August, and closing in mid-September; 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 a profitable 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 (provided at a later date)
- Preliminary Official Statement (provided with Board agenda item 7.F)

RESOLUTION NO. MHFA 19-036

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2019 SERIES

Adopted July 25, 2019

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EXHIBIT A — FORM OF 2019 SERIES BONDS

RESOLUTION NO. MHFA 19-036

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2019 SERIES

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 "2019 Variable Rate 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 series of which may be designated as "Residential Housing Finance Bonds, 2019 Series H (Taxable)," in the aggregate principal amount to be determined pursuant to Section 2.04 of this 2019 Variable Rate Series Resolution, with additional Series of Bonds to be designated as "Residential Housing Finance Bonds, 2019 Series _____ [Taxable]," with the 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 maximum aggregate principal amount of all Series of Bonds issued pursuant to this Series Resolution shall not exceed $100,000,000; the number of Series of the 2019 Series Bonds and their corresponding principal amounts shall be as determined by an Authorized Officer pursuant to Section 2.04(i) of this 2019 Variable Rate Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution. All such Series of Bonds issued pursuant to this 2019 Variable Rate Series Resolution are the "2019 Series Bonds." The Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution will set forth all appropriate revisions to the defined terms in this 2019 Variable Rate Series 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 2019 Series Bonds.

2.01. Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds, including the 2019 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, Sections 8 and 9 of this 2019 Variable Rate Series Resolution and Section 10 and 11 of the 2019/2020 Fixed Rate Series Resolution and the Series Program Determinations made for the 2019 Series Bonds in Section 5 of this 2019 Variable Rate Series Resolution and Section 7 of the 2019/2020 Fixed Rate Series Resolution. With respect to the 2019 Series Bonds, this funding will be provided by either or both of:

(i) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2019 Series Bonds in the respective amounts to be determined by an Authorized Officer pursuant to Section 2.04(i) of the 2019 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of the 2019 Variable Rate Series 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 2019 Variable Rate Series Resolution to be expended for the Program; and

(ii) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2019 Series Bonds in the respective amounts determined by an Authorized Officer pursuant to Section 2.04(i) of the 2019 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution, to the refunding, on the date or dates to be determined by the Agency, of the related Refunded Bonds, and the deposit of certain transferred assets, together with transferred loans and securities (as hereinafter defined, the "Transferred Program Obligations"), and certain "transferred," "replacement" and sale proceeds that will become allocated to the 2019 Series Bonds upon the refunding of the related Refunded Bonds, together with certain contributed funds of the Agency, into the Funds and Accounts set forth in Section 7.02 of this 2019 Variable Rate Series 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 Tax-Exempt Series 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 2019 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.

2.04. Approval of Contract of Purchase. The Agency will negotiate for the sale of each Series of the 2019 Series Bonds to the Underwriters.

Any Authorized Officer is hereby authorized to approve the final terms of the 2019 Series Bonds, subject to the following parameters:

(i) the principal amount of each Series of the 2019 Series Bonds; provided that the principal amount of all Series of the 2019 Series Bonds is not in excess of $100,000,000;

(ii) the maturity schedule of each Series of the 2019 Series Bonds (including any mandatory sinking fund schedule); provided that each Series of the 2019 Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof; and

(iii) the fee or other compensation payable to the Underwriters of the 2019 Series Bonds; provided that the fee or other compensation payable to the purchasers of the 2019 Series Bonds does not exceed 1.00 percent of the principal amount of the 2019 Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase with the Underwriters by an Authorized Officer (each a "Purchase Contract"). 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 2019 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 the 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 each Series of the 2019 Series Bonds, including any mandatory sinking fund provisions for those 2019 Series Bonds, other redemption provisions and the purchase price of that Series of 2019 Series Bonds, will be set forth in the final Official Statement of the Agency, furnished to the Underwriters as provided in the following paragraph of this 2019 Variable Rate Series Resolution, or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution, as the case may be.

2.05. Official Statement. The Agency has examined the form 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; the form of the Preliminary Official Statement with respect to subsequent Series of the 2019 Series Bonds shall be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether such 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 2.04 of this Series Resolution. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and establish the date of sale of each Series of the Series Bonds. 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 2019 Series Bonds to be issued and the use thereof by the Underwriters in the public offering of those 2019 Series 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 2019 Series Bonds authorized by this 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 2019 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.

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 a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of 2019 Series Bonds, with such revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

2.07. Approval of Remarketing Agreement. The Agency has also received and examined the form of the Remarketing Agreement relating to the 2019 Series Bonds, to be entered into between the Agency and U.S. Bank National Association, as Remarketing Agent. The Remarketing Agreement is approved substantially in the form submitted and is authorized to be signed for each Series of the 2019 Series Bonds on behalf of the Agency by an Authorized Officer, with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same.

2.08. Liquidity Facility. The Agency has also received and examined the form of the Initial Liquidity Facility relating to each Series of the 2019 Series Bonds bearing interest at a Variable Rate, to be entered into between the Agency, the Trustee and U.S. Bank National Association, including the related Fee Letter between the Agency and U.S. Bank National Association. Each Initial Liquidity Facility shall initially provide liquidity support for the entire principal amount of the related Series of 2019 Series Bonds bearing interest at a Variable Rate, is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. Any Authorized Officer is authorized to negotiate the terms of, approve and execute any Alternate Liquidity Facility, provided those agreements are consistent with the terms of this 2019 Variable Rate Series Resolution. The execution and delivery by the Authorized Officer of the agreements will constitute conclusive evidence of both the Agency's and the Authorized Officer's approval of all changes, modifications, amendments, revisions and alterations made therein and will conclusively establish the Authorized Officer's absolute, unconditional and irrevocable authority with respect thereto from the Agency and the authorization, approval and ratification by the Agency of the agreements so executed.

2.09. 2019 Series Swap Agreement. An Authorized Officer is hereby authorized to enter into in the name and on behalf of the Agency a 2019 Series Swap Agreement in respect of the interest payments payable on all or a portion of a Series of the 2019 Series Bonds during the term of the related 2019 Series Swap Agreement, in substantially the form thereof available at the meeting at which this 2019 Variable Rate Series 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 that 2019 Series Swap Agreement by an Authorized Officer; provided, however, that (i) any 2019 Series Swap Agreement will provide that the Agency must pay a fixed rate to the 2019 Series Swap Counterparty not exceeding 4.75 percent per annum, and the 2019 Series Swap Counterparty must pay a variable rate based on an index approved by the Authorized Officer, (ii) the original notional amount of any 2019 Series Swap Agreement will not exceed the aggregate original principal amount of the related Series of 2019 Series Bonds, and (iii) the stated term of that 2019 Series Swap Agreement will not extend beyond the final stated maturity of the related Series of 2019 Series Bonds. If any 2019 Series Swap Agreement is entered into by the Agency as so authorized, the Trustee is authorized and directed to pay to the 2019 Series Swap Counterparty, from the Revenue Fund, the amounts due from time to time pursuant to any 2019 Series 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 any 2019 Series Swap Agreement will be Program Expenses.

An Authorized Officer may decline to enter into a 2019 Series Swap Agreement, notwithstanding the authorization contained in this Section 2.09, if, in his or her judgment, following consultation with the Chair or Vice Chair, the execution and delivery of a 2019 Series 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 2019 Series Program Loans required for purposes of the Program or because the risks inherent in that 2019 Series 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 2019 Variable Rate Series Resolution will have the same meanings as set forth in the Bond Resolution.

3.02. Definitions. As used in this 2019 Variable Rate Series Resolution, unless the context otherwise requires, the following terms will have the following respective meanings:

"*2019 Series Bonds*" means each Series of the Residential Housing Finance Bonds, 2019 Series, issued by the Agency pursuant to the Bond Resolution and this 2019 Variable Rate Series Resolution, in an aggregate principal amount to be determined pursuant to Section 2.04 of this 2019 Variable Rate Series Resolution.

"*2019 Series Program Loan*" means a Transferred Program Loan or a Pooled 2019 Series Program Loan.

"*2019 Series Program Security*" means a Program Security financed in whole or in part with amounts on deposit in the 2019 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2019 Series Program Loans less the applicable servicing fee and guaranty fee.

"*2019 Series 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 a Series of the 2019 Series Bonds, all between the Agency and the 2019 Series Swap Counterparty.

"*2019 Series Swap Counterparty*" means The Bank of New York Mellon.

"*2019 Variable Rate Series Resolution*" means this Resolution No. MHFA 19-036, adopted July 25, 2019, as hereafter amended and supplemented from time to time as permitted herein and in the Bond Resolution.

"*2019/2020 Fixed Rate Series Resolution*" means together, Resolution 18-065, adopted November 1, 2018 as amended, by Resolution No. MHFA 19-006, adopted February 21, 2019, and Resolution No. MHFA 19-035, adopted July 25, 2019, each as hereafter amended and supplemented from time to time as permitted therein and in the Bond Resolution.

"*2019/2020 Series Bonds*" means any Bonds issued pursuant to the 2019/2020 Fixed Rate Series Resolution.

"*Adjusted Rate*" means the interest rate on any FRNs determined by the Calculation Agent on each Rate Determination Date as the sum of (a) for any Tax-Exempt Series Bonds, the SIFMA Swap Index and (b) for any 2019 Series Bonds which are not Tax-Exempt Series Bonds, One-Month LIBOR, in each case plus the FRN Adjustment Factor applicable on that Rate Determination Date; provided that the Adjusted Rate will not exceed the Maximum Rate. All percentages resulting from any calculation of the Adjusted 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 2019 Series Bonds 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 any Series of 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 2019 Variable Rate Series Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Applicable Percentage*" means, with respect to any Unenhanced Variable Rate Bonds on any date of determination, the percentage set forth below based on the Prevailing Rating of the applicable Unenhanced Variable Rate Bonds in effect on the close of business on the Business Day immediately preceding that date of determination:

Prevailing Rating	Applicable Percentage
Aaa/AAA	150 percent
Aa/AA	200
A/A	250
Baa/BBB	350
Below Baa/BBB	400

"*Authorized Denominations*" means (i) for any 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 each Initial Liquidity Facility for a Series of the 2019 Series Bonds, U.S. Bank National Association, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means 2019 Series 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 2019 Series Bonds.

"*Beneficial Owner*" means, whenever used with respect to a 2019 Series Bond, the Person in whose name the 2019 Series Bond is recorded as the beneficial owner of that 2019 Series 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 2019 Series Bond Purchase Account established pursuant to Sections 7.01 and 7.04 of this 2019 Variable Rate Series Resolution for any Series of the 2019 Series Bonds.

"*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 2019 Series Bonds.

"*Change to FRN Rate*" means a change to all or a portion of any 2019 Series Bonds to a FRN Rate.

"*Change to Variable Rate*" means a change to all or a portion of any 2019 Series Bonds 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 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.

"*Conversion Date*" means the Business Day on which the interest rate on any of the 2019 Series 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 2019 Series Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 11.08 of this 2019 Variable Rate Series Resolution.

"*Daily Mode Period*" means the period of time during which any of the 2019 Series Bonds bear interest at a Daily Rate.

"*Daily Rate*" means the rate of interest to be borne by the 2019 Series Bonds as described in Section 11.02(b) of this 2019 Variable Rate Series Resolution.

"*Defaulted Transferred Mortgage Loan*" means a Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

"*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 for each Series of the 2019 Series Bonds will be as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution, unless such Delivery Period is extended by the Agency pursuant to Section 5.04 of this 2019 Variable Rate Series Resolution; provided that Delivery Period may not be extended beyond the date as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution.

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

"*Early Mandatory Tender Date*" means, after a remarketing of any Series or Subseries 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 2019 Series Bonds that are Variable Rate Bonds or FRNs prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this 2019 Variable Rate Series Resolution.

"*Effective Rate Date*" means each date on which any of the 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 Variable Rate Bond 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 or UMBS, 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, after a remarketing of any Series or Subseries 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 2019 Series Bonds, established in accordance with Section 11.08 of this 2019 Variable Rate Series Resolution.

"*Fixed Rate Bonds*" means 2019 Series 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, FRNs or Index Bonds to bear interest at a New Floating Rate.

"*Floating Rate Change Date*" means the date on which a Floating Rate Change is effective (inclusive of a FRN Rate Change Date).

"*Floating Rate Term*" means any 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 or UMBS, 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 2019 Series Bonds that bear interest at a FRN Rate.

"*FRN Adjustment Factor*" means, initially and after each FRN Mandatory Tender Date after which the 2019 Series 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.

"*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 any initial Floating Rate Change Date, will be the Adjusted 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.

"*FRN Rate Change Date*" means the date on which a Change to FRN Rate occurs.

"*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 2019 Series Bonds, the interest rate index (the SIFMA Swap Index for any Tax-Exempt Series Bonds and One-Month LIBOR for any

2019 Series Bonds which are not Tax-Exempt Series Bonds, or the Replacement Index Rate) 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 2019 Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.10(g)(ii) or Section 11.10(g)(iv) of this 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.08(g)(i) or Section 11.08(g)(iii) of this 2019 Variable Rate Series Resolution, the percentage of the related Index established on the Conversion Date for those Bonds in accordance with Section 11.08 of this 2019 Variable Rate Series Resolution.

"*Indexed Rate*" means, with respect to any Index Accrual Period and any 2019 Series 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 2019 Series Bonds that bear interest at an Indexed Rate.

"*Indexed Rate Determination Method*" means, with respect to any 2019 Series 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 2019 Variable Rate Series Resolution.

"*Initial Liquidity Facility*" means each initial Standby Bond Purchase Agreement between the Agency, U.S. Bank National Association and the Trustee, including the

related Fee Letter between the Bank and the Agency, relating to a Series of the 2019 Series Bonds.

"*Interest Payment Date*" means: (a) with respect to any 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, commencing January 1, 2020 or July 1, 2020, as set forth for each Series of the 2019 Series Bonds in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution, and any day that is a Conversion Date for those 2019 Series 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; and (d) with respect to Bank Bonds, (i) any Bank Purchase Date, (ii) the first calendar Business 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 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.

"*LIBOR*" means the London Interbank Offered Rate.

"*LIBOR Determination Date*" means any date on which a One-Month LIBOR, Three-Month LIBOR or Six-Month LIBOR is to be determined pursuant to this 2019 Variable Rate Series Resolution.

"*Liquidity Expiration Event*" means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed, or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

"*Liquidity Facility*" means any instrument delivered pursuant to the terms of this 2019 Variable Rate Series Resolution that provides liquidity support for the purchase of

Liquidity Facility Bonds in accordance with the terms of this 2019 Variable Rate Series Resolution, including each Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Liquidity Facility Bonds*" means Variable Rate Bonds (including Bank Bonds but not including Unenhanced Variable Rate Bonds) that are required pursuant to this 2019 Variable Rate Series Resolution to be covered by a Liquidity Facility.

"*Mandatory Tender Date*" means each date on which any of the 2019 Series Bonds are subject to mandatory tender pursuant to Section 11.10 of this 2019 Variable Rate Series 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 2019 Series Bonds other than FRNs and Bank Bonds, 12 percent per annum or the maximum rate permitted by law, 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 any Tax-Exempt Series 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 2019 Series 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, has the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event will the Maximum Rate, as described in (i) or (ii) above, exceed the lesser of (x) 12 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 2019 Series 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 2019 Series 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 2019 Series Bonds.

"*Mode Period Chart*" means the chart entitled "Mode Periods" as set forth in Section 11.02 of this 2019 Variable Rate Series Resolution.

"*Monthly Mode Period*" means each period of time during which any of the 2019 Series Bonds bear interest at a Monthly Rate.

"*Monthly Rate*" means the rate of interest to be borne by any of the 2019 Series Bonds as described in Section 11.02(b) of this 2019 Variable Rate Series 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 2019 Series Program Loan and constituting a lien on a Home.

"*Mortgagor*" means the obligor or joint obligors on a 2019 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 2019 Variable Rate Series Resolution.

"*Notice Parties*" means the Agency, the Remarketing Agent, the Bank, the Tender Agent, the Calculation Agent and the Trustee.

"*One-Month LIBOR*" means the rate of interest equal to the rate for deposits in U.S. Dollars for deposits having maturity of one month, which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. London time, on the Index Determination Date, for Indexed Rate Bonds, or the second Business Day immediately preceding each Mode Period for Unenhanced Variable Rate Bonds. If such rate does not appear on the Reuters Screen LIBOR01 Page, then another LIBOR rate reporting service as 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 One-Month LIBOR will be the One-Month LIBOR in effect for the immediately preceding Index Accrual Period or Mode Period, as applicable; provided, however, that if on that LIBOR Determination Date One-Month LIBOR was not published in the immediately preceding Mode Period, then "One-Month LIBOR" means the Replacement Index Rate.

"*Participant*" means any broker-dealer, bank or other financial institution for which DTC holds 2019 Series Bonds as securities depository.

"*Participants*" means those broker-dealers, banks, and other financial institutions from time to time for which a securities depository holds 2019 Series 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 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 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 2019 Series Program Loans to Freddie Mac and the servicing thereof.

"*Pooled 2019 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 2019 Series Acquisition Account, acquired by the Master Servicer pursuant to Section 5.04 of this 2019 Variable Rate Series Resolution.

"*Purchase Contract*" means the Contract of Purchase to be entered into between the Agency and the Underwriters with respect to each Series of the 2019 Series Bonds.

"*Purchase Date*" means any date that 2019 Series Bonds are to be purchased pursuant to Sections 11.09 and 11.10 of this 2019 Variable Rate Series Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2019 Series Bonds 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 2019 Series Bonds bears interest at a Quarterly Rate.

"*Quarterly Rate*" means the rate of interest to be borne by any of the 2019 Series Bonds as described in Section 11.02(b) of this 2019 Variable Rate Series Resolution.

"*Rate Determination Date*" means the date on which an Effective Rate is determined for an Effective Rate Period following any 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 upon a FRN Rate Change Date, 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 other than a FRN 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 those certain outstanding Bonds (if any) listed in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution upon the issuance of a Series of the 2019 Series Bonds.

"*Regulations*" means the Income Tax Regulations promulgated under the Code and applicable to the 2019 Series Bonds.

"*Remarketing Agent*" means the remarketing agent(s) appointed by the Agency pursuant to the Remarketing Agreement for the remarketing of the 2019 Series Bonds.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and U.S. Bank National Association, with respect to each Series of the 2019 Series Bonds bearing interest at a Variable Rate, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of the 2019 Series Bonds.

"*Replacement Index Rate*" means on or after such period as the originally designated index otherwise ceases to be available, then such index rate shall be the index rate designated by the Agency in writing provided to the Trustee via Electronic Means, together with the effective date of the substitute or replacement index; such substitute or replacement must be consistent with any corresponding replacement index designated pursuant the related 2019 Series Swap Agreement (if any).

"*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 2019 Variable Rate Series Resolution, other than a Non-Conforming Liquidity Facility.

"*Semiannual Mode Period*" means each period of time during which any of the 2019 Series Bonds bear interest at a Semiannual Rate.

"*Semiannual Rate*" means the rate of interest to be borne by any of the 2019 Series Bonds as described in Section 11.02(b) of this 2019 Variable Rate Series Resolution.

"*Series Bonds*" means collectively, the 2019/2020 Series Bonds and the 2019 Series Bonds.

"*Servicer*" means the Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

"*Servicing Agreement*" means a contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

"*SIFMA*" means the Securities Industry and Financial Markets Association, its successors and assigns.

"*SIFMA 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 equal to the rate for deposits in U.S. Dollars for deposits having maturity of six months, which appears on the Reuters Screen LIBOR01 Page as of 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 such rate does not appear on the Reuters Screen LIBOR01 Page, then another LIBOR rate reporting service as 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, then "Six-Month LIBOR" means the Replacement Index Rate.

Tax-Exempt Series Bonds" means any 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" means, with respect to any Index Accrual Period or Quarterly Mode Period for Unenhanced Variable Rate Bonds, the rate of interest equal to the rate for deposits in U.S. Dollars for deposits having maturity of three months, which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. London 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. If such rate does not appear on the Reuters Screen LIBOR01 Page, then another LIBOR rate reporting service as 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 Three-Month LIBOR will be the Three-Month LIBOR in effect for the immediately preceding Index Accrual Period or 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, then "Three-Month LIBOR" means the Replacement Index Rate.

"*Transferred Program Loans*" means the Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities.

"*Transferred Mortgage Loans*" means the Program Loans allocable to a Series of the Series Bonds upon the refunding of any Refunded Bonds.

"*Transferred Program Obligations*" means, collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to a Series of the Series Bonds upon the refunding of the related Refunded Bonds.

"*Transferred Program Securities*" means the Program Securities allocable to a Series of the Series Bonds upon the refunding of the Refunded Bonds.

"*UMBS*" means the common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

"*Underwriters*" means RBC Capital Markets, LLC., Piper Jaffray & Co., Wells Fargo Bank, National Association and J.P. Morgan Securities 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, (a) with respect to any Tax-Exempt Series Bonds, 500 percent of the SIFMA Swap Index, and (b) with respect to any 2019 Series Bonds which are not Tax-Exempt Series Bonds, 500 percent of One-Month LIBOR, in each case, as 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 2019 Variable Rate Series Resolution.

"*Unenhanced Variable Rate Minimum Rate Determination Date*" has the meaning set forth in Section 11.02(a)(iv) of this 2019 Variable Rate Series 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 (a) in the case of Unenhanced Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, (i) with respect to any Tax-Exempt Series Bonds, the SIFMA Swap Index and (ii) with respect to any 2019 Series Bonds which are not Tax-Exempt Series Bonds, One-Month LIBOR; (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 2019 Variable Rate Series Resolution.

"*USDA Rural Development*" means Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

"*USDA Rural Development Guaranteed*" means guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

"*VA*" means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

"*VA Guaranteed*" means guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended.

"*Variable Rate*" means the interest rate borne by Variable Rate Bonds in accordance with Section 11.02(d) hereof.

"*Variable Rate Bonds*" means a Series (or portion thereof) of the 2019 Series 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 2019 Series Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

"*Variable Rate Change Date*" means the date on which a Change to Variable Rate occurs, which for any FRNs, may occur only on any FRN Mandatory Tender Date.

"*Weekly Mode Period*" means each period of time during which any of the 2019 Series Bonds bear interest at a Weekly Rate.

"*Weekly Rate*" means the rate of interest to be borne by any of the 2019 Series Bonds as described in Section 11.02(b) of this 2019 Variable Rate Series Resolution.

3.03. Rules of Interpretation.

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2019 Variable Rate Series Resolution, refer to this 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one 2019 Series Bond will be issued in the principal amount of each stated maturity of each Series. Upon initial issuance, the ownership of such 2019 Series Bond 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 2019 Series Bond registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the 2019 Series Bonds, selecting the 2019 Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of 2019 Series Bonds under the Bond Resolution or this 2019 Variable Rate Series Resolution, registering the transfer of 2019 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 2019 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 2019 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 2019 Series Bonds, with respect to any notice that is permitted or required to be given to owners of 2019 Series Bonds under the Bond Resolution or this 2019 Variable Rate 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 2019 Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the 2019 Series Bonds. So long as any 2019 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 such 2019 Series Bond, and will give all notices with respect to the 2019 Series Bonds, 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 2019 Series 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 2019 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 2019 Series Bonds of such Series in the form of certificates. In that event, such 2019 Series Bonds will be transferable in accordance with Section 4.03. DTC may determine to discontinue providing its services with respect to the 2019 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 2019 Series Bonds of such Series will be transferable in accordance with Section 4.03.

4.03. Transfer and Exchange. In the event that any transfer or exchange of 2019 Series Bonds or one or more Series is permitted under Sections 4.01 or 4.02, that transfer or exchange will be accomplished upon receipt by the Trustee of the 2019 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 this 2019 Variable Rate Series Resolution. In the event 2019 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 2019 Series Bonds, or another securities depository as Owner of all the 2019 Series Bonds, the provisions of the Bond Resolution and this 2019 Variable Rate Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the 2019 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 2019 Series Bonds and the method of giving notice of redemption and other events.

Section 5. Series Program Determinations for the 2019 Series 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 each Series of the 2019 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding 2019 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series 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 each Series of the 2019 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series of 2019 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution.

5.03. Requirements for 2019 Series Program Securities. The Agency will designate in each Agency Certificate to be delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution whether or not the related Series of the 2019 Series Bonds is intended to be Tax-Exempt Series Bonds. The sale proceeds of Tax-Exempt Series Bonds not used to refund certain obligations of the Agency will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Series Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Program 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 Program Loans were purchased by the Agency, which provisions will constitute the Series Program Determinations with respect to the Transferred Program Loans, and those Transferred Program Loans will be Program Loans within the meaning of the Bond Resolution and this 2019 Variable Rate Series Resolution. Except as expressly provided, the provisions of Section 5.04 below will not apply to the Transferred Program 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 2019 Series Program Loans.

5.04. Acquisition of 2019 Series Program Securities. During the related Delivery Period for each Series of the Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2019 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2019 Series Acquisition Account related to that Series of 2019 Series Bonds 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 a Series of the Series Bonds in the 2019 Series Acquisition Account related to such Series to the 2019 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds. In addition, at the end the Delivery Period related to that Series of Bonds, the Agency must transfer from the related 2019 Series Acquisition Account any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of those 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 2019 Series Acquisition Account relating to those 2019 Series Bonds, 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 2019 Series Acquisition Account relating to those Series of 2019 Series Bonds 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 that Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the related 2019 Series Acquisition Account and allocable amounts, as reasonably determined by the Agency, held in the related 2019 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the related 2019 Series Account in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of this 2019 Variable Rate Series 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 2019 Series Acquisition Account relating to that Series an amount equal to the amount of proceeds of those Series Bonds in that 2019 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2019 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2019 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 11.03 of this 2019 Variable Rate Series Resolution. A Delivery Period may not be extended pursuant to this Section 5.04 beyond the date set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution. Notwithstanding any provision in this Section 5.04 to the contrary, the Trustee must apply amounts in the related 2019 Series

Acquisition Account to the redemption of the related Series Bonds in accordance with Section 11.03 of this 2019 Variable Rate Series Resolution.

The Agency may participate each 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 2019 Series Program Security secured, but those interests need not be equal as to interest rate.

5.05. Enforcement of Transferred Mortgage Loans.

(a) Subject to the right of the Agency to modify the Transferred Mortgage Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan.

(b) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan or from operation of the Home subject to that Defaulted Transferred Mortgage Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

5.06. Enforcement of 2019 Series Program Securities and the Transferred Program Securities.

(a) The 2019 Series Program Securities acquired by the Trustee on behalf of the Agency and the Transferred Program Securities 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 (i) for Freddie Mac Securities

which are not UMBS, on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day) and (ii) for Freddie Mac Securities which are UMBS, on the 25th day of each month (or the next Business Day if the 25th 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 2019 Variable Rate 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.

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 2019 Series 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 2019 Series Bonds to reflect changes in requirements applicable to the 2019 Series Program Securities or the Transferred Program Obligations; 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 Tax-Exempt 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 2019 Series Bonds by each Rating Agency.

Section 6. Conditions Precedent to Issuance.

6.01. Documents Furnished to Trustee. Prior to the delivery of each Series of the 2019 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:

(a) Certified copies of the Bond Resolution and this 2019 Variable Rate Series Resolution.

(b) An opinion of counsel to the Agency that the Bond Resolution and this 2019 Variable Rate 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.

(c) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(d) A Counsel's Opinion that the Series of 2019 Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that this 2019 Variable Rate Series 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 of 2019 Series Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds, including 2019 Series Bonds of that Series, 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 that Series of 2019 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 that Series of the 2019 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 that Series of the Series Bonds is intended to be Tax-Exempt Series Bonds and (vii) setting forth the terms of that Series of the 2019 Series Bonds to be specified as provided pursuant to this 2019 Variable Rate Series Resolution, as well as the application of proceeds of that Series of the 2019 Series 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 any Series of the 2019 Series Bonds.

(g) Written confirmation from each Rating Agency that issuance of the Series of 2019 Series 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 related Refunded Bonds and the payment or redemption dates, if any, upon which any 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 Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the were issued, as applicable.

(j) If applicable, an Opinion of Bond Counsel to the effect that issuance of the 2019 Series Bonds will not result in interest on the any Refunded Bonds being included in gross income for federal income tax purposes.

6.02. Acceptance and Certification by Trustee. Prior to the delivery of a Series of the 2019 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 that Series of 2019 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 Tax-Exempt Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

6.03. Documents Required by the Purchase Contract and Initial Liquidity Facility. Prior to delivery of any Series of the 2019 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 Purchase Contract and (ii) to the Bank each of the certificates, opinions and other documents required by the Initial Liquidity Facility, if any.

6.04. Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed on the date of delivery of each Series of the Series Bonds that are intended to be Tax-Exempt Series 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 those Tax-Exempt Series Bonds will be used in a manner that would not cause those Tax-Exempt Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which those Tax-Exempt Series 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 related Series of 2019 Series Bonds to the Underwriters as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under that Purchase Contract.

Section 7. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

7.01. 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 will establish subaccounts for each Series of the 2019 Series Bonds, provided, however, that the Trustee may maintain combined 2019 Series Account designated for each Series of Series Bonds issued on the same Issue Date for the purpose of recording the proceeds of an issuance of the Series Bonds and other amounts directed by this 2019 Variable Rate Series Resolution and the 2019/2020 Fixed Rate Series Resolution to be deposited therein and the Transferred Program Obligations, other transferred proceeds, the 2019 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the 2019 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 any Series of the Series Bonds and a 2019 Series Bond Purchase Account relating to such Series, to be held and administrated as provided in Section 7.04.

