Minnesota Housing
Finance Agency

MEETINGS SCHEDULED FOR JUNE

Location:

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

THURSDAY, JUNE 23, 2016

Regular Board Meeting
State Street Conference Room – First Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, June 23, 2016.

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

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

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Equal Opportunity Housing and Equal Opportunity Employment

AGENDA
Minnesota Housing Board Meeting
Thursday, June 23, 2016
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. Regular Meeting of May 26, 2016
5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee
6. **Consent Agenda**
   A. 2016 Allocation Plan for National Housing Trust Fund
7. **Action Items**
   A. Approval, Changes to the Deferred Payment Loan Program
   B. Approval, Revolving Lines of Credit to the Land Bank Twin Cities, Inc. and Extension of Existing Line of Credit
8. **Discussion Items**
   A. Fiscal 2017 Administrative Budget
9. **Informational Items**
   A. Post-Sale Report, Residential Housing Finance Bonds (RHFB) 2016 Series ABC
   B. Quarterly Status Report, Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity)
10. **Other Business**
    None.
11. **Adjournment**

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DRAFT MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING
Thursday, May 26, 2016
1:00 p.m.
State Street Conference Room – 1st Floor
400 Sibley Street, St. Paul, MN 55101

1. **Call to Order.**
Chair John DeCramer called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:00 p.m.
2. **Roll Call.**
Members present: John DeCramer, Joe Johnson, Stephanie Klinzing, Rebecca Otto, and Terri Thao. Craig Klausing was absent.
Minnesota Housing staff present: Gene Aho, Tal Anderson, Ryan Baumtrog, Nick Boettcher, Dan Boomhower, Wes Butler, Kevin Carpenter, Jessica Deegan, Vicki Farden, Shannon Gerving, Lori Gooden, Anne Heitlinger, Krissi Hoffmann, Kasey Kier, Debbi Larson, Carrie Marsh, Eric Mattson, Kevin Mauer, Jean Nelson, Khiet Nguyen, Tom O'Hern, John Patterson, Tony Peleska, Devon Pohlman, Paula Rindels, Ester Robards, Becky Schack, Kayla Schuchman, Terry Schwartz, Nancy Slattsveen, Craig Stilen, Kim Stuart, Will Thompson, Mary Tingerthal, Karin Todd, LeAnne Tomera, Katie Topinka, Jeramiah Townsend, Nicola Viana.
Others present: Derek McGreal, Cory Hoeppner, Ray Barrish, RBC Capital Markets; Jean Lee, APAHC, CHI/RRFC; Melanie Lien, Piper Jaffray; Chip Halbach, Minnesota Housing Partnership; Paul Rebholz, Wells Fargo; Dave Amsden, Kutak Rock.
3. **Agenda Review**
There were no changes to the agenda. A summary of the legislative session and a news article regarding the Habit Loan Fund were distributed prior to the start of the meeting.
4. **Approval of the Minutes.**
A. Regular Meeting of April 28, 2016
Auditor Otto moved approval of the minutes as written. Mr. Johnson seconded the motion. Motion carries 5-0.
5. **Reports**
A. Chair
Chair DeCramer acknowledged the passing of board member George Garnett. Chair DeCramer stated Mr. Garnett's passing was untimely and regrettable and acknowledged his advocacy efforts on behalf of housing and many groups of people.
B. Commissioner
Commissioner Tingerthal shared that last week there was announcement in Washington by Senator Cantwell that she would introduce legislation to increase the size of the Low-Income Housing Tax Credit program by 50%. Commissioner Tingerthal stated she did not expect anything to happen this year, but stated it was a move in the right direction after many years of playing defense. The bill is co-sponsored by Senator Hatch and has bipartisan support.

Wells Fargo last week announced that they would again bring their Neighborhood LIFT program to Minneapolis and Saint Paul. The $1 million program provides $7,500 in down payment assistance from Wells Fargo to individuals buying homes in Minneapolis and Saint Paul and provides a particular focus on neighborhoods that have not had a full recovery, like North Minneapolis or East Saint Paul. Agency staff is working with Wells Fargo to let borrowers know that the LIFT resources can be combined with Minnesota Housing resources.

The Agency co-hosted an annual Affordable Housing Summit, which is a technical conference for those in the industry that is attended primarily by law firms, accountants, and developers. Many Agency staff participated in panels and courses. More than 300 people attended the third annual event.

Heidi Whitney, who had been employed in the research area since the 1970s, retired during May. Ms. Whitney was the behind-the-scenes author of many of the reports and analyses produced by the Agency and will be greatly missed.

Myron Orfield has published another critical report about the Low-Income Housing Tax Credit program specifically targeting some very visible projects financed with tax-exempt bonds and 4% credits that were awarded by the cities of Minneapolis and Saint Paul. The projects, Schmidt Artist Lofts, Pillsbury A-Mill, and Buzza Lofts, had come to Minnesota Housing for funding through the RFP, but were not selected because the per-unit costs were well in excess of Agency standards. The report is highly critical about the use of tax-exempt bonds and tax credits, states the projects are racially segregated and very expensive, and paints a very negative picture with a very broad brush. The Atlantic magazine ran an article summarizing the report and there have been a few pro and con op-ed pieces as well. Commissioner Tingerthal stated she wanted the board to be aware of the matter and to know that the two projects most criticized did not receive Agency funding. Commissioner Tingerthal added that the Agency is responding to inquiries and trying to make clear that it is our policy to support all fair housing provisions. The owners and developers of the subject properties have done the same.

Commissioner Tingerthal gave the board an update on the Homeless Management Information System (HMIS) advisory taskforce. The taskforce was established about a year ago with the intent that Minnesota Housing would become the lead agency for the Minnesota's HMIS. The state's Continuums of Care (CoCs), who are the most frequent users of the HMIS, have now taken action with HUD to terminate their contract with Wilder, who was serving as the lead agency and state system administrator for Minnesota's HMIS. The CoCs have selected a new firm to act as the lead agency and state system administrator. The Agency has determined there is no longer a need for the taskforce. Commissioner Tingerthal stated that the dissolution of the taskforce is an administrative matter for her and she was sharing this information with the board so they would be aware the formal dissolution would be occurring.

The following employee introductions were made:

- Tony Peleska introduced the following new employees, stating all three have had a career change from working at for-profit companies to working for non-profit, mission-based organizations.
  - Khiet Nguyen will help the Agency to focus on integrating data, software, and services. Mr. Nguyen is an adjunct professor at Saint Paul College and was previously employed as an enterprise architect at Target.
  - Craig Stilen has joined the Agency as the Oracle database administrator. Mr. Stilen has 20 years of service to Andersen Windows as their lead database administrator.
  - Kevin Mauer will be working on quality assurance to ensure the Agency's systems are tested appropriately and ready for production. Kevin has many years of experience working on designing and testing systems.

- Dan Boomhower introduced Jean Nelson, who will provide administrative support for the Human Resource area and administer payroll for the Agency. Ms. Nelson has previous employment with Scott County and with local government in the state of Ohio.

- Gene Aho introduced Jeramiah Townsend, REO servicing specialist on the Single Family portfolio management team. Mr. Townsend was previously employed with a company that managed the portfolio of JP Morgan Chase and will bring new efficiencies and strategies for loss mitigation to the Agency.

C. Finance and Audit Committee of May 26, 2016

Chair DeCramer reported the committee had met to discuss with RSM, LLC the risk assessment standards and audit planning for 2016. The committee also had a discussion regarding the results of the most recent bond sale and the use of bond allocation. Ms. Klinzing moved to accept the report. Ms. Thao seconded the motion. Motion carries 5-0.

6. Consent Agenda

A. Initiative Renewal, Community Fix Up Loan Program, Greater Metropolitan Housing Corporation

B. Approval, Section 811 (Round 1) Program Rental Assistance Contracts

C. Selection/Commitment, Bridges Regional Treatment Center (RTC) Rental Assistance

D. Reallocation of Family Homeless Prevention and Assistance Program (FHPAP) Initiative Funds and Extension of Commitment for Administrative Capacity Initiative

E. Commitment, Low and Moderate Income Rental (LMIR) Program – The Meadows Townhomes, Perham, D7859

F. Modification, Housing Infrastructure Bond (HIB) Program – 66 West, Edina, D7720

G. Amendments to 2014 and 2015 Community Homeownership Impact Fund Agreements between Minnesota Housing and Habitat for Humanity of Minnesota

MOTION: Auditor Otto moved approval of the consent agenda and adoption of Resolutions No. MHFA 16-022, 16-023, 16-024, 16-025, and 16-026. Ms. Thao seconded the motion. Motion carries 5-0.

7. Action Items

A. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2016 Series B - Meadows Townhomes, Perham

Kevin Carpenter requested approval of this series of short-term fixed rate tax exempt bonds for the Agency's rental housing program. The proceeds of the bonds will be used as a financing vehicle for the Meadows Townhomes, a workforce housing development in Perham. The bonds will provide $3 million in short-term funding and the Agency will provide part of the permanent financing through the Economic Development and Housing Challenge Program, Fixed Financing for Capital Costs program, and Low- and Moderate-Income Rental program. Dave Amsden described the resolution, stating it is in form very similar to past resolutions under the rental housing bond program. The resolution authorizes a maximum principle amount of $3,018,000, maturity not-to-exceed three years, an interest rate of not-to-exceed 2.5%, and an underwriter's fee of not-to-exceed 1.5% of the principle amount of the bonds. Mr. Amsden stated that approval of this item would approve the resolution and the form of the preliminary official statement, which sets forth basic terms, and incorporates various tax covenants that must be complied with in order to render a tax-exempt opinion on the bonds. Mr. Carpenter clarified that the preliminary official statement had been distributed prior to the passing of Mr. Garnett and his name would be removed from the final official statement. **MOTION:** Mr. Johnson moved approval and adoption of Resolution No. MHFA 16-021. Ms. Klinzing seconded the motion. Motion carries 5-0.

B. Approval, Qualified Allocation Plan (QAP) and Procedural Manual, 2018 Housing Tax Credit (HTC) Program

Ms. Kayla Schuman requested approval of the Qualified Allocation Plan and Procedural Manual for the 2018 Housing Tax Credit Program. Ms. Schuchman stated that the board provided preliminary approval at its February meeting. Since that time, staff have held a public comment period, reviewed the comments received and proposed changes resulting from those comments. Ms. Schuchman stated the proposed changes were highlighted in the materials provided to the board. Major changes included the elimination of jobs criteria related to dial-a-ride services in tribal communities and specifying that tribal entities are included within the category of minority or woman owned business enterprises.

Ms. Schuchman stated that comments had been received requesting the QAP be simplified and include fewer categories so developers would be able to more easily assess the competitiveness of their proposals. Other comments suggested a pre-application that included a minimum point floor to help with the competitiveness determination. Changes included an increase in the minimum points required for both 9% and 4% credits. The increase in points required for 4% credits was in response to comments received and also in response to the growing scarcity of bond cap. The minimum score had been lowered in the 2014 Program in response to comments related to a lack of scarcity that existed at the time. A requirement has also been added that bonds may not exceed more than 53% of the total project cost. The intent of this requirement is to prevent the issuance of more bonds than are needed.

Ms. Schuchman stated that this year's process included more strategic community engagement, such as focus groups and information sessions. The Community Development team was also called upon to assist with the public engagement. Following approval by the board, the program documents will be updated to reflect the changes and approval will be sought from the Governor.

Auditor Otto stated she was pleased to see support in the public comments for larger units in both the metro and in Greater Minnesota. Auditor Otto suggested that, for future consideration, staff investigate taking the next steps around energy efficiency and sustainability, including benchmarking and working with partners for long-term containment of energy costs. Auditor Otto also asked that staff look at longer affordability period. Auditor Otto acknowledged the update was a lot of work and thanked staff for the great job they'd done.

Ms. Thao stated many comments were received from different groups and inquired at what point staff determines matters to be big issues and how trends for further investigation are identified, offering the longer term affordability for an example. Ms. Thao inquired if there are capacity issues related to use of the definitions of homelessness and what the Agency can do to help build capacity.

Ms. Schuchman stated the 50-year affordability comment is an interesting idea, and acknowledged there is always tension between making major changes without putting them forward for public comment, so staff felt the issue needed more research and public dialogue for next year. Regarding definitions around homelessness, Ms. Schuchman stated the Agency has been doing technical assistance with tribes on several projects around the definitions to help build understanding about how the definitions may mirror patterns on reservations.

Mr. Johnson stated he was pleased the Agency takes the comments seriously and makes thoughtful responses to those comments. Mr. Johnson stated he was glad the Agency is working with partners to meet common goals.

Commissioner Tingerthal offered comments regarding the energy question, stating she felt the Natural Resources Defense Council letter was very helpful in sharing techniques that have been used by other Housing Finance Agencies. Commissioner Tingerthal stated that the Agency will be working with an energy fellow during the next year, adding that the energy fellow is very aware of the work being done by Fresh Energy and the Council.

Commissioner Tingerthal also stated that the Agency is very serious about the comments received regarding the complexity of the application and it is very much a double edged sword. The Agency gets kudos including things to give points for, but for each of those point areas, it adds a layer of complexity because definitions are needed. The balance can be difficult.

Regarding Ms. Thao's question about how the Agency decides what to pursue, Commissioner Tingerthal stated that Ms. Schuchman works very closely with the Agency's research director, John Patterson, each year to review the comments. At the beginning of the revision process, staff reviews topics that have been researched previously as well. Commissioner Tingerthal stated she admired the diligence with which Ms. Schuchman and Mr. Patterson proceed when determining what needs to be investigated further. Commissioner Tingerthal added that each revision process begins with a large list of things to consider for change and that gets edited down through deliberations that include conversations with external partners.

Chair DeCramer stated he noticed the continuing comments on the complexity and it was good to see staff looking at that complexity. Chair DeCramer acknowledged including so many criteria while trying to make it simple is a challenge. **MOTION:** Mr. Johnson moved approval of the 2018 Housing Tax Credit (HTC) Program Qualified Allocation and Procedural Manual. Auditor Otto seconded the motion. Motion carries 5-0.

C. Approval of Participants for the Minnesota City Participation Program

Ms. Nicola Viana requested approval of cities for participation in the Minnesota Cities Participation Program and approval for Minnesota Housing to apply to Minnesota Management and Budget for tax-exempt bonding authority from the unified pool and the housing pool in the amount of $56 million.

Ms. Viana stated the program was started in 1990 to enable cities and counties to provide first time homebuyer loans in their communities. The program can be applied for at the city, county, or multi-county level. The program includes 40 participants in the current year and allocations are based on population, with a minimum funding amount of $100,000. Ms. Viana stated that mortgage revenue bonds fund a subset of the Agency's Start Up loans that meet certain criteria including location of the home within the applicants' jurisdiction and borrower income of no more than 80% of area median income. Ms. Viana stated some communities choose to not issue mortgage revenue bonds due to the administrative burden. Minnesota Housing is allowed to sell bonds on behalf of local governments to help them meet their housing goals, promote homeownership, and provide opportunities to low-income borrowers.

Ms. Viana stated the last request of this type was made was in 2008. The remaining authority from the pools comes to Minnesota Housing each November because the Agency is designated to receive the unused authority in the pools. During the period of 2009-2015, there was no need to request authority sooner, but this year there is excess demand for limited tax-exempt bonding authority. In order to retain that authority, the Agency needs to use this program to ensure it can continue to access the bonding authority.

Mr. DeCramer inquired how cities learn about the availability of the program. Ms. Viana stated the program is available to all cities and counties and the Agency has not actively recruited participation in the past several years because authority has been obtained through other channels. Beginning this fall, the Agency will undertake some active recruitment. Commissioner Tingerthal added that an official notice regarding program availability was provided in January. Ms. Viana confirmed for Mr. DeCramer that some cities are participating as a result of that notification. **MOTION:** Mr. Johnson moved approval of the request and the adoption of Resolution No. MHFA 16-027. Ms. Thao seconded the motion. Motion carries 5-0.

8. Discussion Items

A. Summary of Legislative Session

Ryan Baumtrog, Assistant Commissioner for Policy and Community Development provided a summary of the legislative session, stating there were many similarities to the last session. The eleven week session ended up in a similar spot as last year, with bills coming up to midnight and passing or not passing in time for the constitutional adjournment time.

Mr. Baumtrog stated that even number year sessions were established to address a bonding bill and supplemental budgets. The Agency's main objective was to secure the Governor's recommendations of $70 million in housing infrastructure bonds and $20 million in general obligation bonds for public housing rehabilitation. The Governor's supplemental budget included Minnesota Housing in three initiatives related to homeownership activities and a landlord risk mitigation pilot. The Agency entered the session well represented in the Governor's $600 million supplemental budget recommendation, but with the knowledge that it represented a high water mark. The bill that passed was for $250 million. The Governor's recommendations for bonding were $1.4 billion; the bill that almost passed, but did not, was for $1 billion and included $35 million for housing infrastructure bonds and $10 million in general obligation bonds.

Mr. Baumtrog stated there already appears to be talk about a special session in June. The Governor is reviewing the bills that did pass and will soon take action to veto or sign the bills. The Governor has stated publicly that he is putting together a list of requirements for a special session. The Agency is continuing efforts with housing advocates with the Governor's office to be included in the bonding bill if there is a special session. Mr. Baumtrog added that, even though the Agency was not where it wanted to be in the equity bill, being in the budget has allowed the start of some good conversations and laying of groundwork to familiarize the legislature with the work done by the Agency and the needs addressed by that work.

Katie Topinka, Legislative Director, stated there was a supplemental budget bill and tax bill that passed. Earlier in the session there was discussion about including workforce housing in the tax bill, but the final bill did not include those workforce housing tax credits. Early bill drafts also included increasing income limits for tax increment financing, but the scaled down bill that passed did not include those changes. The Agency did not receive the Governor's recommendations for downpayment assistance or homeownership capacity, but did receive $250,000 for the landlord incentive pilot program. The program will be run through the Family Homeless Prevention and Assistance program and administrators in that program will administer the incentive program, geared towards landlords who rent to tenants with blemished histories. Ms. Topinka added that the program was very well received at the capitol. Ms. Topinka stated a rental assistance pilot program for victims of gender-based violence was also approved. The program, which was advanced by the Council on Asian Pacific Americans, is targeted to individuals with limited English proficiency that may not be able to navigate the system and need a safe place to live. The Agency will work with the Department of Human Services on the administration of the program.

Ms. Topinka shared that there was a provision to capture growth in the mortgage deed tax to assist with affordable housing that was not included in the final bill. A one-time appropriation was included for the Challenge program for use in addressing manufactured home park infrastructure needs. Ms. Topinka also stated that this year's bill included an appropriation for student housing targeted to the city of Worthington. If the funding is not committed by end of FY17, the money can be used in the Challenge program. A similar appropriation was provided last session and the Agency worked closely with Minnesota State Colleges and Universities (MnSCU) to administer the funding and will work with them again on the new appropriation.

Ms. Topinka stated the Governor had recommended an equity package in the amount of $100 million. The senate's package was for $90 million. The package that passed was for $35 million and some of the Agency's initiatives were not included. The package did include a direct appropriation for Build Wealth Minnesota, an organization with which the Agency has worked extensively. The appropriation will be used for activities similar to those under the Agency's homeownership capacity initiative. Two small policy changes were passed. First, the definition of youth homeless in the Family Homeless Prevention and Assistance Program (FHPAP) was raised to 24 and under from 22 and under, making it consistent with other state and federal programs. A language change was also made to make tribal organizations eligible administrators. The second change was to the Manufactured Home Relocation Trust Fund. The annual fee paid by park owners has been increased from $12 to $15 per home and the minimum reimbursement to displaced homeowners has been increased. Ms. Topinka stated there was nothing directly related to the Agency in the tax bill.

