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Equal Opportunity Housing and Equal Opportunity Employment

MINNESOTA HOUSING FINANCE AGENCY BOARD

NOTICE OF SPECIAL MEETING

DATE: **Tuesday, August 6, 2013**

TIME: **9:30 a.m.**

LOCATION:

In person: Minnesota Housing
Jelatis Conference Room
400 Sibley Street, Suite 300
St. Paul, MN 55101

By phone*: 1-888-742-5095; Code: 2680427896
**some members will participate by phone*

The topic for discussion at this meeting is:

- A. Resolution authorizing the issuance and sale of Home Ownership Mortgage-Backed Exempt Securities; authorizing the execution of a general indenture, series indentures, a Master Securities Forward Transaction Agreement, a disclosure statement and other documents required in connection therewith; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution; and related matters

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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AGEND ITEM: A
MINNESOTA HOUSING SPECIAL BOARD MEETING
August 6, 2013

ITEM: Resolution authorizing the issuance and sale of Home Ownership Mortgage-Backed Exempt Securities; authorizing the execution of a general indenture, series indentures, a Master Securities Forward Transaction Agreement, a disclosure statement and other documents required in connection therewith; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution; and related matters

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REQUEST:

Approval Discussion Information

TYPE(S):

Administrative Commitment(s) Modification/Change Policy Selection(s) Waiver(s)

Other: Finance

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Staff is requesting that the Board adopt a Resolution that would authorize the Agency to issue limited obligations of the Agency, each secured by a Mortgage-Backed Security (MBS), and execute documents necessary for such issuance, which will effectively allow the Agency to sell certain MBSs at a higher price than if it sold the MBSs directly.

FISCAL IMPACT:

It is estimated that the Agency will receive approximately \$75,000 of additional sales proceeds (net of all costs) for every \$10 million of MBS sales.

MEETING AGENCY PRIORITIES:

Promote and support successful homeownership Preserve federally-subsidized rental housing
 Address specific and critical needs in rental housing markets Prevent and end homelessness
 Prevent foreclosures and support community recovery Strengthening Organizational Capacity

ATTACHMENT(S):

- Background
- Draft disclosure statement
- Resolution

Background

Due to the recent run up in interest rates in the traditional tax-exempt bond markets, Minnesota Housing, like most housing finance agencies, is packaging its loan production into mortgage backed securities guaranteed by FNMA or GNMA and selling the MBSs through a bidding process directly to investors in what is referred to as the "To-Be-Announced" (TBA) market in lieu of selling tax-exempt bonds. The TBA market is a taxable market and as a result the agency receives no additional benefit even though the loans that the Agency acquires are eligible to be financed on a tax-exempt basis. It is likely that Minnesota Housing will switch back and forth between direct MBS sales in the TBA market and traditional tax-exempt bonds depending on which results in a better execution for the agency. It does appear, however, that direct sales may be the preferred execution for some time.

Wells Fargo has developed a program whereby: if the Agency enters into certain program documents, and issues and sells limited obligations of the Agency, each secured by an MBS, to Wells Fargo (from time to time at the discretion of the Agency). Wells Fargo will bid a price on each such obligation (effectively a price for the MBS) which is estimated to be approximately .75% higher than the prevailing market for such MBS. That would result in additional profitability to the Agency of approximately \$75,000 for every \$10 million of MBS sales. The Agency estimates selling \$30-40 million of MBSs by the middle of August and each month thereafter, until the tax-exempt market becomes a more viable option.

If the Board adopts the enclosed resolution and executes the required documents in advance of the Agency's scheduled MBS sales, Wells Fargo's attorneys (Orrick Herrington acting as Bond Counsel to Wells Fargo as the purchaser of the securities) will give Wells Fargo a tax-exempt opinion, thus allowing Wells Fargo to offer a higher price when bidding for the Agency's MBSs. Wells Fargo reserves the right to hold the securities in its own account or to resell them to additional investors.

Wells Fargo has absorbed all of the expenses of creating this program concept. Wells Fargo has developed standardized documents that will work with any HFA. In addition to paying all of the up-front costs of creating the program, Wells Fargo will pay all ongoing expenses associated with any future transactions other than the fees of Kutak Rock as the Agency's Bond Counsel and an ongoing 2 basis point trustee fee.

The bonds would be limited obligations of the Agency. There will be no Minnesota Housing G.O. pledge and there will be no Debt Service Reserve Fund and hence no moral obligation backing from the State of Minnesota.

In adopting the necessary resolutions, Minnesota Housing is not committed to selling any bonds to Wells Fargo, but simply has the option to do so at any time that Wells Fargo bids a price higher than the Agency could achieve by selling the MBSs in the open market.

NEW ISSUES

In the opinion of Orrick Herrington & Sutcliffe LLP, Special Counsel to the Bank, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the HOMES Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is excluded from taxable net income of individuals, trusts and estates for Minnesota income tax purposes. In the further opinion of Special Counsel, interest on the HOMES Certificates is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the HOMES Certificates. See "TAX MATTERS" herein.

MINNESOTA HOUSING FINANCE AGENCY
Home Ownership Mortgage-backed Exempt Securities
(HOMESSM)

The Minnesota Housing Finance Agency Home Ownership Mortgage-backed Exempt Securities (the "HOMES Certificates") will be issued under and pursuant to a General Indenture of Trust, dated as of August 1, 2013 (the "General Indenture"), between Minnesota Housing Finance Agency ("MHFA") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a Series Indenture (a "Series Indenture" and, collectively with the General Indenture, the "Indenture"), between MHFA and the Trustee, relating to each series of HOMES Certificates issued (each a "Series").

The HOMES Certificates are issuable only as fully registered certificates without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the HOMES Certificates. Individual purchases will be made in book-entry form only, in the amount of \$1,000 original face amount and integral multiples of \$1.00 in excess thereof. Purchasers will not receive certificates representing their interest in HOMES Certificates purchased.

Each Series will be issued to finance and will be secured by a single mortgage pass-through certificate (the "Related Mortgage-backed Security") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. The series designation (indicating the type of Related Mortgage-backed Security securing such Series), aggregate principal amount, maturity date, interest rate and issuance date for each Series shall be as set forth in the related Series Indenture and shall be described, together with the initial reoffering price, if applicable, in a Supplement to this Disclosure Statement delivered by MHFA in connection with the sale of the HOMES Certificates of such Series.

Interest on the HOMES Certificates is payable on the Business Day following receipt of an interest payment under the Related Mortgage-backed Security and principal on the HOMES Certificate of each Series is payable on the Business Day following receipt of a principal payment or repayment under the Related Mortgage-backed Security. Principal and interest on the HOMES Certificates are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the HOMES Certificates, as described under "APPENDIX G – BOOK-ENTRY SYSTEM" herein.

The HOMES Certificates are special, limited obligations of MHFA, payable solely from and secured by the pledge pursuant to the Indenture of the Related Revenues, the Related Mortgage-backed Security and the funds pledged therefor under the Indenture. Neither the State of Minnesota nor any political subdivision thereof is obligated to pay the HOMES Certificates and neither the faith and credit nor the taxing power of the State of Minnesota or of any political subdivision thereof is pledged to the payment of the principal of or interest on the HOMES Certificates. MHFA has no taxing power.

The HOMES Certificates of each Series are offered when, as and if received by Wells Fargo Bank, National Association (the "Bank"), subject to the approval of validity by Orrick Herrington & Sutcliffe LLP, San Francisco, California, and certain other conditions.

Wells Fargo Securities

Dated: August __, 2013

No dealer, broker, salesman or other person has been authorized by MHFA or the Bank to give any information or to make any representations other than those contained in this Disclosure Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the HOMES Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Disclosure Statement.

The information set forth herein has been obtained from MHFA and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Bank. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Disclosure Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of MHFA or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Bank may over-allot or effect transactions which stabilize or maintain the market price of the HOMES Certificates offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. 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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DISCLOSURE STATEMENT
of
Minnesota Housing Finance Agency
relating to its
Home Ownership Mortgage-backed Exempt Securities
(HOMESSM)

This Disclosure Statement (which includes the cover page and appendices hereto) of Minnesota Housing Finance Agency ("MHFA") provides certain information in connection with the issuance and sale of MHFA's Home Ownership Mortgage-backed Exempt Securities (the "HOMES Certificates"). The HOMES Certificates will be issued pursuant to the Minnesota Statutes, Chapter 462A, as amended (the "Act"), a General Indenture of Trust, dated as of August 1, 2013 (the "General Indenture") between MHFA and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a Series Indenture (a "Series Indenture" and, collectively with the General Indenture, the "Indenture") between MHFA and the Trustee, relating to each series of certificates issued (each a "Series"). MHFA is issuing the HOMES Certificates in furtherance of its Homeownership Finance Program (the "Program") to provide financing for the purchase of housing by persons and families of low and moderate income within the State of Minnesota (the "State").

IN CONNECTION WITH EACH OFFERING OF CERTIFICATES MHFA WILL DELIVER A SUPPLEMENT TO THIS DISCLOSURE STATEMENT SPECIFYING THE SERIES DESIGNATION, EXPECTED ISSUANCE DATE, FORM OF THE RELATED MORTGAGE-BACKED SECURITY (AS DEFINED BELOW), INTEREST RATE, EXPECTED PRINCIPAL AMOUNT, DATE OF DELIVERY TO INVESTORS AND THE CUSIP NUMBER OF THE CERTIFICATES OFFERED, WHICH SUPPLEMENT MHFA WILL AMEND PRIOR TO THE DELIVERY OF SUCH CERTIFICATES WITH AN AMENDMENT SPECIFYING THE ACTUAL PRINCIPAL AMOUNT OF SUCH CERTIFICATES DELIVERED, THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES OF WHICH SUCH CERTIFICATES ARE A PART AND THE ACTUAL ISSUANCE DATE OF SUCH SERIES AND IDENTIFYING THE POOL NUMBER AND CUSIP NUMBER OF THE RELATED MORTGAGE-BACKED SECURITY. THIS DISCLOSURE STATEMENT AS SUPPLEMENTED SHALL CONSTITUTE THE "DISCLOSURE STATEMENT" OF MHFA FOR SUCH SERIES AND MUST BE READ BY PURCHASERS OF SUCH SERIES IN ITS ENTIRETY.