7.02. Deposits of Funds. The proceeds of each Series of the 2019 Series Bonds, the Transferred Program Obligations and other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the 2019 Series Acquisition Account, the 2019 Series Account in the Bond Fund Interest Account, the 2019 Series Account in the Debt Service Reserve Fund, the 2019 Series Account in the Insurance Reserve Fund, if any, and the 2019 Series Cost of Issuance Account, all as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series 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 2019 Series 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 2019 Series Bonds, (ii) all amounts received under a Liquidity Facility, and (iii) all payments made directly by the Agency with respect to the purchase of 2019 Series Bonds in accordance with this 2019 Variable Rate Series 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 2019 Series Bonds tendered pursuant to Section 11.09 or 11.10 of this 2019 Variable Rate Series 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 2019 Series Bonds so tendered. Money in the Bond Purchase Account must be used in the following order of priority: (i) proceeds of the remarketing

of 2019 Series Bonds, (ii) amounts received under a Liquidity Facility, and (iii) payments made directly by the Agency with respect to the purchase of 2019 Series 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 2019 Series Bonds entitled to be paid from the Bond Purchase Account. Notwithstanding any other provision of the Bond Resolution or this 2019 Variable Rate Series Resolution to the contrary, moneys on hand in the Bond Purchase Account must not be commingled with any other funds or accounts held hereunder and must be held uninvested, or, other than moneys derived from the Initial Liquidity Facility, must be invested in obligations issued or guaranteed by the United States (or a money market fund or trust fund investing exclusively in those obligations that is rated in the highest category by each Rating Agency then maintaining a rating on the 2019 Series 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 2019 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2019 Series 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 2019 Series Bonds, all amounts received from the Agency for the purchase of 2019 Series Bonds and all amounts received under a Liquidity Facility must be retained by the Trustee exclusively for the benefit of the Owners of 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2019 Series 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 2019 Series 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 2019 Series 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 Relating to All 2019 Series Bonds Intended to be Tax-Exempt Series Bonds.

8.01. General Tax Covenant. With respect to the Tax-Exempt Series 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 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 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 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 2019 Variable Rate Series Resolution will apply to each 2019 Series Program Loan. The Agency retains the right to impose covenants with respect to 2019 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 2019 Variable Rate Series 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 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 8 and 9 of this 2019 Variable Rate 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 9. Compliance with Applicable Federal Tax Law.

9.01. Code Provisions. The Agency determines that Section 143 of the Code is applicable to any 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.

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 Tax-Exempt Series Bonds are set forth in Sections 9.03 through 9.12 of this 2019 Variable Rate

Series 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 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 Program Obligations, 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 Program Loans were executed. With respect to the Pooled 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.

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 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.

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 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.

9.07. Limitation of Amount. To the extent the 2019 Series Bonds are 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, as applicable, 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 2019, 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 2019, including the amount carried forward from calendar years 2017 and

2018, 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 Tax-Exempt Series 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 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 delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution.

9.08. 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 those 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 20 percent of the proceeds of the Tax-Exempt Series Bonds deposited into the 2019 Series Acquisition Account for that Series 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 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:

(a) The effective rate of interest on the Transferred Program Loans and the 2019 Series Program Loans purchased with, or allocated to, the proceeds of a Series of the Tax-Exempt Series Bonds may not exceed the yield of that Series 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.

(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 related Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of each Series of Tax-Exempt Series Bonds.

9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 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 Program Obligations and 2019 Series Program Securities are used to pay and redeem the related Series of 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 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 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 Section 9.11, the Agency agrees that, so long as the Tax-Exempt Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate 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 2.05 of this 2019 Variable Rate Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Program Obligations and the portion of the 2019 Series Program Securities allocable to the Tax-Exempt Series Bonds.

9.12. New Mortgage and Assumption Requirements. None of the proceeds of any 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 any 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 2019 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of any Tax-Exempt Series Bonds will contain a clause to the effect that the 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 Sections 9.03, 9.04, 9.05 and 9.06 are met with respect to that assumption for any 2019 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 2019 Series Bonds.

10.01. Form of 2019 Series Bonds. Each Bond of a Series of the 2019 Series 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 2019 Variable Rate Series Resolution, including, but not limited to, modification in the manner as is approved by the Agency for the purpose of reflecting the substitution of an Alternate Liquidity Facility or the elimination of a Liquidity Facility in accordance with the terms of this Resolution. Following a Floating Rate Change Date or a Conversion Date for any Series of the 2019 Series Bonds, the form of the

related 2019 Series Bond may be appropriately revised to reflect the change or conversion of the interest rate on the 2019 Series Bonds, to delete the provisions of the form of 2019 Series Bonds set forth in Exhibit A hereto that are then of no further force and effect, to include a description of the FRN Rate and FRNs (if any), the New Floating Rate and Floating Rate Term 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 the elimination of a Liquidity Facility, to set forth the terms upon which the 2019 Series 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 2019 Series Bonds.

11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent. The Issue Date of each Series of the 2019 Series Bonds will be the date of original delivery thereof. Each Series of the 2019 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, all as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution or as set forth in the related final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2019 Variable Rate Series Resolution, as the case may be, subject to the limitations of Section 2.04 of this 2019 Variable Rate Series Resolution. Prior to a Conversion Date, the 2019 Series Bonds will be issued as fully registered Bonds without coupons in Authorized Denominations.

2019 Series Bonds of a Series will be dated and bear interest from the date of delivery thereof. Subject to Section 11.02(a), interest on a Series of the 2019 Series 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 2019 Series Bonds will be made to any Owner of $1,000,000 or more in aggregate principal amount of 2019 Series 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 2019 Series 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.

2019 Series Bonds of a Series 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 2019 Series Bond of a Series will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each such 2019 Series Bond, attesting that it is delivered pursuant to the Bond Resolution and this 2019 Variable Rate Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 6 of this 2019 Variable Rate Series Resolution.

The Trustee is hereby appointed as Tender Agent for the 2019 Series 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 2019 Variable Rate Series Resolution.

11.02. Interest Rates and Effective Rates; Mode Period.

(a) Interest Rates and Effective Rates. Each Series of 2019 Series Bonds will initially bear interest at the applicable Weekly Rate, unless otherwise designated in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution. Unless the interest rate is Converted or a Floating Rate Change Date has occurred, such Series of the 2019 Series Bonds or any portion thereof will bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Remarketing Agent with respect to any Mode Period or Calculation Agent, as applicable; provided that the initial Effective Rate for each Series of the 2019 Series Bonds will be specified in the Agency Certificate delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution at the time of the delivery of such 2019 Series Bonds.

Each Series of the 2019 Series 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 2019 Variable Rate Series Resolution, whether at maturity, upon redemption or otherwise. Interest accrued on the Variable Rate Bonds and FRNs 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 each Series of the 2019 Series 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 2019 Series 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 2019 Series Bonds is in default, any 2019 Series Bond issued in exchange for or upon the registration of transfer of that 2019 Series Bond will bear interest from the date to which interest has been paid in full on the 2019 Series Bonds or, if no interest has been paid on that 2019 Series Bond, the Issue Date. Each Series of the 2019 Series Bonds 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 2019 Series 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 or a Floating Rate Change Date, the 2019 Series 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 2019 Series 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) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with the Initial Liquidity Facility

will bear interest at the Bank Interest Rate) will be conclusive and binding on the Owners of the Variable Rate Bonds and the Notice Parties, except as otherwise provided herein. Failure by the Remarketing Agent or the Trustee to give any notice required hereunder, or any defect therein, will not affect the interest rate borne by the Variable Rate Bonds or the rights of the Owners thereof.

(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 (1) for any Tax-Exempt Series Bonds, the lesser of (I) 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 (II) the Maximum Rate, and (2) for any 2019 Series Bonds which are not Tax-Exempt Series Bonds, the lesser of (I) in the case of the Liquidity Facility Bonds, One-Month LIBOR plus 0.50 percent, and in the case of the Unenhanced Variable Rate Bonds, One-Month LIBOR plus 1.00 percent or (II) 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.

(G) After Conversion, the 2019 Series Bonds or any portion thereof will bear interest in accordance with Section 11.08.

(b) Interest Rate Changes. From time to time, by notice to the Notice Parties and as required hereunder, the Agency may, at its option, on any Business Day, with respect to Variable Rate Bonds, and with respect to any FRNs, on any FRN Mandatory Tender Date, 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 2019 Series 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 2019 Series 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 2019 Series Bonds subject to that Conversion will bear interest as provided in Section 11.08(d) hereof.

(c) Requirements for Interest Rate Changes. If any Series of the 2019 Series 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 2019 Series Bonds subject to that Interest Rate Change will not adversely affect the exclusion of interest on the 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series Bonds and the other Notice Parties.

Unless and until all conditions for the Interest Rate Change for any 2019 Series 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 2019 Series Bonds tendered but not subject to an Interest Rate Change will continue to bear interest in the same manner as interest on those 2019 Series 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 a Series (or any portion thereof) of the 2019 Series 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 2019 Variable Rate Series Resolution.

Any 2019 Series Bonds that are subject to a Change to Variable Rate will bear interest determined in the Mode in which those 2019 Series Bonds are changed. The Remarketing Agent will determine the interest rates on those 2019 Series Bonds as provided in Section 11.02(d) hereof.

(d) Mode Period. Unless on the issuance date thereof Agency has set forth a different Mode Period or other Indexed Rate for a Series of the 2019 Series Bonds, in an Agency Certificate, delivered pursuant to Section 6.01, the Mode Period from each Issue Date of each Series of the 2019 Series Bonds is as set forth in Section 11.02(a), and thereafter, until further designation by the Agency, is a Weekly Mode Period. While any 2019 Series Bonds bear interest at a Variable Rate, the Agency may designate an alternate Mode Period with respect to those 2019 Series 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 2019 Series 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 a Series of the 2019 Series 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 2019 Series Bonds Purchase Account relating to the FRNs and Variable Rate Bonds or those respective Mode Periods (those subaccounts in the related 2019 Series Bond Purchase Account are not required when all 2019 Series Bonds of a Series 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 related 2019 Series Bond Purchase Account.

Promptly upon receipt of the notice from the Agency, in accordance with the provisions of the Mode Period Chart, the Trustee must notify each Owner of the new designated Mode Period and of the applicable Rate Determination Date, Effective Rate Date, Statement of Effective Rate, Irrevocable Notice of Tender by Owners/Tender and Purchase Date (within Mode Period) and Written Mode Change Notice and Notice of Mandatory Tender, each of which will be determined in accordance with the following chart (the "Mode Period Chart"):

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MODE CHART FOR VARIABLE RATE BONDS

(All times referenced are New York City time.)

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
Rate Determination Date	Each Business Day by 10:00 a.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.
Effective Rate Date	Daily	For Liquidity Facility Bonds, the Thursday following the Rate Determination Date; For Unenhanced Variable Rate Bonds, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
Statement of Effective Rate	Trustee to provide or cause to be provided to Owner monthly statement of Daily Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner monthly statement of Weekly Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates
For Liquidity Facility Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 11:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on any Business Day at least seven calendar days prior to the purchase date, which will be any Business Day and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on the Business Day seven days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Unenhanced Variable Rate Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 10:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Written Mode Change Notice; Mandatory Tender Notice	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date

(e) Subdesignation of 2019 Series Bonds Upon Interest Rate Change. On any Interest Rate Change Date, all Series of 2019 Series 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 of the 2019 Series Bonds so Converted will be redesignated "Series H-1" and the second Series of the 2019 Series Bonds so Converted will be redesignated "Series H-2." The redesignations will be consecutively numbered and will continue in like manner until all such related Outstanding Series of 2019 Series 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. Each Series of the 2019 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from unexpended proceeds of the related Series of Series Bonds held in the related 2019 Series Acquisition Account, and from allocable amounts, as reasonably determined by the Agency, held in the related 2019 Series 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 2019 Variable Rate Series Resolution.

(b) Excess Revenues. Each Series of the 2019 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, and, if in part, pro rata among the Outstanding Series of the 2019 Series 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 any Agency Certificate delivered in connection with 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 2019 Series Bonds of each Series 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 2019 Series Bonds of each Series 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 2019 Series Bonds of each Series 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 such 2019 Series Bond called for redemption) plus accrued interest to the date fixed for redemption:

Term to Maturity	No-Call Period	Redemption Price
15 years or more	9 years from the Conversion Date	100 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 2019 Series Bonds 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 2019 Series 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 2019 Series 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 2019 Series Bonds pursuant to Section 11.03 and this Section 11.04, the Agency must redeem all outstanding Bank Bonds prior to redeeming any other 2019 Series Bonds.

11.05. Mandatory Sinking Fund Redemption. The 2019 Series Bonds will be subject to mandatory redemption by application of Sinking Fund Installments, if any, as set forth in the final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2019 Variable Rate Series Resolution or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2019 Variable Rate Series Resolution, as the case may be; provided, however, that all outstanding Bank Bonds must be redeemed before any other 2019 Series 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 2019 Variable Rate Series 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 of any 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 2019 Series Bonds (other than through mandatory sinking fund installments or redemption of Bank Bonds), subject to the above paragraph, the principal amounts of the 2019 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 this 2019 Variable Rate Series Resolution, including a certification that the purchase or redemption of those 2019 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 that purchase or redemption. Upon redemption of any of the 2019 Series 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 2019 Series 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 a Series (or portion thereof) of the 2019 Series Bonds will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the related 2019 Series 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 related 2019 Series 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 2019 Series 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 Series (or portion thereof) of the 2019 Series Bonds, the Trustee must deliver a notice to the Owners of the 2019 Series Bonds to be Converted and to each Rating Agency currently rating the 2019 Series Bonds, not less than 30 days prior to the Conversion Date, setting forth the following information:

(i) that the interest rate on those 2019 Series Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;

(ii) the proposed Conversion Date;

(iii) that those 2019 Series 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 related 2019 Series 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 2019 Series 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 2019 Series 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 2019 Series 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 any 2019 Series 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 2019 Series Bonds on the Conversion Date being 100 percent of the principal amount thereof and (ii) in the case of a Conversion of any 2019 Series 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 2019 Series 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 a Series of (or portion thereof) of the 2019 Series Bonds in accordance with this Section 11.08 is conclusive and binding on the Owners of those 2019 Series Bonds and the other Notice Parties, except as otherwise provided herein. The 2019 Series 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 2019 Series Bonds are satisfied, those 2019 Series Bonds will bear interest at the Effective Rate.

(f) On any Conversion Date, all 2019 Series Bonds subject to Conversion on that Conversion Date will automatically, upon the Conversion, bear a sub designation, as set forth in Section 11.02(e). The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(g) Upon making an election to Convert any Series (or portion thereof) of the 2019 Series 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 2019 Series Bond to an Indexed Rate, the Indexed Rate Determination Method so selected for those 2019 Series Bonds will be irrevocable. Nothing herein limits the Agency from Converting different groups or Series of 2019 Series Bonds to Indexed Rates at different times or from choosing different Indexed Rate Determination Methods for different groups or Series (or portions thereof) of 2019 Series Bonds.

(i) Index Bonds may bear interest during each Index Accrual Period (a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index multiplied by the Index Percentage determined for those bonds and (b) for any 2019 Series Bonds which are not Tax-Exempt Series Bonds, at One-Month LIBOR multiplied by the Index Percentage determined for those bonds; or

(ii) Index Bonds may bear interest during each Index Accrual Period (a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index plus or minus the Index Adjustment Factor for those bonds and (b) for any 2019 Series Bonds which are not Tax-Exempt Series Bonds, at One-Month LIBOR 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 2019 Series Bonds owned by or on behalf of the Agency) may elect to tender their 2019 Series 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 2019 Series 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 2019 Series Bonds.

(a) (i) Subject to Section 11.10(d) hereof, any 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 any 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 2019 Series Bond 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; 2019 Series Bonds will be revised pursuant to Section 10.01 of this 2019 Variable Rate Series 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 2019 Series 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) with respect to all FRNs, that all Owners subject to the mandatory tender will be deemed to have tendered their Variable Rate Bonds upon that date. So long as all of the 2019 Series 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 2019 Series Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the 2019 Series 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 2019 Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series 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 2019 Series Bonds required to be tendered on a Mandatory Tender Date.

11.11. Limitation Upon Defeasance FRNs and Variable Rate Bonds. Notwithstanding the provisions of the Bond Resolution relating to the defeasance of Bonds, the defeasance of 2019 Series 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 2019 Series Bonds that its rating then in effect on the 2019 Series 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 2019 Series 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 2019 Variable Rate Series 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) for any Tax-Exempt Series Bonds, (i) the SIFMA Swap Index plus 1.25 percent or (ii) the Maximum Rate, and (b) for any 2019 Series Bonds which are not Tax-Exempt Series Bonds, (i) One-Month LIBOR plus 1.50 percent or (ii) the Maximum Rate; in each case, 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 2019 Series Bonds outstanding must be made in a manner that all 2019 Series Bonds s of that Series outstanding after the redemption are in Authorized Denominations.

(b) Notwithstanding any contrary provisions of the Bond Resolution, 2019 Series 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 related 2019 Series Bonds of

each Mode (and if the related 2019 Series Bonds within a Mode bear interest at differing rates, the principal amount of 2019 Series 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 2019 Series Bonds pursuant to this Section 11.13, the Trustee may, at the request of the Agency, use the funds available hereunder for redemption of 2019 Series Bonds to purchase 2019 Series Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2019 Series 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 2019 Series Bonds to be redeemed must be given by Immediate Notice, with respect to 2019 Series Bonds bearing interest at a Daily or Weekly Rate, not less than 20 days prior to the date fixed for redemption and must be given by first class mail, postage prepaid to the Owners of 2019 Series 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 2019 Series 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 2019 Series Bonds, or any defect in the notice, will not affect the validity of the proceedings for redemption for any 2019 Series 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 2019 Series Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2019 Series Bonds thus called will not after the applicable redemption date bear interest, be protected by the Bond Resolution or this 2019 Variable Rate Series Resolution or be deemed to be outstanding under the provisions of the Bond Resolution or this 2019 Variable Rate Series Resolution.

(e) If any 2019 Series Bond is transferred or exchanged on the Bond Register by the Trustee after notice has been given calling that 2019 Series Bond for redemption, the Trustee will attach a copy of the notice to the 2019 Series 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 2019 Series Bonds, will control.

11.15. Selection of 2019 Series Bonds to Be Redeemed. If less than all of a Series of the FRNs are called for redemption, the FRNs of that Series 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 of a Series to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) of that Series and FRN Rates in the manner as the Trustee deems fair.

If less than all the 2019 Series Bonds (other than FRNs) of a Series are called for redemption under any provision of this 2019 Variable Rate Series Resolution permitting a partial redemption, those 2019 Series Bonds will be selected in accordance with an Officer's Certificate specifying that Series of 2019 Series 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 of 2019 Series Bonds of the same Series Mode and interest rate. In selecting 2019 Series Bonds (other than FRNs) for redemption, the Trustee will treat each 2019 Series Bond as representing that number of 2019 Series Bonds that is obtained by dividing the principal amount of that 2019 Series 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 2019 Series Bonds (other than FRNs) is to be called for redemption, then, upon notice of intention to redeem that integral multiple of an Authorized Denomination, the Owner of that 2019 Series Bond must forthwith surrender that 2019 Series 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 2019 Series Bond or 2019 Series Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the 2019 Series Bond. New 2019 Series Bonds representing the unredeemed balance of the principal amount of that 2019 Series 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 a Series the 2019 Series Bonds outstanding must be made first from Bank Bonds relating to such Series.

11.16. Notices to Rating Agencies. To the extent notice is not otherwise provided pursuant to the terms of this 2019 Variable Rate Series Resolution or the Bond Resolution, the Trustee must provide Immediate Notice to each of the Rating Agencies then rating the 2019 Series 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 2019 Series Bonds, (v) the acceleration of the 2019 Series Bonds, (vi) any amendments to the provisions of this 2019 Variable Rate Series Resolution, and (vii) the resignation or removal of the Trustee. Any notices sent to S&P pursuant to the terms of this 2019 Variable Rate Series Resolution should be sent by email to pubfin_structured@spglobal.com; any notices sent to Moody's pursuant to this 2019 Variable Rate Series Resolution should be sent by email to david.parsons@moodys.com.

Section 12. Payment of Tendered 2019 Series 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 2019 Variable Rate Series Resolution must be purchased by the Tender Agent, as appropriate, upon surrender of those Variable Rate Bonds, but only from the sources listed below, from the Owners thereof by 4:30 p.m., New York City time, on the date those Bonds are required to be purchased at the Purchase Price.

Funds for the payment of the Purchase Price of FRNs must be derived from the proceeds of the remarketing of those 2019 Series 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 2019 Series 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 2019 Variable Rate Series Resolution;

(b) moneys furnished to the Tender Agent pursuant to Section 13.03 of this 2019 Variable Rate Series 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 2019 Series Bonds.

12.02. Liquidity Facility.

(a) The Agency covenants to deliver the related Initial Liquidity Facility simultaneously with the authentication and delivery of a Series of the 2019 Series Bonds bearing interest at a Variable Rate, and to provide an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity upon the expiration or termination of a Liquidity Facility or the replacement of the Bank so long as any 2019 Series Bonds are Liquidity Facility Bonds. The Tender Agent will be authorized and directed to execute each Liquidity Facility. Each Liquidity Facility must provide for the Bank to provide funds for the purchase of related 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 each Liquidity Facility. The Agency covenants and agrees with the Owners of the related 2019 Series Bonds that it will pay any obligation, fee or charge necessary to maintain each 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 related 2019 Series 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 related Liquidity Facility expires or terminates. Any mandatory tender of the related 2019 Series 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 the related 2019 Series Bonds that are Liquidity Facility Bonds that those 2019 Series 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 related Liquidity Facility that it elects to extend or renew that Liquidity Facility or (B) written notice from the Agency not less than 45 days prior to the stated expiration date of the related Liquidity Facility that it has determined to provide or cause to be provided an Alternate Liquidity Facility (in which case the related 2019 Series

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 related 2019 Series Bonds that those 2019 Series 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 2019 Series Bonds that are Liquidity Facility Bonds of the occurrence of a Termination Event (as defined in the related Liquidity Facility) promptly upon obtaining actual knowledge thereof.

(iv) The Agency must provide prior written notice to each Rating Agency then rating the 2019 Series 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 Series (or portion thereof) of the 2019 Series Bonds will be Liquidity Facility Bonds, at least 45 days prior to the date of expiration of a related 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 affected 2019 Series 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 affected 2019 Series Bonds will be given to Owners of the affected 2019 Series Bonds pursuant to Section 11.10 of this 2019 Variable Rate Series 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 related Tax-Exempt Series 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 related 2019 Series Bonds with the benefits thereof;

(ii) letters from each Rating Agency then rating the 2019 Series Bond evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will result in the short-term ratings of the related 2019 Series 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 related 2019 Series Bonds to be so rated, the letters from each Rating Agency then rating the 2019 Series 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 related 2019 Series 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 related 2019 Series 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 2019 Variable Rate Series Resolution, the Agency may elect to provide liquidity support for purchases of any

Variable Rate Bonds of any Series (or portion thereof) of the 2019 Series 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 2019 Series 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 related Liquidity Facility (or applicable portion thereof) will terminate on that effective date, and that the affected 2019 Series 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 affected 2019 Series Bonds will be given to Owners of the related 2019 Series Bonds pursuant to Section 11.10 of this 2019 Variable Rate Series 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 related 2019 Series 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 related 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 2019 Series 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 related Liquidity Facility have been paid;

(v) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the affected 2019 Series Bonds with a Non-Conforming Liquidity Facility or Self Liquidity;

(vi) if the related Liquidity Facility will provide liquidity support for less than all of a Series of the Outstanding 2019 Series Bonds, the prior written consent of the Bank; and

(vii) if required to make the terms of this 2019 Variable Rate Series Resolution consistent with the terms of the Liquidity Facility, a Series Resolution amending this 2019 Variable Rate Series 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 2019 Series 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 2019 Variable Rate Series 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 2019 Series 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 2019 Variable Rate Series Resolution.

13.02. General Responsibilities of Tender Agent.

(a) Prior to the Conversion of any Series (or portion thereof) of the 2019 Series Bonds, the Tender Agent must perform the duties and obligations set forth in this 2019 Variable Rate Series 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 related 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 related 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 related 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 each Liquidity Facility, as agent and bailee of, and in escrow for the benefit of the related Bondowners, in the related 2019 Series Bond Purchase Account until moneys (A) if purchasing unremarketed Liquidity Facility Bonds pursuant to that 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 related Bank. The moneys held by the Tender Agent under this subsection (ii) must be held uninvested and segregated from other funds.

(iii) While any 2019 Series Bonds (or portions thereof) are FRNs, the Tender Agent shall perform the duties and obligations set forth in this 2019 Variable Rate Series Resolution with respect to FRNs, and in particular, the Tender Agent shall hold all moneys delivered to it pursuant to a remarketing of FRNs and remit such funds to the account of the tendering Holders (or in the event of a Failed Remarketing, to the persons from whom the funds were received for purchase of FRNs). Such moneys held by the Tender Agent under this subsection (iii) shall be held segregated from other.

(b) In performing its duties and obligations hereunder, the Tender Agent must perform only the duties specifically set forth in this 2019 Variable Rate Series 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 2019 Variable Rate Series Resolution.

(c) The Tender Agent may deal in 2019 Series 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 2019 Variable Rate Series Resolution from funds transferred to it or directed by it for payment pursuant to this 2019 Variable Rate Series Resolution and the related 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 2019 Variable Rate Series 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 each Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related 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 related Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related tendered Liquidity Facility Bonds required to be purchased by the Tender Agent pursuant to the related 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 related 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 related Bank, that portion of the related tendered Liquidity Facility Bonds for which immediately available funds are not otherwise then available for those purchases under this 2019 Variable Rate Series 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 related Bank to make available, in immediately available funds, an amount equal to 100 percent of the aggregate principal amount of all related 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 related Liquidity Facility Bonds tendered on that Purchase Date, then the Tender Agent must direct the related 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 a 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 related Liquidity Facility. Unless a Bank otherwise directs, any Liquidity Facility Bonds purchased by that Bank will be immediately registered in the name of that 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 that Bank will have all rights of an Owner of 2019 Series Bonds except that the 2019 Series Bonds purchased by the Bank will bear interest at the related Bank Interest Rate and may not be tendered while those 2019 Series Bonds remain Bank Bonds.

13.04. Appointment of Remarketing Agent; Acceptance and Successors.

(a) The Agency hereby appoints U.S. Bank National Association as Remarketing Agent with respect to the 2019 Series Bonds. 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 for a Series of 2019 Series Bonds may at any time resign and be discharged of the duties and obligations created by this 2019 Variable Rate Series 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 2019 Series 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 2019 Variable Rate Series 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 2019 Variable Rate Series Resolution, and in particular must:

(i) solicit purchases of 2019 Series Bonds or FRNs from investors able to purchase municipal bonds, effectuate and process those purchases, bill and receive payment for 2019 Series Bonds purchased, and perform related functions in connection with the remarketing of 2019 Series 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 2019 Variable Rate Series 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 related Remarketing Agent (A) an opinion of Bond Counsel to the effect that that sale will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds, including the Variable Rate Bonds, from gross income of the owners thereof for federal income tax purposes and (B) an opinion of a nationally recognized bankruptcy counsel to the effect that a sale of those 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 2019 Series 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 2019 Series 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 related 2019 Series Bonds tendered or deemed tendered at a price equal to the principal amount thereof plus accrued interest. The 2019 Series 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 related 2019 Series Bonds that have been sold; of the aggregate principal amount of related 2019 Series 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 related 2019 Series 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 a Series (or portion thereof) of Variable Rate Bonds or FRNs upon the occurrence and continuation of (i) any Event of Default as provided herein, (ii) any Termination Event under the related Liquidity Facility and the related Bank's termination of its commitment to purchase related 2019 Series Bonds tendered hereunder and (iii) if the Bank breaches its obligation to purchase related 2019 Series 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 2019 Series Bonds at the related Effective Rate and those 2019 Series 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 2019 Series Bonds that are held by the Bank pursuant to the related Liquidity Facility at a price equal to the principal amount thereof. The 2019 Series Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent will notify the related 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 those Bank Bonds.

13.07. Application of Proceeds From Sale of Tendered Bonds. The proceeds of sale of any 2019 Series Bond 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 2019 Series Bonds; provided, however, if the Remarketing Agent has given notice of resignation pursuant to Section 13.04(b) of this 2019 Variable Rate Series 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 2019 Series Bonds to the Tender Agent by 11:00 a.m., New York City time, on the Purchase Date of those 2019 Series Bonds. Transfers of ownership interests in the 2019 Series 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 2019 Series Bonds.

13.08. Determination and Notice of Interest Rate. The Remarketing Agent must give immediately notice of the Effective Rate for Variable Rate Bonds 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 2019 Series Bonds.

(b) The Calculation Agent may at any time resign and be discharged of the duties and obligations created by this 2019 Variable Rate Series 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 Rate on each Rate Determination Date for related Series (or portion thereof) of FRNs in accordance with this 2019 Variable Rate Series Resolution.

Section 14. Discretion of Authorized Officer.

14.01. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each Series of the 2019 Series Bonds, subject to the limitations in Section 2.01 of this 2019 Variable Rate Series Resolution. Notwithstanding anything contained in the foregoing sections of this 2019 Variable Rate 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 a Series of the 2019 Series Bonds (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of a Series of the 2019 Series Bonds following the award thereof), then such Series of the 2019 Series Bonds will not be issued or sold in accordance with this 2019 Variable Rate Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance Agency this 25th day of July, 2019.