There was discussion regarding the Manufactured Housing Relocation Trust Fund, with Chair DeCramer inquiring if it would cover a park that is going to close and is no longer allowing new owners from entering. Ms. Klinzing inquired if funding was available to move homes, or only as relocation expenses for the owners, adding that there frequently are not places where homes can be relocated due to requirements related to home age. It was clarified that the Trust Fund has provisions to assist with the costs of moving a home for those for whom it is an option, or to allow someone to leave their home in the park that is closing and receive financial assistance for their displacement. Mr. Baumtrog responded that residents can receive compensation for moving with or without their home. Mr. Baumtrog thanked Ms. Topinka for her long days at nights monitoring activities at the capitol. Discussion item, no action needed.

B. Twin Cities Habitat for Humanity (TCHFH) Structured Finance Fund

Mr. Kevin Carpenter presented this information to the board, stating Habitat for Humanity has approached the Agency with an interesting investment and program activity. Mr. Carpenter stated the first iteration was shared about six months ago and, after a few iterations, he was seeking the board's feedback on a particular aspect of the opportunity. Mr. Carpenter stated the basic structure of the investment is the Agency making an investment, along with other investors, to create a fund for Habitat for Humanity similar to the Bridge to Success program in which the Agency invested a few years ago. From the fund, Habitat for Humanity could invest in twice the number of homes. The program serves a large number of persons in communities of color, which is an important constituency for the Agency.

Mr. Carpenter stated participation in the program would involve a pre-commitment of Pool 3 dollars. This pre-commitment would not be funded unless other participants had also committed their pro-rata share and there is enough demand in the program to utilize the funding. Mr. Carpenter stated the risk, reward, and programmatic impact of participating would be subject to the usual scrutiny and decision making as other programs and investments The cumulative investment likely would be $4 million over four years, which is equivalent to what the Agency currently contemplates for Habitat for Humanity as the next Affordable Housing Plan is being development.

Mr. Carpenter stated that staff, with a lot of help on modeling from Matt Dieveney, the Agency's staff secondary market hedger, is now at a point where the Agency can get a reasonable risk return and was now seeking the board's feedback regarding pre-committing resources from Pool 3 for use in the fund.

Auditor Otto stated she was very excited about the opportunity because it allows Habitat for Humanity to double their capacity. Auditor Otto stated there is a need for Habitat's programming and if the Agency can help double their production, it is an exciting opportunity. Auditor Otto stated she was supportive, provided due diligence is performed.

Auditor Otto requested assurance that families, including Muslim families, will still be able to participate in Habitat's programs, adding that it is one of the few programs available to them. Chair DeCramer stated he had a similar question. Ms. Thao stated she was concerned that Habitat for Humanity may not continue its zero percent product and she has heard that concern from a community member. Commissioner Tingerthal responded that Agency staff had asked about the future of the zero percent option at the first meeting with Habitat for Humanity. Commissioner Tingerthal stated that the structuring of this program is a bit different and the article distributed at the beginning of the meeting includes more details about the mechanics of the program than the board memo. Commissioner Tingerthal stated that the program will allow payments from the borrower to remain the same and acknowledged the program has prompted numerous comments from the Muslim community. Habitat for Humanity is having conversations with multiple Imams about the structure and has had conversations over the past year with leaders in the Muslim community to ensure the structure will not be problematic.

Mr. Carpenter added that Habitat for Humanity is not investing in the fund, but will be doing big fundraising to make the fund happen, stating that private and philanthropic money in combination is what will make the fund work.

Ms. Klinzing requested clarification if the loan fund is the Agency's loan fund or if it was Habitat for Humanity's loan fund. Mr. Carpenter responded that it would be a revolving loan fund initiated by Minnesota Housing, but Habitat for Humanity keeps it revolving and administers it. Mr. Carpenter added that the Agency wanted to come up with a reasonable way to ensure the fund would not siphon money from Greater Minnesota Habitat chapters and believes they have found a way to do that. Commissioner Tingerthal clarified that there are two loan funds from the Agency. One fund was established with a grant during the Ventura administration. That money is used to purchase mortgages from Habitat affiliates throughout the state and 70% of those purchases are made from Twin Cities Habitat for Humanity. The second fund has been funded through the Agency's Affordable Housing Plan and is called the "Next 1,000 Homes Fund." That fund is repayable money, so it rotates a little differently and Twin Cities loans are an even larger percentage in that loan fund. Tal Anderson, the Agency's Single Family Community Development manager, met separately and jointly with Twin Cities Habitat for Humanity and Habitat for Humanity Minnesota and the organizations have agreed that, for the four years Minnesota Housing invests in the new fund, Twin Cities Habitat for Humanity would not access the two existing loan funds. The revolving payments in the existing funds would allow Greater Minnesota chapters to meet their funding needs. Commissioner Tingerthal added that most Greater Minnesota chapters complete one or two homes annually or one home every other year. The demand is not as high as in the metro and the existing funds will meet that demand.

Ms. Thao stated that impact investing is a tension within the philanthropic community, where there is grant-making that is required by law and investment opportunities like this loan fund.

Commissioner Tingerthal offered comments regarding the operational aspects of the program, stating the idea for the fund came about because Habitat for Humanity realized they needed to take a different approach to loan origination in the current regulatory environment. Under the current TILA RESPA Integrated Disclosure (TRID) requirements, Habitat felt they were not well equipped to complete the necessary collection of forms and disclosures and has selected Sunrise Banks, a local Community Development Financial Institution (CDFI) that is also a bank, as their originator, AmeriNational as their servicer, and Community Reinvestment Fund as the administrator of the investor funds. Habitat for Humanity has been very thoughtful about the operational aspects of this fund that would allow them to potentially go from 50 loans a year, where they've been for the past 6-7 years, to double that number; that increase is why the Agency sees this as an attractive opportunity. Commissioner Tingerthal shared that she attended a presentation earlier in the week where Habitat for Humanity's larger strategic plan was presented. During that presentation, it was stated that 90% of the people on their waiting list of more than 200 families who are fully vetted, have necessary income, and have committed to the sweat equity are households of color. The ability of the fund to allow Habitat for Humanity to double their volume and increase homeownership access to households of color were the two biggest factors for the Agency to continue conversations about participation in the fund and to request input from the board. Discussion item. No action needed.

9. Informational Items

A. 2016 Affordable Housing Plan and 2016-19 Strategic Plan: Second Quarter Progress Report

B. Report of Complaints Received by Agency or Chief Risk Officer

Informational items. No discussion or action.

10. Other Business

None.

11. Adjournment.

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Minnesota Housing Finance Agency

Board Agenda Item: 6.A
Date: 6/23/2016

Item: Adoption, 2016 Allocation Plan for National Housing Trust Fund
(Substantial Amendments to the Consolidated Plan 2012-2016 and the 2016 Annual Action Plan)

Staff Contact(s):
Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests the Board adopt the National Housing Trust Fund Allocation Plan (as substantial amendments to the 2012-2016 Consolidated Plan and 2016 Annual Action Plan). The Allocation Plan covers October 1, 2015 to September 30, 2016, and is required by the U.S. Department of Housing and Urban Development (HUD) for Minnesota Housing to receive the FY2016 allocation of the new National Housing Trust Fund program.

Fiscal Impact:
The 2016 allocation for the National Housing Trust Fund is $3,000,000.

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

Attachment(s):
- Background
- Draft Annual Allocation Plan

BACKGROUND:

This spring, HUD announced that nearly $174 million will be made available through the first-ever allocations of the National Housing Trust Fund. The National Housing Trust Fund is a new affordable housing production program that will complement existing Federal, State, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including families experiencing homelessness. The Fund is capitalized through contributions by government sponsored enterprises Fannie Mae and Freddie Mac and administered by HUD. The Fund was established through the Housing and Economic Recovery Act of 2008.

The State of Minnesota, along with 39 other states, will receive the state minimum of $3 million for 2016. Governor Dayton designated Minnesota Housing as the recipient of the funds, and these funds will be made available in the 2016 Annual Request for Proposals, with applications due in June.

Minnesota will direct the resources to provide opportunities to increase or preserve the supply of multifamily rental housing for extremely low-income families, including homeless families.

Minnesota's program will provide financing for one to two developments for any of the following activity types:

- New construction
- Acquisition with rehabilitation
- Rehabilitation without acquisition
- Operating Subsidy with developments funded through the National Housing Trust Fund and producing new units meeting the Permanent Supportive Housing strategic priority

The National Housing Trust Fund Allocation Plan is an annual submission required by HUD that describes how the State will distribute the funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with these funds and how recipients and projects will be selected.

As a substantial amendment to the existing 2012-2016 Consolidated Plan and 2016 Annual Action Plan (which was approved by the board in March), the Allocation Plan was presented as a draft for public comment through June, including a public hearing on June 21, and final comments due June 22. A summary of the comments will be made available to the board the day of the meeting. If we receive substantial comments that require additional review, this board approval may be deferred.

Upon approval by the board and sufficient treatment of any comments made, the substantial amendments will be made and the Allocation Plan will be submitted to HUD, and are then subject to a 45 day period prior to approval by HUD.

Minnesota's National Housing Trust Fund Draft Allocation Plan

Substantial Amendments to Minnesota's 2016 Annual Action Plan and 2012-2016 Consolidated Plan

May 20, 2016

EQUAL HOUSING OPPORTUNITY

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

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

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Introduction

These substantial amendments (amendments) to the State of Minnesota's 2012-2016 Consolidated Plan and the 2016 Annual Action Plan[1] are necessary to implement the federal government's National Housing Trust Fund (NHTF). The amendments are being offered for public comment.

The Minnesota Housing Finance Agency has been designated by the Governor as the Minnesota recipient of NHTF from the U.S. Department of Housing and Urban Development (HUD).

Minnesota will receive the minimum state grant amount of $3,000,000 in 2016. All NHTF funds that Minnesota Housing receives in 2016 will be used to house extremely low-income families. In accordance with 24 CFR Part 93, Minnesota Housing will allocate 10% of its grant to program planning and administration costs ($300,000); up to one-third for operating cost assistance or funding operating cost assistance reserves (up to $1,000,000); the balance of the grant will provide capital funding for new construction or rehabilitation of NHTF units.

1. National Housing Trust Fund Strategic Plan §91.315(b)(2)

Geographic Priorities

The NHTF funds will be part of a deferred pool of resources, through Minnesota Housing, which are targeted to address specific and critical needs in rental housing markets, including multiple geographic priority areas: transit oriented development, areas with strong job markets or job growth, economic integration areas with higher incomes, and tribal areas.

Goals

Because this is the final year of the 5-year strategic plan, the goals are the same as the 2016 plan.

Number of NHTF units constructed or rehabilitated in 2016:	22
Number of NHTF units receiving operating subsidies:	up to 12

Operating subsidies assume providing assistance for up to fifteen years of the thirty year affordability period. The number may be greater if it is found that less than fifteen years of subsidy is necessary, or less if eligible applications are not received and operating funds are not committed to projects. Minnesota Housing intends to use operating subsidies only with other NHTF units constructed or rehabilitated.

2. National Housing Trust Fund Action Plan §91.320(k)(5)

Distribution of NHTF funds

Minnesota will not allocate funds to subgrantees for their distribution to owners/developers. Instead, NHTF funds will be distributed directly to owner/developers of affordable housing via Minnesota Housing's annual Consolidated Request for Proposals. The NHTF funds will be part of a deferred pool of

[1] Find current 2012-2016 Consolidated Plan and 2016 Annual Action Plan on Minnesota Housing's website: www.mnhousing.gov > Policy & Research > Plans for Federal Funds

resources, through Minnesota Housing, which are targeted to address specific and critical needs in rental housing markets, including multiple geographic priority areas: transit oriented development, areas with strong job markets or job growth, economic integration areas with higher incomes, and tribal areas. Minnesota Housing retains the option to offer funds on a pipeline basis in the event qualified proposals are insufficient to use the entire HTF grant.

Application Requirements and Selection Criteria

Developers, owners, and the entire development team are required to meet the same eligibility criteria as for other agency programs, as specified in the Consolidated RFP.

The needs of very low income renters, those with incomes below 50% of area median income (AMI), are a high priority for the State of Minnesota, with significant priority on extremely low income renters (below 30% AMI). Applications will be evaluated in accordance with need and scoring criteria that emphasizes other State priorities. For the 2016 consolidated RFP, these strategic priorities include:

1. Preservation of developments that contain existing federal assistance or other critical affordable units at risk of loss,
2. Address specific and critical rental housing needs, for example, TOD on fixed transit, economic integration, workforce housing, senior housing,
3. Planned community development, and
4. Prevent and end homelessness through permanent supportive housing.

Among proposals that best satisfy strategic priorities, Minnesota Housing will give priority in awarding funding to the proposals that best meet the greatest number of selection priorities in effect at the time of the RFP. Selection priorities may be found in the "Multifamily Request for Proposal Guide." The 2016 Guide is located on the Minnesota Housing website, www.mnhousing.gov.

Priority for Awarding Funding to Eligible Applicants

1. **Geographic Diversity.**

   Minnesota Housing will accept and consider proposals for NHTF from across the state consistent with the state's certification to affirmatively further fair housing. The needs of very low-income and extremely low-income tenants across Minnesota are a high priority in the consolidated plan; however, geographic location of a project may be considered in the context of the project's proximity to certain community features whose presence is a priority for Minnesota Housing. See "Priority Housing Needs" below.

2. **Applicant Capacity.**

   Applicants must be capable of undertaking and completing NHTF-funded activities in a timely manner. This capability is evaluated during the Consolidated RFP process. Capacity of the entire development team is evaluated, taking into consideration experience with similar projects, financial and staff capacity, and other factors relevant to the role of the entity.

3. Project-based Rental Assistance.

Minnesota Housing gives priority for preservation of rent-assisted projects; and for projects with binding commitments for project-based vouchers.

4. Duration of Affordability Period.

New Construction, rehabilitation, and rehabilitation and acquisition rental projects have an affordability period of thirty years. No additional consideration will be given to projects that will provide affordability beyond thirty years. Operating cost assistance reserves may be funded for the amount estimated to be necessary for up to fifteen years from the start of the affordability period.

5. Priority housing needs.

Minnesota's most current Consolidated Plan (2012-2016) identifies priority housing needs among extremely low income renters for all renter household types from small and large families to elderly households. The total unmet need among extremely low income renters in Minnesota was estimated to be 137,286 units in at the time of the Consolidated Plan publication.

In addition to helping to meet the substantial unmet need of extremely low income renters, Minnesota Housing has defined the following housing priorities:

- Affordable to the local workforce
- Located in high opportunity areas
- Located near transit
- Responsive to needs of underserved populations
- Furthers community recovery efforts
- Part of a broader community vision
- Tribally-sponsored
- Permanent supportive housing

6. Leveraging.

Minnesota Housing's NHTF funds will leverage other agency, private, and low-income housing tax credit investment.

7. Eligible Activities.

The application/proposal must describe the activity to be funded with NHTF, and the applicant must certify that the assisted units will comply with NHTF requirements. Activities to be undertaken include rehabilitation (including acquisition), preservation, and new construction of rental housing and operating assistance.

8. Eligible Recipients.

Eligible entities for NHTF include owners or developers that must be either:

- A for-profit entity,
- A 501(C)(3) non-profit entity (including Community Housing Development Organizations, or CHDO),
- A government unit (excluding the federal government), or
- A religious organization.

The owner must provide evidence of a qualifying interest in the property. Such interest must be recorded and appear in the county records. The minimum qualifying interest is 100 percent fee simple interest that may also be subject to a mortgage.

The owners and development team must not be debarred or excluded from receiving federal assistance prior to selection or entering into a Written Agreement or closing the loan.

Applicants and their development team must undergo an evaluation by Minnesota Housing of their capacity and pass Minnesota Housing underwriting before the applicant qualifies as an eligible recipient.

Eligible recipients will certify that housing units assisted with the NHTF will comply with NHTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all NHTF-funded activities. Recipients must also demonstrate familiarity with requirements of other Federal, State or local housing programs that may be used in conjunction with NHTF funds to ensure compliance with all applicable requirements and regulations of such programs.

9. Performance Goals and Benchmarks.

Minnesota will receive the minimum state grant amount of $3,000,000 in 2016. All NHTF funds that Minnesota Housing receives in 2016 will be used to house extremely low-income families. In accordance with 24 CFR Part 93, Minnesota Housing will allocate 10% of its grant to program planning and administration costs ($300,000); up to one-third for operating cost assistance or funding operating cost assistance reserves (up to $1,000,000); the balance of the grant will provide capital funding for new construction or rehabilitation of NHTF units.

At an anticipated average per unit capital cost of $98,000 for supportive housing, Minnesota Housing anticipates completing 22 units of housing that is affordable to extremely low-income families.

Based on Minnesota Housing's experience of providing operating assistance through the State's housing trust fund for supportive housing, Minnesota Housing expects average annual operating cost assistance to be $2,700, which will provide operating assistance for up to 12 NHTF units for 15 years.

Minnesota Housing reserves the right to reallocate uncommitted operating funds to capital costs if qualified applications for operating funds are insufficient to award all operating funds.

10. Maximum Per-unit Development Subsidy Limits.

Minnesota will establish the maximum per-unit development subsidy at the same level as per-unit cost thresholds established in the State's Low-income Housing Tax Credit Qualified Allocation Plan (QAP). The thresholds, based upon total development costs for developments funded by Minnesota Housing since 2002, are adjusted for number of bedrooms and geographic location of the project. Despite the per-unit subsidy limits, subsidies may be further limited on individual projects based on the result of subsidy layering reviews and the financing needs of the project.

Per-unit subsidy limits are set forth in Attachment A, but are subject to change whenever a new QAP is adopted or modified. Adjustments are made in response to cost trends.

11. Rehabilitation Standards.

Properties served with NHTF funds must comply with all applicable state and local codes, standards and ordinances by project completion. In cases where standards differ, the most restrictive standard will apply. In the absence of a State or local building code, the International Residential Code or International Building Code of the International Code Council will apply.

Properties must meet local housing habitability or quality standards throughout the effective period. If no such standards exist, HUD's Uniform Physical Conditions Standards (UPCS), as set forth in 24 CFR 5.705, will apply.

All projects funded through the HOME and NHTF programs must follow Minnesota Housing's Rental Housing Design/Construction Standards. These guidelines are available on Minnesota Housing's website: Rental Housing Design/Construction Standards[2].

All projects with 26 or more units are required to have the useful remaining life of the major systems determined. Major systems include: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

If the useful remaining life of one or more major system(s) is less than the applicable effective period, the system(s) must be either included in the scope of work or a replacement reserve must be established and monthly deposits made to the reserve account to adequately repair or replace the systems as needed.

All projects funded through the NHTF program must follow HUD 24 CFR 35 subparts A, B, J, K, M and R, Minnesota Housing's Rental Housing Design/Construction Standards and

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[2] Minnesota Housing's Rental Housing Design/Construction Standards are found at http://www.mnhousing.gov/wcs/Satellite?blobcol=urldata&blobheadername1=Content-Type&blobheadername2=Content-Disposition&blobheadername3=MDT-Type&blobheadervalue1=application%2Fpdf&blobheadervalue2=attachment%3B+filename%3DMHFA_010794.pdf&blobheadervalue3=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1361480699020&ssbinary=true

Minnesota Housing's Lead-Based Paint policy. Owners are required to follow disclosure requirements for Lead-Based Paint (LBP), including:

- Complete Minnesota Housing's Lead-Based Paint Pre-Construction Certification form and submit the original to Minnesota Housing in conjunction with signing the NHTF Form 1.
- Provide the EPA-approved lead hazard pamphlet "Protect Your Family from Lead in Your Home" to all tenant households in a property built prior to 1978. The pamphlet must be given upon execution of the NHTF application form titled NHTF Form 1 for existing tenants and for new tenants at move-in
- Distribute to all tenants residing at the property during rehabilitation, the "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools" pamphlet. This must be distributed no less than seven days and no more than 60 days prior to commencement of rehabilitation.
- Retain on file a Lead-Based Paint Acknowledgment of Disclosure form signed by the tenant. The signed Lead-Based Paint Acknowledgement of Disclosure must be retained for three years from the beginning of the leasing period.
- Post an assessment or notice of lead-based paint hazards present, whether determined by a risk assessment or presumption of lead. The owner must post the notice in a conspicuous location or deliver a copy of the assessment to each household within 15 days.