All capitalized terms used in this Disclosure Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms."

INTRODUCTION

MHFA and Wells Fargo Bank, National Association (the "Bank"), have entered into a Master Securities Forward Transaction Agreement, dated as of August __, 2013 (as amended or supplemented from time to time, including by Transactions (defined below), the "Forward Sale Agreement"), pursuant to which MHFA will agree to sell HOMES Certificates to the Bank. Each Series of HOMES Certificates (a "Series") will be issued to finance and will be secured by a single mortgage pass-through certificate (a "Mortgage-backed Security") guaranteed as to principal and interest by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Each Mortgage-backed Security will be backed by thirty-year, fixed-rate mortgage loans (the "Related Mortgage Loans") secured by mortgages constituting first liens on single family, owner-occupied housing (i) for GNMA Certificates (defined below), insured or guaranteed under certain federal mortgage insurance or guarantee programs, (ii) for Fannie Mae Certificates (defined below), satisfying the mortgage loan eligibility criteria of Fannie Mae or (iii) for Freddie Mac Certificates (defined below), satisfying the mortgage loan purchase standards of Freddie Mac. See "THE RELATED MORTGAGE LOANS", "APPENDIX A – GNMA MORTGAGED-BACKED SECURITIES PROGRAM," "APPENDIX B – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM" and "APPENDIX C – FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM."

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Each transaction entered into under the Forward Sale Agreement (each a "Transaction") will provide for the issuance and sale to the Bank of HOMES Certificates in a specified principal amount, with a specified interest rate, on a specified date and a specified price. Each Series will consist of HOMES Certificates issued on the same date pursuant to one or more Transactions and secured by a single Mortgage-backed Security. The Mortgage-backed Security pledged to secure a particular Series is referred to herein as the "Related Mortgage-backed Security." The delivery of each Series of HOMES Certificates is subject to the satisfaction of a number of conditions. See "FORWARD DELIVERY."

The principal amount of each Series will equal from time to time the then current principal amount of the Related Mortgage-backed Security, which will equal from time to time the product of the original aggregate principal amount of the Related Mortgage Loans times the then applicable factor posted by GNMA, Fannie Mae or Freddie Mac as the Related Mortgage Loans amortize or are prepaid (the "Related Factor"). With respect to Mortgage-backed Securities guaranteed by GNMA ("GNMA Certificates"), Related Factors will be reported to the GNMA information agent, currently Bank of New York Mellon, who posts such factors to the GNMA website. As of the date of this Disclosure Statement, factors for mortgage pass-through certificates guaranteed by GNMA are posted at <https://structuredginniemae.ginnienet.com/FactorReporting/>. With respect to Mortgage-backed Securities guaranteed by Fannie Mae ("Fannie Mae Certificates"), Related Factors will be published by Fannie Mae. As of the date of this Disclosure Statement, factors for mortgage-pass through certificates guaranteed by Fannie Mae are posted at <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>. With respect to Mortgage-backed Securities guaranteed by Freddie Mac ("Freddie Mac Certificates"), Related Factors will be made available by Freddie Mac. As of the date of this Disclosure Statement, factors for mortgage pass-through certificates guaranteed by Freddie Mac are posted at http://www.freddie.com/mbs/html/sd_pc_lookup.html.

The interest rate on each HOMES Certificate will equal the interest rate (the pass-through rate) on the Related Mortgage-backed Security. Payments on the Related Mortgage-backed Security will be remitted to the Trustee. Interest on the HOMES Certificates of each Series is payable on the Business Day following receipt of an interest payment under the Related Mortgage-backed Security and principal on the HOMES Certificates of a Series is payable on the Business Day following receipt of a principal payment or repayment under the Related Mortgage-backed Security. Each Series is secured separately from each of the other Series and will be secured by and payable from only the Related Mortgage-backed Security and Related Revenues. An Event of Default under the General Indenture with respect to one Series will not constitute an Event of Default with respect to any other Series.

The HOMES Certificates are special obligations of MHFA, payable solely from and secured by the pledge pursuant to the Indenture of the Related Revenues, the Related Mortgage-backed Security and the funds pledged therefor under the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE HOMES CERTIFICATES."

Neither the State nor any political subdivision thereof is obligated to pay the HOMES Certificates and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or interest on the HOMES Certificates. MHFA has no taxing power.

In addition to the Program, MHFA is authorized under the Act to engage in certain other activities. HOMES Certificates may not be used to finance any activities of MHFA other than the Program.

FORWARD DELIVERY

General. Pursuant to the Forward Sale Agreement, MHFA will agree to deliver to the Bank the HOMES Certificates of each Series in the aggregate principal amount and on the date specified in the Transaction related to such Series, which may be as much as 90 days after the date of the Transaction. The obligation of the Bank to accept delivery of the HOMES Certificates will be subject to a variety of conditions, including the delivery of an opinion of Orrick Herrington & Sutcliffe LLP in the form set forth in Appendix D hereto. In addition, the Forward Sale Agreement applies the Uniform Practices for Clearance and Settlement of Mortgage-backed Securities and Other Related Securities published by the Securities Industry and Financial Markets Association (the "SIFMA Uniform Practices") to Transactions for HOMES Certificates as if such HOMES Certificates were GNMA, Fannie Mae or Freddie Mac mortgage pass-through certificates. The SIFMA Uniform Practices guide is available for purchase through the SIFMA website at <https://www.sifma.org/bookstore/>. Under an exception to the SIFMA Uniform Practices agreed to by the Bank and MHFA, the variance permitted on forward delivery purchases of HOMES Certificates will be plus or minus 1.0% of the dollar amount of the Transaction agreed to by the parties. Investors will be obligated to accept delivery of HOMES Certificates of a

Series up to and including plus or minus 1% of the dollar amount of the HOMES Certificates of such Series such investors agreed to purchase from the Bank.

Early Issuance. MHFA may issue, and the Bank may agree to accept delivery of, HOMES Certificates on a date prior to the delivery date specified in the original Transaction for such HOMES Certificates, and the Bank may agree in such event to pay to MHFA a price for such HOMES Certificates different from the price specified in the original Transaction. In such event, unless otherwise agreed, such HOMES Certificates would nevertheless be delivered by the Bank to investors on the originally specified delivery date.

Nondelivery or Underdelivery. As of the delivery date specified by a Transaction for a Series, MHFA may not have made or purchased Mortgage Loans in an amount sufficient, or otherwise may be unable, to issue the Related Mortgage-backed Security and the Related HOMES Certificates in an amount equal to the full principal amount specified by the applicable Transaction. If the HOMES Certificates of a Series are not delivered by MHFA (a “Nondelivery”) or are delivered in a principal amount which is less than 99% of the amount specified in the Transaction (an “Underdelivery”), MHFA may be obligated in accordance with the Forward Sale Agreement and in accordance with the principles of the SIFMA Uniform Practices to pay to the Bank its loss, damage, cost or expense, if any, directly arising or resulting from the occurrence of such Nondelivery or Underdelivery. In the event of an Underdelivery, if and to the extent the Bank elects to accept delivery of the HOMES Certificates of such Series, investors will be obligated to accept delivery of HOMES Certificates of such Series in a principal amount less than the principal amount such investors agreed to purchase from the Bank. In the event of a Nondelivery or if the Bank does not accept delivery of HOMES Certificates of such Series upon an Underdelivery, investors will not receive HOMES Certificates of such Series. If a Nondelivery or Underdelivery occurs, investors may receive a payment for loss, damage, cost or expense, if any, directly arising or resulting from such occurrence.

Potential Causes of Nondelivery or Underdelivery. Competition in making real estate loans in the State of Minnesota normally comes primarily from commercial banks and other mortgage lenders in the area. One of the principal factors in competing for real estate loans is the interest rate charged to the mortgagor. If interest rates on other available mortgage loans decline substantially, MHFA may not be able to make or purchase Mortgage Loans to be pooled into Mortgage-backed Securities. The origination of Mortgage Loans may also be affected by events affecting the economy of the State such as the rate of job growth and building activity. If MHFA is not able to purchase Mortgage Loans it will not be able to issue or deliver, as applicable, Mortgage-backed Securities or HOMES Certificates. In addition, a change to the existing GNMA Program, Fannie Mae Program or Freddie Mac Program or the inability of MHFA to obtain and retain required authority could affect MHFA’s ability to issue or deliver, as applicable, Mortgage-backed Securities. There can be no assurance, therefore, that MHFA will be able to issue the Related Mortgage-backed Security in such amount and by such time as will be necessary to enable delivery of the HOMES Certificates of a Series in the principal amount and on the delivery date specified for such Series in the Forward Sale Agreement.

DESCRIPTION OF THE HOMES CERTIFICATES

General. The HOMES Certificates may be issued in the minimum denominations of \$1,000 original face amount and integral multiples of \$1.00 in excess thereof. Each HOMES Certificate will receive a designation indicating its Series and subseries (if a Series includes more than one transaction) and the type of Related Mortgage-backed Security (“G1” for GNMA I Certificates, “G2” for GNMA II Certificates, “FN” for Fannie Mae Certificates and “FR” for Freddie Mac Certificates). The HOMES Certificates are issuable only as fully registered certificates without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the HOMES Certificates. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interest in HOMES Certificates purchased. See “APPENDIX G – BOOK-ENTRY SYSTEM.”

The HOMES Certificates will be dated and have a final maturity date on the respective dates identified in the Supplement to this Disclosure Statement for the Related Series. The HOMES Certificates will bear interest from their dated date at the Pass-through Rate set forth in the Supplement to this Disclosure Statement for the Related Series based upon the pass-through rate for the Related Mortgage-backed Security.

Principal and interest will be payable for each Series on the Business Day following the receipt by the Trustee of a payment of principal or interest, as applicable, on the Related Mortgage-backed Security and will be in amounts equal to the payments received by the Trustee under the Related Mortgage-backed Security, as described in the following paragraphs.

