NEW ISSUE

Ratings: Moody's: "Aa1"
S&P: "AAA"

Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read all of this Official Statement. Capitalized terms used on this cover page have the meanings given in this Official Statement.

MINNESOTA HOUSING

$7,940,000
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2023 Series D (Non-AMT)

Dated: Date of Delivery | **Due: as shown on inside front cover**

Tax Exemption	Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.)
Redemption	The Agency may redeem all or a portion of the Series Bonds by optional or special redemption as described under "The Series Bonds" herein.
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.")
Interest Payment Dates	February 1 and August 1, commencing February 1, 2024.
Denominations	$5,000 or any integral multiple thereof.
Closing/Settlement	On or about July 27, 2023 through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriter's Counsel	Dorsey & Whitney LLP.
Trustee	Computershare Trust Company, National Association, in Minneapolis, Minnesota.
Book-Entry-Only System	The Depository Trust Company. (See Appendix E herein.)

The Series Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets

The date of this Official Statement is
July 20, 2023.

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE AND PRICE

$7,940,000 2023 Series D Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP*
February 1, 2025	**$7,940,000**	**3.65%**	**100%**	**60416TW20**

*CUSIP number has been assigned by an organization not affiliated with the Agency and is included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of this CUSIP number, nor is any representation made as to its correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

Neither Minnesota Housing Finance Agency nor the Underwriter has authorized any dealer, broker, salesman or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, the Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

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

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

INTRODUCTION 4
THE AGENCY 5
THE DEVELOPMENT 13
THE SERIES BONDS 14
SECURITY FOR THE BONDS 15
THE RENTAL HOUSING PROGRAM 17
OTHER PROGRAMS 25
TAX EXEMPTION AND RELATED CONSIDERATIONS 25
LITIGATION 28
LEGAL MATTERS 28
FINANCIAL ADVISOR 29
RATINGS 29
TRUSTEE 29
UNDERWRITING 29
MISCELLANEOUS 30

APPENDIX A
DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS A-1

APPENDIX B-1
AUDITED FINANCIAL STATEMENTS OF THE AGENCY AS OF JUNE 30, 2022 ..... B-1-1

APPENDIX B-2
FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF MARCH 31, 2023 AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED) B-2-1

APPENDIX C
SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING C-1

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION D-1

APPENDIX E
BOOK-ENTRY-ONLY SYSTEM E-1

APPENDIX F
FORM OF OPINION OF BOND COUNSEL F-1

OFFICIAL STATEMENT

relating to
$7,940,000
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2023 Series D (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2023 Series D (the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted May 25, 2023 (the "Series Resolution"). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the "Resolutions.")

The Rental Housing Bonds Outstanding in the aggregate principal amount of $69,725,000 as of June 30, 2023, the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution.

The Resolutions should be referred to for the definitions of capitalized terms used herein, some of which are reproduced in this Official Statement. The summaries and references herein to the Act, the Resolutions and other documents are only brief outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references herein to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by reference to the Act and the Resolutions, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income if the Agency determines that those loans are not otherwise available from private lenders with equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Residential Housing Finance Bond Fund. Please refer to the information in the notes to the financial statements included in Appendix B-1 to this Official Statement at pages 73 and 74 under the heading "Net Position — Restricted by Covenant."

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use of bond financing and other funding sources, the Agency intends that the Program will provide both short-term and long-term, fixed rate, first lien (or second lien if the Agency also holds the first lien) mortgage loans ("Mortgage Loans"), and, under certain circumstances, subordinate mortgage loans ("Subordinate Mortgage Loans"), to finance the construction, acquisition, rehabilitation or refinancing of multifamily rental housing and group home developments (the "Developments"). The Bond Resolution authorizes, upon conditions set forth therein, the issuance of additional series of Bonds on a parity with the Outstanding Bonds, including the Series Bonds.

In recognition of certain risks inherent in mortgage lending, the Agency has adopted policies and review procedures for detailed evaluation of the Developments that it finances prior to making Mortgage Loan commitments. To assure completion of rehabilitation, construction and proper maintenance, the Agency has established reserve and escrow requirements and procedures for regulating and monitoring operations with respect to the Developments. The procedures the Agency presently uses to reduce those risks are described more fully herein under the heading "The Rental Housing Program."

The Agency intends to use the proceeds of the Series Bonds to fund a short-term first lien mortgage loan, to a private owner, that will finance a portion of the costs of acquisition and rehabilitation of a multifamily housing development in Golden Valley, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.")

The Agency has further pledged as security for the payment of the Series Bonds (on an equal basis with the Outstanding Bonds issued and that may be issued under the Bond Resolution) amounts on deposit and investments in certain accounts and funds established pursuant to the Resolutions, including the Debt Service Reserve Fund established pursuant to the Bond Resolution in accordance with the Act. Under the Act, upon certification by the Agency, the State Legislature may, but is not required to, appropriate amounts that may be necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. (See "Security for the Bonds.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency — State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering the programs only to the extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

The Agency has no taxing power. Neither the State of Minnesota nor any political subdivision thereof is or will be obligated to pay the principal or redemption price of, or interest on, the Series Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to that payment.