By: _____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 19-036]

EXHIBIT A

[Form of 2019 Series Bonds]

No. _____ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, 2019 SERIES [H][__] [(TAXABLE)]

Rate	Maturity Date	Date of Original Issue	CUSIP

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of

_____ DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above and to pay interest on the principal amount in like manner at the rates per annum and on the dates determined and described herein and in the Series Resolution (as defined herein), payable on each January 1 and July 1, commencing _____ 1, 20___, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined), with respect to Variable Rate Bonds, on the business day immediately prior to that interest payment date and, in all other cases, on the fifteenth (15th day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity, mandatory tender or conversion (the "Conversion") of the interest rate to a fixed interest rate or to an indexed rate. Prior to Conversion, the 2019 Series___ Bond will bear interest at a variable rate (the "Effective Rate") based on a Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Quarterly Mode Period or Semiannual Mode Period (each a "Mode Period") subject to and in accordance with the 2019 Variable Rate Series Resolution (hereinafter defined). The 2019 Series___ Bond will initially bear interest at the Effective Rate based on a Weekly Mode Period. After Conversion, the 2019 Series __ Bond will bear interest at the fixed interest rate (the "Fixed Interest Rate") or an indexed rate (the "Indexed Rate"), as applicable, subject to and in accordance with the 2019 Variable Rate Series Resolution described herein until the Agency's obligation with respect to the payment of that principal amount is discharged, provided that, in any event, Bank Bonds (as defined herein) will bear interest in accordance with the Liquidity Facility. Thereafter, interest will be payable as provided in the 2019 Variable Rate Series Resolution. The interest hereon

and, upon presentation and surrender hereof, the principal and any redemption premium with respect to the 2019 Series __ Bonds 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 2019 Variable Rate Series Resolution, upon surrender hereof to Wells Fargo Bank, National Association, in Minneapolis, Minnesota, and its successors and assigns, as tender agent (the "Tender Agent"), under the conditions set forth in the Series Resolution. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This 2019 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 2019 Series ____ 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 2019 Variable Rate Series Resolution hereinafter described.*

This 2019 Series __ Bond is one of a duly authorized Series of Residential Housing Finance Bonds, 2019 Series [H][__] [(Taxable)], in the original principal amount of $_____ (the "2019 Series __ 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 2019 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 July 25, 2019 (the "2019 Variable Rate 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 2019 Series ___ Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the 2019 Series __ Bonds, and the terms upon which the 2019 Series __ Bonds are issued, delivered and secured. [The 2019 Series ___ Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, 2019 Series __, 2019 Series___ and 2019 Series __.]

Prior to a Conversion Date, the 2019 Series __ Bonds will be issued as fully registered Bonds without coupons in the denominations of (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or a Quarterly Mode Period with respect to Liquidity Facility Bonds, $100,000 or integral multiples of $5,000 in excess of $100,000, (ii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, $25,000 or integral multiples thereof, and (iii) during a Semiannual Mode Period, $5,000 or integral multiples thereof. From and after a Conversion Date, the 2019 Series __ Bonds will be issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

Prior to a Conversion, the 2019 Series __ Bonds are subject to optional redemption prior to maturity at the option of the Agency from any source of funds, in whole or in part (and if in

part in an Authorized Denomination) on any Business Day, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

All 2019 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 2019 Series __ Bonds not used to purchase Program Securities or refund the related Refunded Bonds, if any, and from allocable amounts, if any, held in the 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 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 2019 Series __ Bonds, other than through the application of sinking fund installments, the maturities and amounts of the 2019 Series __ Bonds to be redeemed, and the amounts by which particular sinking fund installments shall be reduced in consequence of the redemption of 2019 Series __ Bonds, will be selected by the Agency in a manner determined to have no material adverse effect on its ability to pay when due the Principal Installments of and interest on all Bonds Outstanding under the Bond Resolution after such redemption.

Notice of any redemption of 2019 Series __ Bonds will be given be immediate notice and mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any 2019 Series __ Bonds, not less than 20 days before the redemption date. Notice having been given, the 2019 Series __ Bonds or portions of 2019 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 2019 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 2019 Series __ Bonds not affected by that defect or failure.

Bank Bonds will be redeemed on the dates and in the amounts required by the Liquidity Facility.

Prior to any Conversion of the 2019 Series __ Bonds, the Owners of Liquidity Facility Bonds may elect to tender their 2019 Series __ Bonds, which, if so tendered, upon proper notice to the Remarketing Agent or Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart for variable rate bonds included in the 2019 Variable Rate Series Resolution, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. Notice of tender for purchase of 2019 Series __ Bonds by the Owners hereof

must be in writing and will be irrevocable once the notice is given by the Owner hereof to the Remarketing Agent or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, Owners of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent or the Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date at a price equal to 100 percent of the principal amount thereof plus accrued interest. The notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof will be irrevocable once the notice is given to the Remarketing Agent. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof will be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

The 2019 Series __ Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Unenhanced Variable Rate Bonds Change Date, (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, if such Mandatory Tender has not already occurred pursuant to subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a Notice of Termination of Commitment to Purchase (as described in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described in the 2019 Variable Rate Series Resolution. In connection with any mandatory tender of 2019 Series __ Bonds upon a Mandatory Tender Date, the Trustee will deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and that all Owners subject to that mandatory tender will be deemed to have tendered their 2019 Series __ Bonds upon that date.

On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described in the 2019 Variable Rate Series Resolution to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to the Series Resolution, purchase those Bonds (the "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Bonds Non-Remarketed Rate.

Any 2019 Series __ Bonds 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 2019 Series ___ Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those Untendered Bonds, plus accrued interest to the day preceding the Mandatory

Tender Date, and those Owners will no longer be entitled to the benefits of the Series Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution.

UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the Owners thereof do not have the right to have those Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with the Series Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether the inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in the 2019 Variable Rate Series Resolution.

The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with the Series Resolution at a price equal to 100 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. During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the "Non-Remarketing Period"), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Bonds Non-Remarketed Rate determined from time to time as described in the Series Resolution. Notwithstanding the provisions of the 2019 Variable Rate Series Resolution, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Bonds Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively, with the 2019 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 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 2019 Series __ Bonds 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 2019 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 2019 Series __ Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the 2019 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 this 2019 Series __ Bonds 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 2019 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 2019 Series __ Bonds, dated the date of original issuance and delivery of the 2019 Series __ Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this 2019 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 2019 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 2019 Series __ Bond of the same aggregate principal amount, maturity, interest rate and terms as the surrendered 2019 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 2019 Series __ Bond, so long as this 2019 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 2019 Series __ Bond, and will give all notices with respect to this 2019 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 2019 Series __ Bond is registered upon the books of the Agency as the absolute owner hereof, whether this 2019 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 2019 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 2019 Series __ Bond will not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this 2019 Series __ Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____, 2019

Trustee's Certificate

This is one of the 2019 Series ____ Bonds delivered pursuant to the Bond Resolution and 2019 Variable Rate 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 2019 Series __ Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within 2019 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 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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Board Agenda Item: 7.H
Date: 7/25/2019

Item: Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency Rental Housing Bonds, 2019 Series C, for a multi-family housing development in Princeton, Minnesota (West Birch)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Terry Schwartz, 651.297.2404, terry.schwartz@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $3,250,000, and will be used to acquire and finance the acquisition, renovation and construction of a 40-unit rental housing development located in Princeton, Minnesota. The Agency expects to price and issue these Rental Housing bonds in September; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:
The Agency will earn an interest rate spread while these bonds are outstanding, and will also receive certain fee income as part of the closing of the bridge loan financed with the bonds proceeds. In addition, the Agency will receive additional interest earnings and certain fee income in conjunction with providing a long-term end loan as part of the permanent financing for the project.

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):
- Preliminary Official Statement
- Resolution

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

NEW ISSUE

Ratings: Moody's: "__"
S&P: "__"

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 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.

$2,955,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2019 Series C (Non-AMT)

Dated: Date of Delivery **Due: as shown on inside front cover**

Tax Exemption	Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.)
Redemption	The Agency may redeem all or a portion of the Series Bonds by optional or special redemption as described under "The Series Bonds" herein.
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.")
Interest Payment Dates	February 1 and August 1, commencing February 1, 2020.*
Denominations	$5,000 or any integral multiple thereof.
Closing/Settlement	On or about September __, 2019* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriter's Counsel	Dorsey & Whitney LLP.
Trustee	Wells Fargo Bank, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. (See Appendix E herein.)

The Series Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets

The date of this Official Statement is

September __, 2019.

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. 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

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE AND PRICE*

$2,955,000* 2019 Series C Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP**
August 1, 2021*	$2,955,000*	____%	100%	

*Preliminary, subject to change.

**CUSIP number has been assigned by an organization not affiliated with the Agency and is included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of this CUSIP number, nor is any representation made as to its 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.

Neither Minnesota Housing Finance Agency nor the Underwriter has authorized any dealer, broker, salesman 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, the Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

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

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

relating to
$2,955,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2019 Series C (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2019 Series C (the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted _____, 2019 (the "Series Resolution"). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the "Resolutions.")

The Rental Housing Bonds Outstanding in the aggregate principal amount of $[44,435,000] as of August 31, 2019, the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution.

The Resolutions should be referred to for the definitions of capitalized terms used herein, some of which are reproduced in this Official Statement. The summaries and references herein to the Act, the Resolutions and other documents are only brief outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references herein to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by reference to the Act and the Resolutions, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income if the Agency determines that those loans are not otherwise available from private lenders with equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Residential Housing Finance Bond Fund. Please refer to the information in the notes to the financial statements included in Appendix B to this Official Statement at pages [58 and 59] under the heading "Net Position — Restricted by Covenant."

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use

*Preliminary, subject to change.

of bond financing and other funding sources, the Agency intends that the Program will provide both short-term and long-term, fixed rate, first lien (or second lien if the Agency also holds the first lien) mortgage loans ("Mortgage Loans"), and, under certain circumstances, subordinate mortgage loans ("Subordinate Mortgage Loans"), to finance the construction, acquisition, rehabilitation or refinancing of multifamily rental housing and group home developments (the "Developments"). The Bond Resolution authorizes, upon conditions set forth therein, the issuance of additional series of Bonds on a parity with the Outstanding Bonds, including the Series Bonds.

In recognition of certain risks inherent in mortgage lending, the Agency has adopted policies and review procedures for detailed evaluation of the Developments that it finances prior to making Mortgage Loan commitments. To assure completion of rehabilitation, construction and proper maintenance, the Agency has established reserve and escrow requirements and procedures for regulating and monitoring operations with respect to the Developments. The procedures the Agency presently uses to reduce those risks are described more fully herein under the heading "The Rental Housing Program."

The Agency intends to use the proceeds of the Series Bonds to fund a short-term first lien mortgage loan, to a private owner, that will finance a portion of the costs of acquisition, rehabilitation, construction and equipping of a multifamily housing development in Princeton, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.")

The Agency has further pledged as security for the payment of the Series Bonds (on an equal basis with the Outstanding Bonds issued and that may be issued under the Bond Resolution) amounts on deposit and investments in certain accounts and funds established pursuant to the Resolutions, including the Debt Service Reserve Fund established pursuant to the Bond Resolution in accordance with the Act. Under the Act, upon certification by the Agency, the State Legislature may, but is not required to, appropriate amounts that may be necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. (See "Security for the Bonds.")

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 only to the extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

The Agency has no taxing power. Neither the State of Minnesota nor any political subdivision thereof is or will be obligated to pay the principal or redemption price of, or interest on, the Series Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to that payment.

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chairman of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members* of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

John DeCramer, Chairman — Term expires January 2020, Marshall, Minnesota – Magnetics Engineer

The Honorable *Julie Blaha — Ex officio*, St. Paul, Minnesota – State Auditor

Joseph Johnson III, Vice Chairman — Term expires January 2021, Duluth, Minnesota – Banker

Craig Klausing, Member – Term expires January 2023, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member – Term expires January 2023, Elk River, Minnesota – Writer and Publisher

Terri Thao, Member — Term expires January 2020, St. Paul, Minnesota – Program Director

*One position is currently vacant.

Staff

The staff of the Agency presently consists of approximately 250 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint the permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the Program are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner must be confirmed by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

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.

James Lehnhoff — Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master's degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

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, 2019, included in this Official Statement as Appendix B, 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, 2019. 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 B as of and for the fiscal year ended June 30, 2019 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 ("GASB") .

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B in the Notes to Financial Statements at pages [60 through 63] under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2019 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 C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

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 C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriter 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 semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency's website at http://www.mnhousing.gov (click on tab "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 Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, 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, 2019. 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, 2019 appears in the Notes to Financial Statements of the Agency included in Appendix B to this Official Statement at pages [58 and 59] 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 June 30, 2019	Fiscal Year Ended June 30, 2018
Revenues		
Fees earned and other income[1]	$	$11,936
Interest earned on investments		419
Unrealized gain (loss) on investments	--	--
Administrative reimbursement[2], [3]		24,479
Total revenues		36,834
Expenses		
Salaries and benefits		33,114
Other general operating expenses		6,338
Total expenses		39,452
Revenues over expenses	()	(2,618)
Non-operating transfer of assets between funds[4]		5,192
Change in net position		2,574
Net position beginning of period		12,045[5]
Net position end of period	$	$14,619

(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 B 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, 2013, 2015, 2017 and 2019, the total appropriations to the Agency aggregated approximately $392 million. For the biennium ending June 30, 2021, the Legislature has appropriated approximately $120.6 million to the Agency, including an increase of approximately 9.5 percent to the Agency's base budget for State appropriations.

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 August 31, 2019 [TABLE TO BE UPDATED]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	11	2049	$ 47,595	$ 44,435
Residential Housing Finance Bonds	42	2049	1,905,580	1,196,925
Homeownership Finance Bonds	54	2049	2,301,413	1,579,354
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	13,540
Totals	108		$4,269,588	$2,834,254

*Does not include series of bonds or the original principal amount of any bonds that had been, as of August 31, 2019, 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 or floating rate and may be subject to optional and mandatory tender. Certain information related to those variable rate demand bonds, floating rate term bonds, liquidity facilities and swap agreements is included in the Notes to Financial Statements contained in Appendix B to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the "Housing Infrastructure Bonds") for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $315,000,000. 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 Residential Housing Finance 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 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. The Agency has requested advances in the aggregate principal amount of $[142,574,014], $[40,964,349] of which is outstanding.

THE DEVELOPMENT

The Development

The Agency intends to use the proceeds of the Series Bonds to make a short-term first lien bridge Mortgage Loan that will finance a portion of the costs of the acquisition, rehabilitation and construction of a multifamily housing development. The Development, to be known as West Birch Estates, will be the acquisition and rehabilitation of a four building, two-story townhouse rental development, together with the construction of a three-story building, located in Princeton, Minnesota. The Development will have 40 residential units. The total development cost is estimated to be approximately $6.0 million. The Development is expected to be completed by [September 2020]. The Development will be acquired, rehabilitated and constructed by West Birch Estates of Princeton Limited Partnership, a Minnesota limited partnership, or another entity affiliated with Central Minnesota Housing Partnership, Inc.. of St. Cloud, Minnesota.

The Agency expects to use the proceeds of the Series Bonds to be deposited in the Mortgage Loan Account to make the bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The bridge Mortgage Loan, in the principal amount of $2.955 million,* will mature in full on July 1, 2021.* The bridge Mortgage Loan will not be insured by FHA or secured by any other third-party credit enhancement, but the Agency expects it to be repaid from a long-term end loan from the Agency in the principal amount of approximately $1.6 million and equity contributions from the tax credit investor, which is purchasing the low income housing tax credits described below. The Agency is also making a deferred repayment loan with respect to the Development in the principal amount of approximately $2.4 million. The bridge Mortgage Loan will be secured in part by a guaranty from Central Minnesota Housing Partnership, Inc.

As a result of the issuance of the Series Bonds, all of the dwelling units in the Development will be eligible for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Occupancy in all of those dwelling units will be limited to households with incomes at initial occupancy at or below 60 percent of the area median income, adjusted for household size. Four of the dwelling units will be set aside for permanent supportive housing for families with children who have experienced homelessness.

*Preliminary, subject to change.

Estimated Sources and Uses of Series Bond Proceeds and Agency Funds

The estimated sources and uses of proceeds of the Series Bonds and funds to be provided by or through the Agency are as follows:

Sources:	
Principal Amount of Series Bonds	$2,955,000*
Funds Available to the Agency	_____
Total Sources of Funds	$ _____.
Uses:	
Series B Mortgage Loan Account	$2,955,000*
Revenue Fund	
Costs of Issuance	_____
Total Uses of Funds	$ _____.

THE SERIES BONDS

The Series Bonds will be fully registered bonds initially 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 the Series Bonds. Wells Fargo Bank, National Association, Minneapolis, Minnesota, serves as Trustee under the Bond Resolution.

The Series Bonds will be issued in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the date and in the amount set forth on the inside front cover hereof.

The Series Bonds bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020,* at the rate set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. As long as the Series Bonds are in book-entry form, 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, and DTC will redistribute that interest. (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.

Special Redemption at Par

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development; or (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development. The Agency will apply any unexpended proceeds or Recovery Payments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments.

*Preliminary, subject to change.

Optional Redemption

The Agency may redeem the Series Bonds at its option, in whole or in part, on any date on or after [November 1, 2020],* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

General Redemption Provisions

Any Series Bonds to be redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the principal amount of the Series Bonds to be redeemed. If less than all Series Bonds are to be redeemed, the Series Bonds to be redeemed are to be selected in $5,000 principal amounts at random by the Trustee. The Agency will not at any time cause Series Bonds to be optionally redeemed 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 the redemption.

The Trustee is required to mail a copy of the notice of redemption to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date. Any defect in or failure to give the required mailed notice of redemption will not affect the validity of any proceedings for the redemption of Series Bonds not affected by that defect or failure.

SECURITY FOR THE BONDS

Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge and a grant of a security interest in (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds and notes), (b) all Mortgage Loans and Investments made or purchased from the proceeds, (c) all Revenues as defined in the Bond Resolution, and (d) money, Investments, and other assets and income held in and receivables of Funds 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, and federal or State laws heretofore or hereafter enacted pledging particular funds for a specified purpose. The pledge and security interests granted by the Bond Resolution are for the equal benefit, protection and security of Holders of all Bonds, including the Series Bonds.

The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Bonds, including the Series Bonds, and the Series Bonds are not a debt of the State.

Mortgage Loans

The Bond Resolution requires, except in certain circumstances hereinafter described, that each Mortgage Loan be secured by a first mortgage lien (subject to permitted encumbrances) on the real property, or leasehold interest of the Mortgagor in the real property under a lease with a term at least twice the length of the term of the Bonds, that is the site of the Development financed by that Mortgage Loan, and all improvements thereon. At the initial closing for each Development, the Agency receives a recorded Mortgage and a mortgagee's title insurance policy in the amount of the Mortgage Loan. The Agency may also participate with other parties in the making of a Mortgage Loan if the Agency's mortgage lien, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Bond Resolution also permits the Agency, if it holds a Mortgage that constitutes a first mortgage lien on a Development, to make an additional Mortgage Loan for the Development and secure the additional Mortgage Loan by a Mortgage on a parity with or junior and subordinate to the first lien Mortgage held by the Agency. In addition, the Bond Resolution allows the Agency to make

*Preliminary, subject to change.

Subordinate Mortgage Loans with respect to a Development upon the terms and conditions as the Agency may deem appropriate, but solely from amounts that would otherwise be available to be removed by the Agency from the lien of the Bond Resolution.

Under the Bond Resolution, there will at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution that, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from the calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that this covenant is met, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions must be based upon the Agency's reasonable expectations as of the date of the determination. The Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together with capitalized interest and estimated investment income of certain Funds and Accounts established by the Bond Resolution, to the extent provided therein. The ability of the Mortgagors to make scheduled payments to the Agency depends, among other things, on the Developments achieving and sustaining occupancy and rental levels necessary to generate rental income that, together with any applicable subsidies, the Agency expects will be sufficient to meet the required loan payments, to fund required reserves and escrows and to meet operating expenses. Under the Bond Resolution, the Agency (unless otherwise required by any agency of the United States guaranteeing, insuring or otherwise assisting in the payment of the Mortgage Loan or Subordinate Mortgage Loan) may give its consent to Prepayment of a Mortgage Loan or Subordinate Mortgage Loan only if certain conditions as described under the caption "Summary of Certain Provisions of the Bond Resolution — Mortgage Provisions and Conditions — Prepayments" in Appendix D hereto have been met. If any Mortgage Loan or Subordinate Mortgage Loan goes into default or investment income differs from the amounts estimated to be received, the amount of money available for the payment of Principal Installments of and interest on the Bonds may be adversely affected; however, as is described elsewhere in this Official Statement, moneys may be available from other sources, including the Debt Service Reserve Fund.

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of June 30, 2019 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

Debt Service Reserve Fund

No funds will be credited to the Debt Service Reserve Fund with respect to the Series Bonds (and the Debt Service Reserve Requirement in respect of the Series Bonds will be $0.00), since, in addition to the other security provided pursuant to the Bond Resolution, payment of principal with respect to the bridge loan funded by the Series Bonds will be secured as described under "The Development."

Upon issuance of the Series Bonds, the aggregate Debt Service Reserve Requirement for the Bond Resolution will be approximately $1,386,006 and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The Agency will use moneys held in or credited to a debt service reserve fund 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 the bonds are redeemed before maturity, provided that the moneys in that fund must not be withdrawn therefrom at any time in an amount as 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 may

not 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 that issuance does not equal or exceed the minimum amount required by the resolution creating that fund unless the Agency deposits in each fund at the time of the issuance from the proceeds of the bonds or otherwise an amount that, together with the amount then in the fund, will be no less than the minimum amount so 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, the Legislature is legally authorized, *but not legally obligated*, to appropriate those amounts to the Debt Service Reserve Fund.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a series resolution, to provide funds for the purpose of financing Mortgage Loans for Developments under the Agency's programs of making Mortgage Loans and, in addition, to refund outstanding Bonds or other obligations issued to finance Mortgage Loans, upon certain conditions contained therein (see Appendix D – "Summary of Certain Provisions of the Bond Resolution—Additional Bonds"), without limitation as to amount except as may from time to time be provided by law. Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and the Outstanding Bonds and entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

Nothing in the Bond Resolution prohibits the financing of other multifamily housing developments under other bond resolutions.

State Pledge Against Impairment of Contracts

The State in the Act has pledged to and agreed with the Bondholders 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 Bondholders 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 those Holders, are fully met and discharged.

THE RENTAL HOUSING PROGRAM

The Bond Resolution is currently the primary source of funds borrowed by the Agency to fund its multifamily housing programs. The proceeds of Bonds issued under the Bond Resolution are lent by the Agency to for-profit, nonprofit and limited profit sponsors that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families with low and moderate incomes.

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources available to address those needs. There follows a description of the housing programs for which there are

loans outstanding that were either funded from Bond proceeds under the Bond Resolution or are pledged as additional security under the Bond Resolution. All of the Developments financed under the Bond Resolution in recent years have been processed under the Low and Moderate Income Rental Program, either as long-term loans or as bridge loans. Recently originated loans have included the acquisition and construction of rental properties that will be eligible for federal low-income housing tax credits and loans for the preservation of existing federal subsidies under the Section 8 program.

The existing Developments financed by Outstanding Bonds have been originated under the following programs:

—Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)

—Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

In addition to the programs listed above, loans contributed as additional security under the Bond Resolution have been financed under the following program:

—Apartment Renovation Mortgage Program

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of June 30, 2019 for the programs as listed above:

Rental Housing Program Mortgage Loan Program Summary as of June 30, 2019

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments Program*	40	2,084	$ 29,280,043	21.97%
Apartment Renovation Mortgage Program	1	48	168,209	0.13
Low and Moderate Income Rental Program**	39	3,170	102,061,873	76.60
Market Rate Mortgage Loan Program	4	216	1,728,197	1.30
	84	5,518	$133,238,322	100.00%

*Includes 6 HUD Risk-Sharing loans for Developments with 613 aggregate units and an aggregate outstanding loan amount of $20,734,216.

**Includes 24 HUD Risk-Sharing loans for Developments with 2,227 aggregate units and an aggregate outstanding loan amount of $63,355,990 and four bridge mortgage loans for Developments with 218 units and an aggregate outstanding loan amount of $17,700,000.

Low and Moderate Income Rental Program

The Low and Moderate Income Rental Program (the "LMIR Program") is the program under which the Agency is currently making loans funded from the proceeds of Bonds issued under the Bond Resolution. Some of the loans involve the preservation of existing federal housing subsidies. The federal housing subsidies preserved in connection with loans under the LMIR Program have included Section 8 project-based assistance; this subsidy program is described below. Most recent developments financed under this program have also benefited from the receipt of federal low-income housing tax credits.

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR Program, may also use other available funds to provide permanent and construction loan financing for the acquisition/rehabilitation, refinance/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds or other available funds are lent by the Agency to nonprofit or limited profit entities that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. Several of the loans made under the LMIR Program have been insured under the FHA Section 223(a)(7) and 241 insurance programs. Generally, loans to Developments financed under the LMIR Program also receive one or more low- or non-interest bearing, non-amortizing subordinate loans that facilitate keeping rents below market rate levels and reduce the amount of amortizing debt.

In the Agency's administration of its LMIR Program, the Agency has made Mortgage Loans of up to 100 percent of total development costs. Mortgage Loans for Developments are generally made for terms of 30 to 40 years or are made as short-term loans payable when construction or rehabilitation is completed.

HUD Risk-Sharing Program

As part of the LMIR Program under the Bond Resolution, the Agency has made and expects to make Mortgage Loans under the Department of Housing and Urban Development Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans ("HUD Risk-Sharing Program"). Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") authorized the Secretary of the Department of Housing and Urban Development ("HUD") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through the Federal Housing Administration ("FHA"), will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The HUD Risk-Sharing Program allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, and provides for reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect.

The HUD Risk-Sharing Program requires that an interested HFA first be approved as a qualified housing finance agency. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement between the Commissioner of FHA and the HFA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans, and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the HUD Risk-Sharing Program include projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program.

The Agency has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act. The Agency has entered into a risk-sharing agreement with HUD dated as of May 3, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Agency's participation in the HUD Risk-Sharing Program. The Agency has a "Level I" and "Level II" approval under the regulations, which means the Agency agrees to reimburse HUD for 50 percent, or from 10 percent to 50 percent, of any losses incurred as a result of a default under a HUD Risk-Sharing Program

loan. “Level I” approval permits the Agency to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans with review and approval by the local HUD office. Most of the Developments committed to be financed to date under the HUD Risk-Sharing Program have been insured based upon a 50/50 split of any losses.

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

A mortgagee under an FHA-insured mortgage is entitled to receive the benefits of insurance after the mortgagor has defaulted and that default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after that grace period and monthly thereafter, unless waived by HUD, until the default has been cured or the Agency has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default unless extended at the request of the HFA. The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. HUD must make all claim payments in cash. The initial claim payment is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. Within 30 days of the initial claim payment, the HFA must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms and must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the HFA’s reimbursement obligation to HUD under its Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed-in-lieu of foreclosure or (2) expiration of the term of the HFA debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the Mortgage Note and the Risk-Sharing Agreement.

The Agency Regulatory Agreement

The uninsured Section 8-assisted Developments and Developments financed under the LMIR and HUD Risk-Sharing Programs are all subject to regulatory agreements with the Agency regulating their rents, distributions, occupancy, management and operation. The regulatory agreements are in effect during the entire term of the Mortgage Loan. Under the regulatory agreements, a limited-profit or nonprofit owner may not make distributions to its partners or members in any one year in excess of a percentage of its initial equity in a Development. The allowable percentage of equity ranges from 6 percent to 15 percent, depending on the program under which the Mortgage Loan was financed.

Section 8 Program

General Description

Under the Section 8 Program, HUD provides for the payment of a subsidy for the benefit of low income families, which are defined generally as those families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD. Until recent years, almost all of the Developments with Section 8 subsidies financed by the Agency were financed from a set-aside from HUD under which the Developments were underwritten and financed by the Agency. The Agency entered into Traditional Contract Administration (“TCA”) Annual Contributions Contracts (“ACC”s) with HUD and Section 8 Housing Assistance Payments Contracts (“HAP Contracts”) with owners under which the subsidy payments were made on behalf of tenants in the Developments. Pursuant to the ACC for each Development, HUD committed funding through the entire term of the HAP Contract. The Agency receives monthly subsidy payments with respect to each assisted dwelling unit, and then in turn disburses or credits monthly housing assistance payments to the owner of the Development under the HAP Contract. In addition, several of these Developments also received an Agency first mortgage loan, some of which were insured

under an FHA insurance program. After the initial contract expiration, many of these HAP Contracts have been renewed for a period of 20 years. The owner has the option to renew for a shorter term. It is anticipated, but not assured, that HUD will continue to provide the opportunity for owners to renew expiring HAP Contracts under the provisions of Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. In recent years, the Agency has provided new financing (deferred or amortizing) to Developments with HAP Contracts, many in conjunction with a Declaration of Covenants, Conditions and Restrictions pursuant to which the owner has agreed to continuously renew the HAP Contract through the maturity date of the Agency's Mortgage Loan. It is anticipated, but not assured, that the federal government will continue to provide these owners with the option to renew their HAP Contracts upon expiration. Renewals of HAP Contracts beyond the expiration of the initial contract term are subject to annual appropriations and spending authority in the federal budget. Contracts to convert tenant-based HUD vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

HAP Contract Term for State Agency Set-Aside Program

Under HUD regulations, the initial terms of the HAP Contracts for uninsured Developments financed under the state agency set-aside program were for either 30 or 40 years, with provisions for renewal for five-year periods within the 30- or 40-year term. The term of the initial ACC is the same as the initial HAP Contract term. Nonrenewal of the Section 8 HAP Contract under federal law and Minnesota state statutes requires proper notification to the residents, the applicable city, the Metropolitan Council Housing and Redevelopment Authority, the Agency and HUD. This nonrenewal (opt-out) of the HAP Contract is independent of the Development's existing first mortgage financing. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.") Although the Section 8 housing assistance payments are made to the owner and in effect represent rental income, the HAP Contract may, with HUD's consent, be assigned as security by the owner to the first mortgage lender for the Development. All of the Developments with HAP Contracts within the Agency's first mortgage loan portfolio are assigned to the Agency as security for the Mortgage Loan. HAP Contracts may not be terminated by HUD if the Mortgage Loan on the Development goes into default, so long as the owner has not breached any of the owner's obligations under the HAP Contract. In the event of a breach of the HAP Contract by the owner, HUD may abate subsidy payments or terminate the HAP Contract after giving the owner reasonable opportunity to comply with the requirements of the HAP Contract. Under HUD regulations, the HAP Contract may be assigned to a new owner of the Development. HUD may also determine that the HAP Contract may be terminated or may reassign the Section 8 housing assistance payments subsidy to another development. If the Section 8 subsidy is assigned to another development, the HAP Contract and the ACC will continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.")