12. Resale and Recapture Provisions.

Not applicable. Minnesota Housing will not use NTHF to assist first time homebuyers.

13. Affordable Homeownership Limits.

Not applicable. Minnesota Housing will not use NHTF for homebuyer assistance.

14. Limitation on Beneficiaries or Preferences.

Minnesota Housing does not limit to segments of the NHTF-eligible population. Minnesota Housing makes an effort to integrate units targeted to households experiencing long-term homelessness or those at risk of long-term homelessness (collectively LTH households) across a variety of developments. In the appropriate situation, Minnesota Housing may utilize NHTF funds in units that are targeted to LTH households or whose eligibility is limited to LTH households. In the interest of furthering economic integration, LTH units typically make up a small number of units in each development.

15. Refinancing Existing Debt.

Minnesota Housing will not use NHTF to refinance existing debt.

Attachment A

Per Unit Subsidy as Adjusted for Mix of Unit Sizes

	Subsidy limit adjustment for unit size mix	Subsidy limit for Families/Mixed Developments
New Construction Metro for Singles New Construction Metro for Families/Mixed New Construction Metro for Large Families	1.17 1.00 0.96	$242,000
New Construction Greater MN for Singles New Construction Greater MN for Families/Mixed New Construction Greater MN for Large Families	1.17 1.00 0.96	$192,000
Rehabilitation Metro for Singles Rehabilitation Metro for Families/Mixed Rehabilitation Metro for Large Families	1.30 1.00 0.85	$193,000
Rehabilitation Greater MN for Singles Rehabilitation Greater MN for Families/Mixed Rehabilitation Greater MN for Large Families	1.30 1.00 0.85	$153,000

- "Metro" applies to the seven-county Twin Cities metro area, while "Greater MN" applies to the other 80 counties.
- "Singles" applies to developments where the share of efficiencies and 1 bedroom units is 75% or greater.
- "Large Families" applies to developments where the share of units with 3 or more bedrooms is 50% or greater.
- "Families/Mixed" applies to all other developments.
- "New Construction" includes regular new construction, adaptive reuse/conversion to residential housing, and projects that mix new construction and rehabilitation if the new construction gross square footage is greater than the rehabilitation square footage.

Minnesota Housing Finance Agency

Item: Approval, Changes to the Deferred Payment Loan Program

Staff Contact(s):
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Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff recommends changes to the downpayment and closing cost programs to more effectively serve low- and moderate-income borrowers in an increasingly competitive real estate market driven by low homeownership inventory. Staff requests approval for: (1) changes to the maximum loan amounts available through the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) programs; (2) a change to how the maximum loan amounts are calculated for the DPL and Monthly Payment Loan (MPL) programs; and (3) approval of the corresponding changes to the Start Up, Mortgage Credit Certificate, and Step Up Program Procedural Manuals.

Fiscal Impact:
There is no request for additional Agency resources.

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

Attachment(s):
- Background
- Request Details
- Start Up, Mortgage Credit Certificate, Step Up Program Procedural Manuals

Background:
Staff project home mortgage production at $565 – $580 million for the 2016 Affordable Housing Plan year, down from last year's $681 million. Three key market factors drive the decline in mortgage production:

- Low inventory of homes for sale, down 19% since April 2015
- Increasing home prices, currently averaging 5% higher than transactions from April 2015
- A decrease in the willingness of sellers to pay closing costs, increasing the amount of cash borrowers need to close

In a market with tight housing inventory, borrowers are less successful negotiating a sales transaction with seller-paid closing costs, and transactions require more out-of-pocket borrower expenses. An example of the impact of the increase in closings costs is outlined in Table 1 below, using typical purchase prices:

Table 1. Impact of Closing Cost Increases

Purchase Price	With 3% Seller Paids*	Without Seller Paids
$145,000	$2,350	$6,700
$160,000	$2,450	$7,250

*Seller-paid closing costs

Request Details:
In an effort to stay responsive to market changes, staff recommends increasing the maximum loan amounts for the DPL and DPL Plus option, and simplifying the methodology lenders use to calculate borrower's specific down payment and closing cost loan amount as outlined in Table 2 below. Staff conducted modeling and sensitivity analysis on the proposed changes and based on current production levels, do not anticipate a need to increase the DPL and MPL budgets. Staff estimates a $30-$40 million increase in overall home mortgage production as a result of providing additional downpayment and closing cost loan resources for income-eligible, credit worthy borrowers.

Table 2. Recommended Program Changes

Program	Loan Amount	
	Current	*Recommended*
Deferred Payment Loan	Greater of 5% or $5,000 (maximum of $5,500)	Up to $7,500
Deferred Payment Loan Plus Option	Up to $7,500	Up to $8,500
Monthly Payment Loan	Greater of 5% or $5,000 (maximum of $10,000)	Up to $10,000

Chapter 6 – Downpayment and Closing Cost Loans

The downpayment and closing cost loan options available with Start Up include the Deferred Payment Loan, the Deferred Payment Loan Plus, and the Monthly Payment Loan. The three options provide assistance to pay for eligible expenses including downpayment and customary buyer closing costs.

Homebuyer Education. Homebuyer Education is required for at least one of the Borrowers who receive a Deferred Payment Loan or Monthly Payment Loan.

Homebuyer education may be delivered either by instructors trained under Home Stretch or NeighborWorks® America in a classroom setting or via the Minnesota Home Ownership Center's Framework, an online home buyer education platform. Homebuyer education must be completed before closing.

The above-noted requirements are satisfied when at least one Borrower per household provides a certificate of completion.

Cash Investment. A minimum cash investment of the lesser of 1% of the purchase price or $1,000, including prepaids, is required. The cash investment must come from the Borrower's assets and may not be a gift, grant, loan, or sweat equity contribution.

6.01 Deferred Payment Loan Program

The Deferred Payment Loan program is available to Lenders who participate in Start Up. The two Deferred Payment loan options available are:

- Deferred Payment Loan
- Deferred Payment Loan Plus

The Deferred Payment Loan Program provides assistance to pay for eligible expenses, including downpayment and customary buyer closing costs. The Deferred Payment Loan and the Deferred Payment Loan Plus:

- Are available only in conjunction with a first mortgage loan purchased by the Master Servicer under a Minnesota Housing Mortgage Revenue Bond (MRB) program
- May be combined only with Minnesota Housing First-Time Homebuyer loan products with a 30-year term
- FHA 203K Streamlined Purchases are available in increments of $100. Maximum loan amount includes purchase price plus cost of repairs.

- Are a junior lien
- Must be paid in full when, among other things:
  - The maturity date of the Deferred Payment is reached
  - The property is sold or transferred
  - The first mortgage is paid in full, upon a refinancing or otherwise
  - The first mortgage is in default or is declared to be due and payable in full
- Cannot be assumed

The **Deferred Payment Loan**:

- Is available in increments of $100 up to ~~the greater of 5% of the purchase price or $5,000~~$7,500
- ~~In the event that 5% of the purchase price exceeds $5,000, the Deferred Payment Loan amount may not exceed $5,500~~
- ~~Loan amounts are available in increments of $100 and are rounded up to the nearest $100~~

The **Deferred Payment Loan Plus**:

- ~~Is available to Lenders who participate in Start Up~~
- Is available in increments of $100 up to $~~7,500~~ 8,500~~($7,500 maximum loan)~~
- May be used for a principal write-down in addition to downpayment and customary buyer closing costs

6.02 Deferred Payment Loan Program Borrower Eligibility

The Borrower's maximum income to be eligible for the Deferred Payment Loan Program is indexed to area median income (AMI) and tiered by household size (see Deferred Payment Loan Program Income Limits on Minnesota Housing's website).

In addition to the Borrower Eligibility requirements in Chapter 2, eligible Borrowers must demonstrate two of the following conditions, if using the **Deferred Payment Loan Plus**:

- A Single Head of Household with Minor Dependent(s)
- A front end ratio of 28% or higher (calculated without DPA)[1]
- A household of four or more people

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[1] Minnesota Housing realizes an estimate of front-end ratio may change in underwriting. As long as the Lender makes a good faith effort to identify costs at the point of origination, we allow reasonable changes to front-end ratio if the ratio documented on this worksheet is different than the final ratio calculated during underwriting. The Lender must provide an explanation if the variance between ratios is large or the Borrower's eligibility is a concern.

- Have a Disabled Household Member

Asset Limit. A Borrower's liquid assets after closing are limited to the greater of eight months principal, interest, taxes, and insurance or $8,000.

Cash to the Borrower at Closing. The Borrower may receive cash back at closing only when all of the following criteria apply:

- The cash to the Borrower at closing is a refund of dollars paid outside of closing and is reflected on the HUD-1 Settlement Statement
- The cash to the Borrower at closing does not compromise the Borrower's minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

6.03 Deferred Payment Loan Program Lender Warranties

In addition to the warranties stated in Section 1.07, the Lender warrants the following:

- The Borrower's cash investment is paid from the Borrower's out of pocket funds
- The Borrower's liquid asset reserves after closing are not more than the greater of eight months' PITI or $8,000
- The Deferred Payment Loan Program monies received by the Borrower(s) are applied to the transaction and verified through the HUD-1 closing statement

6.04 Monthly Payment Loans

The Monthly Payment Loan provides assistance to pay for eligible expenses, including downpayment and customary buyer closing costs. Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan
- Are available in increments of $100 up to ~~the greater of 5% of the purchase price (rounded up to the next $100), or $5,000~~$10,000
- ~~May not exceed $10,000 in the event that 5% of the purchase price exceeds $5,000.~~
- ~~FHA 203K Streamlined Purchases are available in increments of $100 up to *the greater of* 5% of the purchase price plus the cost of repairs (rounded up to the nearest $100), or $5,000~~
- Must occupy second lien position when combined with a non-Minnesota Housing Community Second Mortgage
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year term

- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must be paid in full upon:
  - Sale or refinance of the property
  - Transfer of title to the property
  - Payment in full of the first mortgage at maturity
  - The first mortgage is declared due and payable whether through default or other event
- May not be assumed

6.05 Monthly Payment Loan Borrower Eligibility

The Borrower must satisfy all Start Up eligibility requirements as well as the following additional requirements for the Monthly Payment Loan.

Income Limits. Monthly Payment Loan Borrowers must satisfy the Monthly Payment Loan Income Limits posted on Minnesota Housing's website.

Asset Limit. Monthly Payment Loans have no asset limit.

Cash to the Borrower at Closing. The Borrower may receive cash back at closing only when all of the following criteria apply:

- The cash to the Borrower at closing is a refund of dollars paid outside of closing and is reflected on the HUD-1 Settlement Statement
- The cash to the Borrower at closing does not compromise the Borrower's minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

6.06 Monthly Payment Loan Lender Warranties

In addition to the warranties stated in Section 1.07, the Lender warrants the following:

- The Borrower's cash investment is paid from Borrower's own funds
- The funds received by the Borrower(s) are applied to the transaction and verified through the HUD-1 closing statement

6.07 Housing Choice Voucher (HCV) Homeownership Program

The HCV Homeownership Program allows HUD Section 8 recipients to use their voucher subsidy to meet monthly homeownership expenses. Lenders originating HCV Homeownership loans must:

- Complete the U.S. Bank Home Mortgage, HFA Division, Section 8 Homeownership Subsidy Program Agreement and Home Choice/Section 8 Contract Information Form
- Service the loans before purchase by the Master Servicer in compliance with this Procedural Manual. This involves collecting a portion of the monthly payment from the Borrower(s) and a portion of the monthly payment from the public housing authority.

6.08 Second Mortgage Application and Loan Disclosure Procedures

The Lender must follow mortgage industry standard requirements for second mortgages when originating loans under the Deferred Payment Loan, Deferred Payment Loan Plus, and the Monthly Payment Loan programs.

Chapter 6 – Downpayment and Closing Cost Loans

The Monthly Payment Loan is available with MCC (with First Mortgage). The loan may be applied towards the downpayment and customary buyer closing costs. The amount of the Monthly Payment Loan is included in the certified indebtedness amount as it relates to the MCC Program.

6.01 Monthly Payment Loans

Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan
- Are available in increments of $100 up to ~~the greater of 5% of the purchase price (rounded up to the nearest $100), or $5,000~~$10,000
- ~~Have a maximum loan amount of $10,000 in the event that 5% of the purchase price exceeds $5,000~~
- ~~With FHA 203K Streamlined purchases are available in increments of $100 *up to the greater of* 5% of the purchase price plus the cost of repairs (rounded up to the nearest $100), or $5,000~~
- Must occupy second lien position when combined with a non-Minnesota Housing Community Second mortgage
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must be paid in full upon:
  - Sale or refinance of the property
  - Transfer of title to the property
  - Payment in full of the first mortgage at maturity
  - The first mortgage is declared due and payable whether through default or other event
- May not be assumed

6.02 Monthly Payment Loan Borrower Eligibility

The Borrower must satisfy all eligibility requirements of the MCC (with First Mortgage) as well as the following additional requirements for the Monthly Payment Loan.

Income Limits. Program income limits apply to Monthly Payment Loan Borrowers.

Homebuyer Education. Homebuyer Education is required for all Borrowers who receive Monthly Payment Loans.

Homebuyer education may be delivered either by instructors trained under Home Stretch or NeighborWorks® America in a classroom setting or via the Minnesota Home Ownership Center's Framework, an online homebuyer education platform. Homebuyer education must be completed before closing.

The above-noted requirements are satisfied when at least one Borrower per household provides a certificate of completion.

Cash Investment. A minimum cash investment of the lesser of 1% of the purchase price or $1,000, including prepaids, is required. The cash investment must come from the Borrower's assets and may not be a gift, grant, loan, or sweat equity contribution.

Asset Limit. Monthly Payment Loans have no asset limit.

Cash to the Borrower at Closing. The Borrower(s) may receive cash back at closing only when all of the following criteria apply:

- The cash to the Borrower at closing is a refund of dollars paid outside of closing and is reflected on the HUD-1 Settlement Statement
- The cash to the Borrower at closing does not compromise the Borrower's minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

6.03 Monthly Payment Loan Lender Warranties

In addition to the warranties stated in Section 1.07, the Lender warrants the following:

- The Borrower's cash investment is paid from the Borrower's own funds
- The funds received by the Borrower(s) are applied to the transaction and verified through the HUD-1 Settlement Statement

6.04 Second Mortgage Application and Loan Disclosure Procedures

The Lender should follow mortgage industry compliance requirements for the Monthly Payment Loan. As indicated in the Participation Agreement with Minnesota Housing and the Master Servicer, the Lender is required to follow the appropriate regulatory law(s) including, but not limited to:

- Following the disclosure requirements in accordance with the applicable laws and regulations (MDIA, RESPA, Regulation Z, etc.), for every Minnesota Housing first and second mortgage
- Generating a separate Truth in Lending (TIL) and Good Faith Estimate (GFE) for all downpayment and closing cost loan options
- Following industry-standard requirements regarding GFE and TIL disclosure procedures
- Including the downpayment and closing cost loans either on the first mortgage HUD-1 or a separate HUD-1

Chapter 6 – Downpayment and Closing Cost Loans

The Minnesota Housing downpayment and closing cost loan option available with Step Up is the Monthly Payment Loan.

6.01 Monthly Payment Loan Requirements

The Monthly Payment Loan provides assistance to pay for eligible expenses, including downpayment and customary buyer closing costs. The Monthly Payment Loan is the only Minnesota Housing downpayment and closing cost option available with Step Up. Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan, however, they are not available with the premium service release premium (SRP) option
- Are available in increments of $100 up to ~~the greater of 5% of the purchase price (rounded up to the nearest $100), or $5,000 for Step Up purchase~~$10,000
- ~~Are available in increments of $100 *up to the greater of* 5% of the loan amount (rounded up to the nearest $100), or $5,000 for Step Up refinance~~
- ~~Are available in increments of $100 *up to the greater of* 5% of the purchase price plus the cost of repairs (rounded up to the nearest $100), or $5,000 for FHA 203K Streamlined Purchases~~
- ~~May not exceed $10,000 in the event that 5% of the purchase price exceeds $5,000.~~
- Must occupy second lien position when combined with a non-Minnesota Housing Community Second Mortgage
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year loan term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must be paid in full upon:
    - Sale of the property
    - Transfer of title to the property
    - Payment in full of the first mortgage at maturity
    - The first mortgage is declared due and payable whether through default or other event
- May not be assumed

6.02 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Step Up eligibility requirements as well as the following additional requirements for the Monthly Payment Loan.

Income Limits. The Borrower(s) applying for a Step Up Loan with Monthly Payment Loan assistance must satisfy the Monthly Payment Loan Income Limits posted on Minnesota Housing's website. See Section 2.06 pertaining to income limits for existing Minnesota Housing Borrowers with entry-cost assistance loans refinancing into Step Up.

Cash Investment. A minimum cash investment of the lesser of 1% of the purchase price or $1,000, including prepaids, is required only for purchase loans. The cash investment must come from the Borrower's assets and may not be a gift, grant, loan, or sweat equity contribution.

Asset Limit. The Monthly Payment Loan has no asset limit.

Cash to the Borrower at Closing

The Borrower(s) may receive cash back at closing only when all of the following criteria apply:

- The cash to the borrower at closing is a refund of dollars paid outside of closing and is reflected on the HUD-1 Settlement Statement
- The cash to the Borrower at closing does not compromise the Borrower's minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

6.03 Monthly Payment Loan Lender Warranties

In addition to the warranties stated in Section 1.07, the Lender warrants the following:

- The Borrower's cash investment is paid from Borrower's own funds
- The funds received by the Borrower are applied to the transaction and verified through the HUD-1 Settlement Statement

6.04 Subordination Policy

Minnesota Housing permits the subordination or replacement of a Homeownership Assistance Fund (HAF) Loan, a Deferred Payment Loan (DPL), or a Monthly Payment Loan (MPL) only in cases where the Minnesota Housing first mortgage is refinanced to a Step Up Loan. The Borrower is not eligible for more than one Minnesota Housing downpayment assistance loan. For more details see the Minnesota Housing Subordination Policy.

Item: Approval, Revolving Lines of Credit to the Land Bank Twin Cities, Inc. and Extension of Existing Line of Credit

Staff Contact(s):

Karen Johnson, 651.297.5146, karen.l.johnson@state.mn.us
Chuck Commerford, 651.296.9826, chuck.commerford@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☐ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:

Staff requests adoption of a Resolution to provide two revolving lines of credit to the Land Bank Twin Cities, Inc. as outlined in the attached term sheets.

Approval of the new lines of credit will reduce Minnesota Housing's total credit exposure from $20 million to $10 million. The $10 million line of credit would be fully guaranteed by the Family Housing Fund.

Staff also requests the approval of an extension to an existing $5 million line of credit to the Family Housing Fund and Land Bank Twin Cities to facilitate the close-out of that line of credit.

Fiscal Impact:

The aggregate maximum amount of the two lines of credit will be reduced from $20 million to $10 million and will be funded with Pool 2 resources already budgeted in the Affordable Housing Plan.

Meeting Agency Priorities:

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

Attachment(s):

- Background
- Land Bank Twin Cities, Inc. Neighborhood Recovery Term Sheet
- Land Bank Twin Cities, Inc. Strategic Acquisition Term Sheet
- Resolution Approving Revolving Lines of Credit to Land Bank Twin Cities, Inc.
- Resolution Approving Modification of a Loan to Family Housing Fund and Land Bank Twin Cities, Inc.

Background:
In May 2009, the Family Housing Fund (FHF) formed the Twin Cities Community Land Bank (TCCLB) to further its mission to provide safe, affordable and sustainable homes to all families in the Twin Cities. TCCLB was created to assist city and county governments in formulating a response to a surge in foreclosed and vacant properties created by the 2008 financial crisis.