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chair of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

John DeCramer, Chair — Term expires January 2024, Marshall, Minnesota – Magnetics Engineer

The Honorable *Julie Blaha — Ex officio*, St. Paul, Minnesota – State Auditor

Melanie Benjamin, Member — Term expires January 2025, Onamia, Minnesota – Consultant

Eric Cooperstein, Member — Term expires January 2027, Edina, Minnesota – Attorney

Stephanie Klinzing, Member — Term expires January 2027, Elk River, Minnesota – Writer and Publisher

Stephen Spears, Member — Term expires January 2026, Plymouth, Minnesota – Banker

Terri Thao, Vice Chair — Term expires January 2024, St. Paul, Minnesota – Program Director

Staff

The staff of the Agency presently consists of approximately 280 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint the permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the Program are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner may be confirmed or rejected by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed effective March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

Michael Solomon — Chief Financial Officer, appointed effective August 2022. In this position, Mr. Solomon leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position he served as Treasurer of the City of Saint Paul overseeing financial operations including cash, investment and debt management in addition to significant work in economic development and financial empowerment. He held other roles in the City's Office of Financial Services from 2012 to 2017 including Debt Manager leading the issuance of debt obligations from a variety of credits utilizing innovative financing tools. Mr. Solomon worked for a local municipal financial advisory and consulting firm from 2008 to 2012 specializing in the issuance and management of municipal debt. He received his degree in Financial Management from the University of St. Thomas in Saint Paul, Minnesota and is an active member of the Government Finance Officers Association, serving on its Treasury and Investment Management committee contributing to best practices and guidance used across the industry.

Debbi Larson — Director of Finance appointed effective December 2019. Ms. Larson was Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to that position, she was Director of Finance and Information Technology for a subsidiary of Taylor Corporation and responsible for domestic and international locations and, prior to that, was the Chief Financial Officer for a division of the Minnesota Department of Corrections. Ms. Larson previously held various accounting positions of increasing responsibility. Ms. Larson holds a Bachelor of Science degree with a concentration in Accounting from the University of Phoenix, and an MMBA (accelerated MBA program) Executive Leadership certification from the University of St. Thomas.

Irene Kao — General Counsel, appointed effective November 2022. Prior to this position, Ms. Kao was the Intergovernmental Relations Counsel at the League of Minnesota Cities where she served as legislative legal counsel and lobbyist representing cities on issues related to land use and zoning, data practices, Open Meeting Law, procurement, and civil liability. She also serves as adjunct faculty at Mitchell Hamline School of Law. Ms. Kao earned a law degree from Mitchell Hamline School of Law, a Master of Arts degree in College Student Personnel from the University of Maryland College Park and a Bachelor of Arts degree in English and Psychology from the University of Minnesota Twin Cities.

James Lehnhoff — Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master's degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

The Agency's offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency's website address is http://www.mnhousing.gov. No portion of the Agency's website is incorporated into this Official Statement.

Independent Auditors

The financial statements of the Agency as of and for the year ended June 30, 2022, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2022. RSM US LLP also has not performed any procedures relating to this Official Statement.

Financial Statements of the Agency

The Agency financial statements included in this Official Statement as Appendix B-1 as of and for the fiscal year ended June 30, 2022 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board ("GASB") .

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages 75 through 77 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2022, with respect to MSRS was $0.544 million. The Agency's total net pension liability and post-employment benefits liability was $2.423 million as of June 30, 2022.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the nine months ended March 31, 2023. The Agency has prepared the information in Appendix B-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B-2 is not accompanied by a statement from the independent auditors.

Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ended June 30, 2023, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019, with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021. In addition, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61.

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in "Appendix C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency's website at http://www.mnhousing.gov/investors/disclosure.html, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $619.865 million, representing the combined net position of these funds so calculated as of June 30, 2022. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2022 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages 73 and 74 under the heading "Net Position — Restricted by Covenant."

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The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the nine-month period ended March 31, 2023 (unaudited) (in thousands):

	Nine months Ended March 31, 2023 (unaudited)	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Revenues			
Fees earned and other income[1]	$11,860	$12,372	$12,676
Interest earned on investments	537	157	212
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]	30,539	31,161	33,144
Total revenues	42,936	43,690	46,032
Expenses			
Salaries and benefits	25,912	17,676	32,501
Other general operating expenses	8,013	4,282	7,424
Interest	276	423	--
Total expenses	34,201	22,381	39,925
Revenues over expenses	8,735	21,309	6,107
Non-operating transfer of assets between funds[4]	(8,538)	(22,153)	(8,363)
Change in net position	197	(844)	(2,256)
Net position beginning of period	8,891	9,735[5]	12,307
Net position end of period	$ 9,088	$8,891	$10,051

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(1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.

(2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.

(3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information.

(5) Adjusted pursuant to required GASB 87 treatment of Leases as of July 1, 2021.

State Appropriations

Over the years, the State Legislature has appropriated funds to the Agency to be used for low interest loans, grants, programs for low and moderate income persons and families and other housing related program costs. The Agency generally does not pay its general or administrative expenses from appropriated funds, although it can recover its allocable costs of administering State appropriations from investment earnings thereon. The State Legislature has appropriated funds to the Agency for its programs in every biennium since 1975. The Agency has expended or committed most of the appropriations.

Over the biennial periods ended June 30, 2015, through June 30, 2023, the total appropriations to the Agency aggregated approximately $562.1.5 million. For the biennial period ending June 30, 2025, the Legislature has appropriated approximately $1.065 billion to the Agency.

The appropriations are not available to pay debt service on the Bonds.

Agency Indebtedness

The principal amount of bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to $5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of June 30, 2023:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	10	2049	$ 70,415	$ 69,725
Residential Housing Finance Bonds	69	2053	3,950,445	2,573,055
Homeownership Finance Bonds	59	2052	2,674,572	1,028,933
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	12,520
Totals	139		$6,710,432	$3,684,233

*Does not include series of bonds or the original principal amount of any bonds that had been, as of June 30, 2023, defeased or paid in full, whether at maturity or earlier redemption.

The payment of principal of and interest on general obligations of the Agency as shown above may be made, if necessary, from the General Reserve or the Alternative Loan Fund. (See "Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund" above.)