Certain Information Regarding Housing Assistance Payment Contracts

General

The following discussion provides certain information with regard to the Section 8 program and HAP Contract requirements that may affect payments made by HUD pursuant to the HAP Contracts. That information is not comprehensive or definitive and, as appropriate, is qualified in its entirety by reference to the United States Housing Act of 1937, as amended (the "Housing Act"), and HUD Section 8 Program Guidebooks, Handbooks, Notices, and Memoranda.

Adjustments in Contract Rents

The HAP Contract defines the type of contract rent adjustment that the Development can request. For HAP Contracts in the Agency's Traditional Contract Administration portfolio that are in their original term, owners can request an Annual Adjustment Factor Rent Adjustment based on the annual adjustment factor published by HUD. Interim revisions may be made where market conditions warrant. The annual adjustment factor is applied on the anniversary date of each HAP Contract to contract rents, resulting in upward adjustment. Pursuant to federal legislation enacted in 1997, if the contract rents for a Development exceed the applicable HUD fair market rents, then contract rents may not be increased beyond comparable market rents (plus the initial differential between the initial contract rents and the comparable rents). The comparable rents are determined by independent appraisals of Developments in the form of a Rent Comparability Study submitted by the owner. In addition, special additional

adjustments may be granted to reflect increases in the actual and necessary expenses of owning and maintaining a Development resulting from substantial "and general increase in real property taxes, assessments, utility rates and hazard insurance increases, where the increased cost is not sufficiently covered by the annual AAF adjustment." HUD Notice H 2002-10. Adjustments may not result in material differences between rents charged for assisted units and unassisted units of similar quality and age in the same market area, except to the extent of the initial difference at the time of contract execution. Under current law, "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section, unless the project has been refinanced in a manner that reduces the periodic payments of the owner." 42 U.S.C. § 1437f(c)(1)(C). There can be no assurance that increases in contract rents will result in revenues sufficient to compensate for increased operating expenses of the Developments. There can be no assurance that there will not be a decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See "Certain Recent Developments.")

Limitations on Increases in Housing Assistance Payments

An increase in contract rents, because of the application of an annual adjustment factor or a special additional adjustment, will normally result in an increase in Housing Assistance Payments payable to the owner under the HAP Contract. The annual maximum housing assistance payments are initially limited to the initial contract rents. A project account is required to be established and maintained by HUD, in an amount determined by HUD, and the account must be established and maintained consistent with its responsibilities under the Housing Act. Whenever the estimated annual housing assistance payment exceeds the annual maximum housing assistance commitment and would cause the amount in the project account to be less than 40 percent of that maximum commitment, HUD is required to take additional steps authorized by Section 8(c)(6) of the Housing Act to assure that housing assistance payments will be increased on a timely basis. Section 8(c)(6) of the Housing Act authorizes "the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts." Based on this guidance, HUD does not increase annual contributions contract authority until the project account has been exhausted.

Certain Recent Developments

In July 2002, HUD announced an interpretation of its Office of General Counsel with respect to the form of HAP Contract in use prior to 1979 (the "Old Regulation HAP Contract"). This interpretation provides that the HAP Contract terminates upon any prepayment of the original permanent financing of the related development, including any refinancing that included prepayment of the first Mortgage Loan. HUD also stated that it would agree to amend any HAP Contract to eliminate that termination. All of the first mortgage loans with this form of HAP Contract in the Agency's TCA portfolio were provided by the Agency. There are many Developments with Agency mortgage loans that have been prepaid where HUD has continued to make payments under the HAP Contracts during the years since the Agency loans were prepaid. It is the Agency's understanding that current HUD practice is to approve the continuation of HAP Contracts upon payment of the original financing when the owner has elected to remain in the Section 8 program. In 2015, HUD issued the final version of the Section 8 Renewal Policy Guide Book. Chapter 16 of the Guide Book reiterates the Office of General Counsel interpretation of the Old Regulation HAP Contract and gives prepaying owners the option to amend the HAP Contract to extend the term to the originally scheduled maturity date, renew the HAP contract under the Multifamily Assisted Housing Reform and Affordability Act ("MAHRA"), or opt out of the Section 8 program. Contracts that are subject to Chapter 16 will be renewed and amended as outlined in the newly revised chapter. At this time, the Agency cannot predict the potential risk for opt-outs under the provisions of Chapter 16; however, the Agency handles potential opt-outs proactively to support the Agency's priority for preservation of federally assisted housing.

In recent years, there have been numerous pronouncements from HUD officials and various elected officials as to the future of HUD and the Section 8 program. The scope of these pronouncements has ranged from a total elimination of HUD and the Section 8 program to a restructuring of HUD and the reduction in funding of the Section 8 program. In addition, the consolidation and alignment of HUD's programs and the transfer of certain administrative responsibilities for HUD programs to contract administrators, state and local governments and other entities continue to be proposed. (Note that HUD has contracted project-based Section 8 program administration

services to state and local governments and other entities since 1999.) Furthermore, Congress continues to propose reductions in all federal spending, including funding for HUD and its programs.

HUD officials have from time to time proposed to Congress that it repeal the provision of the Housing Act prohibiting the Secretary of HUD from reducing contract rents below the current contract rents in effect as of April 15, 1987. (See "Adjustments in Contract Rents.") It is not clear whether such a repeal would withstand a constitutional challenge. The effect of repealing those provisions would be to permit HUD to reduce the contract rents for Section 8 Developments to "market rents," but not lower than the initial contract rents, plus the initial difference, approved by HUD for the Development. Reductions in current contract rents have occurred and continue to occur due to HUD's changes to its Section 8 Renewal Policy Guide Book and its 4350.1 Handbook (Chapter 7).

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD's structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

Over the years, there have been several court decisions with respect to the Section 8 program and HAP Contracts. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group*, held that HAP Contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAP Contracts (which states, in effect, that notwithstanding any other provision of the HAP Contract, adjustments provided for in that section of the HAP Contract must not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units that are greater than the initial difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAP Contracts permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the "initial difference" referred to in the HAP Contract is determined by the initial dollar amount and not by a percentage of the initial rents. Based on guidance in HUD's Section 8 Renewal Policy Guidebook, issued in 2000, as amended, HAP Contracts that are renewed under MAHRA may have their contract rents reduced to "market rents." This Guidebook also provides the opportunity for debt restructuring by HUD's Office of Affordable Housing Preservation in conjunction with the reduction in contract rents if a property is eligible.

At this time, the Agency is unable to predict what additional actions, if any, HUD or Congress will take in the future with respect to rent adjustments. Future policy changes for rent adjustments may be impacted by federal budget constraints. Beginning in federal fiscal year 2012, HUD implemented three primary cost cutting measures that affect all New Regulation (i.e., post-1979) HAP Contracts. These cost cutting measures, which have been continued for federal fiscal year 2015, include using residual receipts in lieu of rent increases, using residual receipts in lieu of subsidy payments, using the lesser of budget-based or Operating Cost Adjustment Factor ("OCAF") rent adjustments, offering automatic OCAF rent adjustments that are limited to market rents including option 4 multi-year annual renewals, and short funding HAP Contracts. Old Regulation HAP Contracts that have not initially renewed under MAHRA have not been affected by the cost cutting measure of using residual receipts in lieu of subsidy payments. As noted above under "Adjustments in Contract Rents," Congress has passed legislation and HUD has implemented procedures to restrict Annual Adjustment Factor rent increases above fair market rents for the 1997 and subsequent federal fiscal years for contracts that are in their original 20-, 30- or 40-year term. Upon initial renewal of the HAP Contract, the Development generally is not eligible for Annual Adjustment Factor rent adjustments under MAHRA, but is eligible for budget based, Operating Cost Adjustment Factor, mark-up-to-market, and mark-to-market (mark down to market) rent adjustments. HUD's Section 8 Renewal Policy Guide Book, as amended, and its Handbook 4350.1, Chapter 7 do not allow for the use of initial differences, Financing Adjustments, or Financing Adjustment Factors when determining these rent adjustments; they are excluded from rent adjustment calculations. Also, HUD has proposed additional changes to the Section 8 HAP Contracts that include provisions around combining HAP Contracts and risk-based monitoring. Currently, guidance for combining HAP Contracts has been issued through a HUD memorandum. The Agency has not seen this tool leveraged by owners; however, the potential does exist. This measure would reduce the number of on-site inspections and the number of financial

statements that owners must submit, as well as allow properties to share income and operating expenses. The 2014 cost cutting measures remain in effect. Actions by HUD that limit options for contract renewals and restrict the definition of market rents in many cases result in a decrease in contract rents, which could negatively impact the ability of owners to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds from the amounts pledged under the Bond Resolution.

Project-Based Vouchers

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent ("FMR") or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

Section 8 Contract Administration

In 2000, the Agency was awarded an Annual Contributions Contract ("ACC") with HUD as a Performance-Based Contract Administrator ("PBCA") for the contract administration of a portion of HUD's project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through September 30, 2019. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

HUD issued two draft Request for Funding Proposals ("RFPs") that encapsulated the work conducted under the PBCA program in late 2017. The draft RFPs contemplated significant program changes, including dividing the work between a national contract and multiple regional contractors. In March of 2018, HUD cancelled the RFPs in light of the extensive comments that were submitted regarding the drafts. The cancellation notices indicate that HUD plans to undertake additional due diligence and expects to issue new RFPs at some point in the future. It is unclear when HUD may issue any more RFPs related to the work conducted under the PBCA program. Depending on the form and content of any RFPs, there may be bid protests and litigation with respect to the RFPs and any new awards of the PBCA contracts that result from the RFPs. The Agency intends to seek to retain the PBCA work in the State of Minnesota. There is, however, significant uncertainty in this area as it is unknown when HUD will release any subsequent RFPs, what the terms of those RFPs will be, and what impact any bid protests or litigation may have on the process. Consistent with direction from the House Appropriations committee to re-negotiate the current contracts, however, HUD has indicated that it may modify ACC terms for further extensions beyond September 30, 2019, while continuing to work on a new solicitation for Section 8 support services. During the term of this extension, HUD will continue to work on provisions for a transition period to accommodate the execution of new HAP support service contracts late in 2020, as well as an early termination clause that will allow HUD to be able to make new awards on an accelerated timeline. Considering that execution of the new awards may be delayed, the ACC amendment will also include a HUD option to extend the ACCs for an additional 12 months, as needed. HUD stated that further details and consultation with PBCAs will be forthcoming in the near future.

Apartment Renovation Mortgage Program

The purpose of this Program is to maintain and improve the rental housing in Minnesota that is affordable to low and moderate income households. Developments were financed under this Program from 1987 to 1991 using

taxable bond financing, all of which has since been redeemed. The Agency is not presently making any Mortgage Loans pursuant to this Program.

Market Rate Mortgage Loan Program

In its Market Rate Mortgage Loan Program, which is administered by the Multifamily Division of the Agency, the Agency issues Bonds under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds are lent by the Agency to nonprofit or limited profit sponsors that agree to construct the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. The Agency is not presently making any new Mortgage Loans pursuant to this Program.

Monitoring of Developments

In an attempt to minimize the risk inherent in long-term Mortgage Loans, the Agency has established the following guidelines for the monitoring of Developments:

- The Agency's Accounting Division is responsible for monthly billing of principal and interest and escrows, and for paying insurance, property taxes and other expenses in a timely manner.
- The Agency's Multifamily Asset Management Section is responsible for the supervision of all Developments, beginning with the feasibility processing. Prior to loan closing the Asset Management Section works with the sponsors and their marketing and management agents to review marketing and management plans. The management plan of a Development includes information on the management agent's proposed method of operating the Development. That information relates to the organizational structure and on-site duties and staffing of the management agent, initial and on-going marketing plans, contents of an orientation handbook for residents and requirements for reporting operating expenses, budget and energy conservation information. Upon completion of construction or rehabilitation, the Asset Management Section begins to monitor the implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

The Asset Management Section generally monitors the operations of Developments on an ongoing basis in generally the following ways:

- *On-Site Inspections*. After initial marketing has been completed, on-site inspections are periodically made to check on management performance. Reports summarizing findings of inspections are submitted to the owner and management agent along with a timetable for correcting deficiencies, if necessary.
- *Reporting Requirements*. Management agents for each Development are required to submit regular accounting and occupancy reports to the Agency's Asset Management Section. Smaller, non-subsidized Developments have proven to be erratic in meeting the Agency's reporting requirements. The reports are reviewed by the Housing Management Officer assigned to each Development in order to identify significant deviations from the operating budget or change in occupancy.

  The Agency generally receives the following financial information related to each Development:

  (i) Monthly Operating Report—due the 15th day of the following month;

  (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;

  (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;

  (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and

(v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.

- *Training Sessions*. The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

Applicable Federal Law Requirements

Applicable federal tax law imposes significant limitations on the financing of Mortgage Loans for Developments with the proceeds of qualified residential rental property bonds, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency finances other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the notes to the Financial Statements in Appendix B.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Bond and Series Resolutions, and loan documentation pertaining to the Developments financed by the Series Bonds, contain provisions (the "Tax Covenants"), including covenants of the Agency and the owner, pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on any Series Bond for any period during which the Series Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix F.

Prospective owners of the Series Bonds should be aware that the ownership of obligations such as the Series Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds. Interest on the Series Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which that noncompliance occurs or is discovered. The Agency will covenant that it will do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing Federal tax requirements with the issuance of the Series Bonds that will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require owners to make certain covenants in the Mortgage Loan documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for Federal income tax purposes. Those Federal tax compliance covenants will be subordinate to the rights of FHA under the Mortgage Loan documents and the enforcement of those covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Agency or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on the Series Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

Each series of bonds issued under the Bond Resolution with the intention that the interest paid thereon will be excludable from gross income for Federal income tax purposes ("Tax-Exempt Bonds"), including the Series Bonds, must satisfy the applicable requirements of the Code. In general, Tax-Exempt Bonds originally issued for new money purposes after the general effective date of the Code of August 16, 1986, are fully subject to the applicable requirements of the Code, including the more restrictive low income set-aside requirements under the Code. The Series Bonds are fully subject to the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements and other requirements for qualified residential rental projects under the Code.

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

Certain State Tax Legislation

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

On May 19, 2008 the U.S. Supreme Court held in *Department of Revenue of Kentucky v. Davis* that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so-called 'private-activity,' 'industrial-revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that

Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

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

Changes in Federal and State Tax Law

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

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency, overtly threatened any litigation against the Agency seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

The Agency is a party to various litigation 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 the Series Bonds and the tax exemption of interest thereon are subject to the legal opinion of Kutak Rock LLP, Bond Counsel. A copy of the opinion of said firm, substantially in the form set forth in Appendix F hereto, will be available at the time of delivery of the Series Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Dorsey & Whitney LLP.

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 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.

RATINGS

The Series Bonds are rated "___" by Moody's Investors Service, Inc., and "___" by Standard & Poor's Ratings Services. 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. The Agency cannot give any 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 of this Official Statement, investors should not assume that the ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") will purchase the Series Bonds. The Underwriter is to be paid a fee of $_____ with respect to its purchase of the Series Bonds. The Underwriter 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.

The Underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which it may have received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter 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 its own account and for the accounts of its 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 the Agency.

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 statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such 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 holders 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

_____, 2019.

APPENDIX A

DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS, AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION, INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondholders") 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 Mortgage Loans and Developments of a type substantially similar to that in Appendix A in the Official Statement.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under the caption "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 which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such 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 such person or entity provides to the Trustee evidence of such 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.

"*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"*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 such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2020, by one of the following methods: (i) the Agency may deliver such 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 such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such 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 will disseminate a statement to such 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 which 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 such change in Prescribed Form.

Listed Events Disclosure

The Agency hereby covenants that it will 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 such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

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 Bondholder 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 Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders 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

The Undertaking of the Agency shall be terminated 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 this Section is applicable.

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 such 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 Bondholders 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 such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.

Resolution Constitutes Contract with Trustee and Bondholders

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

Definitions

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

Accreted Value: for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

Agency Hedge Payment: a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement).

Bond Requirement: as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

Capital Accumulator Bond: any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Current Interest Bond: any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Debt Service Reserve Requirement: as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

Development: a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

Escrow Payment: any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

Expense Requirement: such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

Hedge Agreement: a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

Hedge Counterparty: any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Hedge Counterparty Guarantee: a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Interest Payment Date: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

Investment Obligation: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home

Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, 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 (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of 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 $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

Maximum Rate: in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

Mortgage: a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

Mortgage Loan: a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

Mortgagor: a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

Outstanding: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any

other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

Prepayment: any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

Principal Installment: as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

Program: the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

Rating: with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

Recovery Payment: any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

Redemption Price: when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

Revenues: all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

Sinking Fund Installment: any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

Sinking Fund Installment Date: the date on which a Sinking Fund Installment is payable.

Subordinate Mortgage Loan: a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

Variable Rate Bonds: any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

Authorization of Bonds

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

Other Obligations

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

Pledge of the Resolution

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

Custody and Application of Bond Proceeds

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

Note Accounts. Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note

Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

Project Account and Mortgage Loan Accounts. Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

(i) the name of the Mortgagor to, and Development for, which the payment is to be made;

(ii) the amount to be paid; and

(iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

Mortgage Provisions and Conditions

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

Lien. With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

Title. Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy;

and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

Participation. The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

Prepayments. With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

(a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:

(i) the unpaid principal balance of the Mortgage Loan: plus

(ii) accrued interest to the date of the Prepayment; plus

(iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and

(b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

Insurance and Escrow. With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

(a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;

(b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and

(c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

Disbursements. Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

(a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance

therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

Alienation. Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

Enforcement. The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best

interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

(a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;

(b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;

(c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and

(d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

Modification. Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

Sale. The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

Program Covenants—Revenue Covenant

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and

things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

There shall at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution which, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from such calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that the Agency is in compliance with this covenant, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such determination.

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

Deposit of Revenues and Other Money

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

(a) Revenues to the Revenue Fund:

(b) Prepayments and Recovery Payments to the Redemption Fund; and

(c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

Revenue Fund

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

(a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer's Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer's Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency's General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer's Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

Bond Fund

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be

applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

Debt Service Reserve Fund

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service

Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better 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 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve 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 into the Revenue Fund 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 the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 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 or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

Expense Fund

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

Redemption Fund

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any

money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

Escrow Accounts

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

General Reserve Account

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

Investment and Deposit of Funds

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common

trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

Additional Bonds

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and

the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it is has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

Hedge Agreements

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading "Revenue Fund" or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

Amendments of the Bond Resolution

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a "Supplemental Resolution").

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or

the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

Defeasance

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

Events of Default

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

Remedies

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for the Series Bonds. The ownership of one fully registered Series Bond for each maturity of the Series Bonds 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, references herein to the Bondholders, Holders or registered owners of Series Bonds will mean Cede & Co. or the other nominee and will not mean the Beneficial Owners (as hereinafter defined) of the 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 Series Bond (the "Beneficial Owner") 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 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 anther 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 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 the 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 are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor 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 interest on the Series Bonds will be made to Cede & Co., or another 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 the 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, and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of payments to Direct Participants will be the responsibility of DTC, and disbursement of payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Resolutions, payments made by or on behalf of the Agency to DTC or its nominee satisfy the Agency's obligations to the extent of the payments so made.

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 Underwriter 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 Underwriter 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 Underwriter 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 Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series Bonds; (4) 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 Holders of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondholder.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to 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, the Series Bonds are required to be delivered as described in the Resolutions. The Beneficial Owner, upon registration of Series Bonds held in the Beneficial Owner's name, will become the Bondholder.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for the Series Bonds. In that event, the Series Bonds are to be delivered as described in the Resolutions.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

_____, 2019

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2019 Series C

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 Rental Housing Bonds, 2019 Series C, in the aggregate principal amount of $_____ (the "2019 Series C Bonds"), which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2019 Series C Bonds are dated, mature on the date, bear interest at the rate and are payable as provided in the Series Resolution referenced below. The 2019 Series C Bonds are subject to optional and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined 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 Bond Resolution adopted February 25, 1988, as amended and supplemented (the "Bond Resolution"), and the Series Resolution relating to the 2019 Series C Bonds adopted _____, 2019 (the "Series Resolution"). 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.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2019 Series C Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of 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 Resolution 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 Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2019 Series C 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 Resolution, 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, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2019 Series C 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 2019 Series C 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 such Debt Service Reserve Fund; and (5) the interest payable on the 2019 Series C 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; provided, however, that we express no opinion as to the exclusion from federal gross income and Minnesota taxable net income of interest on any 2019 Series C Bond for any period during which such 2019 Series C Bond is held by a person who is a "substantial user" of the Development financed by the 2019 Series C Bonds or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the 2019 Series C 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. Interest on the 2019 Series C 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 2019 Series C Bonds. All owners of 2019 Series C 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 2019 Series C Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2019 Series C Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2019 Series C Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2019 Series C Bonds, the Bond Resolution and the Series Resolution may be 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,

RESOLUTION NO. MHFA 19-037

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN PRINCETON, MINNESOTA

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Background and Recitals. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of a series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one Mortgage Loan (the "Mortgage Loan") to a Mortgagor (the "Mortgagor") for the purposes of financing the acquisition, rehabilitation and construction of the multifamily housing development (the "Development") described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the "Series Resolution." The Mortgage Loan to the Mortgagor shall be evidenced by a Mortgage Note to be executed by the Mortgagor to the Agency and a Mortgage to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgage (collectively, the "Loan Documents").

Section 2. Authorization of Series Bonds.

(a) *Purpose*. To provide sufficient funds to be used and expended for the purposes set forth in Section 1, it is now determined to be necessary to issue one series of Bonds pursuant to the Bond Resolution, which is designated as "Rental Housing Bonds, 2019 Series," in the principal amount to be determined pursuant to Section 2(E) (the "Series Bonds"). The "2019" in the designation of the Bonds may be changed to "2020" and "Series" followed by an uppercase letter, each as an Authorized Officer of the Agency (as hereinafter defined) shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loan to the Mortgagor; and

(ii) Incident to this purpose, for the funding of the deposit of amounts determined by and pursuant to Section 303 of the Bond Resolution to be paid into the Funds and Accounts referred to in Sections 302 and 402 thereof.

(b) *Single Issue*. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency may treat the Series Bonds, together with any other Bonds issued or to be issued pursuant to the Bond Resolution which may be sold by the Agency less than fifteen days apart from the date of sale of the Series Bonds, as a single issue of bonds. The Series Bonds and such other Bonds are herein collectively referred to as the "Issue."

(c) *Pledge*. The pledge made and security interests granted in the Bond Resolution and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Holders of all of the Series Bonds and other Outstanding Bonds issued and to be issued thereunder, without preference, priority or distinction of one Bond over any other of any Series, except as otherwise expressly provided for therein.

(d) *Debt Service Reserve Requirements*. Upon issuance of the Series Bonds, the Debt Service Reserve Requirement for the Series Bonds shall be as established in the Officer's Certificate delivered by an Authorized Officer to the Trustee pursuant to Sections 5 and 6 of this Series Resolution.

(e) *Sale and Offering Documents*. The Agency hereby authorizes the issuance and sale of the Series Bonds for the purposes described in Section 2(a). It is acknowledged that the final terms of the Series Bonds have not been determined as of this date.

The Series Bonds may be offered for sale by negotiating for the sale of the Series Bonds to RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a preliminary official statement and a bond purchase agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement (the "Preliminary Official Statement"), containing information relating to the Agency, the Bond Resolution, the Series Resolution, the Development and the Series Bonds. Any of the Chair, the Commissioner, the Chief Financial Officer or the Finance Director (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters:

(i) the principal amount of the Series Bonds; provided that the principal amount of the Series Bonds is not in excess of $3,250,000;

(ii) the maturity date of the Series Bonds; provided that the Series Bonds mature at any time in such amount not later than 3 years from the Issue Date thereof;

(iii) the interest rate borne by the Series Bonds; provided that the interest rate on the Series Bonds shall not exceed 3.50%; and

(iv) the commission payable to the Underwriter of the Series Bonds; provided that the commission shall not exceed three percent of the principal amount of the Series Bonds.

Such approval shall be conclusively evidenced by the execution of a bond purchase agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

Following a negotiated sale of the Series Bonds to the Underwriter, preparation and distribution of an Official Statement, substantially in the form of the Preliminary Official Statement, except for revisions required or approved by counsel for the Agency, and insertion of the final terms of such Series Bonds, is approved and the final Official Statement is authorized to be signed by the Chair or the Commissioner, and furnished to the Underwriter in a reasonable quantity for distribution to investors.

The Agency has received and examined a draft of the form of the bond purchase agreement (the "Bond Purchase Agreement"). An Authorized Officer is authorized to execute and deliver in the name and on behalf of the Agency the Bond Purchase Agreement with the Purchaser reflecting the terms of sale authorized pursuant to this Section 2(e).

(f) *Approval of Continuing Disclosure Undertaking*. The Agency has also 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.

Section 3. Forms.

(a) *Generally*. The Series Bonds shall be issuable only in the form of fully registered Bonds, subject to transfer, re-registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds shall be numbered serially and no Series Bonds, whether issued initially or upon re-registration, transfer or exchange, shall bear the same number as any other Series Bond of the same series which is contemporaneously outstanding.

(b) *Form of Series Bonds*. The Series Bonds shall be in substantially the form of Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with such additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution, including but not limited to changes required as a result of the sale of the Series Bonds in accordance with Section 2(e) and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

Section 4. Terms of Series Bonds.

(a) *Issue Date, Denominations and Interest Payment Dates*. The Issue Date of the Series Bonds shall be the date of original delivery of the Series Bonds or such other date as shall be approved by an Authorized Officer and as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof. The Series Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount maturing on any maturity date. Interest on the Series Bonds shall be payable each February 1 and August 1, commencing February 1, 2020, or a subsequent August 1 or February 1 as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be.

(b) *Maturities, Interest Rates and Redemption*. The Series Bonds shall mature on the date or dates and in the principal amounts, shall bear interest at the rate or rates per annum, and shall be subject to redemption as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be, all subject to the limitations in Section 2(e).

(c) *Procedure for Redemption*. All actions taken by the Agency and the Trustee in the redemption of Series Bonds shall conform to the provisions of Article VII of the Bond Resolution, save and except as otherwise expressly provided in this paragraph. Upon selection of a Series Bond or Bonds or portions thereof to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall contain the information required by Section 702 of the Bond Resolution. The Trustee shall mail such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered Holder of any Series Bond all or a portion of which is to be redeemed, at the Holder's last address appearing on the registry books as of the Record Date. Notice having been so mailed, the Series Bond or Bonds or portion thereof therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

(d) *Trustee*. The principal amount of and interest and any redemption premium on the Series Bonds shall be payable in lawful money of the United States by check drawn to the order of the registered owner, or other agreed means of payment, by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, the Trustee and Paying Agent under the Bond Resolution, or its successor, and shall be payable to the registered owner as shown on the registry books as of the Record Date. The principal amount of and any redemption premium on a Series Bond shall be payable only upon surrender of the Series Bond at the Principal Office of the Trustee (subject to the provisions of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen or lost), except as otherwise provided in Section 5(b) herein.

(e) *Record Date*. For purposes of this Series Resolution, where the Trustee is required to establish a Record Date hereunder, said Record Date for (i) payment of principal of and interest on the Series Bonds shall be the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

Section 5. Issuance and Delivery.

(a) *Preparation and Execution*. The Series Bonds shall be prepared in substantially the form incorporated herein, in denominations requested by the Purchaser, and shall be executed in the manner provided in Article VI of the Bond Resolution, by the facsimile signatures of the Chairman and Commissioner of the Agency and shall be authenticated by the Trustee by manual signature of an authorized representative and shall be delivered to the Purchaser after compliance with the conditions set forth in this Section and upon deposit of the proceeds with the Trustee.

(b) *Securities Depository*.

(i) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series Bond shall be issued in the principal amount of each stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds shall 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 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 registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any person or entity claiming a

beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered 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 of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered 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 shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds 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 such new nominee in accordance with subsection (4) hereof.

(iii) In the event the Agency determines to discontinue the book-entry-only system through DTC with respect to the Series Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to the Series Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall 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 this Series Resolution. In the event Series Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series Bonds, or another securities depository as registered owner of all the Series Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series Bonds.