To support these efforts Minnesota Housing provided two revolving lines of credit for use by TCCLB in the aggregate amount of $20 million for: 1) the purpose of financing the acquisition, rehabilitation and resale of foreclosed single family properties; and 2) strategic acquisitions, including land banking, for the purpose of developing affordable housing.

In early 2015, FHF and TCCLB began the transformation of this initial corporate structure. TCCLB formed the Land Bank Twin Cities, Inc. (Land Bank), a Minnesota nonprofit corporation. On December 31, 2015, the Land Bank accepted the transfer of the FHF's 100% membership interest in TCCLB and the Land Bank became TCCLB's sole member.

In anticipation of the upcoming maturity of the lines of credit on June 30, 2016 and the continued need for strategic acquisitions and neighborhood recovery activities, staff reevaluated these lines of credit. Staff evaluated Minnesota Housing's risk exposure and performed a comprehensive credit assessment and underwriting analysis of the Land Bank. Staff recommends a continuation of providing capital to the Land Bank for each revolving line of credit under the terms outlined in the attached term sheets titled Land Bank Twin Cities Inc. Neighborhood Recovery Term Sheet and Land Bank Twin Cities Inc. Strategic Acquisition Term Sheet.

The foreclosure remediation line currently has a $0 balance. This line will be replaced by the facility described in the Neighborhood Recovery Term Sheet. There is currently an outstanding balance of approximately $1.9 million on the Strategic Acquisition revolving line of credit. As described in the Land Bank Strategic Acquisition Term Sheet, under the section titled Prior Loan Repayment or Transfer of Existing Loans, the Land Bank may request that any outstanding balances from the current line be transferred to a new facility described in the Strategic Acquisition Term Sheet to the extent that the proceeds of such loans have been used to finance transactions that meet all of the conditions as set forth in that Term Sheet. In order to allow the Land Bank time to determine eligibility and request a transfer or to make a payment of any outstanding balance, staff recommends a brief extension of the maturity date of the current Strategic Acquisition line of credit to July 30, 2016.

Lender	Minnesota Housing Finance Agency
Borrower	Land Bank Twin Cities, Inc.
Developer	A non-affiliated governmental, non-profit or for-profit organization
Loan Purpose	Funding to non-affiliated Developers for the acquisition and development of Eligible Properties to facilitate neighborhood recovery activities
Guaranty	Family Housing Fund Guaranty of Borrower Loan for the full amount of the outstanding balance of the Borrower Loan Guarantor to provide: • annual operating budget within 45 days following the end of each fiscal year • audited financial statements within 120 days following the end of each fiscal year • interim internally prepared quarterly consolidated statement of financial position and statement of activities with comparison to budget • a schedule of contingent liabilities within 45 days of the end of each fiscal quarter
Borrower Loan	Line of credit with a maximum outstanding balance of $3 million
Loan Term	Five (5) years, consisting of a three (3) year **Draw Period** and a two (2) year **Wind Down Period**. **Draw Period:** Three (3) years. Borrower shall submit a draw request to Lender together with a Compliance Certificate as provided by Lender to request funds during the draw period. Draw requests are subject to final Lender approval. **Wind Down Period:** Two (2) years, commencing after the Draw Period, for Borrower to repay loan. Borrower will manage draw proceeds to ensure that funds will be available to repay Lender by the Maturity Date. **Maturity Date:** Five (5) years from the date of executed loan documents.
Collateral/LTV	Borrower to pledge Eligible Loans that are secured in a first lien position by Eligible Properties for each draw on the Loan. Collateral must remain pledged to Lender and cannot be released until sold to an eligible buyer or until the draw is repaid. Collateral maintenance level must be equal to

	105% of outstanding loan balance. Any mortgage securing an Eligible Loan will be assigned to Lender, as requested, upon a default under the Borrower Loan.
Eligible Loans	A loan from Borrower to a Developer not to exceed 95% of the Eligible Costs incurred by a Developer for an Eligible Property
Interest Rate	Five percent (5%) annually, computed on the basis of a 360-day year, paid monthly
Eligible Properties	One to four-unit residential properties or vacant lots that are purchased by a Developer that: (i) prior to acquisition by the Developer are vacant, abandoned, foreclosed, or were acquired by a Developer through a short sale; (ii) after acquisition and rehabilitation or new construction will be sold to an Eligible Buyer; and (iii) are located within the Service Area.
Eligible Buyer	Households that purchase an Eligible Property and meet the income limits of Minnesota Statutes Section 462A.33, subdivision 5
Eligible Costs	The costs that are associated with or incurred by a Developer in the acquisition, construction, and/or rehabilitation of Eligible Properties, as set forth in attached Exhibit A**.**
Service Area	The seven-county Twin Cities Metropolitan Area comprised of the following counties: Hennepin, Ramsey, Anoka, Dakota, Washington, Carver and Scott.
Financial Covenants of Borrower	**Computed on Consolidated Financial Statements**. Borrower's consolidated financial statements shall be in reasonable detail, be prepared in accordance with generally accepted accounting principles, consistently applied, and be certified by Borrower as true, correct and complete. Borrower must demonstrate to Lender that it is in full compliance with the following financial covenants at the time of execution of the loan agreement and at the time of each draw request. As evidence of satisfying this covenant for a draw request Borrower must complete a Compliance Certificate provided by Lender. • Net Asset Ratio of 15% or greater if total cumulative outstanding balance of the Neighborhood Recovery and Strategic Acquisition loans are $5 million or less • Net Asset Ratio of 20% or greater if total cumulative outstanding balance of the Borrower Loan exceeds $5 million • Current Ratio of 2.5 or greater • Debt Service (excluding balloon principal repayments) Coverage Ratio of 1.05 or greater • An Allowance for Loan Loss Reserves of 3.5% based on a risk analysis

of the loan portfolio for the outstanding balance of all Eligible Loans

Specific Covenants

- Total commitments to any one Developer or Developer's affiliates are restricted to $900,000
- Borrower shall notify Lender of any default of an Eligible Loan(s)
- Borrower shall underwrite and make Eligible Loans in accordance to the Twin Cities Community Land Bank Loan and Acquisition Policies and Procedures dated February 2015 and Revised March 6, 2015.
- Borrower shall notify Lender of any proposed amendment of the Loan and Acquisition Policies and Procedures dated February 2015 and Revised March 6, 2015. Lender reserves the right to reject any draw request based on changes to the Loan and Acquisition Policies and Procedures, or if the Borrower waives any of the requirements stated in the Loan and Acquisition Policies and Procedures

Borrower Reporting Requirements

Financial Reporting

Borrower to provide annual operating budget within 45 days of the fiscal year end and audited consolidated financial statements within 120 days following the end of each fiscal year end. Borrower to provide interim internally prepared quarterly consolidated statement of financial position, statement of activities, and cash flow statements with comparison to budget (the "interim consolidated financial statements") within 30 days of the end of each fiscal quarter.

Borrower to submit the attached Financial Covenant Compliance report attached as Exhibit B.

All reports will be in a format acceptable to the Lender.

Portfolio Reporting

Borrower to provide the following quarterly portfolio reports in the format provided by the Lender within 15 days of the end of each fiscal quarter:

- Status report of Eligible Loans
- Modified Loan report
- Itemization of Collateral Report and Listing of Eligible Loans
- Risk Ratings and Allowance for Loan Loss Reserves report
- Eligible Loans Outstanding report segmented by each Loan Programs
- Loans Receivable Aging and Charge-Off report (listing of receivables by Loan Programs)
- Loan Quality and Net Charge-Off report (by Loan Programs)
- Impaired Loan and Troubled Debt Restructuring report

Borrower to provide the following annual portfolio reports in the format provided by the Lender within 30 days of the end of each fiscal year:

- Annual Schedule of Activity in Allowance for Loan Losses report
- Borrower to supply an Annual Demographics Status report by October

30 of each year for activity in the Federal Fiscal year beginning October 1 and ending September 30.

Prior Loan Repayment	Prior to Lender executing the loan agreement contemplated by this Term Sheet, Borrower must repay the full outstanding balance on the existing Foreclosure Remediation Loan extended from the Lender to the Borrower.
Disclaimers	This Term Sheet is not a loan commitment and is based on Lender's assumptions about Borrower's status as of the date of this term sheet. The provision of a line of credit as described in this Term Sheet is subject to complete due diligence and underwriting (if more is needed), satisfactory loan documentation, and satisfactory fulfillment of Lender's other loan closing requirements as determined by the Lender in its sole discretion.

Exhibit A – Eligible Costs

- Land acquisition
- Structure(s) acquisition
- Demolition
- Site Preparation (i.e. water, sewer, roads)
- General construction/structural additions and alterations (includes windows)
- Interior finishing
- Exterior finishing
- Roofing
- Electrical
- Plumbing
- Heating and ventilation
- Energy conservation
- Accessibility/visibility
- Garage construction
- Lead abatement
- Other construction/rehabilitation costs (fences/landscaping, etc.)
- Holding costs (real estate taxes, utilities, insurance, construction interest)
- Architect fees
- Legal fees
- Developer fees
- Other professional fees (marketing/realtor, survey & platting, environmental assessment, lead inspection, appraisal, title/closing, etc.)
- Contingency amount – not to exceed – 10% of total Eligible Costs

Exhibit B - Financial Covenant Compliance

Organization: Land Bank Twin Cities, Inc.

STATEMENT OF FINANCIAL POSITION- in "00	Year to date	3months ended	3months ended	3months ended	3months ended
Fiscal year end:	xxxxxxxx	12/31/2015	9/30/2015	6/30/2015	3/30/2015
Cash (unrestricted and not pledged)					
Accounts Receivable					
Grants Receivable					
Other Current Assets					
Total Current Assets	$ -				
Loans receivable					
less: Allowance for Loan Losses					
Due from Affiliates (receivables, loans)					
Property held for sale					
Property & Equipment (net)					
Prepaids & Other Assets					
Total Assets					
Accounts Payable					
Accrued Expenses					
Interest payable					
Short-term portion of LT Debt					
Other Current Liabilities- deferred revenue					
Total Current Liabilities					
Long-term Debt					
Other Long-term Liabilities					
Total Liabilities					
Net Assets - Unrestricted					
Net Assets- Temporarily Restricted					
Net Assets - Restricted					
Total Net Assets					
Total Liabilities & Net Assets					

STATEMENT OF ACTIVITIES	-	-	-	-	-
Revenue from Loan Portfolio					
Revenue from Grants					
Program Income					
Other Revenue					
Total Support & Revenue					
Salaries and Benefits Charged to Loan Portfolio					
Interest Expense					
Non Salary Overhead charged to portfolio					
Provision for Loan Loss					
TOTAL LOAN PORTFOLIO EXPENSE					
TOTAL G & A EXPENSES					
TOTAL FUNDRAISING EXPENSES					
DEPRECIATION EXPENSE					
Total Expense					
Change in Net Assets					
Beginning Net Assets					
Contributions - Equity					
Ending Net Assets					

Depreciation Expense					
Guarantees					

Statement of Cash Flows		-	-	-	-
Operating Activities					
Investing Activities					
Financing Activities					
Net Change in Cash					
Beginning Cash					
Cash at End of Year					

Financial Covenant Compliance - Exhibit B

Organization: Land Bank Twin Cities, Inc.	**Year to date**	**3months ended**	**3months ended**	**3months ended**	**3months ended**
Fiscal year end:	**xxxxxxxx**	**12/31/2015**	**9/30/2015**	**6/30/2015**	**3/30/2015**
LAND BANK FINANCIAL RATIOS					
WORKING CAPITAL					
CURRENT RATIO					
- loan covenant calls for 2.5 or greater					
LOANS OUTSTANDING TO NET ASSETS					
NET ASSET RATIO					
-covenant requires 15% if lines <50% drawn 20% if lines > 50% drawn					
PROGRAM NET INCOME					
SUPPORT NET INCOME					
DEBT / NET ASSETS					
% DEBT SERVICE COVERAGE					
-covenant requires a dscr of 1.05					
% TOTAL SALARIES / TOTAL EXP					
% LOAN REVENUE / TOTAL REVENUE					
% GRANT / TOTAL REVENUE					
% LOAN LOSS PROVISION TO TOTAL NOTES RECEIVABLE					
-on total notes receivable/covenant requires 3.5% or greater					
% INCREASE IN NET ASSETS OVER PREVIOUS YEAR					
Opinion					
Date of Auditors' Report					
Name of Auditor					

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Land Bank Twin Cities, Inc. Strategic Acquisition Term Sheet

Lender Minnesota Housing Finance Agency

Borrower Land Bank Twin Cities, Inc.

Developer A non-affiliated governmental, non-profit or for-profit organization

Loan Purpose Strategic Acquisitions as defined below for the sole purpose of developing affordable housing

Strategic Acquisitions

Hybrid Acquisitions: Financing of the Eligible Costs for the acquisition of an Eligible Property(ies) where the Borrower or its affiliates hold title to the Eligible Property(ies) subject to a resale purchase agreement with a Developer.

Land Banking Acquisitions: Financing of the Eligible Costs for the acquisition of an Eligible Property(ies) where the Borrower or its affiliates hold title to the Eligible Property(ies) without a resale purchase agreement.

Guaranty Family Housing Fund Guaranty for the full amount of any outstanding balance of the Loan

Guarantor to provide:

- annual operating budget within 45 days following the end of each fiscal year
- audited financial statements within 120 days following the end of each fiscal year
- interim internally prepared quarterly consolidated statement of financial position and statement of activities with comparison to budget
- a schedule of contingent liabilities within 45 days of the end of each fiscal quarter

Borrower Loan Line of credit with a maximum outstanding balance of $7 million

Loan Term Five (5) years, consisting of a three (3) year **Draw Period** and a two (2) year **Wind Down Period**.

Draw Period: Three (3) years. Borrower shall submit a draw request to Lender together with a Compliance Certificate as provided by Lender to request funds during the draw period. Draw requests are subject to final Lender approval.

Wind Down Period: Two (2) years, commencing after the Draw Period, for Borrower to repay loan. Borrower will manage draw proceeds to ensure that funds will be available to repay Lender by the Maturity Date.

Maturity Date: Five (5) years from the date of executed loan documents.

Collateral/LTV

Borrower or its affiliate to pledge the ownership interest to, and the rents and leases, if applicable, of the Eligible Property(ies) solely to Lender. Collateral must remain pledged and cannot be released until sold to a Developer or until the draw is repaid. Collateral maintenance level must be equal to 105% of the outstanding loan balance, based on the As-Is Appraised Value of the Eligible Property.

An As-Is Appraisal to be ordered and paid for by Borrower using an appraiser from Lender's list of appraisers. The appraisal must be submitted with each draw request.

Interest Rate

Five percent (5%) annually, computed on the basis of a 360-day year, paid monthly

Eligible Properties

Real property and any improvements that: (i) are acquired by the Borrower or its affiliates to facilitate housing-related Strategic Acquisitions, for sale to a Developer to be occupied by eligible buyers or eligible renters as defined under Minnesota Statutes section 462A.33; subdivision 5; and (ii) are located in the Service Area.

If there is any current commercial use of the Eligible Property at the time of acquisition, Borrower must provide from a Developer: (i) a resale agreement; and (ii) letters of intent from both the Developer and the Borrower or its affiliates detailing that the final disposition of the property will be for affordable housing for eligible buyers or renters as defined by Minnesota Statutes Section 462A.33, subdivision 5. Except as described above, neither Borrower nor its affiliates may use proceeds of the loan to acquire commercial use sites.

Eligible Costs

The costs that are associated with or incurred by a Borrower in the acquisition of Eligible Properties, as set forth in attached Exhibit A.

Service Area

The seven-county Twin Cities Metropolitan Area comprised of the following counties: Hennepin, Ramsey, Anoka, Dakota, Washington, Carver and Scott.

Financial Covenants of Borrower

Computed on Consolidated Financial Statements. Borrower's consolidated financial statements shall be in reasonable detail, be prepared in accordance with generally accepted accounting principles, consistently applied, and be certified by Borrower as true, correct and complete. Borrower must demonstrate to Lender that it is in full compliance with the following financial covenants at the time of execution of the loan agreement and at the time of each draw request. As evidence of satisfying this covenant for a draw request Borrower must complete a Compliance Certificate provided by Lender.

- Net Asset Ratio of 15% or greater if total cumulative outstanding balance of the Neighborhood Recovery and Strategic Acquisition loans are $5 million or less
- Net Asset Ratio of 20% or greater if total cumulative outstanding balance of the Borrower Loan exceeds $5 million
- Current Ratio of 2.5 or greater
- Debt Service (excluding balloon principal repayments) Coverage Ratio of 1.05 or greater

Specific Covenants

- Total commitments of the Borrower's loan to any one Developer or Developer's affiliates are restricted to $2 million
- Borrower's and its affiliates' Land Banking Acquisitions are restricted to a maximum of $3 million of Borrower loan.
  Borrower shall make Strategic Acquisitions in accordance to the Twin Cities Community Land Bank Loan and Acquisition Policies and Procedures dated February 2015 and Revised March 6, 2015. Borrower shall notify Lender of any proposed amendment of the Loan and Acquisition Policies and Procedures dated February 2015 and Revised March 6, 2015. Lender reserves the right to reject any draw request based on changes to the Loan and Acquisition Policies and Procedures, or if the Borrower waives any of the requirements stated in the Loan and Acquisition Policies and Procedures.

Borrower Reporting Requirements

Financial Reporting
Borrower to provide annual operating budget within 45 days of the fiscal year end and audited consolidated financial statements within 120 days following the end of each fiscal year end. Borrower to provide interim internally prepared quarterly consolidated statement of financial position, statement of activities, and cash flow statements with comparison to budget (the "interim consolidated financial statements") within 30 days of the end of each fiscal quarter.

Borrower to submit the attached Financial Covenant Compliance report attached as Exhibit B.

All reports will be in a format acceptable to the Lender.

Portfolio Reporting
Borrower to provide the following quarterly portfolio reports in the format provided by the Lender within 15 days of the end of each fiscal quarter:
- Status Report of Strategic Acquisitions
- Modified Strategic Acquisitions report
- Itemization of Collateral Report and Listing of Eligible Property(ies)
- Holding Costs Report
- Performance versus Budget reports for each Strategic Acquisition
- Risk Rating and Allowances Report for each Strategic Acquisition

Borrower to provide the following annual portfolio reports in the format provided by the Lender within 30 days of the end of each fiscal year:
- Annual Status Report of Strategic Acquisitions
- Borrower shall notify Lender of any changes to the disposition strategies of an Eligible Property(ies) on an annual basis

Prior Loan Repayment or Transfer of Existing Loans

The Borrower may request that any outstanding balances of previous loans for Strategic Acquisitions extended to the Borrower by the Lender may be transferred to this new loan only to the extent that the proceeds of such loans have been used to finance transactions that meet all of the conditions set forth in this Term Sheet. Any outstanding balances that do not meet such conditions must be repaid in full prior to the execution of the new loan agreement contemplated by this Term Sheet.

Disclaimers

This Term Sheet is not a loan commitment and is based on Lender's assumptions about Borrower's status as of the date of this term sheet. The provision of a line of credit as described in this Term Sheet is subject to complete due diligence and underwriting (if more is needed), satisfactory loan documentation, and satisfactory fulfillment of Lender's other loan documents and closing requirements as determined by the Lender in its sole discretion.

Exhibit A – Eligible Costs

- Land acquisition
- Structure(s) acquisition
- Demolition
- Site Preparation (i.e. water, sewer, roads)
- Holding costs (real estate taxes, utilities, insurance, construction interest)
- Architect fees
- Legal fees
- Developer fees
- Other professional fees (marketing/realtor, survey & platting, environmental assessment, lead inspection, appraisal, title/closing, etc.)

Exhibit B - Financial Covenant Compliance

Organization: Land Bank Twin Cities, Inc.