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Residential Housing Finance Bonds that bear interest at a variable rate or floating rate and may be subject to optional and mandatory tender. Certain information related to those variable rate demand bonds, floating rate term bonds, liquidity facilities and swap agreements is included in the Notes to Financial Statements contained in Appendix B-1 to this Official Statement and in the unaudited financial statements contained in Appendix B-2 to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

Certain of the swap agreements obligate the Agency to make periodic fixed rate payments and entitled the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"); as of July 1, 2023, all of such swap agreements have been amended in accordance with industry protocols to replace USD LIBOR with the secured overnight financing rate ("SOFR"), a rate published by the Federal Reserve Bank of New York, but otherwise retaining the same computational periods.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the

Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the "Housing Infrastructure Bonds") for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $515,000,000. The Agency has issued 30 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2022 in an aggregate principal amount of $471,495,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the "Amended Bank Note") to Royal Bank of Canada (the "Bank"), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021 and a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022 (the "Amended Revolving Credit Agreement"), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Homeownership Finance Bonds and Residential Housing Finance Bonds previously issued by the Agency (collectively, the "Single Family Housing Bonds"). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended (the "2018 Revolving Credit Indenture"), between the Agency and Computershare Trust Company, National Association, as successor trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 29, 2023, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to the forward looking Term SOFR Reference Rate for the following one month interest period plus a spread (currently 0.45%) and may not exceed $100,000,000 at any time, and the cumulative amount of the advances made may not exceed $1,700,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. The Agency has requested advances in the aggregate principal amount of $1,183,130,637, $29,734,303 of which is outstanding.

Agency Continuity of Operations Plan

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Agency's ability to conduct its business. A prolonged disruption in the Agency's operations could have an adverse effect on the Agency's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Agency has developed a Continuity of Operations Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Agency and minimize disruption if an emergency threatens, interrupts or incapacitates the Agency's operations, (ii) provide Agency leadership with timely direction, control and coordination before, during and after an emergency or similar event, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency or similar event. No assurances can be given that the Agency's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations.

Cybersecurity

The Agency relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Agency faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance agencies and other public finance entities have been targeted by outside third parties, including technologically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Agency, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Agency uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Agency conducts regular information security and privacy awareness training that is mandatory for all Agency staff. The Agency's Business Technology Support group has management responsibility for all information technology and leads the efforts of the Agency to keep its cyber assets secure. The Agency's Business Technology Support group and contracted services from the Office of MN.IT Services, an agency of the executive branch of the State, regularly conduct risk assessments, audits and tests of the Agency's cybersecurity systems and infrastructure.

Despite its efforts, no assurances can be given that the Agency's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used by perpetrators are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber attacks have not had a material impact on the Agency's financial condition, results or business; however, the Agency is not able to predict future attacks or their severity. The results of any attack on the Agency's computer and information technology systems could impact its operations for an unknown period of time, damage the Agency's digital networks and systems, and damage the Agency's reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Agency's reputation and relationships could adversely affect the Agency's ability to conduct its programs and operations in the future.

THE DEVELOPMENT

The Development

The Agency intends to use the proceeds of the Series Bonds to make a short-term first lien bridge Mortgage Loan that will finance a portion of the costs of the acquisition and rehabilitation of a multifamily housing development. The Development, known as Calvary Center Apartments, will be the acquisition and rehabilitation of a seven-story elevator building, located in Golden Valley, Minnesota. The Development has 80 residential units. The total development cost is estimated to be approximately $19.623 million. The Development is expected to be completed by September 2024. The Development will be acquired and rehabilitated by CCA Apartments LLC, a Minnesota limited liability corporation.

The Agency expects to use the proceeds of the Series Bonds to be deposited in the Mortgage Loan Account to make the bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The bridge Mortgage Loan, in the principal amount of $7.94 million, will mature in full on January 1, 2025. The bridge Mortgage Loan will not be insured by FHA or secured by any other third-party credit enhancement, but the Agency expects the bridge Mortgage Loan to be repaid from a long-term end loan from the Agency in the principal amount of $1.635 million and a portion of the equity contributions from the tax credit investor, which is purchasing the low income housing tax credits described below. The bridge Mortgage Loan will be secured in part by a guaranty from Calvary Community Services, Inc., a Minnesota nonprofit corporation.

As a result of the issuance of the Series Bonds, all of the dwelling units in the Development will be eligible for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Occupancy in all of those dwelling units will be limited to households with incomes at initial occupancy at or below 60 percent of the area median income, adjusted for household size, for a period of 50 years.

The Development will be benefitted by a project-based Section 8 Housing Assistance Payments Contract, with a term ending July 31, 2046, covering all of the dwelling units.

Estimated Sources and Uses of Series Bond Proceeds and Agency Funds

The estimated sources and uses of proceeds of the Series Bonds and funds to be provided by or through the Agency are as follows:

Sources:	
Principal Amount of Series Bonds	$7,940,000
Funds Available to the Agency	188,500
Total Sources of Funds.......................................	$8,128,500
Uses:	
Series D Mortgage Loan Account	$7,940,000
Revenue Fund	45,000
Costs of Issuance...	143,500
Total Uses of Funds	$8,128,500

THE SERIES BONDS

The Series Bonds will be fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series Bonds. Computershare Trust Company, National Association, Minneapolis, Minnesota, serves as successor Trustee under the Bond Resolution.

The Series Bonds will be issued in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the date and in the amount set forth on the inside front cover hereof.

The Series Bonds bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024, at the rate set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. As long as the Series Bonds are in book-entry form, interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, and DTC will redistribute that interest. (See Appendix E – "Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer.

Special Redemption at Par

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development; or (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development. The Agency will apply any unexpended proceeds or Recovery Payments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments.