(c) *Opinion and Officer's Certification*. The Trustee has been furnished a copy of the Bond Resolution. Before delivery of the Series Bonds, the Agency shall furnish to the Trustee a certified copy of this Series Resolution, together with an Opinion of Counsel to the Agency and an Officer's Certificate executed by an Authorized Officer, in form and substance as required in Section 203 of the Bond Resolution and Sections 2(e), 4(a), 4(b) and 6 of this Series Resolution, and shall obtain from the Trustee the certification required in Section 203(C) of the Bond Resolution.

Section 6. Application of Proceeds; Funds and Accounts. Proceeds of the Series Bonds, and funds of the Agency, if required, shall be deposited to accounts in the Bond Fund relating to such Series Bonds, and to the Cost of Issuance Account and Project Account relating to such Series Bonds, or used to reimburse the Agency for funds it advances pursuant to Section 11, all as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) of this Series Resolution.

Section 7. General Tax Covenant. The Agency will not take, or permit or cause to be taken, any action that would adversely affect the exclusion from federal gross income of the interest on any Series Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Agency shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

Section 8. Specific Tax Covenants relating to the Development. In fulfillment of the general covenant set forth in Section 7, the Agency represents as follows:

(a) The Development financed will be acquired, rehabilitated, and constructed for the purpose of providing multifamily residential rental property and will constitute a "qualified residential rental project," as such phrase is used in Sections 142(a)(7) and 142(d) of the Code.

(b) At least forty percent (40%) of the completed units in the Development shall be occupied (or treated as occupied) by Qualifying Tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Mortgagor to be eligible as "individuals whose income is sixty percent (60%) or less of area median gross income" within the meaning of Section 142(d)(2)(B) of the Code. The term of the foregoing restrictions shall commence on the date of issuance of the Series Bonds and shall end on the latest of the following: (i) the date which is 15 years after the date on which at least 50% of the units in the Development were first occupied; or (ii) the first day on which none of the Series Bonds are Outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(c) Each unit in the Development will be rented or available for rental to members of the general public on a continuous basis for the longer of (i) the period

during which any of the Series Bonds remain Outstanding or (ii) the term of the restrictions set forth in subsection (a) of this Section 8.

(d) At no time will either the Mortgagor or any related party be permitted to occupy a unit in the Development other than units occupied or to be occupied by agents, employees or representatives of the Mortgagor and reasonably required for the proper maintenance or management of the Development. In the event a unit within the Development is occupied by the Mortgagor, the Development will include no fewer than four units not occupied by the Mortgagor.

(e) The Development consists of a single "development" and, for this purpose, proximate buildings or structures are part of the same development only if owned for federal income tax purposes by the same person or entity and if the buildings are financed pursuant to a common plan; buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property.

(f) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(g) The Mortgagor shall not restrict Qualifying Tenants (as defined in the Loan Documents) from the enjoyment of unrestricted access to all common facilities and common areas of the Development.

(h) The Mortgagor shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(i) No portion of the Development is presently used for purposes other than residential rental purposes and the Agency will not permit any other use unless it first obtains an opinion of bond counsel that such use will not impair the exclusion from federal gross income for interest payable on the Series Bonds.

Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Series Bonds. In furtherance of the general tax covenant made in Section 7 above, the Agency further represents as follows:

(a) All proceeds of the Series Bonds lent to the Mortgagor will be used to finance costs properly chargeable to the capital account of the Development within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(b) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(c) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, (ii) any property not part of the Development, or (iii) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(d) No portion of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) The Mortgagor will incur "rehabilitation expenditures" (as defined in Section 147(d)(3) of the Code) with respect to a portion of the Development in an amount not less than 15% of the acquisition cost of such portion of the Development funded with the net proceeds of the Series Bonds lent to the Mortgagor within the later of two years from (i) the date the Development is acquired by the Mortgagor or (ii) the date the Series Bonds are issued

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 25 years.

(g) In order to qualify the Mortgage Note and Mortgage received from the Mortgagor as "program investments" within the meaning of Section 1.148-1(b) of the Treasury Regulations, the Agency will not permit the Mortgagor (or any "related person" thereto within the meaning of Section 147(a) of the Code) to take any action the effect of which would be to disqualify the Mortgage Note and Mortgage as part of a "program" under said Section 1.148-1(b), including, but not limited to, entering into any arrangement, formal or informal, with the Mortgagor or any related party to purchase bonds or notes of the Agency in an amount related to the amount of the Mortgage Note and Mortgage.

(h) In accordance with the requirements of Section 147(f) of the Code, the Agency has held a public hearing on the issuance of the Series Bonds after published notice as required by the Regulations and will obtain the approval of the Governor of the State for the issuance of the Series Bonds.

(i) Not more than 2% of the proceeds of the Series Bonds will be applied to the payment of Costs of Issuance, and all Costs of Issuance in excess of that amount, if any, will be paid by the Agency from funds other than proceeds of the Series Bonds.

(j) No obligations the interest on which is excludable from gross income for federal income tax purposes have been or will be issued which were sold at substantially the same time as the Issue, sold pursuant to the same plan of financing as the Issue and

which are reasonably expected to be paid from substantially the same source of funds as the Issue.

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loan within three years after the date of issue of the Issue and not more than 50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law (i) carried forward from calendar year 2017, (ii) for calendar year 2019 or (iii) a combination of (i) and (ii). The Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

(m) None of the proceeds of the Series Bonds will be used by the Agency to reimburse itself or a Mortgagor for any expenditure with respect to the Development which the Agency or the Mortgagor paid or will have paid more than 60 days prior to the issuance of the Series Bonds unless, with respect to such prior expenditures, the Agency shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Development meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Development as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Series Bonds.

Section 10. Arbitrage. The Agency covenants that it will not use the proceeds of the Series Bonds in such a manner as to cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Agency will take all actions as may be prescribed in the future by regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Mortgage Loan purchased in whole or in part from the proceeds of the Series Bonds may not exceed the yield on the Issue, computed in accordance with Section 148 of the Code, by more than one and one-half percentage points.

(b) The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable Regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable Regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

Section 11. Advance of Agency Funds. If the Mortgage Loan must be made before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund the Mortgage Loan in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 12. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this 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 portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

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Adopted by the Minnesota Housing Finance Agency this 25th day of July, 2019.

By: _____
Chairman

Attest: _____
Commissioner

[Signature page to Resolution No. MHFA 19-037]

EXHIBIT A

DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

Mortgagor	Name	Location	Number of Units
West Birch Estates of Princeton Limited Partnership	West Birch Estates	Princeton, MN	40

EXHIBIT B

FORM OF SERIES BONDS

No.____ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2019] SERIES __

Interest Rate	**Maturity**	**Date of Original Issue**	**CUSIP**

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, 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 hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing _____, until said principal amount is paid, 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 of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Wells Fargo Bank, National Association, in Minneapolis, Minnesota, Trustee under the Bond Resolution referred to below, or its successor. 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, and state laws heretofore or hereafter enacted 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 Rental Housing Bonds, [2019] Series __, issued in the original aggregate principal amount of $_____ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily

housing development in Princeton, Minnesota (the "Development"). The Series Bonds are issued under and pursuant to the Agency's Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 19-037, adopted July 25, 2019, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series Bonds, and the terms upon which the Bonds, including the Series Bonds, are issued, delivered and secured.

The Series Bonds are issuable only in fully registered form and comprise current interest bonds of a single stated maturity. The Series Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

The Series Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series Bonds are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to the special redemption of the Series Bonds in addition to the allocable amount of Recovery Payments.

The Series Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after _____, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Upon any redemption of the Series Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series Bonds, a new Series Bond will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series Bonds will be mailed to the registered Holders of the Series Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series Bonds not affected by such failure or defect. Notice having been so mailed, the Series Bonds or portions of Series Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds 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 (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of 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, 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. Every Holder hereof is deemed by 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 Holder of any 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 shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

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 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; and that the issuance of this Series Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Minnesota Housing Finance Agency at the principal corporate trust office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota, the Trustee thereunder, 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. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity 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 such transfer.

The Agency and the Trustee under the Bond Resolution 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 such payments so made to the registered owner or upon the owner's order shall 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 shall be affected by any notice to the contrary.

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 shall pay all principal of, premium, if any, and interest on this Series Bond, and shall 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.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series Bond shall not be entitled to any benefit under the Bond and Series Resolutions 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 Chairman and Commissioner, the Agency having no corporate seal, and has caused this Series Bond to be dated as of the date set forth below.

Date of Authentication: _____

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.

WELLS FARGO BANK, NATIONAL ASSOCIATION, Minneapolis, Minnesota, as trustee

By:_____
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

By: _____
Chairman (Facsimile Signature)

Attest: _____
Commissioner (Facsimile Signature)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

_____

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within 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 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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Board Agenda Item: 7.I
Date: 7/25/2019

Item: Approval, Resolution authorizing the issuance and sale of Minnesota Housing Finance Agency State Appropriation Bonds (Housing Infrastructure)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Terry Schwartz, 651.297.2404, terry.schwartz@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff is preparing to issue State Appropriation Bonds (Housing Infrastructure), the proceeds of which will be used to finance loans for eligible housing infrastructure projects. The attached resolution outlines the parameters under which the Agency can proceed to issue additional Series of Housing Infrastructure Bonds. It is currently anticipated that the Agency will sell approximately $30 million of Housing Infrastructure Bonds (HIBs), 2019 Series ABCD, in August of 2019, with a closing in September of 2019; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:
Certain of the loans financed with the proceeds of the HIBs may pay interest and amortize, therefore creating funds that can be used for additional housing infrastructure projects. Also, there is certain fee income that comes to the Agency. The debt service on these State Appropriation Bonds will be paid from an annual appropriation to the Agency from the State of Minnesota.

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):
- Preliminary Official Statement
- Authorizing Resolution

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 15, 2019

NEW ISSUE

RATINGS: Moody's: "__"
S&P: "__"
(See "Ratings" herein.)

This Official Statement has been prepared by the Minnesota Housing Finance Agency (the "Agency") 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 Series Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, terms used with initial capital letters on this cover page have the meanings given in this Official Statement.

$_____,000*

Minnesota Housing Finance Agency

$____,000* State Appropriation Bonds (Housing Infrastructure), 2019 Series A (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2019 Series B (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2019 Series C (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2019 Series D (Non-AMT)

Dated Date: Date of Delivery **Due: As shown on inside front cover**

Tax Exemption	Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, estates and trusts for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations.")
Redemption	The Agency may redeem all or a portion of the Series Bonds by optional [and mandatory sinking fund] redemption as described under "The Series Bonds."
Security	THE SERIES BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY, AND EQUALLY AND RATABLY, FROM SPECIFIED TRANSFERS EXPECTED TO BE MADE BY THE STATE OF MINNESOTA (THE "STATE") PURSUANT TO LEGISLATION PROVIDING FOR THE APPROPRIATION OF THOSE TRANSFERS FROM THE GENERAL FUND OF THE STATE TO THE AGENCY (THE "HOUSING INFRASTRUCTURE STATE APPROPRIATIONS"), AND MONEYS AND SECURITIES HELD FROM TIME TO TIME IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE (AS HEREIN DEFINED) AND PLEDGED TO THAT PAYMENT. THE AGENCY HAS NOT PLEDGED ANY OTHER REVENUES OR ASSETS, NOR THE FULL FAITH AND CREDIT OF THE AGENCY, TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES BONDS. THE AGENCY HAS NO TAXING POWER. THE SERIES BONDS ARE NOT INDEBTEDNESS OR ANOTHER OBLIGATION OF THE STATE AND ARE NOT PUBLIC DEBT OF THE STATE. THE STATE HAS NOT PLEDGED ITS FULL FAITH AND CREDIT AND TAXING POWER TO PAYMENT OF THE SERIES BONDS OR TO TRANSFERS TO THE AGENCY OF THE HOUSING INFRASTRUCTURE STATE APPROPRIATIONS. PURSUANT TO MINNESOTA LAW, THE MINNESOTA LEGISLATURE MAY REDUCE OR REPEAL THE HOUSING INFRASTRUCTURE STATE APPROPRIATIONS IN THEIR ENTIRETY. THE HOUSING INFRASTRUCTURE APPROPRIATIONS ARE ALSO SUBJECT TO REDUCTION THROUGH UNALLOTMENT. See "Nature of Obligation and Source of Payment."
Interest Payment Dates	February 1 and August 1, commencing February 1, 2020, and, for any Series Bonds to be redeemed, the redemption date.
Denominations	$5,000 or any multiple thereof.
Closing/Settlement	September 5, 2019* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriters' Counsel	Cozen O'Connor.
Trustee	Wells Fargo Bank, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. See Appendix B hereto.

The Series Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets

J.P. Morgan **Piper Jaffray & Co.** **Wells Fargo Securities**

The date of this Official Statement is August __, 2019.

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or 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, PRICES AND YIELDS*

2019 Series A Bonds (Non-AMT)

Due (August 1)*	Principal Amount*	Interest Rate	Price	Yield	CUSIP**
2020	$,000				
2021	,000				
2022	,000				
2023	,000				
2024	,000				
2025	,000				
2026	,000				
2027	,000				
2028	,000				
2029	,000				
2030	,000				
2031	,000				
2032	,000				
2033	,000				
2034	,000				
2035	,000				
2036	,000				
2037	,000				

2019 Series B Bonds (Non-AMT)

Due (August 1)*	Principal Amount*	Interest Rate	Price	Yield	CUSIP**
2020	$,000				
2021	,000				
2022	,000				
2023	,000				
2024	,000				
2025	,000				
2026	,000				
2027	,000				
2028	,000				
2029	,000				
2030	,000				
2031	,000				
2032	,000				
2033	,000				
2034	,000				
2035	,000				
2036	,000				
2037	,000				
2038	,000				

*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.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS*

2019 Series C Bonds (Non-AMT)

Due (August 1)*	Principal Amount*	Interest Rate	Price	Yield	CUSIP**
2020	$,000				
2021	,000				
2022	,000				
2023	,000				
2024	,000				
2025	,000				
2026	,000				
2027	,000				
2028	,000				
2029	,000				
2030	,000				
2031	,000				

2019 Series D Bonds (Non-AMT)

Due (August 1)*	Principal Amount*	Interest Rate	Price	Yield	CUSIP**
2031	$,000				
2032	,000				
2033	,000				
2034	,000				
2035	,000				
2036	,000				
2037	,000				
2038	,000				
2039	,000				
2040	,000				

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*Preliminary, subject to change.

**CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

None of the Minnesota Housing Finance Agency, the State of Minnesota or the Underwriters has authorized any dealer, broker, salesman 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, the State and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
relating to
$_____,000*
MINNESOTA HOUSING FINANCE AGENCY
STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE)
2019 SERIES A, 2019 SERIES B, 2019 SERIES C AND 2019 SERIES D

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency"), created by Minnesota Statutes, Chapter 462A, as amended (the "Act"), the State of Minnesota (the "State"), and the State Appropriation Bonds (Housing Infrastructure), 2019 Series A (the "Series 2019A Bonds"), State Appropriation Bonds (Housing Infrastructure), 2019 Series B (the "Series 2019B Bonds," and collectively with the Series 2019A Bonds, the "Series 2019AB Bonds;"), State Appropriation Bonds (Housing Infrastructure), 2019 Series C (the "Series 2019C Bonds"), and State Appropriation Bonds (Housing Infrastructure), 2019 Series D (the "Series 2019D Bonds;" the Series 2019AB Bonds, the Series 2019C Bonds and the Series 2019D Bonds are collectively referred to herein as the "Series Bonds"), in connection with the offering and sale of the Series Bonds by the Agency and for the information of all who may become initial Owners of the Series Bonds.

The Agency is issuing the Series Bonds pursuant to the Act, an Indenture of Trust, dated as of August 1, 2013, as supplemented by a Eighth Supplemental Indenture of Trust, to be dated as of September 1, 2019 (as so supplemented, and as amended and supplemented from time to time in accordance with its terms, the "Indenture"), each between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Agency has issued 15 series of its State Appropriation Bonds (Housing Infrastructure), 2013 Series A and 2013 Series B (the "Series 2013 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2014 Series A and 2014 Series B (the "Series 2014 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2015 Series A, 2015 Series B and 2015 Series C (the "Series 2015 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2016 Series A and 2016 Series B (the "Series 2016AB Bonds") and 2016 Series C (the "Series 2016C Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2017 Series A (the "Series 2017A Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2018 Series A (the "Series 2018A Bonds"), 2018 Series B (the "Series 2018B Bonds"), and 2018 Series C and 2018 Series D (the "Series 2018CD Bonds;" and collectively with the Series 2013 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016AB Bonds, the 2016 Series C Bonds, Series 2017A Bonds, the Series 2018A Bonds and the Series 2018B Bonds, the "Prior Series Bonds") under the Indenture in the original aggregate principal amount of $155,275,000, of which $131,085,000 are outstanding. The Series Bonds, the Prior Series Bonds and any additional bonds (the "Additional Bonds") issued pursuant to the Indenture are equally and ratably secured thereunder and are herein called the "Bonds."

The Indenture includes definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix A. The summaries and references in this Official Statement to the Act and the Indenture and other documents are only outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Indenture are qualified in their entirety by reference to the Act and Indenture, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota, established in 1971 pursuant to the Act. Section 462A.37 of the Act authorizes the Agency to issue its bonds to fund loans, or grants with respect to manufactured home parks ("Housing Infrastructure Loans"), to pay for 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 with a preference to be given for developments serving certain individuals and families; 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

* Preliminary; subject to change.

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; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; 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.

The Agency is issuing the Series Bonds to provide money to fund Housing Infrastructure Loans and to pay costs of issuance of the Series Bonds. (See "Estimated Sources and Uses of Funds.") For a description of the developments expected to be financed with proceeds of the Series Bonds, see "The Developments" herein. The Series Bonds are secured, on parity with the Prior Series Bonds and Additional Bonds, if any, hereafter issued under the Indenture, by a pledge made by the Agency under the Indenture of all amounts appropriated to the Agency by the State pursuant to Section 462A.37 of the Act (the "Housing Infrastructure State Appropriations"). Section 462A.37 of the Act provides that amounts necessary to pay principal of and premium, if any, and interest on housing infrastructure bonds issued pursuant to Section 462A.37 of the Act, and the fees, charges and expenses related thereto, are appropriated annually from the State general fund (the "General Fund") to the Commissioner of Management and Budget for transfer to the Agency. The amount appropriated with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, will not exceed $2,200,000 annually for transfer to the Agency through July 15, 2035. The amount appropriated with respect to Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, will not exceed $6,400,000 annually for transfer to the Agency through July 15, 2037. The amount appropriated with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, will not exceed $800,000 annually for transfer to the Agency through July 15, 2038. The amount appropriated with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, in an aggregate principal amount up to $35,000,000, will not exceed $2,800,000 annually for transfer to the Agency through July 15, 2040. The amount appropriated with respect to Additional Bonds (including the Series 2019C Bonds and the Series 2019D Bonds), collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Additional Bonds for transfer to the Agency annually beginning July 15, 2020 through July 15, 2041. The amount appropriated with respect to Additional Bonds not included in the principal amount described in the preceding sentence, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Additional Bonds for transfer to the Agency annually beginning July 15, 2022 through July 15, 2043. Upon the issuance of the Series Bonds, there will be $_____,000* of authorized but unissued debt supported by the Housing Infrastructure State Appropriations.

The Series Bonds are special, limited obligations of the Agency. The Series Bonds are not general obligations of the Agency and the Agency has not pledged its general funds to the payment of the Series Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Series Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency pay principal of, premium, if any, or interest on the Series Bonds from the general revenues or assets of the Agency. The Act provides that the Bonds are not public debt of the State. The State has not pledged its full faith and credit and taxing powers to payment of the Series Bonds or to payment of the Housing Infrastructure State Appropriations. Pursuant to Minnesota law, the Minnesota Legislature (the "Legislature") may reduce or repeal the Housing Infrastructure State Appropriations in their entirety. The Housing Infrastructure State Appropriations are also subject to unallotment under Minnesota Statutes, Section 16A.152. See "Nature of Obligation and Source of Payment" and "Appendix A – Summary of Certain Provisions of the Indenture."

* Preliminary; subject to change.

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chairman of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members* of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

John DeCramer, Chairman — Term expires January 2020, Marshall, Minnesota – Magnetics Engineer

The Honorable *Julie Blaha* — *Ex officio*, St. Paul, Minnesota – State Auditor

Joseph Johnson III, Vice Chairman — Term expires January 2021, Duluth, Minnesota – Banker

Craig Klausing, Member – Term expires January 2023, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member – Term expires January 2023, Elk River, Minnesota – Writer and Publisher

Terri Thao, Member — Term expires January 2020, St. Paul, Minnesota – Program Director

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*One position is currently vacant.

Staff

The staff of the Agency presently consists of approximately 250 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint 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 programs associated with the developments to be funded with Housing Infrastructure Loans are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner must be confirmed by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on

Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

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.

James Lehnhoff — Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master's degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

The Agency's offices are located at 400 Wabasha Street North, Saint 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.

THE SERIES BONDS

General

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 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 Indenture. 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 B — 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 as hereinafter described.

The Series Bonds will bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020, and, for any Series Bonds then to be redeemed, on any redemption date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. Interest on the Series Bonds is calculated on the basis of a 360-day year composed of twelve 30-day months and will be payable to the Owners of record in the bond registration books maintained by the Trustee as of the Record Date.

Optional Redemption

The Agency may redeem Series Bonds maturing on or after August 1, 2030,* at its option, in whole or in part, on any date on or after August 1, 2029,* from the stated maturities and in the principal amounts selected by the Agency, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption

The 2019 Series __ Bonds with a stated maturity in ___* are subject to mandatory sinking fund redemption in part on August 1 in the years and in the principal amounts, plus accrued interest, without premium, respectively, as follows:

Year*	Principal Amount*	Year*	Principal Amount*
	$,000		$,000
	,000	(maturity)	,000
	,000		

* Preliminary; subject to change.

The principal amount of each series of the Series Bonds required to be redeemed on each sinking fund payment date set forth above will be reduced by the principal amount of those Series Bonds, accompanied by written instructions to that effect by an Authorized Officer of the Agency at least 45 days prior to the redemption date that have been either (i) purchased by and on behalf of the Agency and delivered to the Trustee for cancellation, or (ii) redeemed other than through mandatory sinking fund redemption, and that have not been previously made the basis for a reduction of the principal amount of that series of the Series Bonds to be redeemed on the sinking fund payment date; provided, however, that for any reduction, the Agency delivers to the Trustee an Agency Certificate certifying that the principal and interest payable on Outstanding Bonds in the current or any future Fiscal Year do not exceed the maximum amount of Housing Infrastructure State Appropriations authorized by the Act to be paid in that Fiscal Year.

General Redemption Provisions

The Trustee must mail notice of redemption, first-class postage prepaid, not less than 30 days before the Redemption Date, to each Owner of Series Bonds to be redeemed; but neither the failure to mail notice to the Owner of any particular Series Bond nor any defect in any notice so mailed will affect the validity of the proceedings for redemption of any Series Bond not affected by that failure or defect.

If notice of redemption has been given and funds sufficient to pay the redemption price are on deposit with the Trustee, on the Redemption Date the Series Bonds to be redeemed become due and payable at the Redemption Price specified and on and after that date (unless the Agency defaults in the payment of the Redemption Price) those Bonds will cease to bear interest.

NATURE OF OBLIGATION AND SOURCE OF PAYMENT

General

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. The Agency expects that the Housing Infrastructure State Appropriations will be transferred on July 15 of each year from the General Fund of the State to the Agency by the Commissioner of Management and Budget pursuant to Section 462A.37 of the Act and has pledged the Housing Infrastructure State Appropriations pursuant to the Indenture to the payment of the Bonds. The Bonds are not general obligations of the Agency and the Agency has not pledged its general revenues or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from the general revenues or assets of the Agency, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency does not expect that any revenues from the Housing Infrastructure Loans will be available to pay debt service on the Bonds, and has not pledged payments on the Housing Infrastructure Loans, if any, to pay principal of or interest on the Bonds.

In the opinion of Bond Counsel, Housing Infrastructure State Appropriations from the General Fund to the Agency do not require further State or other approval except as expressly provided in the Act. See "—The Housing Infrastructure State Appropriations" and "—Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations" hereunder.

The Indenture provides that, as received each year, all Housing Infrastructure State Appropriations paid by the State to the Agency will be remitted by the Agency to the Trustee for deposit into the Bond Fund held under the Indenture and that amounts in the Bond Fund are irrevocably pledged to and must be used for the payment of principal of and premium (if any) and interest on the Bonds, as and when principal, premium and interest become due and payable. The Trustee may also use moneys in the Bond Fund in excess of the amount necessary to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year to pay fees, charges and expenses with respect to the Bonds, except as otherwise required under the Indenture upon occurrence of Event of Default and with respect to advances, counsel fees and other expenses reasonably made or incurred by the Trustee (see "Appendix A

— Summary of Certain Provisions of the Indenture — Application of Revenues and Other Moneys After Event of Default" and "—Compensation of Trustee"). Upon written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a sinking fund payment date on either of the next two interest payment dates after that purchase, provided that the Bonds are delivered to the Trustee for cancellation upon purchase.

The Indenture further provides that proceeds of the Series Bonds will be deposited by the Agency in the Program Fund (the "Program Fund"). The money in the Program Fund will be held in trust by the Trustee and applied to the funding of certain Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee is to create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. See "Appendix A — Summary of Certain Provisions of the Indenture."

The Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides that the Agency may issue up to $315 million of housing infrastructure bonds in one or more series to which Housing Infrastructure State Appropriations may be pledged. To qualify as housing infrastructure bonds, the Bonds must be "qualified 501(c)(3) bonds" (within the meaning of Section 145(a) of the Internal Revenue Code of 1986, as amended (the "Code")), finance qualified residential rental projects within the meaning of Section 142(d) of the Code or not be "private activity bonds" (within the meaning of Section 141(a) of the Code). The Bonds may be issued for the purpose of making loans, or grants with respect to manufactured home parks, on terms and conditions the Agency deems appropriate, to finance 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 with a preference to be given for developments serving certain individuals and families; 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; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; and 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 for other authorized purposes under the Act. For a description of the developments expected to be financed with proceeds of the Series Bonds, see "The Developments" herein.

Section 462A.37 of the Act requires the Agency to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds. The amount so certified with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, may not exceed $2,200,000 annually for appropriation on July 15 of each year until July 15, 2035. The amount so certified with respect to the Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, may not exceed $6,400,000 annually, for appropriation on July 15 of each year until July 15, 2037. The amount so certified with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, may not exceed $800,000 annually for appropriation on July 15 of each year until July 15, 2038. The amount so certified with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, in an aggregate principal amount up to $35,000,000, will not exceed $2,800,000 annually for appropriation on July 15 of each year until July 15, 2040. The amount so certified with respect to Additional Bonds (including the Series 2019C Bonds and the Series 2019D Bonds), collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Additional Bonds annually for appropriation on July 15 of each year beginning July 15, 2020 through July 15, 2041. The amount so certified with respect to Additional Bonds not included in the principal amount described in the preceding sentence, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Additional Bonds annually for appropriation on July 15 of each year beginning July 15, 2022 through July 15, 2043. Appropriations will be made from the General Fund to fund transfers by the Commissioner of Management and Budget to the Agency to pay debt service on the Outstanding Bonds and related fees, charges

and expenses. The amounts appropriated to the Agency pursuant to Section 462A.37 of the Act are the "Housing Infrastructure State Appropriations."

Under the Indenture, the Agency has covenanted to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds.

The Act contains no provision establishing any right of Owners of Outstanding Bonds to require the Commissioner of Management and Budget to make the specified Housing Infrastructure State Appropriations or limiting the ability of the State to amend or repeal Section 462A.37 of the Act or, by other legislative, executive or judicial action, to adversely affect the amount or timely transfer of Housing Infrastructure State Appropriations.

Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides for annual Housing Infrastructure State Appropriations of funds from the General Fund to the Agency for payment of Outstanding Bonds, conditioned upon certification by the Agency to the Commissioner of Management and Budget of the actual amount of annual debt service on each series of Outstanding Bonds. The Housing Infrastructure State Appropriations constitute an appropriation for future years that does not require any further action by the Legislature. However, pursuant to Minnesota law, the Legislature may reduce or repeal a standing appropriation in its entirety. The Legislature is prohibited from acting to bind any future Legislature. **Any of: (i) a legislative reduction or repeal of the Housing Infrastructure State Appropriations established by Section 462A.37 of the Act; (ii) an unallotment of, or other executive action affecting, the Housing Infrastructure State Appropriations established by Section 462A.37 of the Act; or (iii) a partial government shutdown affecting the practical ability of the Commissioner of Management and Budget to make transfers of Housing Infrastructure State Appropriations to the Agency could prevent the anticipated full and timely payment of interest and principal then due on the Series Bonds. In addition, prospective secondary market purchaser concerns that such an event might occur could materially and adversely affect the market price of the Outstanding Series Bonds even if the event does not in fact occur.**

Reduction or Repeal of Appropriation.

Housing Infrastructure State Appropriations. The Housing Infrastructure State Appropriations constitute a standing appropriation that does not require any further action by the Legislature for payments to be made in future years. However, as provided by Minnesota law, the Legislature may reduce or repeal a standing appropriation entirely. The State cannot give any assurance that the Legislature will not reduce or repeal the Housing Infrastructure State Appropriations.