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On the first Business Day following receipt of a payment representing interest under a Related Mortgage-backed Security, the Trustee will pay to the HOMES Certificate owners of record as of the applicable record date the amount so received as a payment of interest on the HOMES Certificates of the Related Series. All payments of interest with respect to a Series will be paid to HOMES Certificate owners of that Series in proportion to the principal amount of each HOMES Certificate of that Series owned by each such owner as set forth on the records of the Trustee at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the "HOMES Certificate Record Date").

On the first Business Day following receipt of principal payments or repayments under a Related Mortgage-backed Security, the Trustee will pay to the HOMES Certificate owners of the Related Series the amount so received as a payment of principal on the HOMES Certificates. All payments of principal with respect to a Series will be paid to HOMES Certificate owners of that Series in proportion to the principal amount of each HOMES Certificate of that Series owned by each such owner as set forth on the records of the Trustee at the close of business on the HOMES Certificate Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the HOMES Certificates, principal and interest on the HOMES Certificates are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the HOMES Certificates. See "APPENDIX G – BOOK-ENTRY SYSTEM."

GNMA Certificate Payments. Payments of principal and interest on GNMA Certificates that are issued as GNMA I securities are required to be made on the 15th calendar day of each month (or, if the 15th calendar day is not a business day, then the next business day). Payments of principal and interest on GNMA Certificates that are issued as GNMA II securities are required to be made on the 20th calendar day of each month (or if the 20th is not a business day, the next business day).

Interest due on each GNMA Certificate each month is computed as one-twelfth the annual pass-through interest rate on such GNMA Certificate, multiplied by the remaining principal balance of such GNMA Certificate at the end of the prior month. Scheduled principal payments due each month on each GNMA Certificate are the scheduled amounts of principal due on the Related Mortgage Loans on the first day of the month in which the principal payments on the GNMA Certificates are due. Each monthly payment to the Trustee as holder of each GNMA Certificate must also include all unscheduled recoveries of principal received by the Master Servicer (as issuer of the GNMA Certificate and servicer of the Related Mortgage Loans) through the monthly reporting cut-off date preceding the date on which principal payments on the GNMA Certificate are due. Unscheduled recoveries of principal include, but are not limited to, the following: (a) Mortgage Loan curtailments (excluding scheduled payments made in advance of their due dates, which the issuer of the GNMA Certificate is to hold in the custodial account and either pay to security holders or deposit in connection with the scheduled security payment date); (b) mortgage or title insurance and mortgage guaranty claim settlement proceeds; (c) hazard insurance and condemnation proceeds, to the extent not used to repair the collateral for the Mortgage Loan; (d) proceeds from foreclosure or repossession sales and any payments received in lieu of foreclosure or collateral repossession; (e) any principal amount of a Mortgage Loan finally discharged by a bankruptcy court; (f) proceeds from any disposal or transfer of a Mortgage Loan, except for authorized transfers of GNMA Certificate issuer responsibility or pledges of servicing; (g) payment from the GNMA Certificate issuer's own funds as required below; and (h) all other payments or proceeds that reflect the recovery of principal on a Mortgage Loan. The entire amount of any such payment, whether or not actually received by the issuer of the GNMA Certificate, will be considered an unscheduled recovery of principal. See also "APPENDIX A – GNMA MORTGAGE-BACKED SECURITIES PROGRAM."

Fannie Mae Certificate Payments. Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, 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 such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any 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 such Mortgage Loan under certain other circumstances), (iii) the amount of any partial prepayment of a Mortgage Loan received in the calendar 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 Certificate 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 Certificate on its issue date).

For purposes of distribution, 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 such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. See also "APPENDIX B – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

Freddie Mac Certificate Payments. Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate.

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. See also "APPENDIX C – FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM."

Transfer of HOMES Certificates. While DTC is securities depository for book-entry HOMES Certificates, the transfer of beneficial ownership of HOMES Certificates shall take place as described in "APPENDIX G – BOOK-ENTRY SYSTEM." If DTC were to terminate its status as securities depository for the HOMES Certificates and, as a result, HOMES Certificates were no longer book-entry securities, no transfer of a HOMES Certificate will be made unless made upon the books kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the HOMES Certificate or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such HOMES Certificate, MHFA shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully registered HOMES Certificate, of the same Series, aggregate principal amount, interest rate, maturity and other terms as the surrendered HOMES Certificate.

At all times, MHFA and the Trustee may deem and treat the person in whose name any HOMES Certificate shall be registered upon the books of MHFA as the absolute owner of such HOMES Certificate, whether such HOMES Certificate shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such HOMES Certificate and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such HOMES Certificate to the extent of the sum or sums so paid.

Optional Exchange of HOMES Certificates for Related Mortgage-backed Security. A beneficial owner of HOMES Certificates may file with the Trustee a written request to exchange HOMES Certificates of a Series for a like principal amount of the Related Mortgage-backed Security from the trust estate, *provided*, that such Related Mortgage-backed Security will be, when delivered, in an original face amount equal to \$1,000 or a multiple of \$1.00 in excess thereof. Such written request must be delivered to the Trustee one Business Day prior to the exchange date and must be in the form attached hereto as "APPENDIX H – FORM OF NOTICE OF REQUEST TO EXCHANGE" or such other form as may be approved by the Trustee. After validating the request, the Trustee will transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the Related Mortgage-backed Security promptly following (i) delivery to the Trustee (DTC free) of the HOMES Certificates being exchanged and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of this Disclosure Statement) with respect to such HOMES Certificates. Such Mortgage-backed Securities will be in book-entry form. Transfers of the Mortgage-backed Securities will be made in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-backed Securities and Other Related Securities. Upon receipt of such HOMES Certificates from the requesting beneficial owner, the Trustee will promptly cancel the HOMES Certificates being exchanged, which will not be reissued. Mortgage-backed Securities delivered in such an exchange will not be exchangeable for HOMES Certificates.

Mortgage-backed Securities delivered in such an exchange will also be subject to any applicable disclosure requirements concerning pass-through certificates that have been issued in connection with the single family mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations.

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Interest on such Mortgage-backed Securities is not excludable from gross income for federal income tax purposes. Owners of HOMES Certificates should consult their own tax advisors concerning that and other tax consequences of any exchange of a HOMES Certificate for the Related Mortgage-backed Security.

Limited Liability of MHFA. All pecuniary obligations of MHFA incurred under the Indenture, including without limitation the obligation to pay the principal of, and interest on, the HOMES Certificates, and all pecuniary obligations and liabilities of MHFA under the Indenture with respect to any of its representations, covenants, agreements and warranties under the Indenture or with respect to the HOMES Certificates, are limited obligations of MHFA payable solely from the Revenues and moneys and securities held by the Trustee from time to time in accounts pledged to such HOMES Certificates under the General Indenture. The HOMES Certificates are not in any way a debt or liability or obligation of the State or of any political subdivision thereof and do not create or constitute any indebtedness, liability or obligation of the State or of any such political subdivision or constitute a pledge of the faith and credit of the State or any such political subdivision, but all HOMES Certificates are payable solely from Revenues or funds pledged or available for their payment as authorized in the Indenture and the Act. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the HOMES Certificates.

No recourse shall be had for any claim based upon any obligation, representation, warranty, covenant or agreement arising under the General Indenture or under any Series Indenture against any past, present or future director, officer, employee, or agent of MHFA or the Trustee or any successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment of penalty or otherwise, and all such liability of any such director, officer, employee, or agent as such is expressly waived and released as a condition of and in consideration for the execution of the General Indenture and each Series Indenture.

MATURITY, PREPAYMENT AND YIELD CONSIDERATIONS

General. The prepayment experience of the Mortgage Loans underlying the Related Mortgage-backed Securities and the Related HOMES Certificates will affect the weighted average life of, and the yield realized by investors in, the Related HOMES Certificates. Borrowers may voluntarily prepay their Mortgage Loan in full or in part at any time without penalty. The rate of principal payments (including prepayments and payments in respect of liquidations of defaulted Mortgage Loans) on the Mortgage Loans will generally depend on a variety of economic, geographic, social and other factors, including prevailing market interest rates and general economic factors. The rate of prepayments on conventional mortgage loans has fluctuated significantly in recent years. There is no assurance, however, that prepayment patterns for the Mortgage Loans will conform to patterns for more traditional types of conventional fixed-rate mortgage loans. In general, if prevailing mortgage interest rates fall materially below the interest rates on the Mortgage Loans (giving consideration to the cost of refinancing), the rate of prepayment of the Mortgage Loans would be expected to increase. If mortgage interest rates rise materially above the interest rates on the Mortgage Loans, the rate of prepayment of the Mortgage Loans would be expected to decrease. There can be no assurance, however, that prepayments will occur in accordance with these patterns.

If the prepayment rate on the Mortgage Loans increases during a period of declining interest rates, investors may receive increased principal distributions at a time when those investors are unable to reinvest at interest rates as favorable as the interest rates of the Related HOMES Certificates. If the prepayment rate on the Mortgage Loans decreases during a period of rising interest rates, investors may receive declining principal distributions when those investors otherwise may have been able to reinvest at higher interest rates than the interest rates of the Related HOMES Certificates.

Prepayment rates may also affect the yield to investors on HOMES Certificates purchased at a premium or a discount. In general, higher prepayment rates will reduce the yield on HOMES Certificates purchased at a premium and increase the yield on HOMES Certificates purchased at a discount and lower prepayment rates will increase the yield on HOMES Certificates purchased at a premium and decrease the yield on HOMES Certificates purchased at a discount.

Payment Delay. Payments of interest on each Mortgage-backed Security will include interest accrued thereon through the last day of the month of the related monthly accrual period for the specified Mortgage-backed Security preceding the month in which such payment date occurs. The effective yield to the owners of the Related HOMES Certificates will be lower than the yield otherwise produced by the related interest rate and purchase price because interest will not be distributed on such Mortgage-backed Security until the payment date following the month in which such interest accrues, and interest will not be distributed on the Related HOMES Certificates until the Business Day after the receipt by the Trustee of such interest on such Mortgage-backed Security.