STATEMENT OF FINANCIAL POSITION- in "00	Year to date	3months ended	3months ended	3months ended	3months ended
Fiscal year end:	xxxxxxxx	12/31/2015	9/30/2015	6/30/2015	3/30/2015
Cash (unrestricted and not pledged)					
Accounts Receivable					
Grants Receivable					
Other Current Assets					
Total Current Assets	$ -				
Loans receivable					
less: Allowance for Loan Losses					
Due from Affiliates (receivables, loans)					
Property held for sale					
Property & Equipment (net)					
Prepaids & Other Assets					
Total Assets					
Accounts Payable					
Accrued Expenses					
Interest payable					
Short-term portion of LT Debt					
Other Current Liabilities- deferred revenue					
Total Current Liabilities					
Long-term Debt					
Other Long-term Liabilities					
Total Liabilities					
Net Assets - Unrestricted					
Net Assets- Temporarily Restricted					
Net Assets - Restricted					
Total Net Assets					
Total Liabilities & Net Assets					

STATEMENT OF ACTIVITIES	-	-	-	-	-
Revenue from Loan Portfolio					
Revenue from Grants					
Program Income					
Other Revenue					
Total Support & Revenue					
Salaries and Benefits Charged to Loan Portfolio					
Interest Expense					
Non Salary Overhead charged to portfolio					
Provision for Loan Loss					
TOTAL LOAN PORTFOLIO EXPENSE					
TOTAL G & A EXPENSES					
TOTAL FUNDRAISING EXPENSES					
DEPRECIATION EXPENSE					
Total Expense					
Change in Net Assets					
Beginning Net Assets					
Contributions - Equity					
Ending Net Assets					

Depreciation Expense					
Guarantees					

Statement of Cash Flows		-	-	-	-
Operating Activities					
Investing Activities					
Financing Activities					
Net Change in Cash					
Beginning Cash					
Cash at End of Year					

Financial Covenant Compliance - Exhibit B

Organization: Land Bank Twin Cities, Inc.	**Year to date**	**3months ended**	**3months ended**	**3months ended**	**3months ended**
Fiscal year end:	**xxxxxxxx**	**12/31/2015**	**9/30/2015**	**6/30/2015**	**3/30/2015**
LAND BANK FINANCIAL RATIOS					
WORKING CAPITAL					
CURRENT RATIO					
- loan covenant calls for 2.5 or greater					
LOANS OUTSTANDING TO NET ASSETS					
NET ASSET RATIO					
-covenant requires 15% if lines <50% drawn 20% if lines > 50% drawn					
PROGRAM NET INCOME					
SUPPORT NET INCOME					
DEBT / NET ASSETS					
% DEBT SERVICE COVERAGE					
-covenant requires a dscr of 1.05					
% TOTAL SALARIES / TOTAL EXP					
% LOAN REVENUE / TOTAL REVENUE					
% GRANT / TOTAL REVENUE					
% LOAN LOSS PROVISION TO TOTAL NOTES RECEIVABLE					
-on total notes receivable/covenant requires 3.5% or greater					
% INCREASE IN NET ASSETS OVER PREVIOUS YEAR					
Opinion					
Date of Auditors' Report					
Name of Auditor					

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MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street – Suite 300
Saint Paul, Minnesota 55101

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING REVOLVING LINES OF CREDIT TO LAND BANK TWIN CITIES, INC.

WHEREAS, Agency staff requests approval of a $10 million loan to Land Bank Twin Cities Inc. under two separate credit agreements with a maximum of $3 million for Neighborhood Recovery and a maximum of$7 million for Strategic Acquisitions; and

WHEREAS, Agency staff has determined that this credit facility will assist in fulfilling the purposes of Minnesota Statutes, Chapter 462A.

NOW THEREFORE, BE IT RESOLVED THAT the Board hereby approves two revolving line of credit facilities to the Land Bank Twin Cities, Inc. on the following conditions:

1. Terms in substantially the form described in the Land Bank Twin Cities Inc. Neighborhood Recovery Term Sheet as attached hereto; and
2. Terms in substantially the form described in the Land Bank Twin Cities Inc. Strategic Acquisition Term Sheet as attached hereto.

Adopted this 23rd day of June, 2016.

____
CHAIRMAN

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street – Suite 300
Saint Paul, Minnesota 55101

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING MODIFICATION OF A LOAN TO FAMILY HOUSING FUND AND LAND BANK TWIN CITIES, INC.

WHEREAS, through the adoption of Resolution No. MHFA 12-057, the board extended the maturity date of a loan to the Family Housing Fund and Land Bank Twin Cities, Inc.; and,

WHEREAS, the approved loan shall mature on July 30, 2016; and,

WHEREAS, Agency staff requests the following:

1. The modification of Resolution No. MHFA 12-057 to extend the maturity date of the strategic acquisition loan to allow the Family Housing Fund and Land Bank Twin Cities adequate time to request a transfer of balances or repayment of outstanding loan balances to other credit facilities.

NOW THEREFORE, BE IT RESOLVED THAT the Board hereby:

1. Modifies Resolution No. 12-057 to extend the maturity date of the strategic acquisition loan to July 30, 2016.

Adopted this 23rd day of June, 2016.

____

CHAIRMAN

Minnesota Housing Finance Agency

Board Agenda Item: 8.A
Date: 6/23/2016

Item: Fiscal 2017 Administrative Budget

Staff Contact(s):
Barb Sporlein, 651.297.3125, barb.sporlein@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
The Agency's administrative budget is presented to the Board each June. Presentation of the administrative budget is informational and no action by the Board is required.

Fiscal Impact:
The Agency funds its administrative budget with earnings from loans and other investments and with fees from service activities. The same revenue-generating activities also provide funding for programs; thus it is necessary for the agency to weigh administrative budget proposals against its desire to provide additional program funding. The fiscal 2017 administrative budget represents the funding necessary to support the level of program activity to which the Agency is committed.

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

Attachment(s):
- Background
- Administrative Budget FY 2017
- Administrative Budget History and Forecast
- Administrative Expenditures as % of Assistance Provided
- Operating Expenses as % of Assets
- Salaries and Benefits as % of Revenues
- Average Adjusted Asset Balances by Fiscal Year

BACKGROUND

Staff has prepared the fiscal 2017 administrative budget for the operating expenses necessary to administer housing programs and initiatives and to meet work plan goals and objectives. The administrative budget does not include program expenditures such as loans, grants, and other housing assistance disbursements. Those expenditures are components of the Affordable Housing Plan, which is a one-year budget approved by the Board.

The fiscal year 2017 administrative budget is $34,811,000. This represents $1,302,000 or 3.88% more than the fiscal 2016 budget, but, if fully expended, will represent an increase of $4,553,000 or 15% compared with the projected actual expenditures for fiscal year 2016. The Agency did not make as much progress on certain major technology projects as planned, and thus did not expend the corresponding budgeted resources. However, the administrative budget as a percentage of housing assistance provided by the Agency (3.1%) will remain consistent with previous years.

The primary drivers of the increase in 2017 are:

1. Payroll increases due to:
    a. Cost of living increases and salary range progression rates for labor and bargaining unit contracts for 2016 as approved by the legislature; and
    b. New FTEs to implement new and expanded business activities.
2. Information technology investments. Investments related to implementing the new single family loan origination system while maintaining the existing system, plus other planned major system improvements.

These drivers are related to strengthening the financial and organizational capacity of the agency, which is a core activity included in the 2016-2019 Strategic Plan.

The FY 2017 budget includes 249.6 FTEs, a net increase of 7.25 over last year. New positions include:

- Two new FTEs in Legal (these two positions were previously contracted through the Attorney General's Office);
- One FTE in Olmstead Implementation Office (formerly a .5 FTE through the Department of Human Services; this position is supported by State OIO appropriations);
- Four FTEs in Business Technology Support (result of adding more FTEs v. contracting for the services); and
- One FTE in Multifamily working on energy efficiency (cost supported by a grant).

Note: The Office to Prevent and End Homelessness is down one FTE due to the Agency no longer serving in the HMIS Lead Agency role.

	Budgeted FTEs	Change
FY2017	249.60	+7.25
FY2016	242.35	+4.80
FY2015	237.55	+6.50
FY2014	231.05	+3.40
FY2013	227.65	+12.00
FY2012	215.65	+2.58
FY2011	213.07	

While every effort is made to achieve a high degree of accuracy in forecasting expenditures through the end of fiscal 2016, actual expenditures may vary from the forecast. The forecast of assistance provided that is shown on the third table for fiscal 2016 is also subject to change, especially given that assistance provided uses activity through September 30, 2016, meaning that four months remain in the reporting period and are therefore forecasted amounts.

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Minnesota Housing Finance Agency

Administrative Budget FY 2017

EXPENSE CATEGORY	2017 Budget	2016 Budget	2017 Budget Change from 2016 Budget	2016 Forecast	2016 Budget/Forecast (Savings) Overage	2015 Actual
Salaries	$ 25,310,000	$ 23,720,000	6.7 %	$ 23,578,000	(0.6)%	$ 22,405,899
Computer Systems & Services/Supplies/Equipment	2,646,319	2,541,984	4.1 %	2,061,454	(18.9)%	2,170,792
Professional & Technical Contracts	3,913,000	3,846,000	1.7 %	1,925,000	(49.9)%	1,887,107
Other General Operating	1,914,074	1,923,679	(0.5)%	1,753,615	(8.8)%	2,065,212
Professional & Other Benefits	405,000	557,000	(27.3)%	328,000	(41.1)%	481,808
Travel	386,000	450,000	(14.2)%	315,000	(30.0)%	334,665
State Indirect Costs	236,000	470,000	(49.8)%	297,000	(36.8)%	492,553
TOTALS	**$ 34,810,393**	**$ 33,508,663**	3.9 %	**$ 30,258,069**	(9.7)%	**$ 29,838,036**

Minnesota Housing Finance Agency

Administrative Budget History and Forecast to Fiscal Year End 2017 (000's)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY* 2016	FY 2017
Budgeted	23,523	24,472	27,502	25,697	26,063	25,612	26,884	28,132	30,538	33,509	34,810
Actual**	22,832	24,001	25,178	24,447	23,319	23,786	25,776	26,790	29,838	30,258	N/A
Variance	691	471	2,324	1,250	2,744	1,826	1,108	1,342	700	3,251	N/A

Average annual actual administrative expense growth during the five year period from 2012-2016 is 5.42%

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY* 2016	FY 2017
Expense actual change % year/year	-4.61%	2.00%	8.37%	3.93%	11.38%	1.41%	N/A
Expense actual change $$ year/year	(1,128)	467	1,990	1,014	3,048	420	N/A

Notes:
* For FY2016 the "actual" amount is Minnesota Housing's forecast estimate.
** Actual expense is gross amount not reduced by overhead recoveries

Minnesota Housing Finance Agency

Administrative Expenditures as % of Assistance Provided

Expenditures (Thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Est
Administrative Expenditures (NOTE A)	22,832	24,001	25,178	24,447	23,319	23,786	25,776	26,790	29,838	30,258
Assistance Provided (NOTE B,C & D)	744,983	669,756	514,367	717,375	726,979	638,307	781,838	754,083	1,037,283	966,283
Admin Exp % of Assistance Provided	3.06%	3.58%	4.89%	3.41%	3.21%	3.73%	3.30%	3.55%	2.88%	3.13%

NOTE A. The administrative expenditures are taken from the state accounting system. In each case, the figure is for the state fiscal year ending 6/30/xx.

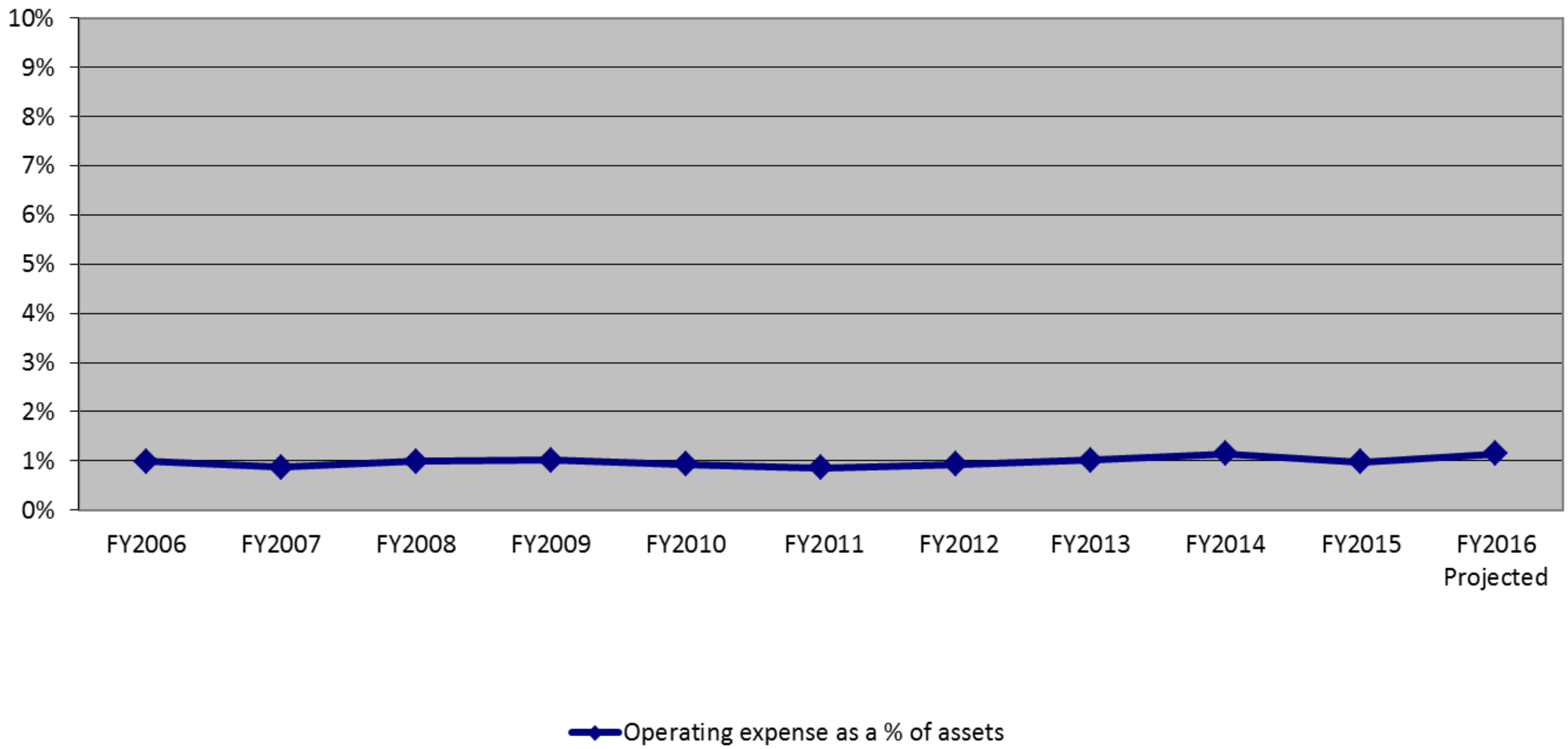
NOTE B. The assistance amounts are taken from the agency's assessment report and are for the federal fiscal years ending 9/30/xx.

NOTE C. Effective in 2009 the agency changed the reporting methodology, to reporting the actual Low Income Housing Tax Credit proceeds.
In Prior years the annual amount for Low Income Housing Tax Credits allocations was reported, which under reported the actual assistance provided.

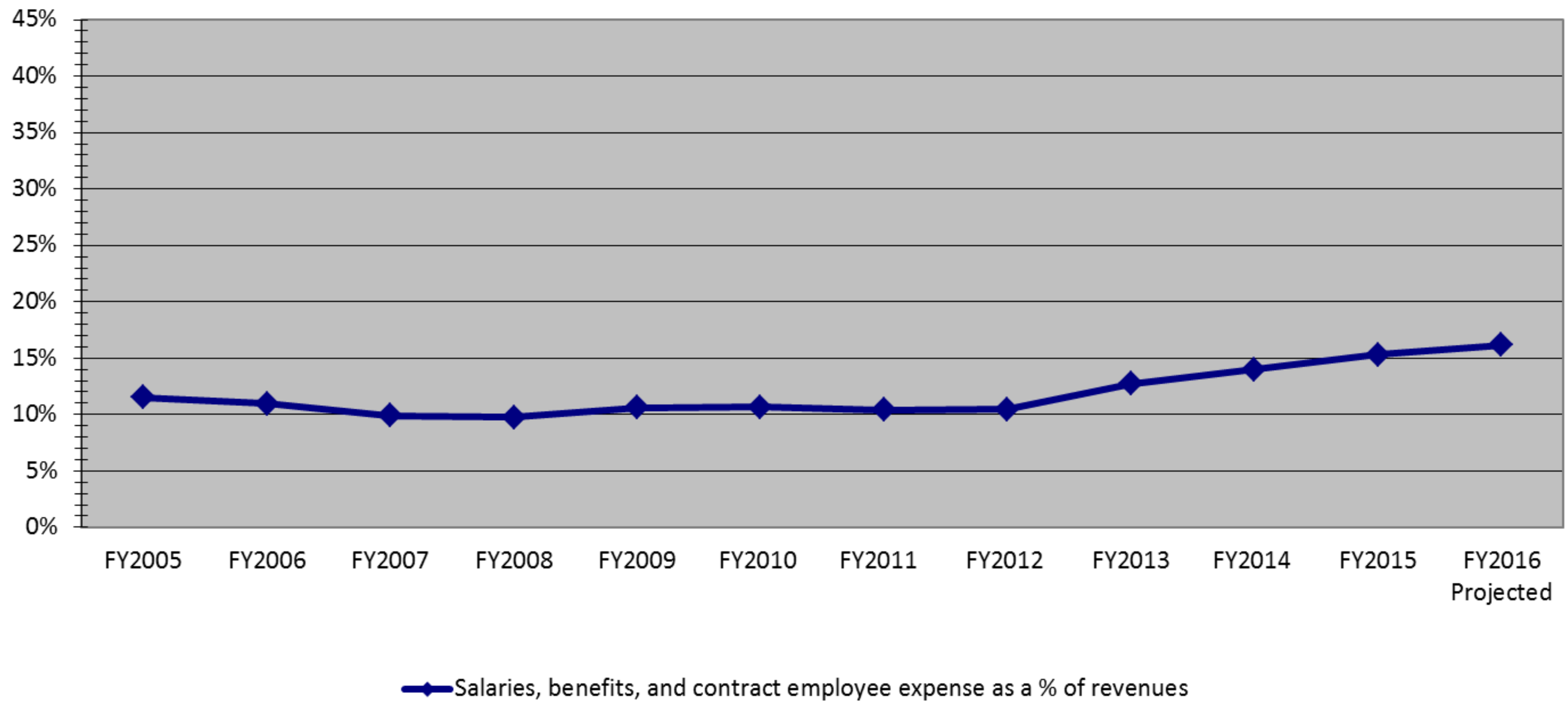
NOTE D. The increase in assistance provided from prior years can be explained by a large increase in homeownership lending and the use of Housing Infrastructure Bonds to develop affordable rental housing in fiscal year 2015.