Optional Redemption

The Agency may redeem the Series Bonds at its option, in whole or in part, on any date on or after August 1, 2024, in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

General Redemption Provisions

Any Series Bonds to be redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the principal amount of the Series Bonds to be redeemed. If less than all Series Bonds are to be redeemed, the Series Bonds to be redeemed are to be selected in $5,000 principal amounts at random by the Trustee. The Agency will not at any time cause Series Bonds to be optionally redeemed if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after the redemption.

The Trustee is required to mail a copy of the notice of redemption to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date. Any defect in or failure to give the required mailed notice of redemption will not affect the validity of any proceedings for the redemption of Series Bonds not affected by that defect or failure.

SECURITY FOR THE BONDS

Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge and a grant of a security interest in (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds and notes), (b) all Mortgage Loans and Investments made or purchased from the proceeds, (c) all Revenues as defined in the Bond Resolution, and (d) money, Investments, and other assets and income held in and receivables of Funds established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds, and federal or State laws heretofore or hereafter enacted pledging particular funds for a specified purpose. The pledge and security interests granted by the Bond Resolution are for the equal benefit, protection and security of Holders of all Bonds, including the Series Bonds.

The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Bonds, including the Series Bonds, and the Series Bonds are not a debt of the State.

Mortgage Loans

The Bond Resolution requires, except in certain circumstances hereinafter described, that each Mortgage Loan be secured by a first mortgage lien (subject to permitted encumbrances) on the real property, or leasehold interest of the Mortgagor in the real property under a lease with a term at least twice the length of the term of the Bonds, that is the site of the Development financed by that Mortgage Loan, and all improvements thereon. At the initial closing for each Development, the Agency receives a recorded Mortgage and a mortgagee's title insurance policy in the amount of the Mortgage Loan. The Agency may also participate with other parties in the making of a Mortgage Loan if the Agency's mortgage lien, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Bond Resolution also permits the Agency, if it holds a Mortgage that constitutes a first mortgage lien on a Development, to make an additional Mortgage Loan for the Development and secure the additional Mortgage Loan by a Mortgage on a parity with or junior and subordinate to the first lien Mortgage held by the Agency. In addition, the Bond Resolution allows the Agency to make Subordinate Mortgage Loans with respect to a Development upon the terms and conditions as the Agency may deem appropriate, but solely from amounts that would otherwise be available to be removed by the Agency from the lien of the Bond Resolution.

Under the Bond Resolution, there will at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution that, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from the calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that this covenant is met, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions must be based upon the Agency's reasonable expectations as of the date of the determination. The Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together with capitalized interest and estimated investment income of certain Funds and Accounts established by the Bond Resolution, to the extent provided therein. The ability of the Mortgagors to make scheduled payments to the Agency depends, among other things, on the Developments achieving and sustaining occupancy and rental levels necessary to generate rental income that, together with any applicable subsidies, the Agency expects will be sufficient to meet the required loan payments, to fund required reserves and escrows and to meet operating expenses. Under the Bond Resolution, the Agency (unless otherwise required by any agency of the United States guaranteeing, insuring or otherwise assisting in the payment of the Mortgage Loan or Subordinate Mortgage Loan) may give its consent to Prepayment of a Mortgage Loan or Subordinate Mortgage Loan only if certain conditions as described under the caption "Summary of Certain Provisions of the Bond Resolution — Mortgage Provisions and Conditions — Prepayments" in Appendix D hereto have been met. If any Mortgage Loan or Subordinate Mortgage Loan goes into default or investment income differs from the amounts estimated to be received, the amount of money available for the payment of Principal Installments of and interest on the Bonds may be adversely affected; however, as is described elsewhere in this Official Statement, moneys may be available from other sources, including the Debt Service Reserve Fund.

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of December 31, 2022 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

Debt Service Reserve Fund

No funds will be credited to the Debt Service Reserve Fund with respect to the Series Bonds (and the Debt Service Reserve Requirement in respect of the Series Bonds will be $0.00), since, in addition to the other security provided pursuant to the Bond Resolution, payment of principal with respect to the bridge loan funded by the Series Bonds will be secured as described under "The Development."

Upon issuance of the Series Bonds, the aggregate Debt Service Reserve Requirement for the Bond Resolution will be approximately $391,006 and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The Agency will use moneys held in or credited to a debt service reserve fund solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when the bonds are redeemed before maturity, provided that the moneys in that fund must not be withdrawn therefrom at any time in an amount as would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency may not issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of that issuance does not equal or exceed the minimum amount required by the resolution creating that fund unless the Agency deposits in each fund at the time of the issuance from the proceeds of the bonds or otherwise an amount that, together with the amount then in the fund, will be no less than the minimum amount so required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and

> estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency . . . .

In the opinion of Bond Counsel and counsel to the Agency, the Legislature is legally authorized, *but not legally obligated,* to appropriate those amounts to the Debt Service Reserve Fund.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a series resolution, to provide funds for the purpose of financing Mortgage Loans for Developments under the Agency's programs of making Mortgage Loans and, in addition, to refund outstanding Bonds or other obligations issued to finance Mortgage Loans, upon certain conditions contained therein (see Appendix D – "Summary of Certain Provisions of the Bond Resolution—Additional Bonds"), without limitation as to amount except as may from time to time be provided by law. Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and the Outstanding Bonds and entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

Nothing in the Bond Resolution prohibits the financing of other multifamily housing developments under other bond resolutions.

State Pledge Against Impairment of Contracts

The State in the Act has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with them or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of those Holders, are fully met and discharged.

THE RENTAL HOUSING PROGRAM

The Bond Resolution is currently the primary source of funds borrowed by the Agency to fund its multifamily housing programs. The proceeds of Bonds issued under the Bond Resolution are lent by the Agency to for-profit, nonprofit and limited profit sponsors that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families with low and moderate incomes.