Weighted Average Life. The “weighted average life” of a security refers to the average amount of time that will elapse from the date of its issuance until each dollar of principal of that security will be repaid to the investor. As a result, any projection of the weighted average life of and yield on any Series of HOMES Certificates must include an assumption about the anticipated timing and amount of payments on those HOMES Certificates, which will depend upon the rate of prepayments of the Related Mortgage Loans, including optional borrower prepayments and prepayments resulting from liquidation of defaulted Mortgage Loans. In general, prepayments of principal and defaults on the Related Mortgage Loans in greater amounts or more quickly than anticipated will result in a weighted average life of a Series of HOMES Certificates shorter than anticipated and prepayments of principal and defaults on the Related Mortgage Loans in lesser amounts or less quickly than anticipated will result in a weighted average life of a Series of HOMES Certificates longer than anticipated.

No assurance can be given as to the weighted average life of any Series. Further, to the extent the prices of the HOMES Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Series could result in variability in the related yields to maturity.

SECURITY FOR AND SOURCES OF PAYMENT OF HOMES CERTIFICATES

Pledge. In order to secure the payment of the principal of and interest on the HOMES Certificates of each Series, MHFA has pledged to the trust estate for such Series, subject to terms and provisions of the Indenture, the following:

- (i) 100% of the beneficial ownership interest in the Related Mortgage-backed Security;
- (ii) to the trust estate for such Series, an assignment of the Related Revenues (as herein defined) received by MHFA under or in respect to the Related Mortgage-backed Security; and
- (iii) the moneys and securities from time to time held by the Trustee in the Related subaccounts under the terms of the Indenture.

This pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the HOMES Certificates of such Series. Each Series of HOMES Certificates from time to time issued under and secured by the Indenture is separately secured by a separate trust estate under the Indenture. An Event of Default under the Indenture with respect to one Series will not constitute an Event of Default with respect to any other Series. Each HOMES Certificate of a Series is secured without privilege, priority or distinction as to the lien or otherwise over any of the other HOMES Certificate of such Series.

THE MORTGAGE LOANS

Requirements for Mortgage Loans. Mortgage loans made or purchased by MHFA in its Program and underlying the Mortgage-backed Securities (the “Mortgage Loans”) will consist of thirty-year, fixed-rate mortgage loans secured by Mortgages constituting first liens on single-family, owner-occupied housing. Each Mortgage Loan will be secured by a Mortgage satisfying the requirements of MHFA’s Program manual. In order to comply with certain Minnesota statutory requirements and the requirements of the Internal Revenue Code and regulations relating to the exclusion of interest on the HOMES Certificates from gross income for federal income tax purposes, the following requirements will apply to all Mortgage Loans:

- (i) *Owner Occupancy.* Mortgage Loans may only be made to finance the acquisition of an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.
- (ii) *Income Limits.* Generally, the family income of the mortgagors for each Mortgage Loan may not exceed 115% of the median family income for the higher of the federal statistical area in which the residence is located or the statewide median income for Minnesota, although in some instances the limit is up to 140% of such median income.
- (iii) *“First Time Homebuyer” Requirement.* With certain limited exceptions, the mortgagors may not have had a present ownership interest in their principal residences at any time during the 3-year period ending on the date their mortgage is executed.

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(iv) *Purchase Price Requirement.* With certain limited exceptions, the purchase price of the residence finance by a Mortgage Loan may not exceed 90% of the average purchase price for single family residences of the same type (previously occupied or not) in the federal statistical area in which the residence is located.

Procedures for Origination, Purchase and Pooling. MHFA 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. MHFA 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 MHFA, 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 MHFA’s online loan purchase approval system (HDS SF Web Application). Each commitment request is subject to a review of MHFA’s eligibility rules that are a part of the HDS SF Web Application. If the information entered by the Lender meets the eligibility rules, the loan funds are then committed for each specific loan for a specific period. Should a specific loan ultimately be rejected or cancelled, the funds are available for use by another eligible borrower and Lender. There is no prescribed limit on the amount of funds that may be used by an individual participating Lender, subject to availability of funds.

Lenders are not required to pay a reservation fee upon obtaining a commitment of funds through the HDS SF Web Application. If the Master Servicer has not received a loan package pursuant to an individual commitment after 60 days, MHFA, 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.

Certain borrowers may be eligible for down payment and closing cost assistance, if needed for borrower qualification.

Servicing of Program Securities. A servicer of mortgage loans backing a Mortgage-backed 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. See “APPENDIX A – GNMA MORTGAGE-BACKED SECURITIES PROGRAM” for a description of certain of the duties of the issuer and master servicer for GNMA mortgage-backed securities such as the GNMA Certificates, “APPENDIX B – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” for a description of certain of the duties of the seller and master servicer for Fannie Mae mortgage-backed securities such as the Fannie Mae Certificates and “APPENDIX C – FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM” for a description of certain of the duties of the seller/servicer for Freddie Mac mortgage-backed securities, such as the Freddie Mac Certificates.

MHFA has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Mortgage-backed Securities. For additional information regarding the initial Master Servicer, see “The Master Servicer” in this Disclosure Statement. The Indenture provides that in the event the Servicing Agreement is cancelled or terminated for any reason, MHFA shall proceed with due diligence to engage 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 engage such successor, the Trustee shall, 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 is to be compensated therefor, in addition to the compensation payable to it under the Indenture or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

THE MASTER SERVICER

U.S. Bank National Association currently serves as Master Servicer for MHFA's Program, including the Mortgage-backed Securities to be financed with proceeds of the HOMES Certificates. MHFA entered into a Servicing Agreement, dated as of July 9, 2009 (the "Servicing Agreement"), with the Trustee and U.S. Bank National Association, as master servicer (the "Master Servicer"), for a term originally ending August 31, 2011 (subject to multiple renewal and termination rights). MHFA has most recently elected to extend the term of the Servicing Agreement through October 30, 2013.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY MHFA, THE BANK, THEIR COUNSEL OR SPECIAL COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, MHFA, THE BANK, THEIR COUNSEL OR SPECIAL COUNSEL.

As of March 31, 2013, the Master Servicer serviced 176,607 single-family Mortgage Revenue Bond mortgage loans with an aggregate principal balance of approximately \$14.3 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, 2013, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$355.4 billion and a net worth of \$39.5 billion. For the three months ending March 31, 2013, the Master Servicer through its U.S. Bank Home Mortgage Division originated and purchased single-family Mortgage Revenue Bond mortgage loans in the total principal amount of approximately \$845.9 million.

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 HOMES Certificates or the interest 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.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the HOMES Certificates are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Bank and Kutak Rock LLP, counsel to MHFA. Neither Special Counsel nor counsel to MHFA undertake any responsibility for the accuracy, completeness or fairness of this Disclosure Statement. The proposed form of opinion to be delivered by Special Counsel on the date of delivery of each Series of HOMES Certificates is set forth in Appendix D.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the HOMES Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and is excluded from taxable net income of individuals, trusts and estates for Minnesota income tax purposes. In the further opinion of Special Counsel, interest on the HOMES Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the HOMES Certificates is less than the amount to be paid at maturity of such HOMES Certificates (excluding amounts stated to be interest and payable at least annually over the term of such HOMES Certificates), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the HOMES Certificates which is excluded from gross

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income for federal income tax purposes and taxable net income of individuals, trusts and estates for Minnesota income tax purposes. For this purpose, the issue price of a particular maturity of the HOMES Certificates is the first price at which a substantial amount of such maturity of the HOMES Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the HOMES Certificates accrues daily over the term to maturity of such HOMES Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such HOMES Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such HOMES Certificates. Beneficial Owners of the HOMES Certificates should consult their own tax advisors with respect to the tax consequences of ownership of HOMES Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such HOMES Certificates in the original offering to the public at the first price at which a substantial amount of such HOMES Certificates is sold to the public.

HOMES Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the HOMES Certificates. MHFA has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the HOMES Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the HOMES Certificates being included in gross income for federal income tax purposes, possibly from the date of original issuance of the HOMES Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of issuance of the HOMES Certificates may adversely affect the value of, or the tax status of interest on, the HOMES Certificates. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion that interest on the HOMES Certificates is excluded from gross income for federal income tax purposes and is excluded from taxable net income of individuals, trusts and estates for Minnesota income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the HOMES Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the HOMES Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the HOMES Certificates. Prospective purchasers of the HOMES Certificates should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel is expected to express no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the HOMES Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of MHFA, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. MHFA has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the HOMES Certificates ends with the issuance of the HOMES Certificates, and, unless separately engaged, Special Counsel is not obligated to defend MHFA or the Beneficial Owners regarding the tax-exempt status of the HOMES Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than MHFA and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which MHFA legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the HOMES Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the HOMES Certificates, and may cause MHFA or the Beneficial Owners to incur significant expense.

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 such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

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

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

NO LITIGATION

There is no proceeding or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the HOMES Certificates, the origination of Mortgage Loans or the issuance of the Mortgage-backed Securities, or in any way contesting or affecting the validity of the HOMES Certificates or the Mortgage-backed Securities, any proceedings of MHFA taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the HOMES Certificates, the existence or powers of MHFA relating to the HOMES Certificates or the title of any officers of MHFA to their respective positions.

PURCHASE OF HOMES CERTIFICATES BY THE BANK

The HOMES Certificates will be purchased from MHFA by the Bank under the Forward Sale Agreement and the Transactions thereunder. The initial public offering prices stated in any supplement to this Disclosure Statement may be changed from time to time by the Bank. The Bank may offer and sell the HOMES Certificates to certain dealers (including

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dealers depositing such HOMES Certificates into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the HOMES Certificates. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation, as applicable, with respect to the HOMES Certificates with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the HOMES Certificates. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Bank, National Association, is also serving as Trustee for the HOMES Certificates.

CONTINUING DISCLOSURE

MHFA will covenant for the benefit of the owners and beneficial owners of the HOMES Certificates of each Series to provide certain financial information and operating data relating to the HOMES Certificates of such Series for each fiscal year and to provide notices of the occurrence of certain enumerated events. A form of the Continuing Disclosure Certificate to be executed and delivered by MHFA in connection with the issuance of each Series of HOMES Certificates is attached hereto as Appendix F. Within the past five years MHFA has not failed to comply, in all material respects, with all continuing disclosure undertakings delivered by MHFA pursuant to United States Securities and Exchange Commission Rule 15c2-12(b)(5).