Appropriations Other Than Housing Infrastructure State Appropriations. Certain State appropriations (other than the Housing Infrastructure State Appropriations) for limited payment obligations of the State are not standing appropriations and, thus, require action by the Legislature on an annual or biennial basis. The State's obligation to make payments on these State or other obligations is not a general or moral obligation indebtedness of the State; rather the State is obligated to make payments only to the extent moneys are appropriated from time to time for that purpose. In the past, the Legislature has failed to make appropriations as necessary to pay in full debt service on State or other obligations, including in 1980 and 1981, when an appropriation to the Minnesota State Zoological Board (the "Zoo Board") of net revenues of a zoo ride facility were insufficient to allow the Zoo Board to make payments pursuant to an installment purchase agreement, which payments had been assigned to holders of certificates of participation in that agreement. In 1989, the Legislature declined to appropriate funds to St. Cloud State University as necessary to make certain payments under an energy services agreement, which payments had been assigned to an indenture trustee as security for the payment of principal of and interest on industrial development revenue bonds issued by the City of St. Cloud, Minnesota. As previously stated, the limited payments obligations of the State described in this paragraph were not standing appropriations and, unlike the Series Bonds, required affirmative action by the Legislature on an annual or biennial basis for State payments to be made in respect of said obligations.

Unallotment. The Housing Infrastructure State Appropriations are subject to executive unallotment, in whole or in part, under Minnesota Statutes, Section 16A.152. Article XI, Section 6 of the Minnesota Constitution requires a balanced budget for the State. Pursuant to that requirement, Minnesota law requires the Governor to submit a proposed State budget to the Legislature by the end of January of each odd-numbered year for that year and the ensuing even-numbered year (those years together, the "biennium"). On July 1 of each odd-numbered year, the Commissioner of Management and Budget transfers to the Budget Reserve Account within the General Fund (the "Budget Reserve") any amounts specifically appropriated by law to the Budget Reserve. Pursuant to Minnesota Statutes, Section 16A.152, if the Commissioner of Management and Budget determines that probable receipts for the General Fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the Commissioner of Management and Budget, with the approval of the Governor, may use amounts in the Budget Reserve to balance the State budget. Section 16A.152 further permits the Commissioner of Management and Budget, with the approval of the Governor, to "unallot" funds as follows:

> (a) An additional deficit shall, with the approval of the Governor, and after consulting the Legislative Advisory Commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the Commissioner of Management and Budget is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.
>
> (b) If the Commissioner of Management and Budget determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the Commissioner of Management and Budget shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.
>
> (c) In reducing allotments, the Commissioner of Management and Budget may consider other sources of revenue available to recipients of State appropriations and may apply allotment reductions based on all sources of revenue available.

During and after the legislative sessions, revenues are updated to reflect legislative actions that have a direct impact on State revenues and changes in economic conditions that may materially affect the results of previous revenue forecasts. If, during the course of the fiscal year, the Commissioner of Management and Budget discovers that probable revenues will be less than anticipated, the Commissioner, with the approval of the Governor, is required to reduce allotments as necessary to balance expenditures and revenues forecast for the then current biennium. The Governor also has the authority to request legislative actions to provide additional sources of revenue, but those requests do not relieve the Commissioner of Management and Budget of his obligation to reduce allotments to State agencies.

The executive branch has imposed unallotments in prior fiscal years, but not with respect to the payment of debt service. Over the past thirty years, the unallotment procedure has been used as follows: $195 million of unallotments in 1980; in 1981 local government aid payments were unallotted in November and December but were reallotted and paid by February 26, 1982; $109 million of unallotments in 1986; $281 million of unallotments in 2003; $271 million of unallotments in 2008; and $2.68 billion of unallotments in 2009. The 2009 unallotment was unique in that it resulted from the passage of appropriation bills for the fiscal biennium, but the then-Governor vetoed a tax bill that would have balanced the biennial budget by raising revenues and shifting payments. In litigation challenging the 2009 unallotments, the Minnesota Supreme Court concluded that unallotment could not be used to balance the budget for an entire biennium when balanced spending and revenue has not been agreed upon by the legislature and the Governor. The legislature and Governor subsequently agreed to a balanced budget for the biennium. While appropriations from the General Fund for payment of debt service have not previously been unallotted, the State cannot give any assurance that unallotment of the Housing Infrastructure State Appropriations will not be imposed in any future year.

Other Risks. There can be no assurance that other events outside the control of the Commissioner of Management and Budget, such as a temporary State government shutdown, will not affect the ability of the Commissioner of Management and Budget to make timely payments of principal of and interest on the Series Bonds.

The Bonds are not general obligations of the Agency and the Agency has not pledged its general funds or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from its general revenues, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to the annual transfers of Housing Infrastructure State Appropriations to the Agency.

Additional Bonds

In addition to the Series Bonds described herein, the Agency may in its discretion issue up to $_____,000* in principal amount of Additional Bonds to provide funds to make additional Housing Infrastructure Loans and pay costs of issuance of such Additional Bonds and other purposes authorized by Section 462A.37 of the Act. Any Additional Bonds are to be authorized by a resolution of the Agency and prescribed in a supplemental indenture (a "Supplemental Indenture") executed by the Agency and the Trustee and which, when so issued, authorized and prescribed, will be secured by the Indenture and the Trust Estate, consisting primarily of Housing Infrastructure State Appropriations, on a parity with the Bonds then Outstanding under the Indenture; provided that no Additional Bonds are to be issued under the Indenture or secured by the Trust Estate on a parity with the Outstanding Bonds unless there is delivered to the Trustee the following: (a) An Agency resolution authorizing the issuance of the Additional Bonds and the sale thereof to the purchaser or purchasers named therein; (b) an Agency order directing the authentication of a specified principal amount of Additional Bonds of a specified series and the delivery thereof to or upon the order of the purchaser or purchasers named therein upon payment of the purchase price set forth therein; (c) an Agency Certificate to the effect that the principal and interest required to be paid on the Outstanding Bonds, including the Additional Bonds to be issued, in the current and any future Fiscal Year, does not exceed the maximum amount of Housing Infrastructure State Appropriations authorized by the Act in any Fiscal Year; (d) an opinion of Bond Counsel (i) stating that all conditions precedent provided in the Indenture relating to the authentication and delivery of the Additional Bonds have been complied with, and (ii) stating that the Additional Bonds whose authentication and delivery are then applied for, when issued and executed by the Agency and authenticated and delivered by the Trustee, will be the valid and binding special, limited obligations of the Agency in accordance with their terms and entitled to the benefits of and secured by the lien of the Indenture, subject to customary qualifications and assumptions; (e) an executed counterpart of the Supplemental Indenture creating the Additional Bonds; and (f) written confirmation from each Rating Agency that issuance of the Additional Bonds will not impair the then existing rating on Outstanding Bonds.

* Preliminary; subject to change.

DEBT SERVICE REQUIREMENTS ON OUTSTANDING BONDS

The following table sets forth, for each Fiscal Year of the State ending June 30, the amounts to be required for payment of interest on (net of capitalized interest) and principal at maturity or mandatory sinking fund redemption of the Prior Series Bonds and the Series Bonds (assuming no optional redemption of those Bonds) and which are required to be paid from the Housing Infrastructure State Appropriations:

Fiscal Year	Prior Series Bonds		Series Bonds		
Ending June 30	Principal	Interest	Principal*	Interest*	Total*
2020	$	$	$ ---	$ ---	$
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					

Under the Indenture, Housing Infrastructure State Appropriations are to be credited to the Bond Fund and applied to the payment of principal of and interest on Outstanding Bonds before being applied to the payment of fees, charges and expenses with respect to the Bonds. (See "Appendix A—Summary of Certain Provisions of the Indenture—Bond Fund.")

STATE FINANCIAL INFORMATION

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. Specified transfers expected to be made by the State pursuant to Section 462A.37 of the Act are pledged pursuant to the Indenture for the payment of the Outstanding Bonds. (See "Nature of Obligation and Source of Payment.") Potential purchasers and Owners of the Series Bonds are advised to consider the likelihood of their full and timely receipt of principal and interest payments on the Series Bonds when due on the basis of the financial condition of the State, rather than that of the Agency.

Basic financial statements for the State for the Fiscal Year ended June 30, 2018, as well as certain additional information concerning the State, are included in the Official Statement of the State of Minnesota dated August __, 2019 (the "August __, 2019 State Official Statement") with respect to its $_____,000 General Obligation State Bonds, which is attached hereto as Appendix E. The State most recently released certain revenue and expenditure forecasts prepared by the Department of Management and Budget in February 2019. Information

* Preliminary; subject to change. Assumes the Series Bonds mature as described herein and bear interest at an average annual interest rate of __%.

concerning this forecast is included in the August _, 2019 State Official Statement in Appendix B thereto under the caption "Biennium Budgets – 2019 February Forecast – Current Biennium." The next official forecast of revenue and expenditures will be prepared in November 2019 and will be released in early December 2019.

The November 2019 forecast of revenue and expenditures will be available on the Minnesota Management and Budget website (www.mn.gov/mmb/) and on the Municipal Securities Rulemaking Board's internet repository named "Electronic Municipal Market Access" ("EMMA") filed with respect to the Series Bonds. Any amendment or supplement to the basic financial statements of the State, and any subsequent financial statements published by the State and made publicly available in a State official statement or revenue and expenditure forecast required by statute or an official quarterly economic update published by the State on the Minnesota Management and Budget website and also filed on EMMA with respect to the Series Bonds, to and including a date 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 of the Securities and Exchange Commission) applicable to the Series Bonds offered hereby, will be deemed to be incorporated by reference in this Official Statement from the date made publicly available. No other information on the Minnesota Management and Budget website or on EMMA is incorporated into this Official Statement. Any statement contained in any document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently publicly available document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

THE DEVELOPMENTS

The Series Bonds are being issued to provide money for the Agency to fund one or more Housing Infrastructure Loans for the purposes permitted to be funded pursuant to Section 462A.37 of the Act.

One Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition, rehabilitation and construction of a multifamily housing development, to be known as Lydia Apartments, in Minneapolis, Minnesota. The development will consist of a two building multistory multifamily apartment development with 78 residential units, with support services provided by Avivo, Minneapolis, Minnesota. The development will be acquired and rehabilitated by Lydia Apartments Housing Limited Partnership, a Minnesota limited partnership, or an affiliate thereof or successor thereto, as its initial owner, operator or manager, the sole member of the general partner of which will be Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation whose registered address is in St. Paul, Minnesota.

A second Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Cahill Place, in Inver Grove Heights, Minnesota. The development will consist of a single building multi-story multifamily apartment development with 40 residential units, with support services provided by Center City Housing Corporation, Duluth, Minnesota. The development will be acquired and constructed by Cahill Place, LLLP, a Minnesota limited liability limited partnership, or an affiliate thereof or successor thereto, as its initial owner, operator or manager, the sole member of the general partner of which will be Center City Housing Corporation, a Minnesota nonprofit corporation whose registered address is in Duluth, Minnesota.

A third Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Conifer Villas, in Bemidji, Minnesota. The development will consist of a two building two-story multifamily apartment development with 32 residential units, with support services provided by Beltrami County, Minnesota. The development will be acquired and constructed by Conifer Villas Limited Partnership, a Minnesota limited partnership, as its initial owner, operator or manager, the sole member of the general partner of which will be Headwaters Housing Development Corporation, a Minnesota nonprofit corporation whose registered address is in Bemidji, Minnesota.

A fourth Housing Infrastructure Loan is expected to finance a portion of the cost of rehabilitation of a multifamily housing development, to be known as Emma's Place, in Maplewood, Minnesota. The development will consist of a two building two-story multifamily apartment development with 13 residential units, with support services provided by Emma Norton Services, St. Paul, Minnesota. The development will be acquired and

rehabilitated by Emma's Place LLC, a Minnesota limited liability company, or an affiliate thereof or successor thereto, as its initial owner, operator or manager, the sole member of which will be Emma Norton Services, a Minnesota nonprofit corporation whose registered address is in St. Paul, Minnesota.

Seven Housing Infrastructure Loans will finance a portion of the cost of the acquisition and rehabilitation of ten multifamily housing developments in Minnesota, currently known as Malmquist Estates (Red Wing), Pine West Complex (Cold Spring), Springhaven (Cold Spring), Town Edge (Gaylord), Heather Court (Owatonna), City Centre (Pine Island), North States Apartments (Waseca), BR Properties (Waseca), Hillside Apartments (Watertown) and Riverside (Watertown). The developments collectively include 242 residential units, all of which will be supported by U.S. Department of Agriculture Rural Development rental assistance. Each development will be acquired and rehabilitated by RD Properties 2017 Limited Partnership, a Minnesota limited partnership, or an affiliate thereof or successor thereto, as its initial owner, operator or manager, the sole member of the general partner of which is Southwest Minnesota Housing Partnership, a Minnesota nonprofit corporation whose registered address is in Slayton, Minnesota.

Housing Infrastructure Loans also are expected to be made to one or more Community Land Trusts, for the acquisition of land upon which one or more condominium units, townhouses, or structures consisting of one to four single-family dwelling units, one of which will be owned and occupied by a person or family of low and moderate income, whose income does not exceed 115 percent of area median income as adjusted from time to time by the U.S. Department of Housing and Urban Development as its principal residence, all of which are located on or will be constructed on the acquired land, and, if applicable, eligible costs of clearing the land, demolition and utility connections. A Community Land Trust is a private nonprofit organization that is a Section 501(c)(3) tax-exempt organization that is authorized to acquire land to be leased as owner-occupied single family housing to low- and moderate-income persons or families.

Each of the Housing Infrastructure Loans described above may be a 0 percent interest, non-amortizing, nonrecourse deferred loan. Certain of the Housing Infrastructure Loans may also be forgivable if the conditions for use are met. No revenues from the Housing Infrastructure Loans are expected to be available to pay debt service on the Series Bonds, and payments on the Housing Infrastructure Loans, if any, are not pledged to pay principal of or interest on the Series Bonds. Consequently, Owners of the Series Bonds should not regard the Housing Infrastructure Loans or the developments financed thereby as providing security for the Series Bonds.

If any one or more of these developments does not proceed for any reason, to the extent permitted by the Code, the Agency may use moneys in the Program Fund to make loans or grants for other developments eligible for funding under Section 462A.37 of the Act.

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.....
Net Original Issue Premium.....
Total Sources of Funds

Uses:

Deposit to Program Fund for Housing Infrastructure Loans
Capitalized Interest .....
Costs of Issuance .....
Underwriters' Compensation .....
Total Uses of Funds

The Agency may reimburse itself from proceeds of the Series Bonds for Agency funds advanced to fund Housing Infrastructure Loans and related costs authorized by the Act before the date of issuance of the Series Bonds.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Indenture and the Bond Compliance Agreements and the Tax Exemption Agreements described in the Indenture contain provisions (the "Tax Covenants") pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency and, where applicable, the recipients of the Housing Infrastructure Loans with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to that exclusion of interest on any Series 2019A Bond, Series 2019C Bond or Series 2019D Bond for any period during which that Series Bond is held by a person who is a "substantial user" of a facility financed with the proceeds of the Series 2019A Bonds, Series 2019C Bonds or Series 2019D Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix D.

Prospective owners of the Series Bonds should be aware that the ownership of obligations such as the Series Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. The extent of these collateral tax consequences will depend upon that owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such

consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds.

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

Certain Ongoing Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which the noncompliance occurs or is discovered. The Agency will covenant that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing federal tax requirements with the issuance of the Series Bonds which will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require recipients of the Housing Infrastructure Loans to make certain covenants relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for federal income tax purposes.

Certain Considerations With Respect to Series 2019A Bonds, Series 2019C Bonds and Series 2019D Bonds

Low Income Set-Aside Requirements under the Code. The Series 2019A Bonds, the Series 2019C Bonds and the Series 2019D Bonds are "exempt facility bonds" that are subject to certain low income set-aside requirements of the Code. This section includes brief summaries of the low income set-aside requirements and certain other requirements for qualified residential rental projects under the Code.

The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation, or containing single room occupancy units, that are available to the general public (subject to preferences for homeless, disabled and similar classes of tenants that do not violate United States Department of Housing and Urban Development policies respecting non-discrimination and applicable Fair Housing requirements) and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20 percent of the completed units in a project to be financed with the proceeds of the Series 2019A Bonds, the Series 2019C Bonds or the Series 2019D Bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50 percent of the area median income (with adjustments for family size), or (ii) at least 40 percent of the completed units in a project to be financed with the proceeds of the Series 2019A Bonds, the Series 2019C Bonds or the Series 2019D Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60 percent of the area median income (with adjustments for family size). The Agency will make elections on the applicable low income set-aside requirements with respect to each development expected to be financed with the proceeds of the Series 2019A Bonds, the Series 2019C Bonds and the Series 2019D Bonds. In addition, all of the units in a development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first day upon which 10 percent of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50 percent of the residential units in the project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A development generally will meet the

continuing low income set aside requirement so long as a tenant's income does not increase to more than 140 percent of the applicable income limitation. Generally, upon an increase of a tenant's income over 140 percent of the applicable income limitation, the next available unit of comparable or smaller size in the applicable development must be rented to a tenant whose income does not exceed the applicable income limitation; provided however, that if tax credits under Section 42 of the Code are allowed with respect to the applicable development, the next available unit of a comparable or smaller size in the same building as the tenant whose income has increased over 140 percent of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made by the operator of the development to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Expenditures for Rehabilitation. The Code requires that the owner of an existing development spend a minimum sum of money for rehabilitation expenditures with regard to the development. The minimum amount of rehabilitation expenditures that must be incurred is equal to 15 percent of the amount of Series 2019A Bond proceeds, Series 2019C Bond proceeds, or Series 2019D Bond proceeds, as the case may be, if any, applied to pay for the cost of acquiring an existing building (including the building fixtures and equipment within, but not including the cost of land). That minimum amount of rehabilitation expenditures must be incurred no later than two years after the later of the date of issuance of those Series Bonds or the date that the building is acquired by the owner. The Code also requires that less than 25 percent of the net proceeds of each of the Series 2019A Bonds, the Series 2019C Bonds and the 2019D Bonds be used to acquire land.

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

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

Since the Series 2019A Bonds, the Series 2019C Bonds and the Series 2019D Bonds are "private activity bonds" and the Supreme Court's opinion left open the possibility of a challenge to Minnesota's differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If Minnesota's treatment of those bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Series 2019A Bonds, the Series 2019C Bonds and the Series 2019D Bonds to become taxable by Minnesota and the market value of the Series 2019A Bonds, the Series 2019C Bonds and the Series 2019D Bonds to decline.

Considerations with Respect to the Series 2019B Bonds

Assuming compliance with the following covenants, the Series 2019B Bonds will not be treated as private activity bonds within the meaning of Section 141 of the Code.

(1) If either (a) or (b) below is true with respect to the Series 2019B Bonds:

(a) No more than 10 percent of the proceeds of the Series 2019B Bonds (net of costs of issuing the Series 2019B Bonds and any reserve funds established with proceeds of the Series 2019B Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, use of the proceeds by a Section 501(c)(3) entity is considered private business use.

(b) Payment of the principal of or interest on no more than 10 percent of the proceeds of the Series 2019B Bonds (net of costs of issuing the Series 2019B Bonds and any reserve fund established with the proceeds of the Series 2019B Bonds) is (under the terms of the Series 2019B Bonds or any underlying arrangement) directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (B) payments in respect of that property or (ii) to be derived from payments (whether or not to the Agency) in respect of property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, the loan of the proceeds to, or the use of the property by, a Section 501(c)(3) organization is considered property or borrower money used for a private business use.

(2) The proceeds of the Series 2019B Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is not related to any government use, plus the proceeds of the Series 2019B Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is related to any government use but disproportionate to the related government use that is financed by the proceeds of the Series 2019B Bonds, will not exceed five percent of the proceeds of the Series 2019B Bonds (net of costs of issuing the Series 2019B Bonds and any reasonably required reserve funds established with the proceeds of the Series 2019B Bonds).

(3) No portion of the proceeds of the Series 2019B Bonds will be used by the Agency with respect to any output facility within the meaning of Section 141(b)(4) of the Code unless, in the opinion of nationally recognized bond counsel, that use will not result in the inclusion in gross income of interest on the Series 2019B Bonds for federal income tax purposes.

(4) No more than the lesser of $5,000,000 or five percent of the net proceeds of the Series 2019B Bonds will be used (directly or indirectly) to make or finance loans to any person, other than persons that are governmental units.

With respect to clause (4) above, the Housing Infrastructure Loans financed with proceeds of the Series 2019B Bonds are either grants or are treated as grants.

Notwithstanding the foregoing, the Agency may make repayable loans to organizations of the type described in Section 501(c)(3) of the Code (the "Nonprofit Organizations"). To the extent that more than five percent of the net proceeds of the Series 2019B Bonds (or $5,000,000, whichever is less) are used to make repayable loans to Nonprofit Organizations, and not used in an unrelated trade or business of such Nonprofit Organizations (as defined in Section 513 of the Code), such Series 2019B Bonds will be classified for federal income tax purposes as qualified 501(c)(3) bonds within the meaning of Section 145 of the Code. If the Series 2019B Bonds are qualified 501(c)(3) bonds as described above, then, as a condition to the exclusion from gross income of interest on the Series 2019B Bonds for federal income tax purposes, all of the following must be satisfied:

(1) Either:

(a) No more than five percent of the proceeds of the Series 2019B Bonds (net of the costs of issuing the Series 2019B Bonds and any reserve fund that is funded with proceeds of the Series 2019B Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code; or

(b) Payment of the principal of or interest on no more than five percent of the proceeds of the Series 2019B Bonds (net of the costs of issuing the Series 2019B Bonds and any reserve fund that is funded with proceeds of the Series 2019B Bonds) is (under the terms of the Series 2019B Bonds or any underlying arrangement) directly or indirectly (1) secured by

any interest in (i) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (ii) payments in respect of such property or (2) derived from payments (whether or not to the Agency) in respect of property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code.

Solely for purposes of (a) and (b) above, a 501(c)(3) entity will not be treated as using proceeds of property in a private trade or business.

(2) No more than five percent of the proceeds of the Series 2019B Bonds (net of the costs of issuing the Series 2019B Bonds and any reserve fund that is funded with proceeds of the Series 2019B Bonds) are used to make loans to entities that are neither a state or local governmental entity nor a Nonprofit Organization.

No portion of the proceeds of the Series 2019B Bonds will be used by the Agency with respect to an output facility within the meaning of Section 141(b)(4) of the Code, unless, in the opinion of nationally recognized bond counsel, such use will not result in the inclusion in gross income of the interest on the Series 2019B Bonds for federal income tax purposes.

Bond Premium

Certain of the Series Bonds may be sold at a premium. An amount equal to the excess of the issue price of a Series Bond over its stated redemption price at maturity constitutes premium on that Series Bond. An initial or subsequent purchaser of a Series Bond must amortize any premium over that Series Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Series Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in that Series Bond 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 Series Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Series Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Series Bond.

Original Issue Discount

Any Series Bonds that are sold at an initial public offering price that is less than the stated amount to be paid at maturity will constitute "Discount Bonds." The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Discount Bond.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt 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 Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue

discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which 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 such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Changes in Federal Tax Law

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

CONTINUING DISCLOSURE

The Agency will covenant in a continuing disclosure undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the State and to provide notices of the occurrence of certain enumerated events. That information and notices are to be filed by the Agency with the Municipal Securities Rulemaking Board through its internet repository named "Electronic Municipal Market Access" (EMMA). (See "Appendix C — Summary of Continuing Disclosure Undertakings.") The Agency and the State will enter into a separate agreement pursuant to which the State will agree to provide to the Agency the information needed for the Annual Report described in Appendix C. (See "Appendix C — Summary of Continuing Disclosure Undertakings.")

These covenants have been made in order to assist the Underwriters in complying with the Rule (as defined in Appendix C hereto). Breach of the covenants will not constitute a default or an "Event of Default" under the Series Bonds or the Indenture. A broker or dealer is to consider a known breach of the covenants, however, before recommending the purchase or sale of the Series Bonds in the secondary market. Thus, a failure on the part of the Agency or the State to observe the covenants may adversely affect the marketability and liquidity of the Series Bonds and their market price. 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. Where the Agency undertakes to provide annual financial information and operating data of the State, the Agency cannot provide annual financial information and operating data of the State until received from the State. For information on the State's record of compliance with its continuing disclosure obligations, its submission of a report to the Securities and Exchange Commission (the "SEC") in response to its Municipal Continuing Disclosure Cooperation Initiative (the "MCDC"), and the issuance of a Cease-and-Desist Order by the SEC and related State undertakings under the MCDC describing certain misstatements contained in several of the State's final official statements, with regard to the State's compliance with its continuing disclosure undertakings, see the

disclosure under the section heading "CONTINUING DISCLOSURE" in the August __, 2019 State Official Statement included as Appendix E hereto.

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency or the State, overtly threatened any litigation against the Agency or the State 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.

While at any given time, including the present, there are numerous civil actions pending against the State, that could, if determined adversely to the State, affect the State's expenditures, and, in some cases, its revenues, the State Attorney General is of the opinion that, except for the actions described in Note 19 to the State Financial Statements for Fiscal Year Ended June 30, 2018, set forth in Appendix F of the August __, 2019 State Official Statement included as Appendix E hereto, and additional actions, if any, discussed in the section entitled "LITIGATION" in the August __, 2019 State Official Statement, no pending actions are likely to have a material adverse effect in excess of $15 million on the State's expenditures or revenues during the current biennium.

CERTAIN LEGAL MATTERS

The validity of, and the tax exemption of interest on, the Series Bonds are subject to the opinion of Kutak Rock LLP, Bond Counsel. The opinion of Bond Counsel will be provided in substantially the form set forth in Appendix D attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Cozen O'Connor.

RATINGS

The Series Bonds are rated "____" by Moody's Investors Service, Inc. and "___" by Standard & Poor's Ratings Services. The ratings reflect only the views of these rating agencies. For an explanation of the ratings as described by those rating agencies, please contact the rating agencies. The ratings are subject to change or withdrawal by either of the rating agencies at any time. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal or suspension of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds.

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 from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds at an aggregate purchase price of $_____ (which price reflects an underwriting discount of $_____ and net original issue premium of $_____). 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 serving both as one of the Underwriters and as Trustee under the Indenture (which includes acting as paying agent 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 purposes. Any statement made or incorporated in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such 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: _____, 2019.

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains various definitions, covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions.

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, (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Indenture, or (iii) requesting or directing the Trustee or other party to take action pursuant to the Indenture.

Agency Resolution: A copy of a resolution certified by an Authorized Officer to have been duly adopted by the members of the Agency and to be in full force and effect on the date of such certification, and delivered to the Trustee.

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.

Bond Compliance Agreement: A Bond Compliance Agreement, if any, entered into by the Agency and a borrower with respect to a loan funded with proceeds of Bonds deemed to be "private activity bonds" under the Code.

Bond Counsel: Any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds selected by the Agency.

Bond Fund: The Bond Fund created under the Indenture within the Agency's Housing Development Fund.

Bondowner: A Person in whose name a Bond is registered in the Bond Register.

Business Day: Any day (a) other than a Saturday, Sunday or other day that is a legal holiday in the State, and (b) on which banks in the city in which the designated principal corporate trust office of the Trustee are located are not required or authorized by law to be closed.

Code: The Internal Revenue Code of 1986, as amended and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Default: An Event of Default and an event or condition, the occurrence of which would, with the lapse of time or the giving of notice or both, became an Event of Default.

Fiscal Year: The 12-month period commencing July 1 and concluding on June 30 in the next succeeding calendar year, or any other 12-month period designated by the State as its fiscal year.

Government Obligations: Direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury).

Interest Payment Date: The date on which interest is payable on any Bonds (other than upon redemption of a Bond on a date other than a regularly schedule interest payment date).

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) Government Obligations;

(b) Obligations (i) that 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 the Trustee) 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 that 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 clause (a), (b) or (d) 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 clause (a), (b) or (d) 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 Outstanding Bonds.

Opinion of Counsel: A written opinion of counsel selected by the Agency and acceptable to the Trustee or selected by the Trustee.

Outstanding: When used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture *except*:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds; *provided* that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds which have been defeased within the meaning of the Indenture; and

(iv) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the Agency shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Owner: With respect to any Bond, the Bondowner.

Person: Any individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Program Fund: The Program Fund created under the Indenture.

Rating: With respect to any Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Indenture, and an action that does not "impair" the Rating with respect to any Bonds shall be an action that will not cause the Rating Agency to lower, suspend or withdraw the rating it has assigned to the Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to the Indenture.

Rebate Fund: The Rebate Fund created under the Indenture.

Record Date: The 15th day, whether or not a Business Day, of the month immediately preceding the month in which each Interest Payment Date, or any Redemption Date, occurs.

Redemption Date: When used with respect to any Bond to be redeemed, the date fixed for such redemption by or pursuant to the Indenture.

Redemption Price: When used with respect to any Bond to be redeemed, the price at which it is to be redeemed pursuant to the Indenture.

Sinking Fund Payment Date: A date set forth in any applicable provision of the Indenture or a Supplemental Indenture for the making of a mandatory principal payment for the redemption of a Term Bond.

Special Record Date: A date fixed by the Trustee pursuant to the Indenture for the payment of any interest not paid at its Stated Maturity.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

Tax Exemption Agreement: A Tax Exemption Agreement, if any, entered into by the Agency and a borrower with respect to a Loan funded with proceeds of Bonds not deemed to be "private activity bonds" under the Code.

Term Bonds: Any Bond for the payment of the principal of which mandatory payments are required by a Supplemental Indenture to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Trust Estate: The assets, revenues and other property pledged pursuant to the Granting Clauses of the Indenture.