Minnesota Housing Finance Agency

Operating Expenses as a % of Assets
Sustainable Core

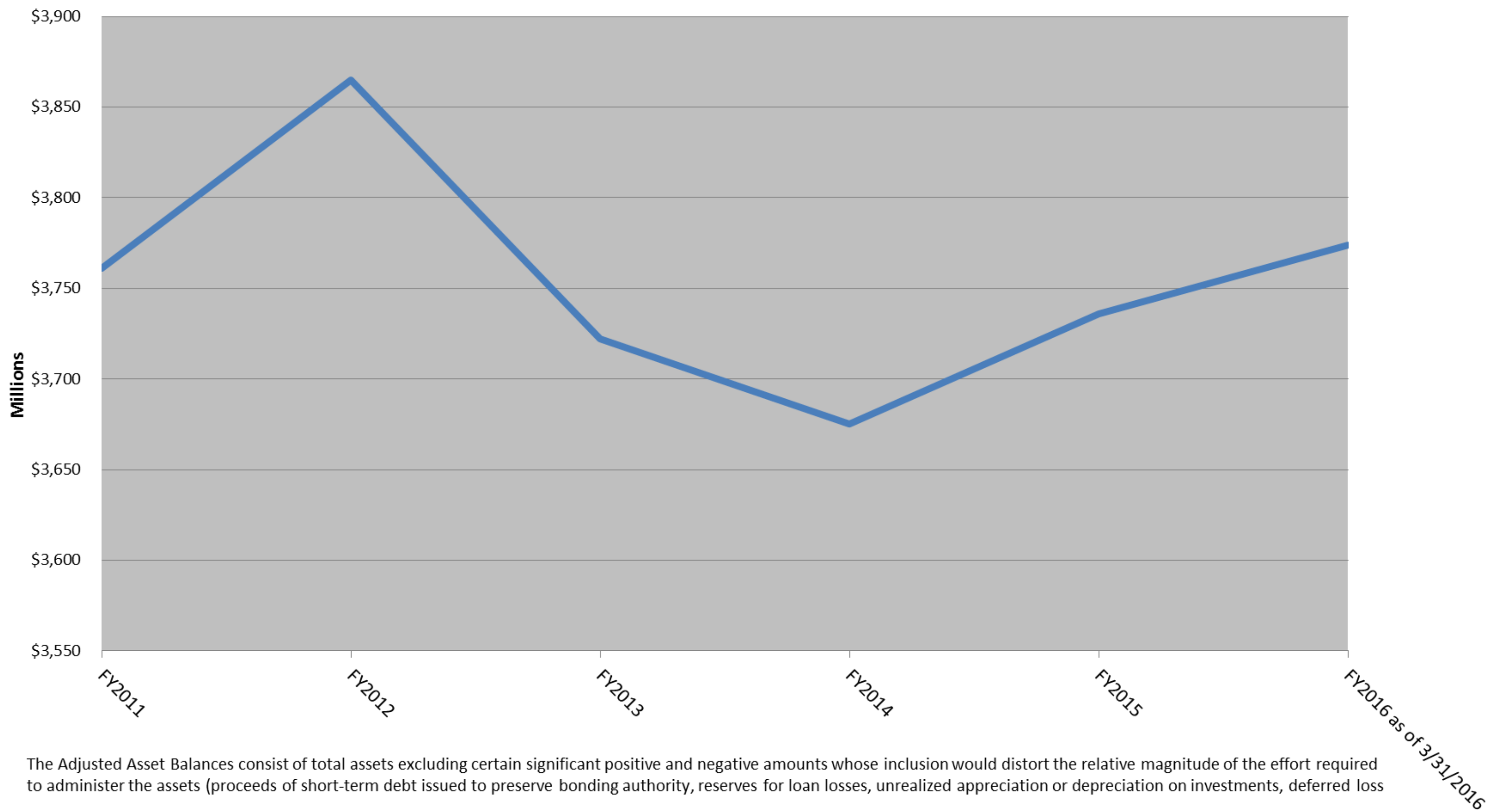


Salaries and Benefits as a % of Revenues
Sustainable Core



Minnesota Housing Finance Agency

Average Adjusted Asset Balances by Fiscal Year



The Adjusted Asset Balances consist of total assets excluding certain significant positive and negative amounts whose inclusion would distort the relative magnitude of the effort required to administer the assets (proceeds of short-term debt issued to preserve bonding authority, reserves for loan losses, unrealized appreciation or depreciation on investments, deferred loss

Board Agenda Item: 9.A
Date: 6/23/2016

Item: Post-Sale Report, Residential Housing Finance Bonds (RHFB) 2016 Series ABC

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
The Agency sold $153,710,000 of Residential Housing Finance Bonds, 2016 Series ABC on the week leading up to Memorial Day with a scheduled closing on June 22, 2016. In accordance with the Debt Management Policy the attached post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

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

Attachment(s):
- Post Sale Report

CSG | advisors

Via Email Delivery

MEMORANDUM

Date: **June 3, 2016**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Tim Rittenhouse, Eric Olson, David Jones**

Re: **Post-Sale Report**
$153,710,000 Residential Housing Finance Bonds (RHFB)
2016 Series ABC

KEY RESULTS FOR MINNESOTA HOUSING

Opportunity. This bond issue took advantage of the opportunity to economically refund several issues of outstanding bonds under the Residential Housing Finance Bond indenture ("RHFB") and to finance approximately $75.1 million of new mortgages.

Overall Purpose. Series ABC accomplished the following major objectives:

1. Enabled Minnesota Housing to balance the ways it funds single-family production and keep almost all tax-exempt eligible production on the balance sheet. This helps Minnesota Housing to earn net annual income over future years.

2. Generated significant savings by refunding old bonds at today's lower interest rates.

3. Achieved full spread, financing new loans without using any of Minnesota Housing's existing zero participations and increase zero participations to help assure a full spread on future issues.

Key Measurable Objectives and Accomplishments. The results of the issue were extremely successful:

Objective	***Result***
Finance new production on balance sheet	$75.1 million of new loans, primarily at low rates in 3% coupon pass-through MBS securities
Provide at least a similar return to the Agency as selling new loans on the secondary market	Higher return from including loans in the new issue (based on average prepayment speeds the Agency has recently experienced on similar loans).
Refund bonds at lower interest rates	Reduced average yield on approx. $78.6 million of old bonds from approx. 4.9% to 2.75% (average yield on entire new issue). The refunding savings are initially about $1.7 million per year. These savings allow new loans to be financed at full spread.
Terminate past interest rate swaps	Terminated two interest rate swaps on taxable bonds totaling approx. $14 million. The total effective cost of the old debt was 6.15%; these bonds were replaced with fixed rate bonds averaging about 4%.
Strengthen the RHFB indenture going forward	Increases the net present value to the Agency by about $2.5 million.
Achieve full spread on the overall transaction	Agency will earn the maximum spread permitted by the IRS
Minimize use of any existing zero participations	None were needed
Increase zero participations for future issues	Increase the Agency's zero participations from approx. $42 million to $55 million This net increase is impressive since many of the new loans in Series ABC themselves needed zeros to achieve full spread.

Relationship to Recent and Future Issues and Loan Pipeline. To date in 2016, Minnesota Housing has issued two successful new pass-through bond issues under its newer, even more highly rated Homeownership Finance Revenue Bond indenture. It is desirable, however, to take advantage of the ability to refund and replace old higher rate bonds in the RHFB indenture together with efficiently financing new production. Blending the old and new loans in the same transaction creates financial efficiencies and future savings.

2016 Issues to Date. A summary of the Agency's single-family financings for the first half of 2016 indicates the Agency financed $ 223.2 million of new production on balance sheet. The average cost of its debt for all the issues so far this year was approximately 2.8%.

Indenture	Sale Date	$ of New Loan Production	$ of Refunding	Total Issue Size	Ave. Bond Yield	Net Change in Zeros
HFB						
2016 A	Jan. 12	$97.3 mill.	n.a.	$97.3 mill.	2.95%	- 8.2 mill.
2016 B	Mar. 10	51.0	n.a.	51.0	2.70%	- 1.2
Subtotal		148.3 mill.	n.a.	148.3 mill.		-9.4 mill.
RHFB						
2016 ABC	May 25	$75.1 mill.	$78.6 mill.	153.7 mill.	2.75%	13.0 mill.
2016 To Date		**$223.4 mill.**	**$78.6 mill.**	**302.0 mill.**	**2.81%**	**3.6 mill.**

Future Issues. The Agency is in an excellent position to continue its single-family program through the rest of 2016 and into 2017. It has gradually increased the number of investors purchasing the Agency's pass-through bonds and has a significant RHFB refunding later this year. Most important, it has substantially increased its zero participations. The Agency has $55 million to help ensure it earns full spread on its future bond issues.

The major challenge in future years is likely to be new private activity bond volume cap. There is increasing demand for such volume cap for multi-family 4% tax credit projects (both by the Agency and local issuer) even as the volume of new single-family originations continues to be very high. The zero participations can help the Agency use some amount of taxable bonds with tax-exempt debt to somewhat reduce the amount of new volume cap needed.

Relationship to Pipeline. The new loans were hedged in the TBA market until the bond pricing was complete to protect the Agency.

TIMING AND STRUCTURE

Timing. The issue was priced on Wednesday May 25th. The bond closing is scheduled for June 22.

Sizing. The issue was sized at $153.77 million, including $78.6 million to refund old bonds plus $75.1 million for new lending.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Use available RHFB cash to redeem old bonds and help reduce the size of the refunding,
- Terminate the old interest rate swap.
- Structure the AMT refunding bonds as serials and short term bonds, in order to minimize the impact from AMT on bond yield,
- Refund the existing taxable variable rate bonds with fixed rate serial and term bonds.
- Use new money Non-AMT bonds as term bonds in 2035 and 2037 and a large PAC bond totaling almost a third of the entire bond issue.

Rating. Bonds under the RHFB indenture are rated Aa1 by Moody's and AA+ by S & P.

BOND SALE RESULTS

Key highlights were:

1. ***Retail Interest.*** Because the bond issue was primarily PAC bonds, taxable bonds and AMT bonds, it was primarily designed for institutional investors. As a result, the Agency did not use a separate retail order period. Only one bond maturity, the Series B Non-AMT term bond of $15.7 million, offered priority for Minnesota retail orders. There were a total of $5.2 million of retail orders and allotments, or about one-third of this maturity.

   Even though Minnesota retail orders were a lower priority than Net Designated institutional orders on most of the rest of the maturities, there were an additional $21 million of such retail orders were received and $3 million of allotments. These results suggest that despite assumptions going into the bond sale, there is significant Minnesota retail interest in AMT and taxable bonds as well as Non-AMT. By making Minnesota retail priority on more maturities, the amount of such interest should increase.

2. ***Institutional Interest.*** There was an extraordinary amount of institutional interest. There were a total of $520 million of institutional orders. The PAC bonds were oversubscribed by a factor of two.

   When retail is taken into account, there were a total of about $565 million of going-away orders for $153.7 million of bonds.

3. ***Timing.*** The bonds were sold during the week leading up to Memorial Day weekend. The new issue calendar was somewhat lighter than in prior weeks. Minnesota Housing's issue was the largest housing issue during the week. Both the Treasury and municipal markets were relatively stable during the week of the sale.

4. ***Successful Sale.*** The sale was extremely successful. Minnesota Housing was able to lower yields on almost all maturities, typically by 5 basis points, or even 10 basis points on some of the taxable maturities.

5. ***Comparable Transactions.*** MHFA had four major types of bonds:

   Series A (AMT) serial bonds from 2017 through 2026 and term bonds in 2031and 2033: totaling $63.1 million
   Series B (Non-AMT) term bonds in 2035 and 2037: totaling $25.5 million
   Series B (Non-AMT) PAC bond due in 2046, with a 4.4 year average life: $49.5 million
   Series C (Taxable) serial bonds from 2017 through 2026 and small term bonds in 2031 and 2037: totaling approximately $15.6 million

   AMT Bonds. The most comparable AMT issues were Georgia's $52.4 million issue the prior week and Ohio's $34 million issue priced immediately after Minnesota's. Both other issues are rated AAA-rated, which should potentially lead to lower yields than Minnesota. Minnesota significantly out-performed both issuers. On the longer serial bonds and term bonds, Minnesota's ultimate yields were approximately 10 basis points tighter to MMD than either Georgia or Ohio.

Non-AMT Term Bonds. The most comparable Non-AMT issues were Georgia's and South Dakota's issues the prior week. Both issues were rated AAA. As on the AMT bonds, despite the fact that Minnesota is rate Aa1, it significantly outperformed the other State HFA's. Minnesota's 2037 term bond was ultimately repriced down to a yield of 85 basis points to the comparable MMD scale, compared to 102 basis points for Georgia and the equivalent of about 97 basis points for South Dakota. The difference in Minnesota's favor was thus 12 to 15 basis points, which is an extraordinary differential.

AMT PAC Bonds. Minnesota's PAC bond was priced at 82 basis points above the interpolated 4.4-year Municipal Market Data index. This was two basis points tighter than Georgia and at least 2 basis points tighter than South Dakota.

Taxable Serial and Term Bonds. The most comparable taxable bonds were South Dakota's $44.7 million series, priced a week before Minnesota and rated AAA. With the heavy oversubscription on Minnesota's taxable maturities, yields were cut dramatically, in many cases by 10 basis points. The result was that Minnesota was tighter to the comparable Treasury maturities by approximately 10 basis points.

All in all, the pricing was extremely beneficial for Minnesota Housing.

UNDERWRITING

Underwriters. RBC was the senior manager; regular co-managers were Piper Jaffray and Wells Fargo. Northland was the rotating, third co-manager, based on its retail sales allotments on RHFB Series 2015 EFG in November, the last transaction with a retail component.

Retail Sales. As noted above, retail orders were only given priority on one maturity, totaling $15.6 million of bonds. One result is that were relatively few retail orders, since priority on most maturities was given to Net Designated institutional orders.

Nonetheless, several firms brought in Minnesota retail orders, both on the maturity where it had priority and on some of the others. The rotating co-manager, Northland brought in $3,395,000 of retail orders and received $2,095,000 of allotments. This was more than any selling group member. Northland will be the rotating co-manager on the next retail-oriented transaction.

Of the selling group members, Morgan Stanley, Fidelity and Cronin brought in some in-state retail orders as well.

Member	Role	Minnesota Retail Orders	Minnesota Retail Allotments
RBC	Senior Manager	4,580,000	0
Wells Fargo	Co-Manager	5,500,000	1,500,000
Piper Jaffray	Co-Manager	10,985,000	3,000,000
Northland	Co-Manager added based on prior sale	3,395,000	**2,095,000**
Subtotal for managers		24,460,000	**6,595,000**
Morgan Stanley	Selling Group	1,140,000	890,000
Fidelity Capital Markets	Selling Group	590,000	380,000
Cronin	Selling Group	200,000	200,000
Raymond James	Selling Group	10,000	10,000
Robert W. Baird	Selling Group	0	0
Bank of America Merrill	Selling Group	0	0
Barclays	Selling Group	0	0
George K. Baum	Selling Group	0	0
City Securities	Selling Group	0	0
Edward Jones	Selling Group	0	0
UBS	Selling Group	0	0
Subtotal selling group		1,940,000	**1,480,000**
Total		26,400,	**8,075,000**
% of Series B 2037 maturity with retail priority		32.9%	32.9%
As % of all non-PAC or sealed bid bonds		25.8%	7.9%

Selling group performance varied significantly among firms, indicating:

- The benefit of continuing the use of a large and active selling group, rather than relying on only a few firms, especially given the variability from one issue to the next, and
- The value of rewarding a selling group member with the most orders by including them as a co-manager on the next issue.

Assuming the next RHFB transaction has retail priority on many of the maturities, it should provide a much better gauge of what selling group members are now contributing. Several firms have not brought in any retail sales on the last few sales, and it may be worthwhile now or after the next transaction to adjust the membership in the selling group

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

****

ISSUE DETAILS

Key Dates:	RHFB 2016 Series ABC	
	Institutional Order Period:	Wednesday morning, May 25, 2016
	Closing Date:	June 22, 2016.

In the week prior to the sale, April CPI came in somewhat higher than expected at 0.4% compared to the market expectation of 0.3% and the March actual figure of 0.1%. Initial jobless claims came in as expected, and capacity utilization remains at about 75%. The biggest surprise was in Leading Indicators which came in at 0.6%, compared to market expectation of 0.3%; the prior period results were adjusted up to 0.2% from the 0.0% initially reported.

On the day before the sale, New Home Sales for April came in significantly higher than anticipated (619,000 compared to a market expectation of 521,000 and actual March figure of 531,000). There were no major releases of data on the date of the sale itself.

***Treasuries*.** Treasury yields have fluctuated significantly over the course of 2016. The 10-year Treasury started the year at 2.24%, dropped to a low of 1.71% in February. After increasing to as high as 1.94% in late April, the 10-year Treasury dropped again into the low 1.70's at the beginning of last week. The release of Federal Reserve minutes one week prior to the sale, on Wed. May 18th, indicated that an interest rate hike in June was likely. The market had come to expect the next hike wouldn't occur until the fall. The 10-year Treasury jumped by 12 basis points and ended the week at 1.87% (even though the majority of traders still believe the Fed was only pointedly reminding the market that it is considering raising rates, and that the next rate hike isn't likely until September). The increase occurred throughout the yield curve. Yields remained about the same through the sale date.

Both the Fed itself and market watchers have had a difficult time finding a clear pattern in economic signals. The slowing of economic growth in China, continuing economic weakness in the Eurozone and relatively weak growth in the American economy including softness in spending in the first quarter has delayed rate hikes so far this year. On the other hand, significant increases in American hiring may presage inflation rising toward 2%. One result is that the yield curve has been flattening since last year, with short-term rates rising, given Fed expectations, while long rates have dropped significantly.

***Municipals*.** In the last two months, since the most recent HFB issue in March, municipals have been significantly outperforming Treasuries (after significantly underperforming them for the prior 4 months). The change at the long end of the yield curve has been especially striking, with the 30-year MMD dropping by 43 basis points while the 30-year Treasury dropped by only 7 basis points. As a result, the ratio of MMD to treasuries has dropped from the very high levels that prevailed during 2015 and again in March this year. They are now at about 90% of treasuries.

<u>Supply and Demand</u>. In the last four months of 2015, municipal issuance dropped significantly and there were significant positive inflows to tax-exempt funds. Declines in the stock market led investors to consider fixed income generally and municipals especially. As a result, there is greater demand related to municipal supply than last spring or summer, despite ongoing news about pending defaults in Puerto Rico. So far in 2016, there have been 33 continuous weeks of net positive inflows to municipal bond funds, including about $1.2 billion per week in recent weeks, suggesting considerable available demand.

Low rates. Recognition that the Federal Reserve's tightening will be quite slow and modest has made investors more willing to shift to longer maturities for higher yields. Despite the absolute low level of rates, there has been ongoing investor interest.

Credit spreads. Credit spreads widened in 2015, partly as a result of Puerto Rico bankruptcy news. The spread between the AAA and A MMD Indices is approximately 48 basis points for both 10- and 30-year bonds, similar to that at the beginning of 2016. Among higher quality bonds, the differential between AAA and AA is approximately 40 basis points for both 10- and 30-year bonds.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2013 RHFB A/B/C	5/14/13	1.96%	1.81%	92.3%	3.17%	2.93%	92.4%
2013 HFB C	6/17/13	2.19%	2.23%	101.8%	3.35%	3.50%	104.4%
2014 RHFB A	2/11/14	2.75%	2.52%	91.6%	3.69%	3.87%	104.9%
2014 RHFB B	4/16/14	2.65%	2.30%	86.8%	3.45%	3.51%	101.7%
2014 HFB A	6/10/14	2.64%	2.33%	88.3%	3.47%	3.36%	98.0%
2014 HFB B & C	8/7/14	2.46%	2.16%	87.0%	3.27%	3.21%	98.2%
2014 HFB D	10/10/14	2.31%	2.01%	87.0%	3.03%	2.92%	96.3%
2014 RHFB CDE	12/3/15	2.28%	2.08%	91.2%	3.00%	2.99%	99.7%
2015 HFB A	1/12/15	1.92%	1.84%	95.8%	2.49%	2.63%	105.6%
2015 HFB B	3/10/15	2.14%	2.18%	102.0%	2.73%	3.0%	110.0%
2015 HFB C	5/13/15	2.28%	2.24%	98.2%	3.02%	3.21%	106.3%
2015 RHFB ABCD	7/30/15	2.28%	2.23%	97.8%	2.96%	3.14%	106.1%
2015 HFB D	10/08/15	2.12%	2.04%	96.2%	2.96%	3.09%	104.4%
2015 RHFB EFG	**11/24/15**	**2.24%**	**2.04%**	**91.1%**	**3.00%**	**2.98%**	**99.3%**
2016 HFB A	1/12/16	2.12%	1.78%	84.0%	2.89%	2.73%	94.5%
2015 HFB B	3/10/16	1.93%	1.88%	97.4%	2.70%	2.86%	105.9%
2016 RHFB ABC	5/25/16	1.87%	1.66%	88.8%	2.67%	2.45%	91.8%

* Homeownership Finance Revenue Bonds
** Residential Housing Finance Bonds (RHFB)

Municipal Calendar. The Minnesota competitive sale calendar for the week of the sale was moderately busy, including million about $220 million in local and school G.O. issues. The largest was a Metropolitan Council issue of $164 million on the same day as Minnesota Housing. Given the higher spreads on housing issues, this did not have any impact on the Agency's sale.