ADDITIONAL INFORMATION

Any statements in this Disclosure Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Disclosure Statement is not to be construed as a contract or agreement between MHFA and the purchasers or holders of any of the HOMES Certificates.

This Disclosure Statement has been deemed final in accordance with United State Securities and Exchange Commission Rule 15c2-12. The execution and delivery of this Disclosure Statement by its Commissioner has been duly authorized by MHFA.

Minnesota Housing Finance Agency

By: _____
Commissioner

APPENDIX A

GNMA MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statements of their provisions. As of the date of this Disclosure Statement, such guide can be found at <http://www.allregs.com/tpl/main.aspx>. The following summary is of the GNMA I Program and the GNMA II Program.

Government National Mortgage Association (“GNMA”) is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”) with its principal office in Washington, D.C.

To issue GNMA Certificates, a Master Servicer must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the “MBS Agreement”). The MBS Agreement authorizes such Master Servicer to apply to GNMA for the issuance of Mortgage-backed Securities eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans. Each GNMA I Certificate will be a “mortgage loan pass-through certificate” which will require the Master Servicer to pass through to the paying and transfer agent for the GNMA I program by 7:00 a.m. Eastern Time on the fifteenth calendar day of each month (or if the fifteenth calendar day is not a business day, then the next business day), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer’s servicing fee), whether or not the Master Servicer receive such payments, plus any recoveries of principal of the Mortgage Loans received by the Master Servicer. Each GNMA II Certificate will be a “mortgage loan pass-through certificate” which will require the Master Servicer to pass through to the Central Paying and Transfer Agent for the GNMA II program, by 7:00 a.m. Eastern Time on the twentieth calendar day of each month (or if the twentieth calendar day is not a business day, then the next business day), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer’s servicing fee), whether or not the Master Servicer received such payments, plus any recoveries of principal on the Mortgage Loans received by the Master Servicer. The Central Paying and Transfer Agent for the GNMA II program is then required to pass through to the Trustee on the twentieth day of each month (or if such day is not a business day, the next business day) the scheduled payments received from the Master Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

Each Mortgage Loan in a pool backing a GNMA I Certificate must bear the same fixed interest rate as every other Mortgage Loan in such pool, which is one-half of one percent (50 basis points) higher than the interest rate on the related GNMA Certificate. Each Mortgage Loan in a pool backing a GNMA II Certificate must bear a fixed interest rate at least one-quarter of one percent (25 basis points) but not more than three-quarters of one percent (75 basis points) higher than the interest rate on the related GNMA Certificate.

GNMA 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 of mortgage loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen’s Readjustment Act of 1944, chapter 37 of Title 38, United States Code, or section 184 of the Housing and Community Development Act of 1992. Section 306(g) further provides that “the 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 such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee on behalf of MHFA are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate, and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA,

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 Department in an amount outstanding at any one time sufficient to enable GNMA, 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 Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the "Guide").

The monthly remuneration of the Master Servicer for its servicing and administrative functions, and the Guaranty Fee charged by GNMA are based on the total aggregate unpaid principal balance of Mortgage Loans outstanding. The Master Servicer's servicing fee and the GNMA Guaranty Fee are deducted from payments on the Mortgage Loans before payments are passed through to the holder of the GNMA Certificates.

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the GNMA Certificates. If such payments are less than what is due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicer upon issuance of the GNMA Certificates (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Master Servicer, GNMA will have 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 are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA 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. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

APPENDIX B

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Selling and Servicing Guides published by Fannie Mae and to said documents for full and complete statements of their provisions. As of the date of this Disclosure Statement, such guides can be found at <https://www.fanniemae.com/singlefamily/originating-underwriting> and <https://www.fanniemae.com/singlefamily/servicing>.

Mortgage-Backed Securities Program

Federal National Mortgage Association (“Fannie Mae”) is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968.

On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency (“FHFA”) appointed FHFA as conservator of Fannie Mae. MHFA cannot predict the consequences of the conservatorship and the impact it may have on its Program.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae’s obligations or assist Fannie Mae in any manner.

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 Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the “Fannie Mae Guides”), published by Fannie Mae, as modified by the Pool Purchase Contract (defined below), and, in the case of mortgage loans such as the Mortgage Loans exchanged with Fannie Mae, a Trust Indenture dated as of November 1, 1981, as amended (the “Trust Indenture”), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”), which is updated from time to time.

Copies of the Fannie Mae Prospectus are available from Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, D.C. 20016 (telephone: (800) 237-8627). 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 SEC. The SEC filings are available at the SEC’s website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae’s website at www.fanniemae.com. MHFA takes no responsibility for information contained on the websites.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae Prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Master Servicer will be permitted to deliver, and Fannie Mae will agree to purchase Mortgage Loans in exchange for Fannie Mae Securities. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of Mortgage Loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

Under the Pool Purchase Contract, Fannie Mae will purchase both Mortgage Loans eligible under the guidelines set forth in the Fannie Mae Guides and Mortgage Loans insured under the Community Home Buyer's Program which conform to the conditions set forth in the Pool Purchase Contract. The Pool Purchase Contract obligates the Master Servicer to service the Mortgage Loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Pursuant to the requirements of the Fannie Mae Guides, as amended, the original principal balance of each mortgage loan to be sold to Fannie Mae may not exceed the amount established from time to time by Fannie Mae. The mortgage loans must be mortgage loans with loan-to-value ratios not in excess of 100%; mortgage loans with loan-to-value ratios exceeding 80% must have the principal amount of the indebtedness in excess of 75% of the appraised value of the home insured by a policy of primary mortgage insurance. The provider of the mortgage insurance must be acceptable to Fannie Mae.

Under the Pool Purchase Contract, the 100% loan-to-value limitation for mortgage loans will be based upon the lower of (1) the acquisition cost plus rehabilitation cost, if any, of a home, or (2) the appraised value of a home after completion of any rehabilitation. The maximum combined loan-to-value ratio is also 100% where subordinate financing is provided, so long as the mortgage loan does not exceed a 75% loan-to-value ratio. The Pool Purchase Contract also provides that, in underwriting mortgage loans for the Community Home Buyer's Program, certain exceptions will be made from the Fannie Mae Guides for down payment requirements and for determining whether a household's income satisfies the requirements for purchase by Fannie Mae.

Fannie Mae Certificates

Each Fannie Mae Certificate 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, such 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 Certificates 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 such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such 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 such obligations, distributions to the Trustee, as the holder of a Fannie Mae Certificate, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of such Fannie Mae Certificate and payments on the Series of HOMES Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Fannie Mae specifies the minimum and maximum spread between a pooled Mortgage Loan's interest rate and the pass through rate of the Fannie Mae Certificate. The minimum allowable spread for any pooled Mortgage Loan is the sum of the guaranty fee (after all applicable adjustments have been made, including buyups and buydowns) and the lender's minimum servicing fee, which must include renewal premiums for lender-purchased mortgage insurance, if applicable. The maximum allowable spread is 2% (200 basis points) over the minimum allowable spread.

Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business

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day next succeeding such 25th day. With respect to each Fannie Mae Certificate, 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 such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any 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 such Mortgage Loan under certain other circumstances as permitted by the Trust Indenture) (iii) the amount of any partial prepayment of a Mortgage Loan received in the 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 Certificate 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 Certificate on its issue date).

For purposes of distribution, 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 such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan.

APPENDIX C

FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the Freddie Mac Guarantor Program, the Freddie Mac Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Single Family Seller/Servicer Guide published by Freddie Mac and to said documents for full and complete statements of their provisions. As of the date of this Disclosure Statement, such guide can be found at <http://www.freddiemac.com/sell/guide/>.

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Certificates and Freddie Mac's mortgage purchase and servicing standards does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing or calling Freddie Mac's Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-FMPC). MHFA does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificates Offering Circular, Information Statement or Supplements.

On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac. MHFA cannot predict the consequences of the conservatorship and the impact it may have on its Program.

Information on Freddie Mac and its financial condition is contained in Freddie Mac'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 SEC. The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Freddie Mac with the SEC are also available on Freddie Mac's website at www.freddiemac.com. MHFA takes no responsibility for information contained on the websites.

Freddie Mac

The Federal Home Loan Mortgage Corporation ("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 (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 investments and improving the distribution of investment capital available for residential 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 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 Certificates

Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgages. Payments by borrowers

on the mortgages in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool.

Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgages 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 Certificates 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 Certificate the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Certificate. Freddie Mac also guarantees to each holder of an Freddie Mac Certificate (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgages, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgages, 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 Certificate 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 Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, 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 Certificates would consist solely of payment and other recoveries on the related mortgage; accordingly, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac Certificates and could adversely affect payments on a Series of HOMES Certificates.

Mortgage Purchase and Servicing Standards

All mortgages 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 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 mortgages, the loan-to value ratio and age of the mortgages, the type of property securing the mortgages and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgages it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgages 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 of 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, 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 and when to initiate such 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 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.

APPENDIX D

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

Upon the issuance of the each Series of HOMES Certificates, Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Bank for the HOMES Certificates issued by MHFA, proposes to issue an opinion in substantially the following form:

ORRICK, HERRINGTON & SUTCLIFFE LLP

The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669
Telephone: (415) 773-5700
Fax (415) 773-5759 www.orrick.com

[Settlement Date]

Minnesota Housing Finance Agency
St. Paul, Minnesota 55101

Re: \$ _____ Home Ownership Mortgage-backed Exempt Securities, 20__ Series ____

We have acted as special counsel in connection with the issuance by Minnesota Housing Finance Agency (the “Issuer”) of its \$ _____ Home Ownership Mortgage-backed Exempt Securities, 20__ Series __ (the “20__ Series __ HOMES Certificates”). The 20__ Series __ HOMES Certificates are authorized to be issued under and are secured by a General Indenture of Trust, dated as of August 1, 2013 (the “General Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”) and by a Series Indenture, dated as of [Date of Series Indenture] between the Issuer and the Trustee (the “20__ Series __ Indenture” and, together with the General Indenture, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Issuer dated the date hereof (the “Tax Certificate”), certificates of the Issuer, the Trustee and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Certificates to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Certificates, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State of Idaho. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy

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deemed to constitute a penalty), arbitration, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Disclosure Statement or other offering material relating to the Certificates and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is a public body corporate and politic, constituting an agency of the State of Minnesota, duly organized and validly existing under the laws of the State of Minnesota.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Certificates, of the Related Revenues and any other amounts held by the Trustee in any Related fund or account established pursuant to the Indenture, and of the rights and interests of the Issuer in and to the Related Mortgage-backed Security, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Certificates is excluded from taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Certificates.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture, copies of which are available from MHFA, and the Trustee, contains various covenants and security provisions, some of which are summarized below.