Program Fund

The Agency by the Indenture establishes an account with the Trustee to be designated the "Program Fund," as a subaccount of the housing infrastructure bond account established by the Act, and is required to deposit with the Trustee to the credit thereof proceeds of the Series Bonds as provided in the Indenture. Income and profit from the investment of moneys in the Program Fund shall be credited to such Fund. The moneys in the Program Fund shall be held in trust by the Trustee and applied to the funding of the Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee shall create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. The Trustee shall pay each item payable from the applicable account in the Program Fund to the Agency or at the Agency's direction, or shall make arrangements for the transfer and deposit of the amount for such payment, as the Agency shall request. Upon receipt by the Trustee of an Agency Certificate stating that all amounts to be paid with respect to Housing Infrastructure Loans financed by

Bonds of such series has been paid, any balance remaining in the Program Fund with respect to such Bonds shall be transferred to the Bond Fund.

Bond Fund

The Agency by the Indenture establishes, and is required to maintain, so long as any of the Bonds are outstanding, with the Trustee, a separate account within the Agency's Housing Development Fund to be designated the "Housing Infrastructure State Appropriation Bond Fund," as a subaccount of the housing infrastructure bond account established by the Act, into which the Agency and Trustee shall make certain deposits pursuant to the Indenture, including, as received each year, all Housing Infrastructure State Appropriations paid by the State. The moneys and investments in the Bond Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of, premium (if any) on and interest on the Bonds, as and when such principal, premium and interest shall become due and payable. Except as otherwise provided in the Indenture (see "Compensation of Trustee" and "Application of Revenues and Other Moneys After Event of Default" hereinafter), so long as all principal, premium and interest on the Bonds have been paid when due, and the amount in the Bond Fund is sufficient to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year, upon the written direction of the Agency pursuant to an Agency Certificate, the Trustee may use moneys in the Bond Fund in excess of such amount to pay fees, charges and expenses with respect to the Bonds. Upon the written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a Sinking Fund Payment Date on either of the next two Interest Payment Dates after such purchase, provided that such Bonds are delivered to the Trustee for cancellation upon such purchase.

Investment of Moneys in Program Fund and Bond Fund

The Trustee shall invest the moneys on deposit in the Program Fund or held as a part of the Bond Fund, respectively, at the written request and direction of an Authorized Officer in Investment Obligations. The type, amount and maturity of Investment Obligations shall conform to any instructions of the Authorized Officer. The Trustee may, from time to time, cause any such investments to be sold or otherwise be converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to the respective Fund. Any interest or profit derived from investments shall be credited to the respective Fund. Investments permitted under the Indenture may be purchased from the Trustee or from any of its affiliates. No portion of the Program Fund or the Bond Fund representing proceeds of the Bonds shall be invested or used in such manner that no part of a series of Bonds would be "arbitrage bonds" under the Code; the Trustee may conclusively rely on the written direction of an Authorized Officer as to compliance with the Code. The Trustee shall be entitled to assume that any investment that at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter, absent receipt of written notice or information to the contrary. If no investment direction is received for a Fund, the funds shall be held uninvested. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment for a Fund made in accordance with the Indenture.

Rebate Fund

The Trustee shall establish a special fund designated as the "Rebate Fund." The Rebate Fund is not a trust fund, is not part of the Trust Estate and is not subject to the lien of the Indenture. For each series of Bonds that is subject to the rebate requirements of Section 148(f) of the Code, or its equivalent, a separate account shall be established in the Rebate Fund. The Trustee shall make information regarding the investments thereunder available to the Agency and shall make deposits in and disbursements from the Rebate Fund in accordance with written instructions in an Agency Certificate delivered from time to time, shall invest the Rebate Fund pursuant to said written instructions, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. The Trustee shall upon receipt of an Agency Certificate transfer moneys from the Bond Fund or moneys representing interest income from the Program Fund, as directed by the Agency Certificate, to the Rebate Fund in the amount of any required deposit. Records of transactions with respect to the separate account within the Rebate Fund for a series of Bonds shall be retained by the Trustee until six years after the Bonds of such series are no longer outstanding.

Payment of Bonds

The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture and in each and every Bond executed, authenticated and delivered thereunder; will pay or cause to be paid, solely from the Trust Estate, including Housing Infrastructure State Appropriations, the principal of, premium (if any) on and interest on every Bond issued thereunder on the dates, at the places and in the manner prescribed in the Bonds in any coin or currency that, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment; provided, however, that the principal of and interest on any Bond are not and shall not be an indebtedness or other obligation of the State and the Bonds are not public debt of the State, and the full faith and credit of the State are not pledged to their payment or for any annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency covenants that it will take all actions required by the Act to cause the Housing Infrastructure State Appropriations to be received on or prior to the dates such amounts are required to pay, with other amounts available in the Bond Fund, principal of and interest of Outstanding Bonds and will deposit all Housing Infrastructure State Appropriations as received in the Bond Fund.

Covenant to Request Housing Infrastructure State Appropriations

On or prior to each June 30 while any Bonds remain Outstanding, the Agency covenants that it will certify to the Commissioner of Management and Budget of the State the amount of principal, premium, if any, and interest on each series of the Bonds, and the fees, charges, and expenses related to each series of the Bonds, payable in the next succeeding Fiscal Year, less the amount on hand in the Bond Fund and available to pay such amounts.

Covenants Relating to Housing Infrastructure Loans

The Agency covenants that the proceeds of the Bonds will be used solely to pay costs of issuance of the Bonds, to pay interest on the Bonds prior to the first date Housing Infrastructure State Appropriations are received and to fund Housing Infrastructure Loans meeting such criteria for Housing Infrastructure State Appropriations as shall be set forth in Section 462A.37 of the Act. Proceeds of the Bonds may also be used for other purposes authorized by the Act as amended from time to time.

Tax Covenants with Respect to Series Bonds

The Agency shall not take any action or fail to take any action or permit any action to be taken on its behalf or cause, or permit any circumstance within its control to arise or continue, if such action or inaction would adversely affect the exclusion from gross income for federal income purposes of the interest on the Series Bonds. These covenants will survive the payment of the Series Bonds.

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities, obligations, or other investment property, and shall not use or permit the use of any amounts received by the Agency or the Trustee with respect to the Series Bonds in any manner, and shall not take or permit to be taken any other action or actions, that would cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, that would result in any Development financed with proceeds of the Series Bonds not being treated as a "qualified residential rental project" as such phrase is used in Sections 147(a)(7) and 142(d) of the Code. In furtherance of this covenant the Agency will enter into a Bond Compliance Agreement with respect to each Housing Infrastructure

Loan to be funded with the proceeds of the Series Bonds in order for the interest on the Series Bonds to be excluded from gross income of the owners for purposes of federal income taxation.

Events of Default

Each of the following events is defined as, and is declared to be and to constitute, an "Event of Default" under the Indenture:

(a) If payment of the principal of, or premium, if any, on any of the Bonds, when the same shall become due and payable, whether at Stated Maturity or upon a Sinking Fund Payment Date, or otherwise, shall not be made.

(b) If payment of any interest on the Bonds when the same shall become due and payable shall not be made.

(c) If default shall be made in the performance or observance of any other of the covenants, agreement or conditions on the part of the Agency in the Indenture, or in the Bonds contained, 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 10% in principal amount of the Bonds Outstanding, provided that if (i) the Agency is proceeding with due diligence to remedy the same, (ii) the default is able to be remedied, and (iii) the Agency has commenced action during the 60-day period necessary to remedy such default, such 60-day period shall be increased to such extent, but not more than an additional 180 days, as shall be necessary to enable the Agency to cure the default through the exercise of due diligence.

(d) 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.

(e) The State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Indenture, 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.

Remedies

Upon the occurrence and continuation 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 Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(a) Suit upon all or any part of the Bonds;

(b) Suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners;

(c) Suit to enjoin any acts or things that may be unlawful or in violation of the rights of the Bondowners; and

(d) Enforcement of any other right of the Bondowners conferred by law or by the Indenture.

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 Indenture by any acts that may be unlawful or in violation of the Indenture, 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 Indenture.

Application of Revenues and Other Moneys After Event of Default

The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee, as promptly as practicable after receipt thereof, any Housing Infrastructure State Appropriations and other payments or receipts pledged under the Indenture. During the continuation of an Event of Default the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of duties under the Indenture;

(b) To the payment of the interest and principal or Redemption Price then due and payable on Outstanding Bonds, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Outstanding Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Outstanding Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever all principal amounts of and interest on all Bonds have been paid under the above provisions, and any required arbitrage rebate and all fees, expenses and charges of the Trustee have been paid, any balance remaining under the Indenture shall be paid to the Agency.

Majority of Bondowners Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Bondowners of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture and provided that nothing in the Indenture shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper.

Individual Bondowner Action Restricted

No Bondowner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(1) an Event of Default has occurred (a) under section (a) or (b) of the Events of Default subheading above, (b) as to which the Trustee has actual notice, or (c) as to which the Trustee has been notified in writing, and

(2) the Bondowners of at least a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and

(3) such Bondowners shall have offered the Trustee indemnity, and

(4) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

No one or more Bondowners shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the equal benefit of the Bondowners of all Bonds Outstanding appertaining thereto.

Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of a Bondowner (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Bondowner may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, accounts and properties pledged under the Indenture for the equal and ratable benefit of all Bondowners.

Waiver and Non-Waiver of Event of Default

No delay or omission of the Trustee or of any Bondowner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by the Indenture with respect to remedies to the Trustee and the Bondowners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Bondowners of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one series of Bonds shall at the time be Outstanding, the Bondowners of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default under the Indenture and its consequences; provided, however, that except under the circumstances set forth in the paragraph above, a default in the payment of the principal, or Redemption Price, if any, of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Owner of such Bond.

In case of any waiver by the Trustee of an Event of Default under the Indenture, the Agency, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with these provisions.

Notices of Defaults

Within 10 Business Days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee has actual notice or is deemed to have notice, the Trustee, unless such Event of Default shall have theretofore been cured, shall give written notice thereof by first class mail to each Owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondowners. The Trustee shall immediately notify the Agency of any Default or Event of Default known to the Trustee.

Trustee May Rely Upon Certain Documents and Opinions

Except as otherwise specifically provided in the Indenture, the Trustee may rely and shall be protected in acting upon certain resolutions, certificates, statements, instruments, opinions, reports, notices, requests, consents,

orders, bonds or other papers or documents and may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel. Before being required to take any remedial action, the Trustee may require an opinion of counsel reasonably acceptable to it, which opinion of counsel shall be made available to the other parties to the Indenture upon request, or a verified certificate of any such party, or both concerning proposed actions.

Compensation of Trustee

All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust created by the Indenture and reasonable compensation to the Trustee for its services in the premises, including extraordinary fees such as default fees, if any, shall be paid by the Agency from the Trust Estate. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued under the Indenture, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created thereby and exercise and performance of the powers and duties of the Trustee thereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Trustee's right to receive compensation, reimbursement, indemnification of money due and owing under the Indenture shall survive the Trustee's resignation or removal.

Resignation or Removal of Trustee

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Agency 30 days' notice in writing, and to the Bondowners 30 days' notice by certified mail at its or his address as set forth on the registration books of such resignation, specifying a date when such resignation shall take effect. Such resignation shall take effect on the day specified in such notice, if a successor Trustee has been appointed, or upon such later date as a successor is appointed. If no successor Trustee shall have been appointed and have accepted appointment within 90 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may petition a court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee may be removed at any time by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds secured by the Indenture and then Outstanding.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee, and a successor may be appointed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Trustee and notification thereof being given to the Agency. In the event the Trustee has been removed by action of the Bondowners, until a new Trustee shall be appointed by the Bondowners as authorized in the Indenture, the Agency may, subject to the provisions thereof, appoint a Trustee to fill such vacancy. After any such appointment by the Agency, the Trustee so appointed shall cause notice of its appointment to be mailed within 30 days of such appointment to the Owners of the Bonds, and any new Trustee so appointed by the Agency shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Owners of a majority in principal amount of said Bonds whenever such appointment by said Bondowners shall be made.

If, in a proper case, no timely appointment of a successor Trustee shall be made pursuant to the foregoing provisions the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor trustee.

Payment and Discharge of Indenture

If the Agency, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient in cash and/or in Government Obligations (the principal and interest on which when due and payable or redeemable at the option of the holder thereof) and without consideration of any reinvestment thereof shall be sufficient to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds Outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the Outstanding Bonds to be called for redemption not surrendered or to be surrendered to it for cancellation has been given or waived as provided in the Indenture, or that arrangements satisfactory to the Trustee have been made ensuring that such notice will be given or waived, or (2) a written instrument executed by the Agency and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Agency, or (3) file with the Trustee a waiver of such notice of redemption signed by the Owners of all of such Outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in the Indenture, the entire amount of the Redemption Price, in cash and/or Government Obligation (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of such Redemption Price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the Outstanding Bonds is due and payable, or

(d) surrender to the Trustee for cancellation all Outstanding Bonds for which payment is not so provided, and shall also pay all other sums due and payable under the Indenture by the Agency,

then and in that case, if all required arbitrage rebate has been paid in respect of the Bonds, all the Trust Estate shall revert to the Agency, and the entire estate, right, title and interest of the Trustee and of the Owners of the Bonds shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Agency, and at its cost and expense, execute to the Agency, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Agency all cash and deposited securities, if any (other than cash or securities for the payment of the Bonds and interest thereon), which shall then be held under the Indenture as a part of the Trust Estate.

In case of any discharge of the lien of the Indenture pursuant to paragraphs (b) or (c) above, there shall be submitted to the Trustee an opinion of Bond Counsel to the effect that the interest on the Bonds being discharged will not become includable in gross income for federal income tax purposes.

Bonds Deemed Not Outstanding After Deposits

When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or Government Obligations the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be Outstanding thereunder; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Owners of such Bonds.

Purposes for Which Supplemental Indentures May be Executed

The Agency, by Agency Resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions contained in the Indenture, may enter into such indentures supplemental thereto as the

Agency may or shall deem necessary or desirable without notice to or consent of any Bondowner for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency in the Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture or any Supplemental Indenture, of the Housing Infrastructure State Appropriations or of any other part of the Trust Estate;

(e) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any Supplemental Indentures that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Indenture or any Supplemental Indenture as the Agency may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any Supplemental Indenture and which shall not impair the security of the same;

(f) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939;

(g) To provide for the issuance of Bonds pursuant to the Indenture;

(h) To make any other change in the Indenture 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.

The Trustee shall not enter into a Supplemental Indenture under these provisions unless it obtains an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Indenture and is authorized or permitted by the Indenture.

Modification of Indenture with Consent of Bondowners

Subject to the terms and provisions below, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental thereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or deleting in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that, notwithstanding any other provision of the Indenture, nothing therein contained shall permit or be construed as permitting, without the consent of the Owners of all Outstanding Bonds affected thereby, (i) an extension of the maturity of any Bond issued under the Indenture, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of

the Bonds required to consent to Supplemental Indentures, or (vi) a reduction in the aggregate principal amount of the Bonds required to waive an Event of Default.

If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof.

APPENDIX B

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 such 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 the Series Bonds mean Cede & Co. or such other nominee and do not mean the Beneficial Owners(as hereinafter defined) of the 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 Series Bond (the "Beneficial Owner") 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 Series Bonds of a 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 such 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 such 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 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 and redemption price of and interest on the Series Bonds will be made to Cede & Co., or 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 the 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 and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of the payments to Direct Participants will be the responsibility of DTC, and disbursement of the payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Indenture, payments made by or on behalf of the Agency to DTC or its nominee will satisfy the Agency's obligations to the extent of the payments so made.

The above information contained in this Appendix B is based solely on information provided by DTC. No representation is made by the Agency, the State 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 State, 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 State, 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 Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of, or interest on the Series Bonds; (4) 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 Indenture to be given to Owners of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) 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 Series Bonds are required to be delivered as described in the Indenture. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, will 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 Indenture.

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS

The following statements are extracted provisions of the Continuing Disclosure Undertaking (the "Disclosure Undertaking") to be executed by the Agency in connection with the issuance of the Series Bonds. The Agency and the Minnesota Department of Management and Budget ("MMB") have entered into a separate Continuing Disclosure Agreement (the "State Agreement") under which MMB has agreed to undertake the Annual Financial Information Disclosure in order that the Agency can satisfy the Annual Financial Information Disclosure obligation described below.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondowners") 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 Indenture, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

(a) "*Annual Financial Information*" means the following financial information and operating data (to the extent not included in Audited Financial Statements): the information in Appendix B to the State of Minnesota Official Statement dated August __, 2019 included as Appendix E to the Official Statement of the Agency relating to the Series Bonds, Appendix C to such State Official Statement and Appendix F to such State Official Statement.

(b) "*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.

(c) "*Annual Financial Information Disclosure Date"* means December 31 of each year, beginning December 31, 2019.

(d) "*Audited Financial Statements*" means the audited financial statements of the State, prepared pursuant to the standards and as described under the caption "Annual Financial Information Disclosure."

(e) "*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, such 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 such person or entity provides to the Trustee evidence of such 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.

(f) "*Commission*" means the Securities and Exchange Commission.

(g) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(h) "*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include

municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(i) "*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 such 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;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(j) "*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

(k) "*MSRB*" means the Municipal Securities Rulemaking Board.

(l) "*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

(m) "*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 such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

(n) "*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

(o) "*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below), on or before each Annual Financial Information Disclosure Date, to the MSRB.

The Agency shall deliver such information in Prescribed Form and by such time so that the MSRB receives the information by the Annual Financial Information Disclosure Date.

If any part of the Annual Financial Information can no longer be generated because the operations of the State to which it is related have been materially changed or discontinued, the Agency shall disseminate a statement to such 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, including official statements of debt issues of the State or related public entities, which 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 by the Annual Financial Information Disclosure Date. 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 State, the Agency will disseminate a notice to the MSRB of such 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 such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Indenture.

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 Series Bonds or the Indenture 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. None of the agreements or obligations of the Agency or of the State shall be construed to constitute a waiver of the State's sovereign immunity or a waiver of any of the limitations contained in Minnesota Statutes, Section 3.736, except as provided under the laws of the State. Neither a default by the Agency under the Disclosure Undertaking nor a default by the State under the State Agreement shall constitute a default or an Event of Default under the Series Bonds or the Indenture.

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 Indenture 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 such 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 such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

The State Agreement

Under the State Agreement the State agrees to provide the information needed for the Annual Financial Information which the Agency is required to provide under the Disclosure Undertaking. The State may satisfy this obligation either by providing the Annual Financial Information to the Agency or by identifying any other disclosure document which may be included or incorporated by reference in order to satisfy the Annual Financial Information requirement.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[To be dated the date of issuance of the Series Bonds]

Minnesota Housing Finance Agency
St. Paul, Minnesota 55101

Re: Minnesota Housing Finance Agency
State Appropriation Bonds (Housing Infrastructure), 2019 Series A, 2019 Series B, 2019 Series C and 2019 Series D

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 State Appropriation Bonds (Housing Infrastructure), 2019 Series A, in the aggregate principal amount of $_____ (the "2019 Series A Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2019 Series B, in the aggregate principal amount of $_____ (the "2019 Series B Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2019 Series C, in the aggregate principal amount of $_____ (the "2019 Series C Bonds"), and its State Appropriation Bonds (Housing Infrastructure), 2019 Series D, in the aggregate principal amount of $_____ (the "2019 Series D Bonds" and, together with the 2019 Series A Bonds, the 2019 Series B Bonds and the 2019 Series C Bonds, the "Series Bonds"). The Series Bonds are being issued in accordance with Minnesota Statutes, Chapter 462A, as amended (the "Act"), an Indenture of Trust, dated as of August 1, 2013, as heretofore and hereafter amended and supplemented (the "General Indenture"), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a Eighth Supplemental Indenture of Trust, dated as of _____ 1, 2019 (the "Supplemental Indenture"), by and between the Agency and the Trustee. The General Indenture and the Supplemental Indenture are referred to herein, collectively, as the "Indenture."

The Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Indenture. The Series Bonds are subject to redemption prior to maturity, as provided in the Indenture.

The Series Bonds are being issued to make loans to certain recipients (the "Housing Infrastructure Loans") to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto, with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and rehabilitation of federally assisted rental housing, and other authorized purposes under the Act; provided, however, that the Housing Infrastructure Loans financed with proceeds of the 2019 Series B Bonds are deemed to be "grants" for federal income tax purposes.

As bond counsel, we have examined 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 Resolution No. MHFA 18-055, adopted August 30, 2018, and Resolution No. MHFA 19-0__, adopted July 25, 2019 (together, the "Bond Resolution"). 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.

From such examination, and assuming continuing compliance by the Agency and the recipients of the Housing Infrastructure Loans with the covenants contained in the Indenture and the loan documentation relating to each development, it is our opinion that, under existing law as of 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 has been duly and validly adopted by the Agency; (3) the Indenture has been duly authorized and executed and is valid and binding upon the Agency in accordance with its terms, and creates the valid pledge and security interest it purports to create with respect to the Revenues, moneys, securities and other Funds held and to be set aside under the Indenture; (4) the Series Bonds are duly and lawfully authorized to be issued and are valid and binding special, limited obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Indenture, and are payable solely, and equally and ratably, from specified transfers expected to be made by the State of Minnesota (the "State") pursuant to legislation providing for the appropriation of such transfers from the general fund of the State to the Agency and

moneys and securities held from time to time in the funds and accounts established and pledged thereto under the Indenture; and (5) the interest payable on the Series Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, that we express no opinion as to the exclusion from federal gross income and Minnesota taxable net income of interest on any 2019 Series A Bond, 2019 Series C Bond or 2019 Series D Bond for any period during which such 2019 Series A Bond, 2019 Series C Bond or 2019 Series D Bond is held by a person who is a "substantial user" of a development financed by the 2019 Series A Bonds, the 2019 Series C Bonds or the 2019 Series D Bonds or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the Series 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. Interest on the Series 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 Series Bonds. All owners of 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 Series Bonds.

Noncompliance by the Agency or the recipient of a Housing Infrastructure Loan financed by the Series Bonds with their covenants in the Indenture or applicable loan documentation relating to a development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the Series Bonds and the Indenture may be 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.

Dated: ___, 2019.

Respectfully yours

APPENDIX E

OFFICIAL STATEMENT OF THE STATE OF MINNESOTA

DATED AUGUST _, 2019

RESOLUTION NO. MHFA 19-038

RESOLUTION RELATING TO STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE); AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SERIES AND APPROVING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZATION OF ADDITIONAL DEVELOPMENTS TO BE FUNDED WITH PROCEEDS OF PRIOR AUTHORIZED SERIES

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

Section 1. Recitals.

1.01. State Appropriation Bonds; Authority; Purpose. The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Section 462A.37 thereof, as amended (the "Act") to issue bonds from time to time (the "State Appropriation Bonds") secured by standing appropriations of the State of Minnesota (the "State") for the purpose of financing grants with respect to manufactured home parks and loans to borrowers (the "Borrowers") to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto (the "Developments"), with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and rehabilitation of federally assisted rental housing, and other purposes authorized by the Act. Such State Appropriation Bonds shall be equally and ratably secured solely by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture (as hereinafter defined). The State Appropriation Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held under the Indenture (as hereinafter defined), or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the State Appropriation Bonds.

1.02. Authority; Purpose. The Agency desires to issue its State Appropriation Bonds under Section 462A.37 of the Act for the purpose of financing loans to Borrowers, who shall be the owners ("Owners") of the related Developments listed in Exhibit A hereto (or such other entities designated by such Owners which entities agree to make, directly or through intermediaries, corresponding loans to the Borrowers); provided, however, that loans may be made to different or additional Owners with respect to different or additional Developments upon the adoption of a resolution supplemental hereto. The amount of each loan shall be in such amount approved by the Agency and any loan may be forgivable upon such terms as shall be determined by an Authorized Officer of the Agency. The bonds herein authorized shall consist of one or more series of State Appropriation Bonds of the Agency, the first of which is to be designated as "State Appropriation Bonds (Housing Infrastructure), 2019 Series [C]," in the aggregate principal amount to be determined pursuant to the terms of Section 2.02 of this

resolution. Additional series of State Appropriation Bonds issued pursuant to this resolution shall be designated "State Appropriation Bonds (Housing Infrastructure), _____ Series _____" and completing the first blank with the calendar year of issuance and the second blank with an uppercase letter as appropriate for the order of such issuance. The maximum collective aggregate principal amount of all series of State Appropriation Bonds issued pursuant to this resolution shall not exceed $80,000,000; the number of series of State Appropriation Bonds and their corresponding principal amounts shall be as determined by the Authorized Officer (as defined herein) pursuant to Section 8 of this resolution, and as set out in the Supplemental Indenture delivered pursuant to this resolution. All such series of State Appropriation Bonds issued pursuant to this resolution are the "Series Bonds."

The Series Bonds will be secured solely, and equally and ratably with the Agency's State Appropriation Bonds hereafter authorized, by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture. The Series Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held and pledged thereto under the Indenture, or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the Series Bonds.

1.03. Sale of Series Bonds. The Agency will negotiate for the sale of the Series Bonds to RBC Capital Markets, LLC, J.P. Morgan Securities LLC, Piper Jaffray & Co. and Wells Fargo Bank, National Association (collectively, the "Purchasers"). The Agency will issue and sell the Series Bonds to the Purchasers pursuant to one or more Contracts of Purchase to be entered into between the Agency and the Purchasers (the "Purchase Contract"), subject to the parameters set forth in Section 2.02 hereof.

1.04. Documentation. The Series Bonds will be issued pursuant to the Indenture of Trust dated as of August 1, 2013, by and between the Agency and the Trustee (hereinafter defined) and relating to State Appropriations Bonds (Housing Infrastructure) (as amended and supplemented, the "Master Indenture"). Draft forms of the following documents (collectively and together with the Master Indenture, the "Bond Documents") relating to the State Appropriation Bonds and the Series Bonds have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency:

(a) A proposed form of a Supplemental Indenture of Trust (the "Supplemental Indenture"), to be entered into between the Agency and the Trustee, to establish the form and terms of one or more series of the Series Bonds (the Master Indenture and the Supplemental Indenture are collectively referred to herein as the "Indenture");

(b) A proposed form of the Purchase Contract between the Agency and the Purchasers relating to the sale and purchase of one or more series of the Series Bonds;

(c) A proposed form of a Continuing Disclosure Agreement to be entered into by the Agency and the Trustee; and

(d) A proposed form of Agreement to be entered into between the Agency and the State regarding the State's agreement to provide annual updates of financial information and operating data of the State contained in or incorporated in the Official Statement (as hereinafter defined).

Section 2. Authorization of the Series Bonds and Approval of the Bond Documents.

2.01. Authorization. To provide sufficient funds to be used and expended for the purposes set forth in Section 1.02, the Agency is hereby authorized to issue the Series Bonds in an aggregate principal amount not to exceed $80,000,000. The Agency is hereby authorized to sell the Series Bonds to the Purchasers to provide funds to be used to make a loan to or for the benefit of each of the Owners to finance the Developments and pay costs of issuance of the Series Bonds.

2.02. Terms of Series Bonds. The Series Bonds shall be initially dated the date of delivery to the Purchasers and shall be in the form prescribed by the Indenture. The final terms of the Series Bonds have not been established as of the date of adoption of this resolution. Any of the Chair, the Commissioner or the Chief Financial Officer of the Agency (each an "Authorized Officer") is hereby authorized to approve the final terms of the Series Bonds, including the redemption provisions 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 the Series Bonds is not in excess of $80,000,000;

(ii) the maturity schedule of each series of the Series Bonds (including any mandatory sinking fund redemption schedule); provided that the Series Bonds mature at any time or times in such amount or amounts not later than August 1, 2041;

(iii) the interest rates borne by each series of the Series Bonds; provided that the net interest cost on a series of the Series Bonds does not exceed 5.00% per annum; and

(iv) the fee or other compensation payable to the Purchasers of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the applicable series of Series Bonds.

Such approval shall be conclusively evidenced by the execution of the applicable Purchase Contract with the Purchasers by an Authorized Officer.

2.03. Approval of Bond Documents. The forms of the Bond Documents are hereby approved, subject to such modifications as are deemed appropriate and approved by an Authorized Officer, subject to the limitations contained in Section 2.02, which approval shall be conclusively evidenced by execution of the Bond Documents by an Authorized Officer. Copies of all the documents shall be delivered or filed as provided therein. An Authorized Officer is also authorized and directed to execute such other documents and certificates as may be required to give effect to the transactions herein contemplated.

2.04. Preliminary Official Statement; Official Statement. The Agency has also received and examined a draft Preliminary Official Statement containing information relating to the Agency, the State and the Series Bonds. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and the use thereof by the Purchasers in the public offering of the Series Bonds is hereby approved. 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 Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer, and furnished to the Purchasers for distribution to investors.

Section 3. Appointment of Trustee. Wells Fargo Bank, National Association serves as Trustee under the Indenture and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Indenture, in trust for the owners of the State Appropriation Bonds, including the Series Bonds and any additional bonds issued and to be issued thereunder.

Section 4. General Tax Covenant. The Agency covenants to not take, or permit or cause to be taken, any action that would adversely affect the exclusion of interest on the Series Bonds from federal income taxation, and to take or cause to be taken any action within its control necessary to maintain such exclusion.

Section 5. Authentication of Proceedings. The Chair, Commissioner or Chief Financial Officer and other officers of the Agency are authorized and directed to furnish to the Purchasers and bond counsel certified copies of all proceedings and records of the Agency relating to the Series Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Series Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the truth of all statements of fact contained therein.