An Ohio single-family issue was brought to market on Wednesday and Thursday, along with a Virginia taxable pass-through refunding.

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		5/25/16		5/25/16		5/17/16		4/20/16		4/19/16		4/14/16		4/13/16	
Amount		$63,135,000		$33,980,000		$52,400,000		$30,500,000		$64,295,000		$35,405,000		$24,060,000	
Issuer		Minnesota HFA		Ohio HFA		Georgia HFA		Washington SHFC		North Dakota HFA		Rhode Island HMFC		Tennessee HDA	
Series		2016 Series A		2016 Series F,I,J		2016 Series A-2		2016 Series 1A-R		2016 Series B		Series 67-C		Issue 2016-1A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / - / -		- / AAA / -		Aaa / - / -		Aa1 / - / -		Aa2 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016			0.750		0.650		0.780							
1	2017	0.85 / 0.95	+33 / +36	0.80 / 0.85	+25 / +23	0.80 / 0.95	+23 / +35	0.80 / 0.95	+22 / +33	0.85 / 1.08	+33 / +49	0.90 / 1.00	+34 / +39		
2	2018	1.05 / 1.10	+37 / +37	1.10 / 1.15	+40 / +40	1.05 / 1.10	+41 / +41	1.10 / 1.15	+44 / +45	1.10 / 1.125	+48 / +46	1.15 / 1.25	+50 / +55		
3	2019	1.25 / 1.30	+45 / +45	1.35 / 1.40	+53 / +53	1.25 / 1.30	+51 / +51	1.30 / 1.40	+55 / +58	1.300	+59	1.40 / 1.50	+65 / +69		
4	2020	1.50 / 1.55	+58 / +58	1.60 / 1.65	+66 / +66	1.50 / 1.55	+67 / +66	1.55 / 1.65	+69 / +72			1.60 / 1.70	+74 / +78		
5	2021	1.70 / 1.75	+66 / +67	1.80 / 1.85	+74 / +74	1.70 / 1.75	+76 / +75	1.80 / 1.90	+80 / +85			1.80 / 1.90	+81 / +85		
6	2022	1.95 / 2.00	+81 / +80	2.00 / 2.05	+84 / +83	1.90 / 1.95	+85 / +84	2.00 / 2.05	+87 / +87			2.05 / 2.15	+93 / +97		
7	2023	2.10 / 2.15	+84 / +84	2.20 / 2.25	+92 / +92	2.10 / 2.15	+95 / +94	2.150	+90			2.25 / 2.35	+101 / +104		
8	2024	2.25 / 2.30	+88 / +88	2.35 / 2.40	+96 / +96	2.25 / 2.30	+98 / +97					2.45 / 2.50	+107 / +106		
9	2025	2.45 / 2.50	+96 / +95	2.55 / 2.60	+103 / +103	2.45 / 2.50	+106 / +105					2.65 / 2.70	+114 / +115		
10	2026	2.65 / 2.70	+103 / +103	2.750	+111	2.65 / 2.70	+111 / +110					2.80 / 2.85	+118 / +119		
11	2027					2.75 / 2.80	+108 / +110					2.95 / 3.00	+123 / +125		
12	2028														
13	2029			3.050	+116										
14	2030			3.100	+115							3.250	+130		
15	2031	3.100	+110			3.100	+121								
16	2032														
17	2033	3.200	+110												
18	2034					3.300	+123								
19	2035														
20	2036														
21	2037														
22	2038														
23	2039														
24	2040														
25	2041														
26	2042														
27	2043														
28	2044														
29	2045														
30	2046														
PAC 1				3.50C/1.90Y	+107 to 2.92yr			3.50C/1.81Y	+96 to 4yr	4.00C/2.00Y	+105 to 4.8yr	3.50C/2.00Y	+114 to 4yr	3.50C/2.03Y	+104 to 5yr
Notes		0.917		F|I|J 3/1/37| 9/1/36| 9/1/36 PAC bond has 3.50% coupon priced at 104.380| 104.488| 104.473 to yield 1.90% and has an average life of 2.85| 2.93| 2.92 years from 75-350%| 500%| 500% PSA				12/1/38 PAC bond has 3.50% coupon priced at 106.433 to yield 1.81% and has an average life of 4.0 years from 100-500% PSA		1/1/47 PAC bond has 4% coupon priced at 108.972 to yield 2% and has an average life of 4.8 years from 100-400% PSA		4/1/38 PAC bond has 3.50% coupon priced at 105.663 to yield 2.00% and has an average life of 4.0 years from 100-400% PSA		1/1/47 PAC bond has 3.50% coupon priced at 106.882 to yield 2.03% and has an average life of 5.0 years from 100-400% PSA	
Maturity Dates		1/1 and 7/1		9/1 and 3/1		12/1 and 6/1		12/1 and 6/1		1/1 and 7/1		4/1 and 10/1		1/1	
Call Provisions		7/1/25 at par		9/1/25 at par		12/1/25 at par		12/1/25 at par		7/1/25 at par		4/1/25 at par		7/1/25 at 101.128	
Mkt Index		BBI / RBI 3.26% / 3.48%		BBI / RBI 3.26% / 3.48%		BBI / RBI 3.32% / 3.54%		BBI / RBI 3.30% / 3.71%		BBI / RBI 3.30% / 3.71%		BBI / RBI 3.30% / 3.71%		BBI / RBI 3.28% / 3.69%	
Sr Manager		RBC Capital Markets		Citigroup		Citigroup		RBC Capital Markets		RBC Capital Markets		J.P. Morgan		RBC Capital Markets	

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		3/23/16		3/16/16		3/10/16		3/9/16		2/23/16		2/9/16		2/2/16	
Amount		$160,800,000		$22,790,000		$6,315,000		$22,000,000		$22,530,000		$44,545,000		$38,595,000	
Issuer		Wisconsin HEDA		New Mexico MFA		Missouri HDC		Massachusetts HFA		Iowa FA		Connecticut HFA		SONYMA	
Series		2016 Series A		2016 Series A-2		2016 Series A-1		Series 182		2016 Series C		2016 Series A-2		Series 196	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa2 / AA / -		Aaa / - / -		- / AA+ / -		Aa2 / AA / -		Aaa / AAA / -		Aaa / AAA / -		Aa1 / - / -	
Tax Status		AMT		AMT		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016	0.750				0.600		0.600		0.500		0.450		0.400	
1	2017	0.85 / 0.95	+30 / +35			0.75 / 0.875	+23 / +29	0.90 / 1.00	+39 / +42	0.65 / 0.75	+29 / +31	0.50 / 0.65	+7 / +12	0.50 / 0.65	+5 / +7
2	2018	1.15 / 1.25	+48 / +51			1.00 / 1.125	+34 / +40	1.15 / 1.25	+50 / +53	0.90 / 1.05	+39 / +48	0.90 / 1.00	+32 / +38	1.00 / 1.10	+32 / +36
3	2019	1.45 / 1.55	+62 / +66			1.250	+44	1.40 / 1.50	+60 / +64	1.20 / 1.30	+55 / +60	1.15 / 1.25	+48 / +54	1.25 / 1.35	+46 / +50
4	2020	1.65 / 1.75	+67 / +71					1.65 / 1.75	+69 / +73	1.45 / 1.55	+68 / +73	1.40 / 1.50	+65 / +70	1.50 / 1.55	+60 / +61
5	2021	1.90 / 2.00	+78 / +81					1.90 / 2.00	+77 / +81	1.65 / 1.75	+77 / +80	1.60 / 1.70	+75 / +79	1.70 / 1.80	+69 / +74
6	2022	2.25 / 2.35	+100 / +102					2.25 / 2.35	+96 / +98	2.00 / 2.10	+94 / +97	1.95 / 2.05	+92 / +96	2.00 / 2.10	+86 / +89
7	2023	2.45 / 2.55	+105 / +107					2.50 / 2.60	+102 / +104	2.20 / 2.30	+95 / +98	2.20 / 2.30	+100 / +103	2.25 / 2.30	+97 / +95
8	2024	2.70 / 2.75	+113 / +111					2.65 / 2.75	+101 / +104	2.40 / 2.45	+98 / +97	2.40 / 2.50	+103 / +106	2.40 / 2.50	+96 / +99
9	2025	2.80 / 2.85	+109 / +109					2.85 / 2.90	+107 / +106	2.55 / 2.60	+98 / +98	2.55 / 2.625	+104 / +106	2.60 / 2.625	+101 / +100
10	2026	3.00 / 3.05	+118 / +118					3.00 / 3.10	+110 / +115	2.75 / 2.80	+105 / +105	2.70 / 2.75	+107 / +108	2.70 / 2.75	+100 / +101
11	2027									2.85 / 2.90	+102 / +104				
12	2028	3.300	+125					3.300	+117						
13	2029									3.125	+112				
14	2030														
15	2031														
16	2032														
17	2033														
18	2034														
19	2035													3.650	+130
20	2036														
21	2037													3.700	+124
22	2038														
23	2039														
24	2040														
25	2041														
26	2042														
27	2043														
28	2044														
29	2045														
30	2046														
PAC 1		3.50C/2.15Y	+117 to 4yr	3.50C/2.10Y	+104 to 4.7yr										
Notes		3/1/46 PAC bond has 3.50% coupon priced at 105.445 to yield 2.15% and has an average life of 4.31 years from 100-400% PSA		3/1/46 PAC bond has 3.50% coupon priced at 106.118 to yield 2.10% and has an average life of 4.7 years from 100-500% PSA											
Maturity Dates		9/1 and 3/1		3/1 and 1/0		11/1 and 5/1		12/1 and 6/1		7/1 and 1/1		11/15 and 5/15		10/1 and 4/1	
Call Provisions		9/1/25 at par		3/1/25 at 101.860		Non-callable		6/1/25 at par		7/1/25 at par		5/15/25 at par		4/1/25 at par	
Mkt Index		BBI / RBI 3.40% / 3.81%		BBI / RBI 3.42% / 3.86%		BBI / RBI 3.42% / 3.86%		BBI / RBI 3.34% / 3.79%		BBI / RBI 3.27% / 3.76%		BBI / RBI 3.30% / 3.78%		BBI / RBI 3.38% / 3.83%	
Sr Manager		RBC Capital Markets		J.P. Morgan		Stifel		Wells Fargo		RBC Capital Markets		BofA Merrill		BofA Merrill	

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		1/14/16		11/24/15		7/30/15	
Amount		$14,625,000		$96,930,000		$43,070,000	
Issuer		Vermont HFA		Minnesota HFA		Minnesota HFA	
Series		2016 Series A		2015 Series E		2015 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa3 / - / AA		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016						
1	2017	0.75 / 0.85	+19 / +15	0.600	+38		
2	2018	1.10 / 1.20	+31 / +34	1.00 / 1.10	+62 / +48		
3	2019	1.35 / 1.45	+44 / +48	1.25 / 1.35	+51 / +50		
4	2020	1.65 / 1.75	+62 / +67	1.65 / 1.75	+73 / +73		
5	2021	1.85 / 1.95	+71 / +76	1.90 / 2.00	+80 / +80		
6	2022			2.15 / 2.25	+86 / +86		
7	2023			2.35 / 2.45	+89 / +89		
8	2024			2.650	+101		
9	2025						
10	2026						
11	2027						
12	2028						
13	2029						
14	2030						
15	2031						
16	2032						
17	2033						
18	2034						
19	2035						
20	2036						
21	2037						
22	2038						
23	2039						
24	2040						
25	2041						
26	2042						
27	2043						
28	2044						
29	2045						
30	2046						
PAC 1		4.00C/2.20Y	+112 to 4.8yr	3.50C/2.29Y	+111 to 4.6yr	3.50C/2.15Y	+101 to 4.4yr
Notes		11/1/46 PAC bond has 4% coupon priced at 107.999 to yield 2.20% to the 11/1/25 call and has an average life of 4.8 years from 100-500% PSA		1/1/46 PAC bond has 3.5% coupon priced at 105.197 to yield 2.29% and has an average life of 4.62 years from 100-400% PSA		2041 PAC bond has 4% coupon priced at 107.919 to yield 2.09% and has an average life of 4.42 years from 100-400% PSA	
Maturity Dates		5/1 and 11/1		7/1 and 1/1		1/1 and 1/0	
Call Provisions		11/1/25 at par		7/1/25 at par		1/1/25 at par	
Mkt Index		BBI / RBI 3.45% / 3.79%		BBI / RBI 3.65% / 4.04%		BBI / RBI 3.75% / 4.13%	
Sr Manager		Raymond James		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		5/25/16		5/17/16		5/17/16		5/10/16		5/9/16		5/4/16		4/21/16	
Amount		$74,985,000		$55,000,000		$55,000,000		$75,000,000		$56,275,000		$114,150,000		$64,645,000	
Issuer		Minnesota HFA		Georgia HFA		South Dakota HDA		Florida HFC		Oregon HCSD		Ohio HFA		Montana BOH	
Series		2016 Series B		2016 Series A-1		2016 Series B		2016 Series 2		2016 Series A		2016 Series D		2016 Series A-1,2	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		- / AAA / -		Aaa / AAA / -		Aaa / - / -		Aa2 / - / -		Aaa / - / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016											0.550		0.650	
1	2017					0.60 / 0.70	+4 / +10			0.55 / 0.70	+4 / +12	0.65 / 0.70	+11 / +11	0.70 / 0.80	+12 / +18
2	2018					0.80 / 0.90	+17 / +22	0.80 / 0.85	+19 / +19	0.80 / 0.85	+19 / +19	0.85 / 0.90	+22 / +22	0.90 / 0.95	+24 / +24
3	2019					1.00 / 1.10	+26 / +32	1.00 / 1.05	+29 / +29	1.00 / 1.05	+29 / +29	1.05 / 1.10	+32 / +32	1.10 / 1.20	+33 / +36
4	2020					1.25 / 1.30	+42 / +42	1.20 / 1.25	+39 / +40	1.25 / 1.30	+44 / +45	1.20 / 1.25	+36 / +37	1.25 / 1.35	+36 / +39
5	2021					1.375 / 1.45	+45 / +46	1.35 / 1.40	+44 / +44	1.40 / 1.45	+49 / +49	1.45 / 1.50	+51 / +50	1.45 / 1.55	+42 / +46
6	2022					1.60 / 1.65	+56 / +55	1.60 / 1.625	+58 / +56	1.60 / 1.70	+58 / +63	1.70 / 1.75	+64 / +64	1.70 / 1.80	+53 / +58
7	2023					1.75 / 1.80	+61 / +60	1.80 / 1.85	+66 / +66	1.80 / 1.90	+66 / +71	1.85 / 1.90	+67 / +67	1.90 / 2.00	+61 / +65
8	2024					1.90 / 2.00	+64 / +68	1.95 / 2.00	+70 / +69	2.00 / 2.05	+75 / +74	1.950	+66	2.05 / 2.10	+64 / +63
9	2025					2.10 / 2.15	+71 / +71	2.10 / 2.15	+72 / +72	2.15 / 2.20	+76 / +76			2.25 / 2.30	+71 / +71
10	2026					2.25 / 2.30	+71 / +71	2.25 / 2.35	+73 / +78	2.25 / 2.35	+72 / +77			2.35 / 2.40	+70 / +70
11	2027					2.45 / 2.50	+78 / +80	2.40 / 2.50	+75 / +80	2.40 / 2.45	+74 / +74			2.45 / 2.50	+69 / +71
12	2028									2.50 / 2.55	+75 / +76				
13	2029														
14	2030														
15	2031					2.850	+96	2.900	+95					2.950	+90
16	2032														
17	2033														
18	2034														
19	2035	3.100	+90												
20	2036			3.200	+102	3.125	+95	3.200	+95					3.150	+81
21	2037	3.150	+85	3.250	+102										
22	2038					3.250	+99								
23	2039													3.350	+89
24	2040														
25	2041			3.350	+101			3.400	+98						
26	2042													3.400	+86
27	2043														
28	2044														
29	2045														
30	2046							3.450	+97						
PAC 1		3.50C/1.82Y	+82 to 4.4yr	3.50C/1.70Y	+84 to 4.4yr	3.50C/1.80Y	+87 to 5yr	4.00C/1.82Y	+86 to 5yr	4.00C/1.90Y	+96 to 5yr	4.00C/1.74Y	+84 to 4.5yr	3.50C/1.84Y	+84 to 5yr
PAC 2															
Notes		7/1/46 PAC bond has 3.5% coupon priced at 106.987 to yield 1.82% and has an average life of 4.41 years from 100-400% PSA		12/1/46 PAC bond has 3.5% coupon priced at 107.520 to yield 1.7% and has an average life of 4.4 years from 75-500% PSA		11/1/46 PAC bond has 3.5% coupon priced at 108.018 to yield 1.8% and has an average life of 5.0 years from 100-400% PSA		7/1/47 PAC bond has 4% coupon priced at 110.300 to yield 1.82% and has an average life of 5.0 years from 100-500% PSA		1/1/47 PAC bond has 4% coupon priced at 109.875 to yield 1.9% and has an average life of 5.0 years from 100-400% PSA		3/1/47 PAC bond has 4% coupon priced at 109.619 to yield 1.74% and has an average life of 4.5 years from 100-450% PSA		6/1/44 PAC bond has 3.5% coupon priced at 107.809 to yield 1.84% and has an average life of 5 years from 100-400% PSA	
Maturity Dates		7/1 and 1/1		12/1		5/1 and 11/1		1/1 and 7/1		1/1 and 7/1		9/1 and 3/1		6/1 and 12/1	
Call Provisions		7/1/25 at par		12/1/25 at par		11/1/25 at par		7/1/25 at par		7/1/25 at par		9/1/25 at par		12/1/25 at par	
Mkt Index		BBI / RBI 3.26% / 3.48%		BBI / RBI 3.32% / 3.54%		BBI / RBI 3.32% / 3.54%		BBI / RBI 3.32% / 3.54%		BBI / RBI 3.32% / 3.54%		BBI / RBI 3.32% / 3.71%		BBI / RBI 3.28% / 3.68%	
Sr Manager		RBC Capital Markets		Citigroup		BofA Merrill		Morgan Stanley		BofA Merrill		Citigroup		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		4/20/16		4/19/16		4/13/16		4/13/16		3/23/16		3/23/16		3/17/16	
Amount		$27,500,000		$84,535,000		$17,260,000		$100,940,000		$162,095,000		$15,000,000		$90,000,000	
Issuer		Washington SHFC		North Dakota HFA		Rhode Island HMFC		Tennessee HDA		Pennsylvania HFA		Wisconsin HEDA		Nebraska IFA	
Series		2016 Series 1N		2016 Series A		Series 67-A,B		Issue 2016-1B		Series 2016-119		2016 Series B		2016 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / -		Aa1 / - / -		Aa2 / AA+ / -		Aa1 / AA+ / -		Aa2 / AA+ / -		Aa2 / AA / -		- / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016									0.600					
1	2017							0.625 / 0.75	+11 / +16	0.75 / 0.85	+21 / +25			0.60 / 0.75	+7 / +16
2	2018							0.85 / 0.90	+22 / +22	0.95 / 1.05	+27 / +30			0.85 / 0.90	+18 / +16
3	2019			1.05 / 1.15	+34 / +39			1.00 / 1.10	+28 / +33	1.20 / 1.25	+36 / +35			1.10 / 1.15	+27 / +26
4	2020			1.20 / 1.30	+37 / +43			1.20 / 1.30	+36 / +42	1.40 / 1.45	+41 / +41			1.30 / 1.40	+32 / +37
5	2021			1.45 / 1.50	+51 / +49			1.40 / 1.50	+44 / +47	1.60 / 1.70	+47 / +50			1.55 / 1.60	+43 / +41
6	2022			1.70 / 1.80	+63 / +66			1.65 / 1.75	+56 / +59	1.85 / 2.00	+58 / +65			1.80 / 1.90	+55 / +57
7	2023	1.875 / 2.00	+63 / +69	1.90 / 2.00	+71 / +74			1.85 / 1.95	+64 / +67	2.10 / 2.20	+67 / +69			2.05 / 2.15	+62 / +64
8	2024	2.05	+68	2.05 / 2.10	+73 / +72			2.00 / 2.05	+65 / +64	2.30 / 2.40	+70 / +73			2.25 / 2.35	+65 / +68
9	2025	2.25 / 2.30	+76 / +76	2.25 / 2.30	+80 / +80			2.20 / 2.25	+72 / +72	2.50 / 2.60	+76 / +82			2.45 / 2.55	+71 / +76
10	2026	2.40	+80	2.40 / 2.45	+84 / +84	2.400	+78	2.35 / 2.40	+76 / +76	2.70 / 2.75	+85 / +86			2.60 / 2.70	+75 / +80
11	2027	2.50 / 2.55	+79 / +81	2.55 / 2.60	+87 / +88			2.50 / 2.55	+80 / +81	2.80 / 2.85	+84 / +86			2.75 / 2.80	+78 / +80
12	2028							2.600	+82						
13	2029							2.700	+83						
14	2030							2.850	+90			3.150	+95		
15	2031	3.000	+100	2.950	+95			2.950	+93	3.200	+92			3.200	+92
16	2032														
17	2033														
18	2034														
19	2035			3.200	+96										
20	2036	3.200	+91					3.250	+94	3.500	+95			3.500	+95
21	2037														
22	2038							3.375	+97						
23	2039														
24	2040														
25	2041	3.400	+93			3.550	+105								
26	2042														
27	2043														
28	2044														
29	2045														
30	2046														
PAC 1						3.50C/1.75Y	+94 to 3.5yr	3.50C/1.88Y	+89 to 5yr	3.50C/1.97Y	+99 to 4yr			3.50C/1.85Y	+87 to 4yr
PAC 2														3.50C/2.06Y	+94 to 5yr
Notes						10/1/46 PAC bond has 3.50% coupon priced at 105.861 to yield 1.75% and has an average life of 3.5 years from 100-400% PSA		1/1/47 PAC bond has 3.50% coupon priced at 106.882 to yield 1.88% and has an average life of 5.0 years from 100-400% PSA		10/1/41 PAC bond has 3.5% coupon priced at 105.789 to yield 1.97% and has an average life of 4 years from 75-500% PSA				3/1/46 PAC bond has 3.5% coupon priced at 106.293 to yield 1.85% and has an average life of 4 years from 100-500% PSA; 9/1/46 PAC bond has 3.5% coupon priced at 106.698 to yield 2.06% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		6/1 and 12/1		1/1 and 7/1		4/1 and 10/1		1/1 and 7/1		10/1 and 4/1		9/1		3/1 and 9/1	
Call Provisions		12/1/25 at par		7/1/25 at par		4/1/25 at par		7/1/25 at par		4/1/25 at par		9/1/25 at par		3/1/25 at par	
Mkt Index		BBI / RBI 3.30% / 3.71%		BBI / RBI 3.30% / 3.71%		BBI / RBI 3.28% / 3.69%		BBI / RBI 3.28% / 3.69%		BBI / RBI 3.40% / 3.81%		BBI / RBI 3.40% / 3.81%		BBI / RBI 3.40% / 3.81%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		J.P. Morgan		RBC Capital Markets		J.P. Morgan		RBC Capital Markets		J.P. Morgan	