Definitions of Certain Terms.

“Act” shall mean the Minnesota Housing Finance Agency Act, being Minnesota Statutes, Chapter 462A, as amended.

“Business Day” shall mean any day (a) on which banks in the State of New York or in the cities in which the applicable corporate trust offices of the Trustee are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Fannie Mae” shall mean the Federal National Mortgage Association, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

“Fannie Mae Certificate” shall mean a single pool, guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by Conventional Mortgage Loans in the related mortgage Pool, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortizing over the original term to maturity.

“Freddie Mac” shall mean the Federal Home Loan Mortgage Corporation, a body corporate created and existing under the laws of the United States of America, (in particular title III of the Emergency Home Finance Act of 1970, as amended) and any successor thereto.

“Freddie Mac Certificate” shall mean a single pool, guaranteed mortgage pass through Freddie Mac mortgage backed security issued by Freddie Mac in book entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Freddie Mac, and backed by Conventional Mortgage Loans in the related mortgage Pool, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and amortizing over the original term to maturity.

“GNMA” shall mean the Government National Mortgage Association, also known as Ginnie Mae, a wholly- owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716, et seq.).

“GNMA Certificate” shall mean a certificate purchased by the Trustee, issued by the applicable Servicer and guaranteed by GNMA pursuant to GNMA’s GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based upon and backed by Mortgage Loans referred to in the GNMA Certificate, which certificate shall unconditionally obligate the applicable Servicer to remit monthly to the holder thereof (or, in the case of GNMA II Certificates, to GNMA’s fiscal agent for delivery to the holder) its pro rata share of (x) principal payments and prepayments made in respect of the Pool of Mortgage Loans represented by the GNMA Certificate and (y) interest received in an amount equal to the Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Certificate such holder’s pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Certificate and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Certificate. If GNMA so requires pursuant to its book-entry system, in lieu of the aforesaid certificate, the confirmation of GNMA’s guaranty obligation shall be transmitted to the Trustee or its designee electronically.

“HOMES Certificate Accrual Period/Basis”--interest shall accrue on the HOMES Certificates of a Series on a calendar month basis, based on the unpaid principal balance of the Mortgage Loans represented by the Related Mortgage-

backed Securities during such calendar month, calculated on a 30/360 basis with payment delayed to the Business Day following receipt by the Trustee of the Related Mortgage-backed Security interest payment.

“HOMES Certificate Record Date” shall mean the last day of the month immediately preceding the month of the respective payment date.

“Mortgage” shall mean the instrument securing a Mortgage Loan.

“Mortgage Loan” shall mean, with respect to an interest bearing loan for residential housing relating to a Series of HOMES Certificates, the Mortgage Note evidencing such loan and the Mortgage securing such loan.

“Mortgage Note” shall mean the instrument evidencing obligation to repay an interest-bearing loan for residential housing relating to a Series of HOMES Certificates.

“Outstanding” or “outstanding” shall mean, when used with respect to HOMES Certificates of a Series as of any date, all HOMES Certificates of such Series theretofore authenticated and delivered under the General Indenture except: (a) any HOMES Certificate cancelled or delivered to the Trustee for cancellation on or before such date; (b) any HOMES Certificate of such Series in lieu of or in exchange for which another HOMES Certificate shall have been authenticated and delivered pursuant to the Indenture; and (c) any HOMES Certificate or portion of the principal thereof paid as provided in the Indenture.

“Participants” shall mean those broker-dealers, banks and other financial institutions for which DTC holds certificates as securities depository.

“Pass-Through Rate” shall be the rate of interest set forth in the Related Series Indenture, which shall be the rate set forth in the Supplement to this Disclosure Statement for the applicable Series.

“Related” or “related” (whether capitalized or not) shall mean, with respect to any particular HOMES Certificate, Series, Series Indenture, Supplemental Indenture, Account or subaccount, Mortgage Loan, Mortgage-backed Security, or Revenues, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

“Revenues” shall mean all amounts received by MHFA in connection with a Mortgage-backed Security, including any premium or penalty with respect thereto, on account of the advance payment of amounts to become due thereunder, or the acceleration of payments due thereunder or other remedial proceedings taken in the event of a default thereof.

“Series” shall mean and refer to all HOMES Certificates designated as such in the Related Series Indenture, regardless of variations in dated date, maturity, interest rate or other provisions, and any HOMES Certificate thereafter delivered in lieu of or substitution for any of such HOMES Certificates pursuant to the General Indenture and the Related Series Indenture.

“Series Indenture” shall mean a Supplemental Indenture authorizing the issuance of a Series of HOMES Certificates under the General Indenture.

Special Limited Obligation of HOMES Certificates. All pecuniary obligations of MHFA incurred under the Indenture, including without limitation the obligation to pay the principal of, and interest on, the HOMES Certificates, and all pecuniary obligations and liabilities of MHFA under the Indenture with respect to any of its representations, covenants, agreements and warranties under the Indenture or with respect to the HOMES Certificates, shall be limited obligations of MHFA payable solely from the Revenues and moneys and securities held by the Trustee from time to time under the Indenture. The HOMES Certificates shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof and shall not create or constitute any indebtedness, liability or obligation of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision, but all HOMES Certificates shall be payable solely from Revenues or funds pledged or available for their payment as authorized in the Indenture and the Act. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the HOMES Certificates.

Establishment of Accounts. MHFA establishes and creates the following trust accounts under the General Indenture: (a) HOMES Certificate Proceeds Account; (b) Revenue Account, including therein an Interest Account and a

Principal Account; and (c) Transaction Costs Account. A separate subaccount in each of the above described Accounts shall be created for each Series of HOMES Certificates and moneys Related to each Series of HOMES Certificates shall be deposited into the Related subaccounts.

HOMES Certificate Proceeds Account. Upon receipt, the proceeds of sale of each Series of HOMES Certificates shall be deposited in the Related subaccount of the HOMES Certificate Proceeds Account. Amounts in each subaccount of the HOMES Certificate Proceeds Account shall be expended on the date of issuance of the Related Series of HOMES Certificates to finance the purchase price of the Related Mortgage-backed Security identified in the Related Series Indenture. Any amount remaining in a subaccount of the HOMES Certificate Proceeds Account after payment of the purchase price of the Related Mortgage-backed Security shall be transferred to MHFA.

Revenue Account.

(a) If the Trustee does not receive a payment on a GNMA Certificate which is a GNMA I security by 5:00 p.m. Eastern Time on the 15th day of any month, a payment on a GNMA Certificate which is a GNMA II security by 5:00 p.m. Eastern Time on the 20th day of any month, a payment on a Fannie Mae Certificate by 5:00 p.m. Eastern Time on the 25th day of any month, or a payment on a Freddie Mac Certificate by 5:00 p.m. Eastern Time on the 15th day of any month (or, in each case, the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify GNMA, Fannie Mae, or Freddie Mac, as applicable, and immediately demand payment under the terms of the guaranty thereof.

(b) There shall be deposited into each subaccount of the Principal Account of the Revenue Account, as and when received, all moneys received by the Trustee representing principal payments or repayments under the Related Mortgage-backed Security, to be held therein pending distribution in accordance with the terms of the Indenture.

(c) On the first Business Day following receipt of principal payments or repayments under a Mortgage-backed Security, the Trustee shall pay to the Related HOMES Certificate owners the amount so received as a payment of principal on the Related Series of HOMES Certificates. All payments of principal shall be paid to HOMES Certificate owners in proportion to the principal amount of each Series of HOMES Certificates owned by each HOMES Certificate owner as set forth on the records of the Trustee on the applicable HOMES Certificate Record Date.

(d) There shall be deposited into each subaccount of the Interest Account of the Revenue Account, as and when received, all moneys received by the Trustee representing interest payments under the Related Mortgage-backed Security(s), to be held therein pending distribution in accordance with the terms of the Indenture.

(e) On the first Business Day following receipt of a payment representing interest under a Mortgage-backed Security, the Trustee shall pay to the Related HOMES Certificate owners the amount so received as a payment of interest on the Related Series of HOMES Certificates. All payments of interest shall be paid to HOMES Certificate owners in proportion to the principal amount of each Series of HOMES Certificates owned by each HOMES Certificate owner as set forth on the records of the Trustee at close of business on the applicable HOMES Certificate Record Date.

Transaction Cost Account. MHFA shall cause to be delivered (from funds made available by MHFA) to the Trustee for deposit in the Transaction Cost Account, amounts to pay costs incurred in connection with the issuance of HOMES Certificates. The Trustee shall use such funds to pay the costs of the transaction as soon as practicable in accordance with written instructions to be given to the Trustee by MHFA. Any unexpended amounts remaining on deposit in the Transaction Cost Account two (2) months after delivery of a Series of HOMES Certificates shall be transferred to MHFA.

Investment of Certain Funds. Amounts on deposit in the HOMES Certificate Proceeds Account and the Revenue Account shall not be invested. Amounts on deposit in the Transaction Costs Account shall be invested as provided in written instructions given to the Trustee by MHFA.

Supplemental Indentures Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of MHFA may be executed and delivered which, upon the due execution by and filing with the Trustee, shall be fully effective in accordance with its terms: (a) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Revenues or of any other revenues or assets; (b) to provide for the issuance of one or more Series of HOMES Certificates pursuant to the Indenture and to provide for the terms and conditions pursuant to which such HOMES Certificates may be

issued or paid, and, notwithstanding any other provision of the Indenture to the contrary, may vary the provisions of the Indenture in any manner with respect to the Series of HOMES Certificates authorized thereby so long as the outstanding HOMES Certificates of all other Series of HOMES Certificates are not materially adversely affected thereby except as otherwise provided under the following heading “—Supplemental Indentures Effective With Consent of HOMES Certificate Owners”; or (c) to make any other amendment or change that will not materially adversely affect the interest of the owners of the HOMES Certificates.