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources available to address those needs. There follows a description of the housing programs for which there are loans outstanding that were either funded from Bond proceeds under the Bond Resolution or are pledged as additional security under the Bond Resolution. All of the Developments financed under the Bond Resolution in recent years have been processed under the Low and Moderate Income Rental Program, either as long-term loans or as bridge loans. Recently originated loans have included the acquisition and construction of rental properties that will be eligible for federal low-income housing tax credits and loans for the preservation of existing federal subsidies under the Section 8 program.

The existing Developments financed by Outstanding Bonds have been originated under the following programs:

—Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)

—Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

In addition to the programs listed above, loans contributed as additional security under the Bond Resolution have been financed under the following program:

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of December 31, 2022 for the programs as listed above:

Rental Housing Program Mortgage Loan Program Summary as of December 31, 2022

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments/Asset Management Program*	10	686	$19,613,305	12.48%
Low and Moderate Income Rental Program**	56	3,930	136,393,726	86.70
Market Rate Mortgage Loan Program ...	2	163	1,294,592	0.82
	68	4,779	$157,301,623	100.00%

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*Includes seven HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 568 aggregate units and an aggregate outstanding loan amount of $18,374,180.

**Includes 35 HUD Risk-Sharing loans for Developments with 2,531 aggregate units and an aggregate outstanding loan amount of $72,644,391and five bridge mortgage loans for Developments with 338 units and an aggregate outstanding loan amount of $39,210,000.

Low and Moderate Income Rental Program

The Low and Moderate Income Rental Program (the "LMIR Program") is the program under which the Agency is currently making loans funded from the proceeds of Bonds issued under the Bond Resolution. Some of the loans involve the preservation of existing federal housing subsidies. The federal housing subsidies preserved in connection with loans under the LMIR Program have included Section 8 project-based assistance; this subsidy program is described below. Most recent developments financed under this program have also benefited from the receipt of federal low-income housing tax credits.

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR Program, may also use other available funds to provide permanent and construction loan financing for the acquisition/rehabilitation, refinance/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds or other available funds are lent by the Agency to nonprofit or limited profit entities that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. Several of the loans made under the LMIR Program have been insured under the FHA Section 223(a)(7) and 241 insurance programs. Generally, loans to Developments financed under the LMIR Program also receive one or more low- or non-interest bearing, non-amortizing subordinate loans that facilitate keeping rents below market rate levels and reduce the amount of amortizing debt.

In the Agency's administration of its LMIR Program, the Agency has made Mortgage Loans of up to 100 percent of total development costs. Mortgage Loans for Developments are generally made for terms of 30 to 40 years or are made as short-term loans payable when construction or rehabilitation is completed.

HUD Risk-Sharing Program

As part of the LMIR Program under the Bond Resolution, the Agency has made and expects to make Mortgage Loans under the Department of Housing and Urban Development Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans ("HUD Risk-Sharing Program"). Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") authorized the Secretary of the Department of Housing and Urban Development ("HUD") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through the Federal Housing Administration ("FHA"), will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The HUD Risk-Sharing Program allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, and provides for reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect.

The HUD Risk-Sharing Program requires that an interested HFA first be approved as a qualified housing finance agency. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement between the Commissioner of FHA and the HFA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans, and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the HUD Risk-Sharing Program include projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program.

The Agency has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act. The Agency has entered into a risk-sharing agreement with HUD dated as of May 3, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Agency's participation in the HUD Risk-Sharing Program. The Agency has a "Level I" and "Level II" approval under the regulations, which means the Agency agrees to reimburse HUD for 50 percent, or from 10 percent to 50 percent, of any losses incurred as a result of a default under a HUD Risk-Sharing Program loan. "Level I" approval permits the Agency to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans with review and approval by the local HUD office. Most of the Developments committed to be financed to date under the HUD Risk-Sharing Program have been insured based upon a 50/50 split of any losses.

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

A mortgagee under an FHA-insured mortgage is entitled to receive the benefits of insurance after the mortgagor has defaulted and that default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after that grace period and monthly thereafter, unless waived by HUD, until the default has been cured or the Agency has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default unless extended at the request of the HFA. The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. HUD must make all claim payments in cash. The initial claim payment is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. Within 30 days of the initial claim payment, the HFA must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms and must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the HFA's reimbursement obligation to HUD under its Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed-in-lieu of foreclosure or (2) expiration of the term of the HFA debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the Mortgage Note and the Risk-Sharing Agreement.

The Agency Regulatory Agreement

The uninsured Section 8-assisted Developments and Developments financed under the LMIR and HUD Risk-Sharing Programs are all subject to regulatory agreements with the Agency regulating their rents, distributions, occupancy, management and operation. The regulatory agreements are in effect during the entire term of the Mortgage Loan. Under the regulatory agreements, a limited-profit or nonprofit owner may not make distributions to its partners or members in any one year in excess of a percentage of its initial equity in a Development. The allowable percentage of equity ranges from 6 percent to 15 percent, depending on the program under which the Mortgage Loan was financed.

Section 8 Program

General Description

Under the Section 8 Program, HUD provides for the payment of a subsidy for the benefit of low income families, which are defined generally as those families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD. Until recent years, almost all of the Developments with Section 8 subsidies financed by the Agency were financed from a set-aside from HUD under which the Developments were underwritten and financed by the Agency. The Agency entered into Traditional Contract Administration ("TCA") Annual Contributions Contracts ("ACC"s) with HUD and Section 8 Housing Assistance Payments Contracts ("HAP Contracts") with owners under which the subsidy payments were made on behalf of tenants in the Developments. Pursuant to the ACC for each Development, HUD committed funding through the entire term of the HAP Contract. The Agency receives monthly subsidy payments with respect to each assisted dwelling unit, and then in turn disburses or credits monthly housing assistance payments to the owner of the Development under the HAP Contract. In addition, several of these Developments also received an Agency first mortgage loan, some of which were insured under an FHA insurance program. After the initial contract expiration, many of these HAP Contracts have been renewed for a period of 20 years. The owner has the option to renew for a shorter term. It is anticipated, but not assured, that HUD will continue to provide the opportunity for owners to renew expiring HAP Contracts under the provisions of Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. In recent years, the Agency has provided new financing (deferred or amortizing) to Developments with HAP Contracts, many in conjunction with a Declaration of Covenants, Conditions and Restrictions pursuant to which the owner has agreed to continuously renew the HAP Contract through the maturity date of the Agency's Mortgage Loan. It is anticipated, but not assured, that the federal government will continue to provide these owners with the option to renew their HAP Contracts upon expiration. Renewals of HAP Contracts beyond the expiration of the initial contract term are subject to annual appropriations and spending authority in the federal budget. Contracts to convert tenant-based HUD vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