Section 6. Limitations of the Agency's Obligations. Notwithstanding anything contained in the State Appropriation Bonds, the Series Bonds or the Bond Documents, the State Appropriation Bonds, including without limitation, the Series Bonds, shall not constitute general obligations of the Agency and shall not be payable from nor constitute a charge, lien or encumbrance, legal or equitable, upon any funds or any property of the Agency other than the appropriations of the State specifically pledged to the payment thereof pursuant to the Bond Documents and the Act and any other funds held under the Indenture expressly pledged thereunder to such payment, and no holder of the State Appropriation Bonds, including without limitation, the Series Bonds, shall ever have the right to enforce payment thereof against any property of the Agency other than those rights and interests of the Agency which have been pledged to the payment thereof pursuant to the Indenture.

Section 7. Advance of Agency Funds. If the Agency desires to fund loans before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund such loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 8. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each series of the Series Bonds, subject to the limitations in Section 2.02 of this resolution. Notwithstanding anything contained in the foregoing sections of this 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 any of the Series Bonds authorized pursuant to this resolution (subject to any applicable provisions of any purchase contract theretofore executed), then such Series Bonds will not be issued or sold in accordance with this resolution.

Section 9. Approval of Additional Developments for State Appropriation Bonds (Housing Infrastructure) Authorized Pursuant to Resolution No. MHFA 18-055. Section 1.02 of the Agency's Resolution MHFA 18-055, relating to prior authorized series of State Appropriation Bonds (the "Prior Authorizing Resolution") provides that proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolution may be used to finance loans to Borrowers, who shall be the Owners of Developments (a) listed in Exhibit A of the Prior Authorizing Resolution and (b) different or additional Developments upon the adoption a resolution supplemental to such Prior Authorizing Resolution. The Agency herein approves the Developments listed in Exhibit A of this resolution as different and additional Developments eligible to receive loans made from proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolution; this Section 9 shall act as a resolution supplemental to the Prior Authorizing Resolution.

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Adopted by the Minnesota Housing Financing Agency this 25th day of July, 2019.

By_____
Chairman

Attest: _____
Commissioner

[Resolution No. MHFA 19-038]

EXHIBIT A

DEVELOPMENTS AND OWNERS[1]

Development	Owner[2]	Location (MN)	Type of Development
Cahill Place	Cahill Place, LLLP	Inver Grove Heights	Supportive Multifamily; New Construction
Conifer Villas	Conifer Villas Limited Partnership	Bemidji	Supportive Multifamily; Behavioral Health; New Construction
Emma's Place	Emma's Place	Maplewood	Supportive Multifamily; Rehabilitation
Lydia Apartments	Lydia Apartments Housing Limited Partnership	Minneapolis	Supportive Multifamily; Partial Behavioral Health; Acquisition, New Construction and Rehabilitation
RD Properties	RD Properties 2017 Limited Partnership	Red Wing, Cold Spring, Gaylord, Owatonna, Pine Island, Waseca, Watertown	Multifamily; Acquisition/Rehabilitation

[1] In addition, it is anticipated that proceeds of the Series Bonds will be used to make loans to one or more Community Land Trusts for the purchase of land upon which will be constructed one or more condominium units, townhouses, or structures consisting of one to four single family dwellings.
[2] Or an affiliate thereof or successor thereto.

Board Agenda Item: 8.A
Date: 7/25/2019

Item: Minnesota Housing Administrative Budget, State Fiscal Year 2020

Staff Contact(s):
Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☒ Discussion
- ☐ Information

Summary of Request:
The Agency's administrative budget is presented to the Board annually. Presentation of the administrative budget is informational and no action by the Board is required.

Fiscal Impact:
The Agency's administrative budget represents the projected expenditures necessary to support the level of program and other activities which the Agency anticipates utilizing in fiscal year 2020.

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
- Administrative Budget FY 2020
- Administrative Budget History

Background

The Agency administrative budget for fiscal year 2020 (July 1, 2019 – June 30, 2020) is $40.5 million. This budget covers all Agency administrative and operational expenses. The budget is 3% greater than the 2019 administrative budget, and approximately 15% greater than forecasted actual expenditures for 2019.

Actual expenditures for 2019 are coming in significantly under the 2019 budget primarily due to slower than anticipated equipment purchases, as well as technology project roll-outs. We have included some of these "catch-up" expenditures in the 2020 budget. In addition, as usual, the employee turnover rates contributed to slightly less salary expense than was provided for in the budget.

The FTE count included in the 2020 administrative budget is 265.5, up by 4 positions from the year-end approved headcount for the Agency. The budget new FTEs include positions in legal, an additional manager position within multi-family and a data analyst position supporting the Agency's efforts regarding homelessness.

Administrative Budgets FY 2020

EXPENSE CATEGORY	2020 Budget	2019 Budget	2020 Budget Change from 2019 Budget	2019 Forecast	2020 Budget vs. 2019 Forecast	2018 Actual
Salaries	$ 29,701,000	$ 28,465,000	4.3 %	$ 27,707,861	$ 1,993,139.00	$ 26,793,023
Computer Systems & Services/Supplies/Equipment	3,984,000	3,428,000	16.2 %	2,356,104	$ 1,627,896.00	2,945,873
Professional & Technical Contracts	3,031,000	3,963,000	(23.5)%	2,096,740	$ 934,260.00	3,164,625
Other General Operating	2,484,000	2,368,000	4.9 %	1,971,116	$ 512,884.00	2,297,940
Professional & Other Benefits	631,000	540,000	16.9 %	462,818	$ 168,182.00	304,417
Travel	413,000	399,000	3.5 %	275,501	$ 137,499.00	301,146
State Indirect Costs	237,000	138,000	71.7 %	138,120	$ 98,880.00	221,826
TOTALS	**$ 40,481,000**	**$ 39,301,000**	3.0 %	**$ 35,008,260**	**$ 5,472,740.00**	**$ 36,028,850**

Note: 2019 Forecast is projected full year expenditures as of June 30, 2019

MINNESOTA HOUSING

MINNESOTA HOUSING FINANCE AGENCY

ADMINISTRATIVE BUDGET HISTORY
($000's)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Budgeted	26,063	25,612	26,884	28,132	30,538	33,509	36,657	37,852	39,301	40,481
Actual***	23,319	23,786	25,776	26,790	29,838	30,813	35,649	36,029	35,008	N/A
Variance	2,744	1,826	1,108	1,342	700	2,696	1,008	1,823	4,293	N/A
Budget FTE Count	*213.1*	*215.7*	*227.7*	*231.1*	*237.6*	*242.4*	*249.6*	*253.6*	*258.9*	
Expense actual change % year/year		2.00%	8.37%	3.93%	11.38%	3.27%	15.69%	1.07%	-2.83%	
Expense actual change $$ year/year		467	1,990	1,014	3,048	975	4,836	380	(1,021)	

Notes:

*** Actual expense is gross amount not reduced by overhead recoveries. FY2019 is forcasted amount.

Board Agenda Item: 9.A
Date: 7/25/2019

Item: Post-Sale Report, Homeownership Finance Bonds (HFB), 2019 Series E (Taxable)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
The Agency sold $45,949,045 of Homeownership Finance Bonds on June 13, 2019 with a closing on June 27, 2019. In accordance with the Debt and Balance Sheet Management Policy the attached detailed 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

M E M O R A N D U M

Date: **June 17, 2019**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Tim Rittenhouse, David Jones, Eric Olson**

Re: **Post-Sale Report**
$45,949,045 Homeownership Finance Bonds (HFB)
2019 Series E (Taxable)

BOND CRITERIA

The 2019 Series E Homeownership Finance Bonds were issued to finance single-family new production. For the first time, Minnesota Housing was able to finance its Start-Up tax-exempt eligible loans with only taxable bonds. This was possible because of an extraordinary market environment where both taxable and tax-exempt interest rates have dropped dramatically over the last 2 months.

The key criteria for issuing the debt were:

1. ***Avoid major interest rate risk*** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.

2. ***Maintain high ratings on all Minnesota Housing single-family bonds***, with Series E rated Aaa.

3. ***Enhance Minnesota Housing's long-term financial sustainability*** through a mix of bond financing and sales of MBS, to provide more financially sustainable results for Minnesota Housing**.**

4. ***Provide at least a comparable expected level of return to selling MBS*****,** at reasonably anticipated prepayment speeds.

5. ***Use bond volume cap as efficiently and sparingly as possible,*** so that the Agency can continue both its single-family and multi-family programs, even though volume cap has become an increasingly scarce resource.

KEY RESULTS FOR MINNESOTA HOUSING

Key Measurable Objectives. Minnesota Housing's objectives for each issue reflect its overall goal: Maintain a long-term sustainable program that continues to finance production on the balance sheet so long as this is the best execution for the Agency.

Minnesota Housing therefore seeks to:

1. Obtain a present value return for Minnesota Housing at least similar to selling the same MBS in the secondary market, assuming a reasonable prepayment speed.

2. Obtain, if possible, approximately the 1.125% spread on the overall issue that the IRS would allow if the issue were all tax-exempt.

3. Balance the amount of (a) new volume cap needed in financing such production and (b) the amount of zero participations required, so that the Agency can continue its program in future years.

4. Where possible, use opportunities to balance the impact of hedge gains and losses across transactions on Agency current year income.

Accomplishments. The results were extraordinarily successful in meeting Minnesota Housing's objectives:

- ***Leveraging Limited Volume Cap.*** The issue was structured so that Minnesota Housing could finance all $45.945 million of new mortgages on balance sheet *without using any volume cap.*

- ***Spread and Zero Participations***. As a taxable financing, the issue was not subject to IRS yield limits nor use or generate any zero participations. The agency was able to obtain and retain a spread of 1.29%, far above IRS yield limits for tax-exempt bonds.
- ***Attractive Bond Yield.*** The bond rate was 3.25% on this taxable series.

- ***Economic Return to Minnesota Housing.*** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding. The break-even prepayment speed[1] compared to selling the loans was 179% PSA. This is far higher than the actual average prepayment speeds on similar loans in this indenture of about 154%. and indicates the benefits of putting this production on the balance sheet rather than selling it.[2] The result is that, at expected prepayment speeds, Minnesota Housing will earn significantly more from issuing 2019 E than from having directly sold the MBS. The net present value to Minnesota Housing (after net service release premiums) is projected to be approximately $1.54 million at 150% PSA prepayment speed.

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[1] The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

[2] The updated average prepayment speed on all securities in the HFB indenture since inception is now calculated at approximately 154% PSA.

- ***Choices.*** The Agency made choices that affected the use of volume cap, zero participations and spread. By being able to issue the entire transaction taxably, the Agency did not need any volume cap while still obtaining a very attractive spread.

- ***Hedging.*** The loan production pipeline remained fully hedged until bonds were sold. When interest rates drop, as happened in the months leading up to this transaction, Minnesota Housing benefits by selling bonds at a lower rate, but incurs a loss on the hedges. The loss of $255,000 was included in the best execution and present value analysis.

- ***Sizing and Investor Demand.*** The issue was sized based on the available pipeline. A total of $55.375 million of orders were received, primarily from two major investors who had not previously purchased taxable pass-through bonds. This expanded interest allowed Minnesota Housing to obtain a very attractive bond yield.

Implications. Key implications include:

- ***Pass-Through Approach*****.** Minnesota Housing has been the national leader is issuing single-family pass-through bonds to help finance production on-balance sheet. The net financial benefit from pass-through bonds compared to traditionally structured bonds varies from issue to issue. Given varying levels of demand for such bonds especially for taxable pass-throughs, the Agency has been sizing pass-through series based on the demand from investors.

- ***Balance Sheet Management.*** Minnesota Housing, in recent years, has been able to finance all tax-exempt eligible production as the best execution return to the Agency.

- ***Volume Cap.*** Minnesota Housing's single-family production together with demand for multi-family issuance in the State remains so great that private activity volume cap is a major constraint on tax-exempt issuance. To help address this, the Agency was able to issue all the debt as taxable. This market environment represents a unique opportunity that Minnesota Housing should take advantage of as long as it remains available.

TIMING AND STRUCTURE

Timing. The issue was priced on Thursday, June 13th, for closing on Thursday, June 27th.

Sizing. The sizing reflected the specific hedged MBS in Minnesota Housing's pipeline.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Continue to include a 10-year par call at Minnesota Housing's option, so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.

- Include GNMA, FNMA and FHLMC MBS in the issue, with no percentage limit on any category. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline.

- Maximize the amount of taxable bonds, while still obtaining a spread of at least 1.125%.

Rating. Bonds under the HFB indenture are rated Aaa by Moody's.

Hedging. Minnesota Housing has remained fully hedged on its pipeline until bonds were sold. This protects the Agency from risk if interest rates rise between the time the loans are committed and when they are packaged into MBS and either the corresponding bonds are sold or the MBS are sold via TBA. The purpose of this strategy is to help make the Agency largely indifferent to changes in rates.

BOND SALE RESULTS. Key highlights are:

1. ***Investor Interest for Series 2019 E.*** There was excellent institutional interest for these taxable pass-through bonds from three investors, and there was another major investor willing to purchase the bonds at a slightly higher yield.

2. ***Treasuries.*** Since the 10-year Treasury's recent highs over 3.2%, in October and early November, yields have dropped dramatically. The 10-year was 2.91% when HFB Series 2018 IJ was priced on Dec. 13th. With the Fed announcement that it would suspend rate hikes, the yield declined to 2.65% when HFB 2019 AB was priced on Feb. 7, 2019 and 2.64% when RHFB 2019 ABCD was priced on March 7, 2019. Resurgence of the trade war with China led to a flight for quality, with the 10-year dropping to 2.42% when HFB 2019 CD was priced on May 14. With investors now expecting the Fed Reserve to cut interest rates this year, and weakening job growth in the June report, the 10-year yield fell to 2.10% when 2019 E priced.

   The yield curve has flattened out and indeed inverted at the short-end of the curve. The yield on 6-month Treasuries, 2.18%, was higher than the 10-year yield.

3. ***Municipals*****.** The municipal market index has outperformed Treasuries in 2019, reflecting positive inflows into municipal bond funds throughout 2019, high redemptions and modest new supply. When 2019 CD was priced in May, the 10 year MMD Index had dropped to 71.5% of the 10 year Treasury, the lowest ratio in several years. Since then, the global flight to quality reduced the 10 year Treasury by 30 basis points, which is the key figure for this taxable bond issue. The absolute level of municipal rates is the lowest in several years.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio
2017 HFB G/H	9/12/17	2.17%	1.86%	85.7%
2017 HFB I/J	11/9/17	2.33%	1.93%	82.8%
2017 RHFB DEF	*12/4/17*	*2.37%*	*2.05%*	*86.5%*
2018 HFB A/B	2/13/18	2.83%	2.42%	85.5%
2018 HFB C/D	4/12/18	2.83%	2.40%	84.8%
2018 RHFB ABC	*6/7/18*	*2.93%*	*2.47%*	*84.3%*
2018 HFB EF	8/16/18	2.87%	2.43%	84.7%
2018 HFB GH	10/17/18	3.19%	2.72%	85.3%
2018 RHFB EFGH	*11/14/18*	*3.12%*	*2.70%*	*86.5%*
2018 HFB IJ	12/13/18	2.91%	2.40%	82.5%
2019 HFB AB	2/7/19	2.65%	2.14%	80.8%
2019 RHFB ABCD	3/7/19	2.64%	2.08%	78.8%
2019 HFB CD	5/14/19	2.42%	1.73%	71.5%
2019 HFB E	**6/13/19**	**2.10%**	**1.66%**	**79.0%**
Change from 2019 HFB CD		**- 32 bp**	**- 7 bp**	**+ 7.5%**

4. ***Comparison to GNMA Yields.*** Investors compare yields on pass-through issues to current-coupon GNMAs, although pass-through bonds provide much less liquidity in the global markets. GNMA yields dropped by 21 basis points since Series CD, as a result of the global flight to quality, but not as much as the drop in Treasury yields.

	2018 A/B Feb. '18	2018 C/D May '19	2018 E/F Aug. '18	2018 G/H Oct. '18	2018 I/J Dec. '18	2019 A/B Feb. '19	2019 C/D Jan. '19	2019 E Jan. '19
Minn. Housing bond yield								
Tax-Exempt	3.30%	3.30%	3.45%	3.75%	3.60%	3.45%	3.15%	**n.a.**
Taxable	3.65%	3.65%	3.80%	4.10%	4.00%	3.80%	3.55%	**3.25%**
Yield on GNMA I, 3.0 current coupon, at dealer prepay speed	3.32%	3.27%	3.35%	3.72%	3.42%	3.15%	2.92%	**2.71%**
Minn. Housing v. GNMA								
Tax-exempt	-2 bp	+3 bp	+10 bp	+3 bp	+18 bp	+30 bp	+23 bp	**n.a.**
Taxable	+33 bp	+38 bp	+45 bp	+38 bp	+58 bp	+65 bp	+63 bp	**+54 bp**

5. ***Comparable Taxable Pass-Through Transactions:*** Aside from Minnesota, there have been no recent other new money single-family taxable pass-through issues.

	Minn. Taxable 2018 D	Utah Taxable 2018 A	Minn. Taxable 2018 F	Minn. Taxable 2018 H	Colorado Taxable 2018 BB-2	Minn. Taxable 2018 J	Minn. Taxable 2019 B	Minn. Taxable 2019 D	Minn. Taxable 2019 E
Size	$20.2 m.	$17.9 m.	$52.6 m.	$31.8 m.	$42.7 m.	37.5 m.	$30.4 m.	$30.6 m.	$45.9 m.
Type	New money	New money	New Money	New Money	New Money	New Money	New Money	New Money	New Money
Rating	Aaa	Aa3	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Pricing Date	4/12/18	6/20/18	8/16/18	10/17/18	10/18/18	12/13/18	2/7/19	5/14/19	6/13/19
Price	Par	Par	Par	Par	103.214 premium	Par	Par	Par	Par
Ave. Life at 150% PSA	8.7 years	6.5 years	8.9 years	8.8 years	8.3 years	8.9 years	8.9 years	8.9 years	8.9 years
Yield	3.65%	3.45%	3.80%	4.10%	4.05% 125% PSA	4.00%	3.80%	3.55%	3.25%
Spread to 10yr US Treas.	+82 bp	+52 bp	+93 bp	+91 bp	+89 bp	+109 bp	+115 bp	+ 113 bp	+ 115 bp
Spread to 3% GNMA (at Dealer Prepay Speed)	+38 bp	+3 bp	+45 bp	+38 bp	+34 bp	+58 bp	+65 bp	+63 bp	+54 bp
Underwriter	RBC	Zions	RBC	RBC	RBC	RBC	RBC	RBC	RBC

UNDERWRITING

Underwriters. RBC was the senior manager; regular co-managers were J.P. Morgan, Piper Jaffray and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, in the same range as fees for other housing issues of similar size and structure.

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ISSUE DETAILS

Economic Calendar. The key economic indicator affecting the bond sale was the nonfarm payroll report on Friday June 7th. This showed job growth of 75,000 for May, compared to a median forecast of 180,000 and the April 224,000 figure. On Wednesday June 12th, core consumer price index came in at 0.1%, below the median forecast of 0.2% and the Fed's target 2% minimum inflation target.

Municipal Calendar. The visible supply for the week was $8.2 billion, about average for the year to date. The largest competitive issue was Virginia College Building Authority at $512 million. The largest negotiated issue was Allegheny County Hospital's $738 million led by RBC and a New York State Dormitory Authority issue of $498 million. The other single-family issues were traditionally structured issues for Maine, $34 million, and Nevada, $50 million, while Ohio had priced a $20 million multi-family bond issue.

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or buying Minnesota Housing's bonds backed by MBS. As described above, bond purchasers look as much to the spread between Minnesota Housing's bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries or MMD. GNMA yields dropped by 21 basis points since the prior issue, while Minnesota's taxable yield dropped by 30 basis points, similar to the drop in 10 year Treasury yields.

Type	Delivery	Coupon	Measure	Feb 13, 2018	Apr 12, 2018	Aug 16, 2018	Oct 17, 2018	Dec 13, 2018	Feb 7, 2019	May 14, 2019	Jun 13, 2019
GNMA	Current	3.0	Price	97.98	98.33	97.92	95.70	97.48	99.08	100.45	101.48
			Yield*	3.32%	3.27%	3.35%	3.72%	3.42%	3.15%	2.92%	2.71%
			Dealer Forecast % PSA	153%	153%	149%	146%	148%	147%	173%	195%
FNMA	Current	3.5	Price	100.02	98.92	99.39	97.58	98.83	100.30	101.27	102.11
			Yield*	3.49%	3.50%	3.58%	3.82%	3.66%	3.45%	3.24%	3.00%
			Dealer Forecast % PSA	146%	129%	126%	117%	122%	133%	224%	284%
10yr US Treas.	n/a	n/a	Yield	2.83%	2.83%	2.87%	3.19%	2.91%	2.65%	2.42%	2.10%

Minnesota Housing Finance Agency
HFB 2019 Series E (Taxable)
Post-Sale Report

Type	Delivery	Coupon	Measure	Feb 13, 2018	Apr 12, 2018	Aug 16, 2018	Oct 17, 2018	Dec 13, 2018	Feb 7, 2019	May 14, 2019	Jun 13, 2019
10yr MMD	n/a	n/a	Yield	2.42%	2.40%	2.43%	2.72%	2.40%	2.14%	1.73%	1.66%
GNMA to 10-Year Treasury	n/a	n/a	Yield*	117.3%	115.5%	116.7%	116.6%	117.5%	118.9%	120.7%	129.0%
GNMA to 10-Year MMD	n/a	n/a	Yield*	137.2%	136.3%	137.9%	136.8%	142.5%	147.2%	168.8%	163.3%
Minnesota Housing	Tax-exempt Taxable			**3.30%** **3.65%**	**3.30%** **3.65%**	**3.45%** **3.80%**	**3.75%** **4.10%**	**3.60%** **4.00%**	**3.45%** **3.80%**	**3.15%** **3.55%**	**n.a.** **3.25%**

* Yield at dealer forecast prepayment speed

TAXABLE HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	6/13/19		5/14/19		2/7/19		1/17/19		12/13/18		10/18/18	
Amount	$45,949,045		$30,555,019		$30,351,057		$26,134,990		$37,500,014		$42,739,335	
Issuer	Minnesota HFA		Minnesota HFA		Minnesota HFA		New Mexico MFA		Minnesota HFA		Colorado HFA	
Series	2019 Series E		2019 Series D		2019 Series B		2019 Series B		2018 Series J		Series 2018BB-2	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Taxable		Taxable		Taxable		Taxable	
Use of Funds	New Money		New Money		New Money		Refunding		New Money		New Money	
Maturity	2049		2049		2049		2040		2049		2048	
Price	100.000		100.000		100.000		100.000		100.000		103.214	
Coupon/Yield	3.250		3.550		3.800		3.450		4.000		4.50C/4.05Y at 125% PSA	
Indicator	Indicative Yield 6/13/19	Spread	Indicative Yield 5/14/19	Spread	Indicative Yield 2/7/19	Spread	Indicative Yield 1/17/19	Spread	Indicative Yield 12/13/18	Spread	Indicative Yield 10/18/18	Spread
5-Year US Treasury	1.84	+141	2.20	+135	2.46	+134	2.58	+87	2.75	+125	3.02	+103
7-Year US Treasury	1.96	+129	2.30	+125	2.54	+126	2.66	+79	2.83	+117	3.10	+95
10-Year US Treasury	2.10	+115	2.42	+113	2.65	+115	2.75	+70	2.91	+109	3.16	+89
3% GNMA I @ 100% PSA	2.80	+45	2.94	+61	3.13	+67	3.20	+25	3.35	+65	3.60	+45
3% GNMA I @ Dlr Forecast	2.71 (195%)	+54	2.92 (173%)	+63	3.15 (147%)	+65	3.24 (152%)	+21	3.42 (148%)	+58	3.71 (146%)	+34
9-Year MMD	1.59	+166	1.66	+189	2.04	+176	2.11	+134	2.33	+167	2.65	+140
10-Year MMD	1.66	+159	1.73	+182	2.14	+166	2.20	+125	2.40	+160	2.73	+132
MBS PREPAY HISTORY (%PSA)												
Past 3 months	-		-		-		92%		-		-	
Past 6 months	-		-		-		194%		-		-	
Past 12 months	-		-		-		200%		-		-	
Since issuance	-		-		-		212%		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	11.0		11.0		11.0		7.1		10.9		10.4	
At 150% PSA	8.9		8.9		8.9		-		8.9		8.3	
At 200% PSA	7.4		7.5		7.5		5.1		7.4		6.8	
At 300% PSA	5.6		5.6		5.6		3.8		5.5		5.0	
WEIGHTED AVERAGE MORTGAGE RATE	4.81%		4.78%		5.24%		5.81%		5.05%		5.12%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.38%		4.33%		4.56%		5.32%		4.55%		4.50%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	359		359		358		211		357		358	
Notes												
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

TAXABLE HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	10/17/18		9/18/18		9/11/18		8/16/18		6/28/18		6/20/18	
Amount	$31,783,596		$11,190,000		$43,331,546		$52,573,028		$20,630,000		$17,850,000	
Issuer	Minnesota HFA		Louisiana HC		Ohio HFA		Minnesota HFA		Delaware SHA		Utah HC	
Series	2018 Series H		Series 2018A-2		2018 Series B		2018 Series F		2018 Series A		2018 Series A	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aa1 / - / -		Aa3 / - / -	
Tax Status	Taxable		Taxable		Taxable		Taxable		Taxable		Taxable	
Use of Funds	New Money		Refunding		Refunding		New Money		Refunding		New Money	
Maturity	2048		2040		2040		2048		2048		2048	
Price	100.000		100.000		100.000		100.000		100.000		100.000	
Coupon/Yield	4.100		3.700		3.700		3.800		3.480		3.450	
Indicator	Indicative Yield 10/17/18	Spread	Indicative Yield 9/18/18	Spread	Indicative Yield 9/11/18	Spread	Indicative Yield 8/16/18	Spread	Indicative Yield 6/28/18	Spread	Indicative Yield 6/20/18	Spread
5-Year US Treasury	3.04	+106	2.94	+76	2.87	+83	2.75	+105	2.73	+75	2.80	+65
7-Year US Treasury	3.13	+97	3.01	+69	2.94	+76	2.82	+98	2.81	+67	2.89	+56
10-Year US Treasury	3.19	+91	3.05	+65	2.98	+72	2.87	+93	2.84	+64	2.93	+52
3% GNMA I @ 100% PSA	3.61	+49	3.46	+24	3.38	+32	3.29	+51	3.30	+18	3.36	+9
3% GNMA I @ Dlr Forecast	3.72 (146%)	+38	3.55 (146%)	+15	3.46 (150%)	+24	3.35 (149%)	+45	3.35 (149%)	+13	3.42 (147%)	+3
9-Year MMD	2.64	+146	2.51	+119	2.46	+124	2.37	+143	2.41	+107	2.41	+104
10-Year MMD	2.72	+138	2.58	+112	2.52	+118	2.43	+137	2.46	+102	2.47	+98
MBS PREPAY HISTORY (%PSA)												
Past 3 months	-		245%		128%		-		-		-	
Past 6 months	-		281%		121%		-		-		-	
Past 12 months	-		242%		166%		-		-		-	
Since issuance	-		264%		259%		-		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	10.9		8.0		7.8		11.0		8.0		8.7	
At 150% PSA	8.8		6.6		-		8.9		6.6		6.5	
At 200% PSA	7.4		5.6		5.6		7.4		5.5		5.2	
At 300% PSA	5.5		4.0		4.2		5.5		4.0		3.9	
WEIGHTED AVERAGE MORTGAGE RATE	5.07%		6.56%		5.98%		5.12%		5.96%		-	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.50%		6.06%		5.48%		4.39%		5.46%		-	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357		243		235		358		253		-	
Notes												
Sr Manager	RBC Capital Markets		Raymond James		J.P. Morgan		RBC Capital Markets		George K. Baum		Zions Bank	

TAXABLE HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	4/12/18		2/13/18	
Amount	$20,217,638		$38,247,494	
Issuer	Minnesota HFA		Minnesota HFA	
Series	2018 Series D		2018 Series B	
Program	Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -	
Tax Status	Taxable		Taxable	
Use of Funds	New Money		New Money	
Maturity	2048		2048	
Price	100.000		100.000	
Coupon/Yield	3.650		3.650	
Indicator	Indicative Yield 4/12/18	Spread	Indicative Yield 2/13/18	Spread
5-Year US Treasury	2.67	+98	2.54	+111
7-Year US Treasury	2.78	+87	2.74	+91
10-Year US Treasury	2.83	+82	2.83	+82
3% GNMA I @ 100% PSA	3.22	+43	3.27	+38
3% GNMA I @ Dlr Forecast	3.27 (153%)	+38	3.32 (153%)	+33
9-Year MMD	2.35	+130	2.35	+130
10-Year MMD	2.40	+125	2.42	+123
MBS PREPAY HISTORY (%PSA)				
Past 3 months	-		-	
Past 6 months	-		-	
Past 12 months	-		-	
Since issuance	-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)				
At 100% PSA	10.7		10.8	
At 150% PSA	8.7		8.7	
At 200% PSA	7.3		7.3	
At 300% PSA	5.4		5.5	
WEIGHTED AVERAGE MORTGAGE RATE	4.33%		4.41%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.67%		3.62%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357		357	
Notes				
Sr Manager	RBC Capital Markets		RBC Capital Markets	