Supplemental Indentures Effective With Consent of HOMES Certificate Owners. At any time or from time to time, a Supplemental Indenture with respect to one or more Series of HOMES Certificates may be entered into subject to consent by HOMES Certificate owners of such Series in accordance with and subject to the provisions of the General Indenture. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the due execution by and filing with the Trustee of a copy thereof certified by an Authorized Officer and upon compliance with the provisions of the General Indenture.

Events of Default. Each of the following events is declared an “Event of Default”:

- (a) MHFA shall fail to pay the principal of any HOMES Certificate when and as the same shall become due, whether at maturity or otherwise; or
- (b) payment of any installment of interest on any of the HOMES Certificates shall not be made when and as the same shall become due; or
- (c) MHFA shall fail or refuse to comply with the other provisions of the Indenture or the HOMES Certificates, or shall default in the performance or observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in any Supplemental Indenture or the HOMES Certificates, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof to MHFA by the Trustee.

An Event of Default relating to one Series of HOMES Certificates shall not constitute an Event of Default for any other Series of HOMES Certificates.

Remedies. (a) Upon the happening and continuance of any Event of Default, the Trustee, upon the written request of the registered owners of not less than a majority in principal amount of the outstanding HOMES Certificates of the Related Series, shall proceed, in its own name, subject to the provisions of the Indenture, to protect and enforce the rights of the owners of such HOMES Certificates by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of such Series of HOMES Certificates under the Indenture; (ii) by bringing suit to collect unpaid principal or interest on the Related Series of HOMES Certificates; (iii) by action or suit in equity, to require MHFA to account as if it were the trustee of an express trust for the owners of the Related Series of HOMES Certificates; or (iv) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Related Series of HOMES Certificates.

(b) In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from MHFA for principal, interest or otherwise, under any provisions of the Indenture or a Supplemental Indenture or of the HOMES Certificates, together with any and all costs and expenses of collection including but not limited to attorney's fees of the Trustee and of all proceedings thereunder and under such HOMES Certificates, without prejudice to any other right or remedy of the Trustee or of the HOMES Certificate owners, and to recover and enforce a judgment or decree against MHFA for any portion of such amounts remaining unpaid, with interest, costs, attorney's fees and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(c) Upon the occurrence of any Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the HOMES Certificate owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for MHFA and any and all of its revenues, issues, income and profits, pending such proceedings, with such powers as the court making such appointment shall confer, but only, in each case, with the consent of the owners of not less than a majority of the Outstanding principal amount of the affected Series of HOMES Certificates.

(d) Without limiting the general applicability of paragraphs (i) through (iv) of the preceding subsection (a), if, at any time an Event of Default occurs, the Trustee shall forthwith proceed, in its own name to take all such actions as it, being advised by counsel, shall deem most expedient, effectual, and advisable to secure such compliance, but only, in each case, with the consent of the owners of not less than a majority of the Outstanding principal amount of the affected Series of HOMES Certificates.

HOMES Certificate Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the owners of the majority in principal amount of the HOMES Certificates of the affected Series then outstanding, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to owners of such HOMES Certificates not parties to such direction. Whenever an Event of Default shall have occurred and be continuing with respect to a Series of HOMES Certificates, the owners of 100% of the Outstanding principal amount thereof shall have the right to initiate any proceeding, judicial or otherwise to enforce the Indenture notwithstanding anything to the contrary contained in the General Indenture.

Notice of Event of Default. The Trustee shall give to the owners of HOMES Certificates of the Related Series notice of each Event of Default under the Indenture known to the Trustee as soon as it obtains knowledge of the occurrence thereof. Each such notice shall be given by the Trustee by mailing written notice thereof to all registered owners of HOMES Certificates of the Related Series, as the names and addresses of such owners appear upon the books for registration and transfer of HOMES Certificates as kept by the Trustee.

Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than sixty days' written notice to MHFA and the owners of HOMES Certificates, specifying the date when such resignation shall take effect and such resignation shall only take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in the Indenture, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, may such resignation take effect until a successor Trustee shall have been appointed pursuant to the Indenture.

Removal of Trustee. The Trustee shall be removed by MHFA (i) upon the receipt of a written request of the owners of a majority in principal amount of the HOMES Certificates then Outstanding or (ii) if at any time the Trustee shall cease to satisfy the requirements of a successor Trustee set forth in the Indenture. MHFA may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of MHFA, or for no cause whatsoever, by filing with the Trustee an instrument signed by an Authorized Officer.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Minnesota Housing Finance Agency (“MHFA”) in connection with the issuance of its Home Ownership Mortgage-backed Exempt Securities, 20__ Series __ (the “HOMES Certificates”). The HOMES Certificates are being issued and delivered pursuant to a General Indenture of Trust (the “General Indenture”) dated as of August 1, 2013 and pursuant to a 20__ Series __ Indenture (the “Series Indenture” and together with the General Indenture, the “Indenture”) dated as of _____ 1, 20__, each between MHFA and Wells Fargo Bank National Association (the “Trustee”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

MHFA covenants and agrees as follows:

1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by MHFA for the benefit of the Holders and Beneficial Owners of the HOMES Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). There is no obligated person other than MHFA that is a party to the Disclosure Certificate.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, 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): Tables setting forth the following information, as of the end of such fiscal year:

(i) The original aggregate principal amount of HOMES Certificates and the aggregate principal amount of HOMES Certificates remaining Outstanding; and

(ii) With respect to the [GNMA Certificate] [Fannie Mae Certificate] [Freddie Mac Certificate] relating to the HOMES Certificates, the [GNMA Certificate] [Fannie Mae Certificate] [Freddie Mac Certificate] pool number, the [GNMA Certificate] [Fannie Mae Certificate] [Freddie Mac Certificate] CUSIP number, the original principal amount and the principal amount outstanding of the [GNMA Certificate] [Fannie Mae Certificate] [Freddie Mac Certificate].

“*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 MHFA, prepared pursuant to the standards and as described under the caption “Annual Financial Information Disclosure.”

“*Beneficial Owners*” means (1) in respect of a HOMES Certificate 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 HOMES Certificate (including persons or entities holding HOMES Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of the HOMES Certificate 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 HOMES Certificate not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

“*Commission*” means the Securities and Exchange Commission.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Listed Event*” means the occurrence of any of the events with respect to the HOMES Certificates 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 MHFA (within the meaning of the Rule);
13. The consummation of a merger, consolidation or acquisition involving MHFA or the sale of all or substantially all of the assets of MHFA, 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.

“*Listed Events Disclosure*” means dissemination of a notice of a Listed Event as described under the heading “Listed Events Disclosure” in this Appendix F.

“*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 HOMES Certificates.

“*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 MHFA described under the headings “Annual Financial Information Disclosure” and “Listed Events Disclosure” in this Appendix F.

3. Annual Financial Information Disclosure. MHFA 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 MHFA, commencing with the fiscal year ending June 30, 2013, by one of the following methods: (i) MHFA may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of MHFA’s fiscal year or (ii) delivery of an Official Statement of MHFA to the MSRB within 120 days of the completion of MHFA’s fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

MHFA shall deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

Special Board Meeting Agenda Item: A
Attachment: Draft Disclosure Statement

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, MHFA 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 Certificate, 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. MHFA 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 MHFA'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 MHFA.

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 Certificate, including for this purpose a change made to the fiscal year-end of MHFA, MHFA will disseminate a notice to the MSRB of such change in Prescribed Form.

4. Listed Events Disclosure. MHFA 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 HOMES Certificates or defeasance of any HOMES Certificates need not be given under this Disclosure Certificate any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the HOMES Certificates pursuant to the Indenture. In addition, notice of the mandatory redemption of the HOMES Certificates is not required to be given as a Listed Event.

5. Consequences of Failure of MHFA to Provide Information. MHFA 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 MHFA to comply with any provision of this Disclosure Certificate, the Holder or Beneficial Owner of any HOMES Certificate may seek specific performance by court order to cause MHFA to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of MHFA to comply with this Disclosure Certificate shall be an action to compel performance.

6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, MHFA may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 MHFA or type of business conducted;

(ii) This Disclosure Certificate, 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 Holders of the HOMES Certificates, as determined either by parties unaffiliated with MHFA (such as the Trustee) or by an approving vote of the Holders of the HOMES Certificates holding a majority of the aggregate principal amount of the HOMES Certificates (excluding HOMES Certificates held by or on behalf of MHFA 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.

7. Termination of Undertaking. This Disclosure Certificate shall terminate when MHFA shall no longer have any legal liability for any obligation on or relating to the repayment of the HOMES Certificates. MHFA 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 HOMES Certificates.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent MHFA from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. If MHFA 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 Certificate, MHFA shall not have any obligation under this Disclosure Certificate to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

9. Beneficiaries. This Disclosure Certificate has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Certificate shall inure solely to the benefit of MHFA, the Holders and Beneficial Owners of the HOMES Certificates, and shall create no rights in any other person or entity.

10. Records. MHFA 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 G

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the HOMES Certificates. The HOMES Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Series of the HOMES Certificates, each in the aggregate principal amount of such Series, and will be deposited with DTC or held by the Trustee. So long as Cede & Co. or another nominee designated by DTC is the registered owner of the HOMES Certificates, references herein to the Owners or registered owners of the HOMES Certificates shall mean Cede & Co. or such other nominee and shall not mean the Beneficial Owners (as hereinafter defined) of such HOMES Certificates.

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”). DTC has a Standard & Poor’s rating of “AA+”. 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 interests in HOMES Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the HOMES Certificates on DTC’s records. The ownership interest of each actual purchaser of each HOMES Certificate (“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. Beneficial Owners are, however, 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 HOMES Certificates 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 HOMES Certificates, except in the event that use of the book-entry system for the HOMES Certificates is discontinued as described below.

To facilitate subsequent transfers, all HOMES Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of HOMES Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the HOMES Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such HOMES Certificates 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.