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		3/16/16		3/10/16		3/10/16		3/9/16		3/1/16		2/23/16		2/11/16	
Amount		$40,000,000		$96,815,000		$70,000,000		$43,935,000		$70,115,000		$28,010,000		$20,000,000	
Issuer		New Mexico MFA		Michigan SHDA		Missouri HDC		Massachusetts HFA		Illinois HDA		Iowa FA		Maryland DHCD	
Series		2016 Series A-1		2016 Series A		2016 Series A-2		Series 181		2016 Series A		2016 Series A		2011 Series B (Remarketing)	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / -		Aa2 / AA+ / -		- / AA+ / -		Aa2 / AA / -		Aaa / - / -		Aaa / AAA / -		Aa2 / - / AA	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016			0.650						0.500					
1	2017	0.65 / 0.80	+12 / +21	0.75 / 0.85	+26 / +36					0.60 / 0.70	+12 / +14				
2	2018	0.90 / 1.00	+23 / +26	1.05 / 1.15	+41 / +51					0.85 / 0.95	+22 / +25				
3	2019	1.15 / 1.20	+32 / +31	1.20 / 1.30	+40 / +50	1.05 / 1.15	+24 / +28			1.05 / 1.15	+26 / +31				
4	2020	1.30 / 1.40	+31 / +36	1.45 / 1.55	+50 / +60	1.25 / 1.35	+29 / +33			1.25 / 1.35	+30 / +35				
5	2021	1.55 / 1.65	+42 / +45	1.65 / 1.75	+55 / +65	1.45 / 1.55	+32 / +36			1.45 / 1.55	+35 / +38				
6	2022	1.80 / 1.90	+53 / +55	2.00 / 2.10	+75 / +85	1.70 / 1.85	+42 / +49			1.70 / 1.80	+44 / +46				
7	2023	2.05 / 2.15	+60 / +62	2.30 / 2.40	+86 / +96	1.95 / 2.05	+48 / +50			1.95 / 2.05	+50 / +52				
8	2024	2.25 / 2.35	+63 / +66	2.50 / 2.60	+89 / +99	2.15 / 2.25	+52 / +55			2.15 / 2.20	+53 / +51				
9	2025	2.45 / 2.55	+69 / +74	2.70 / 2.75	+94 / +99	2.35 / 2.45	+58 / +62			2.35 / 2.40	+58 / +58				
10	2026	2.65 / 2.70	+77 / +77	2.85 / 2.90	+97 / +102	2.55 / 2.625	+66 / +69			2.50 / 2.55	+61 / +62				
11	2027	2.750	+72			2.75 / 2.80	+74 / +76			2.65 / 2.70	+65 / +66				
12	2028					2.900	+80								
13	2029					3.000	+80								
14	2030					3.100	+85								
15	2031	3.200	+88	3.350	+102	3.200	+87	3.250	+92	3.125	+80				
16	2032														
17	2033														
18	2034											3.200	+81		
19	2035														
20	2036	3.500	+91	3.700	+109	3.450	+84	3.600	+99	3.450	+84			3.250	+93
21	2037														
22	2038			3.800	+111					3.550	+86				
23	2039					3.600	+87								
24	2040														
25	2041	3.750	+97												
26	2042														
27	2043														
28	2044														
29	2045														
30	2046	3.800	+96												
PAC 1				4.00C/2.15Y	+105 to 5yr	4.00C/2.00Y	+90 to 5yr	4.00C/2.05Y	+106 to 4.5yr	4.00C/1.91Y	+94 to 5yr	4.00C/1.74Y	+91 to 4.5yr		
PAC 2															
Notes				6/1/46 PAC bond has 4% coupon priced at 108.633 to yield 2.15% and has an average life of 5 years from 100-500% PSA		5/1/40 PAC bond has 4% coupon priced at 109.361 to yield 2.00% and has an average life of 5 years from 100-300% PSA		12/1/44 PAC bond has 4% coupon priced at 108.254 to yield 2.05% and has an average life of 4.5 years from 100-500% PSA		4/1/46 PAC bond has 4% coupon priced at 109.813 to yield 1.91% and has an average life of 5 years from 100-400% PSA		7/1/46 PAC bond has 4% coupon priced at 109.645 to yield 1.74% and has an average life of 4.5 years from 100-500% PSA		remarketing to fixed rate	
Maturity Dates		3/1 and 9/1		12/1 and 6/1		5/1 and 11/1		12/1		10/1 and 4/1		1/1 and 7/1		3/1 and 1/0	
Call Provisions		3/1/25 at par		12/1/25 at par		11/1/25 at par		6/1/25 at par		10/1/25 at par		7/1/25 at par		3/1/26 at par	
Mkt Index		BBI / RBI 3.42% / 3.86%		BBI / RBI 3.42% / 3.86%		BBI / RBI 3.42% / 3.86%		BBI / RBI 3.34% / 3.79%		BBI / RBI 3.34% / 3.79%		BBI / RBI 3.27% / 3.76%		BBI / RBI 3.27% / 3.76%	
Sr Manager		J.P. Morgan		Barclays		Stifel		Wells Fargo		RBC Capital Markets		RBC Capital Markets		BofA Merrill	

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 2016 TO DATE PLUS 2015 MHFA

Pricing Date		2/10/16		2/9/16		2/2/16		1/14/16		1/12/16		11/24/15		7/30/15	
Amount		$35,000,000		$100,455,000		$66,185,000		$14,990,000		$30,000,000		$39,515,000		$63,255,000	
Issuer		Maine SHA		Connecticut HFA		SONYMA		Vermont HFA		South Carolina SHFDA		Minnesota HFA		Minnesota HFA	
Series		2016 Series A		2016 Series A-1		Series 195		2016 Series B		Series 2016 A		2015 Series F		2015 Series B,C	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / - / -		Aa3 / - / AA		Aa1 / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2016														
1	2017									0.50 / 0.625	+0 / +1			0.4/0.4/0.5	+26/+13/+23
2	2018									0.85 / 0.90	+12 / +9			0.625 / 0.80	+15 / +17
3	2019	1.125	+49							1.10 / 1.20	+23 / +27			1.10 / 1.20	+36 / +32
4	2020	1.300	+57							1.30 / 1.40	+32 / +36			1.35 / 1.45	+38 / +39
5	2021	1.400	+57					1.600	+41	1.45 / 1.55	+36 / +40			1.70 / 1.80	+51 / +49
6	2022	1.700	+71					1.75 / 1.85	+48 / +51	1.65 / 1.75	+45 / +47			2.05 / 2.10	+59 / +53
7	2023	1.950	+79					1.95 / 2.00	+51 / +50	1.85 / 1.95	+48 / +50			2.35 / 2.40	+62 / +55
8	2024	2.125	+79					2.20 / 2.25	+62 / +60	2.10 / 2.20	+57 / +61	2.35 / 2.40	+71 / +66	2.55 / 2.60	+63 / +62
9	2025	2.300	+81					2.45 / 2.50	+73 / +73	2.35 / 2.45	+68 / +72	2.60 / 2.65	+77 / +77	2.75 / 2.80	+69 / +69
10	2026	2.450	+84	2.400	+73			2.60 / 2.65	+77 / +78	2.55 / 2.60	+77 / +76	2.75 / 2.80	+80 / +80	2.90 / 2.95	+72 / +72
11	2027							2.75 / 2.80	+83 / +84	2.75 / 2.80	+86 / +87	2.90 / 2.95	+81 / +81	3.05 / 3.10	+73 / +73
12	2028														
13	2029														
14	2030	2.900	+91	2.875	+89							3.300	+90		
15	2031					3.000	+88	3.250	+101						
16	2032													3.600	+86
17	2033														
18	2034					3.250	+95								
19	2035	3.300	+98	3.200	+88										
20	2036							3.600	+110						
21	2037														
22	2038														
23	2039														
24	2040	3.550	+95	3.500	+90	3.550	+92								
25	2041							3.800	+112						
26	2042														
27	2043														
28	2044														
29	2045														
30	2046														
PAC 1		4.00C/1.87Y	+104 to 5yr	4.00C/1.77Y	+99 to 4.5yr	4.00C/1.95Y	+96 to 5yr			4.00C/2.00Y	+91 to 5yr				
PAC 2															
Notes		11/15/45 PAC bond has 4% coupon priced at 107.485 to yield 1.87% and has an average life of 5 years from 75-500% PSA		11/15/45 PAC bond has 4% coupon priced at 109.525 to yield 1.77% and has an average life of 4.5 years from 75-500% PSA		10/1/46 PAC bond has 4% coupon priced at 109.590 to yield 1.95% and has an average life of 5 years from 100-500% PSA				7/1/36 PAC bond has 4% coupon priced at 109.347 to yield 2.00% and has an average life of 5.01 years from 100-400% PSA					
Maturity Dates		11/15		11/15 and 11/15		10/1 and 4/1		11/1 and 5/1		1/1 and 7/1		1/1 and 7/1		1/1 and 7/1	
Call Provisions		11/15/25 at par		5/15/25 at par		4/1/25 at par		11/1/25 at par		7/1/25 at par		7/1/25 at par		1/1/25 at par	
Mkt Index		BBI / RBI 3.30% / 3.78%		BBI / RBI 3.30% / 3.78%		BBI / RBI 3.38% / 3.83%		BBI / RBI 3.45% / 3.79%		BBI / RBI 3.45% / 3.78%		BBI / RBI 3.65% / 4.04%		BBI / RBI 3.75% / 4.13%	
Sr Manager		BofA Merrill		BofA Merrill		BofA Merrill		Raymond James		Citigroup		RBC Capital Markets		RBC Capital Markets	

TAXABLE HOUSING BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date		5/25/16			5/17/16			4/27/16			3/15/16			1/12/16		
Amount		$15,590,000			$44,680,000			$4,160,000			$23,310,000			$88,695,000		
Issuer		Minnesota HFA			South Dakota HDA			New Jersey HMFA			Massachusetts HFA			Illinois HDA		
Series		2016 Series C			2016 Series A			2016 Series C			2016 Series C			2016 Series A		
Program		Single Family / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / AA+ / -			Aaa / AAA / -			- / AA- / -			Aa3 / AA- / AA-			Aa3 / AA / -		
Tax Status		Taxable			Taxable			Taxable			Taxable			Taxable		
Year	Maturity ('16 pricings)	Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST	
0	2016							1.300	+72	to 1 yr	1.500	+79	to 1 yr	1.108	+19	to 1 yr
1	2017	1.200	+53	to 1 yr	1.20 / 1.35	+62 / +77	to 1 yr	1.55 / 1.80	+97 / +122	to 1 yr	1.70 / 1.80	+99 / +109	to 1 yr	1.492 / 1.592	+57 / +67	to 1 yr
2	2018	1.550	+63	to 2 yr	1.55 / 1.65	+73 / +83	to 2 yr	1.85 / 1.95	+102 / +112	to 2 yr	1.90 / 2.20	+92 / +122	to 2 yr	1.808 / 1.978	+88 / +105	to 2 yr
3	2019	1.850	+77	to 3 yr	1.80 / 1.90	+83 / +93	to 3 yr	2.05 / 2.20	+106 / +121	to 3 yr	2.30 / 2.45	+114 / +129	to 3 yr	2.224 / 2.324	+105 / +115	to 3 yr
4	2020	2.200	+80	to 5 yr	2.15 / 2.25	+86 / +96	to 5 yr	2.50 / 2.60	+117 / +127	to 5 yr	2.625 / 2.75	+113 / +125	to 5 yr	2.51 / 2.61	+95 / +105	to 5 yr
5	2021	2.450	+105	to 5 yr	2.40 / 2.55	+111 / +126	to 5 yr	2.70 / 2.80	+137 / +147	to 5 yr	2.80 / 2.95	+130 / +145	to 5 yr	2.81 / 2.91	+125 / +135	to 5 yr
6	2022	2.700	+101	to 7 yr	2.65 / 2.75	+108 / +118	to 7 yr	2.95 / 3.05	+131 / +141	to 7 yr	3.05 / 3.15	+127 / +137	to 7 yr	3.101 / 3.201	+120 / +130	to 7 yr
7	2023	2.900	+121	to 7 yr	2.90 / 2.95	+133 / +138	to 7 yr	3.15 / 3.25	+151 / +161	to 7 yr	3.25 / 3.375	+147 / +160	to 7 yr	3.301 / 3.401	+140 / +150	to 7 yr
8	2024	3.050	+118	to 10 yr	3.00 / 3.05	+124 / +129	to 10 yr	3.35 / 3.45	+148 / +158	to 10 yr	3.45 / 3.50	+148 / +153	to 10 yr	3.58 / 3.63	+145 / +150	to 10 yr
9	2025	3.250	+138	to 10 yr	3.20 / 3.25	+144 / +149	to 10 yr	3.55 / 3.60	+168 / +173	to 10 yr	3.55 / 3.625	+158 / +166	to 10 yr	3.73 / 3.78	+160 / +165	to 10 yr
10	2026	3.350	+148	to 10 yr	3.30 / 3.35	+154 / +159	to 10 yr	3.65 / 3.70	+178 / +183	to 10 yr	3.675 / 3.72	+171 / +175	to 10 yr	3.83 / 3.88	+170 / +175	to 10 yr
11	2027				3.40 / 3.45	+164 / +169	to 10 yr									
12	2028															
13	2029													4.180	+205	to 10 yr
14	2030										3.950	+198	to 10 yr			
15	2031	3.800	+193	to 10 yr	3.800	+204	to 10 yr									
16	2032															
17	2033															
18	2034															
19	2035										4.550	+182	to 30 yr			
20	2036															
21	2037	4.200	+153	to 30 yr												
22	2038															
23	2039															
24	2040															
25	2041															
26	2042															
27	2043															
28	2044															
29	2045										4.750	+202	to 30 yr			
30	2046															
31	2047															
32	2048															
33	2049															
34	2050															
35	2051															
36	2052															
37	2053															
38	2054															
39	2055										5.000	+227	to 30 yr			
40	2056															
41	2057															
42	2058															
PAC 1					2.70C/2.70Y	+141	to 5 yr							4.00C/3.14Y	+158	to 5 yr
Notes					11/1/36 PAC bond has 2.7% coupon priced at par and has an average life of 4.0 years from 100-400% PSA									2/1/34 PAC has a 4% coupon priced at 103.136 and an average life of 4 years from 100-400% PSA		
Mkt Index		BBI / RBI 3.26% / 3.48%			BBI / RBI 3.32% / 3.54%			BBI / RBI 3.28% / 3.68%			BBI / RBI 3.42% / 3.86%			BBI / RBI 3.45% / 3.78%		
Sr Manager		RBC Capital Markets			BofA Merrill			BofA Merrill			BofA Merrill			JP Morgan		

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Board Agenda Item: 9.B
Date: 6/23/2016

Item: Quarterly Status Report, Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity)

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

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
The information provided is a summary of intake data and outcomes from August 1, 2014 – March 31, 2016 of the Homeownership Capacity program. This is an information item and does not require approval.

Fiscal Impact:
None.

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

Attachment(s):
- Quarterly Program Update

Quarterly Program Update:
A total of 10 agencies have been approved to provide Homeownership Capacity services since the beginning of the program which started August 1, 2014. A total of 891 clients have started receiving Homeownership Capacity services since that date.

The table below identifies additional information about these clients:

	Percent of clients
Identify as a household of color or Hispanic ethnicity	90%
At or below 80% AMI	95%
Credit identified as the primary barrier to obtaining homeownership	70%

As of March 31, 2016, 218 clients have exited the program with the following outcomes:

	Percent of clients that exited the program
Home purchase*	50%
Client is actively pursuing homeownership^	4%
Client is still interested in homeownership, just not at this time	12%
Client is no longer interested in homeownership	13%
Client stopped communication	19%

* A number of clients were already participating in existing financial capability services at the time the program started, resulting in a higher than expected number of clients moving onto homeownership within the first year of the Homeownership Capacity program.

^ This information will be updated if and when the client purchases a home.

The second program year started October 1, 2015 with the goal of serving 580 households. Within the first two quarters of the program year, 327 new clients (56% of the total goal) have started receiving Homeownership Capacity services.

Minnesota Housing collects quarterly reports from Homeownership Capacity providers. Staff will provide intake and outcome updates to correspond with the submission of those reports in September and December 2016.