HAP Contract Term for State Agency Set-Aside Program

Under HUD regulations, the initial terms of the HAP Contracts for uninsured Developments financed under the state agency set-aside program were for either 30 or 40 years, with provisions for renewal for five-year periods within the 30- or 40-year term. The term of the initial ACC is the same as the initial HAP Contract term. Nonrenewal of the Section 8 HAP Contract under federal law and Minnesota state statutes requires proper notification to the residents, the applicable city, the Metropolitan Council Housing and Redevelopment Authority, the Agency and HUD. This nonrenewal (opt-out) of the HAP Contract is independent of the Development's existing first mortgage financing. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.") Although the Section 8 housing assistance payments are made to the owner and in effect represent rental income, the HAP Contract may, with HUD's consent, be assigned as security by the owner to the first mortgage lender for the Development. All of the Developments with HAP Contracts within the Agency's first mortgage loan portfolio are assigned to the Agency as security for the Mortgage Loan. HAP Contracts may not be terminated by HUD if the Mortgage Loan on the Development goes into default, so long as the owner has not breached any of the owner's obligations under the HAP Contract. In the event of a breach of the HAP Contract by the owner, HUD may abate subsidy payments or terminate the HAP Contract after giving the owner reasonable opportunity to comply with the requirements of the HAP Contract. Under HUD regulations, the HAP Contract may be assigned to a new owner of the Development. HUD may also determine that the HAP Contract may be terminated or may reassign the Section 8 housing assistance payments subsidy to another development. If the Section 8 subsidy is assigned to another development, the HAP Contract and the ACC will continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.")

Certain Information Regarding Housing Assistance Payment Contracts

General

The following discussion provides certain information with regard to the Section 8 program and HAP Contract requirements that may affect payments made by HUD pursuant to the HAP Contracts. That information is not comprehensive or definitive and, as appropriate, is qualified in its entirety by reference to the United States Housing Act of 1937, as amended (the "Housing Act"), and HUD Section 8 Program Guidebooks, Handbooks, Notices, and Memoranda.

Adjustments in Contract Rents

The HAP Contract defines the type of contract rent adjustment that the Development can request. For HAP Contracts in the Agency's Traditional Contract Administration portfolio that are in their original term, owners can request an Annual Adjustment Factor Rent Adjustment based on the annual adjustment factor published by HUD. Interim revisions may be made where market conditions warrant. The annual adjustment factor is applied on the anniversary date of each HAP Contract to contract rents, resulting in upward adjustment. Pursuant to federal legislation enacted in 1997, if the contract rents for a Development exceed the applicable HUD fair market rents, then contract rents may not be increased beyond comparable market rents (plus the initial differential between the initial contract rents and the comparable rents). The comparable rents are determined by independent appraisals of Developments in the form of a Rent Comparability Study submitted by the owner. In addition, special additional adjustments may be granted to reflect increases in the actual and necessary expenses of owning and maintaining a Development resulting from substantial "and general increase in real property taxes, assessments, utility rates and hazard insurance increases, where the increased cost is not sufficiently covered by the annual AAF adjustment." HUD Notice H 2002-10. Adjustments may not result in material differences between rents charged for assisted units and unassisted units of similar quality and age in the same market area, except to the extent of the initial difference at the time of contract execution. Under current law, "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section, unless the project has been refinanced in a manner that reduces the periodic payments of the owner." 42 U.S.C. § 1437f(c)(1)(C). There can be no assurance that increases in contract rents will result in revenues sufficient to compensate for increased operating expenses of the Developments. There can be no assurance that there will not be a decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See "Certain Recent Developments.")

Limitations on Increases in Housing Assistance Payments

An increase in contract rents, because of the application of an annual adjustment factor or a special additional adjustment, will normally result in an increase in Housing Assistance Payments payable to the owner under the HAP Contract. The annual maximum housing assistance payments are initially limited to the initial contract rents. A project account is required to be established and maintained by HUD, in an amount determined by HUD, and the account must be established and maintained consistent with its responsibilities under the Housing Act. Whenever the estimated annual housing assistance payment exceeds the annual maximum housing assistance commitment and would cause the amount in the project account to be less than 40 percent of that maximum commitment, HUD is required to take additional steps authorized by Section 8(c)(6) of the Housing Act to assure that housing assistance payments will be increased on a timely basis. Section 8(c)(6) of the Housing Act authorizes "the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts." Based on this guidance, HUD does not increase annual contributions contract authority until the project account has been exhausted.