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. Beneficial Owners of HOMES Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the HOMES Certificates, such as redemptions, tenders, defaults, and proposed amendments to the certificate documents. For example, Beneficial Owners of HOMES Certificates may wish to ascertain that the nominee holding the

HOMES Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the HOMES Certificates within a Series are being redeemed, unless the “Pro-Rata Pass-Through Distribution of Principal” method is employed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to HOMES Certificates unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MHFA 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 HOMES Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the HOMES Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from MHFA or the 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 such Participant and not of DTC or its nominee, the Trustee or MHFA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Indenture, payments made by or on behalf of MHFA to DTC or its nominee shall satisfy MHFA’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 MHFA or the Bank as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

MHFA, the Bank 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 HOMES Certificates (i) payments of principal or interest and premium, if any, on the HOMES Certificates, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in HOMES Certificates, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the HOMES Certificates, 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 Disclosure 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 MHFA, the Bank 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 HOMES Certificates; (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 HOMES Certificates; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolutions to be given to Owners of HOMES Certificates; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of HOMES Certificates; or (6) any consent given or other action taken by DTC as an Owner.

DTC may discontinue providing its services as depository with respect to the HOMES Certificates at any time by giving reasonable notice to MHFA and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, in the event that a successor depository is not obtained, HOMES Certificates are required to be printed and delivered.

MHFA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the HOMES Certificates will be printed and delivered.

Special Board Meeting Agenda Item: A
Attachment: Draft Disclosure Statement

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

APPENDIX H

FORM OF NOTICE OF REQUEST TO EXCHANGE HOMES CERTIFICATES
FOR RELATED MORTGAGE-BACKED SECURITIES

NOTICE OF REQUEST TO EXCHANGE

Minnesota Housing Finance Agency
Home Ownership Mortgage-backed Exempt Securities,
20__ Series _____
(HOMESSM)

The undersigned Beneficial Owner of Minnesota Housing Finance Agency Home Ownership Mortgage-backed Exempt Securities, Series _____ (“HOMES Certificates”), hereby requests Wells Fargo Bank, National Association (the “Trustee”) to exchange HOMES Certificates in an original face and current face amounts equal to \$_____ and \$_____ respectively, for a like original face amount and current face amount of the Related Mortgage-backed Security. The undersigned has arranged with its securities dealer (and/or DTC participant) to deliver such HOMES Certificates to the Trustee (via DTC withdrawal or DWAC) on or before the business day next succeeding the date hereof (such business day being the “Exchange Date”). Once the DTC DWAC has been verified and approved by the Trustee, the Trustee is hereby requested to deliver free the above referenced original face and current face amount of the Related Mortgage-backed Security using the automated book-entry system maintained by the Federal Reserve Banks acting as depositories for [Ginnie Mae] [Fannie Mae] [Freddie Mac] in accordance with the Beneficial Owner’s fed delivery instructions. The undersigned Beneficial Owner shall pay the Trustee’s exchange fee in the amount of \$1,000 by wire transfer on the Exchange Date. If the Exchange Date is subsequent to a HOMES Certificate Record Date and prior to a corresponding certificate payment date for the HOMES Certificates, the Trustee shall wire the applicable principal and interest payments on the HOMES Certificates to the undersigned Beneficial Owner using the wire instructions set forth below.

Dated: _____

Signature: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Beneficial Owner’s Fed delivery instructions:

Beneficial Owner’s wire instructions:

Trustee’s wire instructions:

Wells Fargo Bank, N.A.
ABA: 121000248
Account: 0001038377
Account Name: Corporate Trust Wire Clearing
Attention: Paul Hoek 612-667-0123

RESOLUTION NO. MHFA 13-051

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF HOME OWNERSHIP MORTGAGE-BACKED EXEMPT SECURITIES; AUTHORIZING THE EXECUTION OF A GENERAL INDENTURE, SERIES INDENTURES, A MASTER SECURITIES FORWARD TRANSACTION AGREEMENT, A DISCLOSURE STATEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

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

Section 1. Recitals.

1.01 Authority; Purpose. The Agency was created and exists under Minnesota Statutes, Chapter 462A, as amended (the “Act”) to serve the public purpose of improving and otherwise promoting the health, welfare and prosperity of the people of the State of Minnesota, there existing within the State a shortage of decent, safe and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and the Agency is authorized under the Act to issue its bonds and notes in such principal amount as, in the opinion of the Agency, shall be necessary to provide sufficient funds for achieving its purposes, including the making of eligible loans and the purchase of eligible securities, the payment of interest on bonds and notes of the Agency, the establishment of reserves to secure such bonds and notes, and the payment of all other expenditures of the Agency incident to and necessary or convenient to carry out its corporate purposes and powers.

1.02 Sale and Issuance of Certificates. In order to provide funds to be used to finance the purchase of housing by low and moderate income families within the State (the “Program”), the Agency desires to issue and sell, in one or more series, subject to the parameters set forth herein, Home Ownership Mortgage-backed Exempt Securities (the “Certificates”) to be secured by mortgage-backed securities (“Mortgage-Backed Securities”) issued and/or guaranteed by the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or the Government National Mortgage Association (“GNMA”) which represent an undivided interest in a pool of mortgage loans for single-family, owner-occupied housing made by participating lenders in accordance with the Act and the Program.

1.03 Documentation. The Certificates are proposed to be issued and sold under and pursuant to the terms and provisions of a Master Securities Forward Transaction Agreement, including any annex or schedule thereto (the “MSFTA”), between the Agency and Wells Fargo Bank, National Association (the “Purchaser”), a General Indenture of Trust (the “General Indenture”) between the Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and related Series Indentures (each a “Series Indenture” and collectively with the

General Indenture, the “Indenture”) between the Agency and the Trustee. Draft forms of the MSFTA, the General Indenture, the Series Indenture and a Continuing Disclosure Certificate (collectively, the “Certificate Documents”), each relating to the Certificates, have been prepared and submitted to the Agency.

Section 2. Authorization of the Certificates and Approval of Certificate Documents.

2.01 Authorization of Certificates. For the purpose of providing funds to finance the Program, Certificates in various series and amounts are hereby authorized to be issued and sold by the Agency, subject to the limitations set forth in Exhibit A hereto, for the purpose of financing the creation and purchase of Mortgage-Backed Securities issued and/or guaranteed by Fannie Mae, Freddie Mac or GNMA, as applicable, in connection with the sale and delivery of Certificates.

2.02 Terms of Certificates; Approval of Certificates. The Certificates shall be issued in fully registered form, shall mature on the dates and in the principal amounts and shall bear interest at the interest rates provided in one or more related Series Indentures subject to the parameters set forth in Exhibit A hereto. The form, terms and provisions of the Certificates and the provisions for execution, authentication, payment, registration, transfer, exchange, redemption, series, name and number shall be as set forth in the General Indenture and in one or more related Series Indentures. Any of the Chair, the Commissioner or the Chief Financial Officer of the Agency (each an “Authorized Officer”) are authorized to execute the Certificates of each series and to deliver such Certificates to the registrar for authentication.

2.03 Approval of Certificate Documents. The forms of the Certificate 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 Certificate 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 Sale of Certificates. Each series of the Certificates shall be sold at a purchase price that is greater than the price shown for the related Mortgage-Backed Security on the Bloomberg screen at the time of execution of the confirmation of the sale of such series of the Certificates. Any Authorized Officer is authorized to specify and agree as to the principal amounts, interest rates, series and maturities of the Certificates from time to time by the acceptance of related confirmations, provided that such terms are within the parameters set by this Resolution.

2.05 Approval of Disclosure Statement. The Agency has received and examined a draft Disclosure Statement containing information relating to the Agency and the Certificates. An Authorized Officer is hereby authorized to approve a final version of the Disclosure Statement, together with Supplements to the Disclosure Statement which set forth the terms of each series of the Certificates, and the use of the Disclosure Statement and each such Supplement by the Purchaser in the offering of the Certificates is hereby approved. Any Authorized Officer,

on behalf of the Agency, is authorized to execute and deliver the Disclosure Statement and each Supplement in the form and with substantially the same content as presented at this meeting.

Section 3. Limited Obligations.

3.01 Special Limited Obligations. The Certificates will constitute special limited obligations of the Agency payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefore under the Indenture. Certain obligations of the Agency under the MSFTA will constitute obligations of the Agency payable from the revenues or moneys of the Agency but no provision of the Indenture, the Certificates or any other instrument shall be construed as creating in favor of owners of Certificates a general obligation of the Agency payable from general revenues or moneys of the Agency.

3.02 Not a General Obligation of the State or any Political Subdivision. No provision of this Resolution, the MSFTA, the Indenture, the Certificates or any other instrument shall be construed as creating a general obligation of the State or any political subdivision thereof or as incurring or creating a charge upon the general credit of the State.

Section 4. Appointment of Trustee. Wells Fargo Bank, National Association is appointed 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 Certificates.

Section 5. 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 Certificates from federal income taxation, and to take or cause to be taken any action within its control necessary to maintain such exclusion.

Section 6. Authentication of Proceedings. The Authorized Officers and other officers of the Agency are authorized and directed to furnish to the Purchaser and bond counsel to the Purchaser certified copies of all proceedings and records of the Agency relating to the Certificates, and such other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Certificates 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 7. Resolution to Remain in Effect. After Certificates are delivered by the Trustee to the Purchaser thereof and upon receipt of payment therefore, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on Certificates are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 8. No Related Party Transactions. Except as otherwise disclosed during the meeting at which this Resolution was adopted, no director, officer or employee of the Agency has any interest, direct or indirect, in the transactions contemplated by the Agency under this Resolution.

Section 9. Resolution Effective Upon Adoption. This Resolution shall become effective immediately upon its adoption.

[The remainder of this page is intentionally left blank.]

Special Meeting Agenda Item: A
Attachment: Resolution

Adopted by the Minnesota Housing Finance
Agency this 6th day of August, 2013.

By _____
Chairman

Attest: _____
Commissioner

[Resolution No. MHFA 13-051]

EXHIBIT A

CERTIFICATE TERMS

<u>Maturity Date</u>	<u>Principal Amount</u>
The Certificates and underlying Mortgage-Backed Securities shall not mature beyond August 1, 2046.	The aggregate principal amount of Certificates shall not exceed \$200,000,000.