Certain Recent Developments

In July 2002, HUD announced an interpretation of its Office of General Counsel with respect to the form of HAP Contract in use prior to 1979 (the "Old Regulation HAP Contract"). This interpretation provides that the HAP Contract terminates upon any prepayment of the original permanent financing of the related development, including any refinancing that included prepayment of the first Mortgage Loan. HUD also stated that it would agree to amend any HAP Contract to eliminate that termination. All of the first mortgage loans with this form of HAP Contract in the Agency's TCA portfolio were provided by the Agency. There are many Developments with Agency mortgage loans that have been prepaid where HUD has continued to make payments under the HAP Contracts during the years since the Agency loans were prepaid. It is the Agency's understanding that current HUD practice is to approve the continuation of HAP Contracts upon payment of the original financing when the owner has elected to remain in the Section 8 program. In 2015, HUD issued the final version of the Section 8 Renewal Policy Guide Book. Chapter 16 of the Guide Book reiterates the Office of General Counsel interpretation of the Old Regulation HAP Contract and gives prepaying owners the option to amend the HAP Contract to extend the term to the originally scheduled maturity date, renew the HAP contract under the Multifamily Assisted Housing Reform and Affordability Act ("MAHRA"), or opt out of the Section 8 program. Contracts that are subject to Chapter 16 will be renewed and amended as outlined in the newly revised chapter. At this time, the Agency cannot predict the potential risk for opt-outs under the provisions of Chapter 16; however, the Agency handles potential opt-outs proactively to support the Agency's priority for preservation of federally assisted housing.

In recent years, there have been numerous pronouncements from HUD officials and various elected officials as to the future of HUD and the Section 8 program. The scope of these pronouncements has ranged from a total elimination of HUD and the Section 8 program to a restructuring of HUD and the reduction in funding of the Section 8 program. In addition, the consolidation and alignment of HUD's programs and the transfer of certain administrative responsibilities for HUD programs to contract administrators, state and local governments and other entities continue to be proposed. (Note that HUD has contracted project-based Section 8 program administration services to state and local governments and other entities since 1999.) Furthermore, Congress continues to propose reductions in all federal spending, including funding for HUD and its programs.

HUD officials have from time to time proposed to Congress that it repeal the provision of the Housing Act prohibiting the Secretary of HUD from reducing contract rents below the current contract rents in effect as of April 15, 1987. (See "Adjustments in Contract Rents.") It is not clear whether such a repeal would withstand a constitutional challenge. The effect of repealing those provisions would be to permit HUD to reduce the contract rents for Section 8 Developments to "market rents," but not lower than the initial contract rents, plus the initial difference, approved by HUD for the Development. Reductions in current contract rents have occurred and continue to occur due to HUD's changes to its Section 8 Renewal Policy Guide Book and its 4350.1 Handbook (Chapter 7).

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD's structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

Over the years, there have been several court decisions with respect to the Section 8 program and HAP Contracts. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group*, held that HAP Contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAP Contracts (which states, in effect, that notwithstanding any other provision of the HAP Contract, adjustments provided for in that section of the HAP Contract must not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units that are greater than the initial difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAP Contracts permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the "initial difference" referred to in the HAP Contract is determined by the initial dollar amount and not by a percentage of the initial rents. Based on guidance in HUD's Section 8 Renewal Policy Guidebook, issued in 2000, as amended, HAP Contracts that are renewed under MAHRA may have their contract rents reduced to "market rents." This Guidebook also provides the opportunity for debt restructuring by HUD's Office of Affordable Housing Preservation in conjunction with the reduction in contract rents if a property is eligible.

At this time, the Agency is unable to predict what additional actions, if any, HUD or Congress will take in the future with respect to rent adjustments. Future policy changes for rent adjustments may be impacted by federal budget constraints. Beginning in federal fiscal year 2012, HUD implemented three primary cost cutting measures that affect all New Regulation (i.e., post-1979) HAP Contracts. These cost cutting measures, which have been continued for federal fiscal year 2015, include using residual receipts in lieu of rent increases, using residual receipts in lieu of subsidy payments, using the lesser of budget-based or Operating Cost Adjustment Factor ("OCAF") rent adjustments, offering automatic OCAF rent adjustments that are limited to market rents including option 4 multi-year annual renewals, and short funding HAP Contracts. Old Regulation HAP Contracts that have not initially renewed under MAHRA have not been affected by the cost cutting measure of using residual receipts in lieu of subsidy payments. As noted above under "Adjustments in Contract Rents," Congress has passed legislation and HUD has implemented procedures to restrict Annual Adjustment Factor rent increases above fair market rents for the 1997 and subsequent federal fiscal years for contracts that are in their original 20-, 30- or 40-year term. Upon initial renewal of the HAP Contract, the Development generally is not eligible for Annual Adjustment Factor rent adjustments under MAHRA, but is eligible for budget based, Operating Cost Adjustment Factor, mark-up-to-market, and mark-to-market (mark down to market) rent adjustments. HUD's Section 8 Renewal Policy Guide Book, as amended, and its Handbook 4350.1, Chapter 7 do not allow for the use of initial differences, Financing Adjustments, or Financing Adjustment Factors when determining these rent adjustments; they are excluded from rent adjustment calculations. Also, HUD has proposed additional changes to the Section 8 HAP Contracts that include provisions around combining HAP Contracts and risk-based monitoring. Currently, guidance for combining HAP Contracts has been issued through a HUD memorandum. The Agency has not seen this tool leveraged by owners; however, the potential does exist. This measure would reduce the number of on-site inspections and the number of financial statements that owners must submit, as well as allow properties to share income and operating expenses. The 2014 cost cutting measures remain in effect. Actions by HUD that limit options for contract renewals and restrict the definition of market rents in many cases result in a decrease in contract rents, which could negatively impact the ability of owners to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds from the amounts pledged under the Bond Resolution.

Project-Based Vouchers

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent ("FMR") or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

Section 8 Contract Administration

In 2000, the Agency was awarded an Annual Contributions Contract ("ACC") with HUD as a Performance-Based Contract Administrator ("PBCA") for the contract administration of a portion of HUD's project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through January 31, 2024. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

HUD issued two draft Request for Funding Proposals ("RFPs") that encapsulated the work conducted under the PBCA program in late 2017. The draft RFPs contemplated significant program changes, including dividing the work between a national contract and multiple regional contractors. In March of 2018, HUD cancelled the RFPs in light of the extensive comments that were submitted regarding the drafts. The cancellation notices indicate that HUD plans to undertake additional due diligence and expects to issue new RFPs at some point in the future. It is unclear when HUD may issue any more RFPs related to the work conducted under the PBCA program. Depending on the form and content of any RFPs, there may be bid protests and litigation with respect to the RFPs and any new awards of the PBCA contracts that result from the RFPs. The Agency intends to seek to retain the PBCA work in the State of Minnesota. There is, however, significant uncertainty in this area as it is unknown when HUD will release any subsequent RFPs, what the terms of those RFPs will be, and what impact any bid protests or litigation may have on the process. HUD reserved the right to terminate the ACC with 120 days' notice if HUD completes or anticipates completing the RFP solicitation process before the end of the extension term.

Market Rate Mortgage Loan Program

In its Market Rate Mortgage Loan Program, which is administered by the Multifamily Division of the Agency, the Agency issues Bonds under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds are lent by the Agency to nonprofit or limited profit sponsors that agree to construct the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. The Agency is not presently making any new Mortgage Loans pursuant to this Program.

Monitoring of Developments

In an attempt to minimize the risk inherent in long-term Mortgage Loans, the Agency has established the following guidelines for the monitoring of Developments:

- The Agency's Accounting Division is responsible for monthly billing of principal and interest and escrows, and for paying insurance, property taxes and other expenses in a timely manner.
- The Agency's Multifamily Asset Management Section is responsible for the supervision of all Developments, beginning with the feasibility processing. Prior to loan closing the Asset Management Section works with the sponsors and their marketing and management agents to review marketing and management plans. The management plan of a Development includes information on the management agent's proposed method of operating the Development. That information relates to the organizational structure and on-site duties and staffing of the management agent, initial and on-going marketing plans, contents of an orientation handbook for residents and requirements for reporting operating expenses, budget and energy conservation information. Upon completion of construction or rehabilitation, the Asset Management Section begins to monitor the implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

The Asset Management Section generally monitors the operations of Developments on an ongoing basis in generally the following ways:

- *On-Site Inspections*. After initial marketing has been completed, on-site inspections are periodically made to check on management performance. Reports summarizing findings of inspections are submitted to the owner and management agent along with a timetable for correcting deficiencies, if necessary.
- *Reporting Requirements*. Management agents for each Development are required to submit regular accounting and occupancy reports to the Agency's Asset Management Section. Smaller, non-subsidized Developments have proven to be erratic in meeting the Agency's reporting requirements.

The reports are reviewed by the Housing Management Officer assigned to each Development in order to identify significant deviations from the operating budget or change in occupancy.

The Agency generally receives the following financial information related to each Development:

(i) Monthly Operating Report—due the 15th day of the following month;

(ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;

(iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;

(iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and

(v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.

- *Training Sessions*. The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

Applicable Federal Law Requirements

Applicable federal tax law imposes significant limitations on the financing of Mortgage Loans for Developments with the proceeds of qualified residential rental property bonds, such as the Series Bonds. (See “Tax Exemption and Related Considerations.”)

OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency finances other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the notes to the Financial Statements in Appendix B-1.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Bond and Series Resolutions, and loan documentation pertaining to the Development financed by the Series Bonds, contain provisions (the “Tax Covenants”), including covenants of the Agency and the owner, pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, provided interest on any Series Bond, is not excluded from gross income for federal income tax purposes of any holder of the Series Bonds who is a "substantial user" of a development financed by the Series Bonds or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code; however, interest on the Series Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix F.

Prospective owners of the Series Bonds should be aware that the ownership of obligations such as the Series Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations and applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds. Interest on the Series Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which that noncompliance occurs or is discovered. The Agency will covenant that it will do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing Federal tax requirements with the issuance of the Series Bonds that will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require owners to make certain covenants in the Mortgage Loan documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

Each series of bonds issued under the Bond Resolution with the intention that the interest paid thereon will be excludable from gross income for Federal income tax purposes ("Tax-Exempt Bonds"), including the Series Bonds, must satisfy the applicable requirements of the Code. In general, Tax-Exempt Bonds originally issued for new money purposes after the general effective date of the Code of August 16, 1986, are fully subject to the applicable requirements of the Code, including the more restrictive low income set-aside requirements under the Code. The Series Bonds are fully subject to the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements and other requirements for qualified residential rental projects under the Code.

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

Certain State Tax Legislation

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

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

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

Changes in Federal and State Tax Law

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

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency, overtly threatened any litigation against the Agency seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

The Agency is a party to various litigation arising in the ordinary course of business. While the ultimate effect of those actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

LEGAL MATTERS

The validity of the Series Bonds and the tax exemption of interest thereon are subject to the legal opinion of Kutak Rock LLP, Bond Counsel. A copy of the opinion of said firm, substantially in the form set forth in Appendix F hereto, will be available at the time of delivery of the Series Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Dorsey & Whitney LLP.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

RATINGS

The Series Bonds are rated "Aa1" by Moody's Investors Service, Inc., and "AAA" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. The Agency cannot give any assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date of this Official Statement, investors should not assume that the ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

TRUSTEE

Computershare Trust Company, National Association (the "Trustee"), a national banking association, serves as successor Trustee under the Bond Resolution to Wells Fargo Bank, National Association ("WFBNA"). The Trustee also serves as bond trustee for other outstanding bonds of the Agency. As part of the sale of WFBNA's corporate trust services to the Trustee, virtually all corporate trust services employees of WFBNA along with most existing corporate trust services systems, technology and offices, transferred to the Trustee, together with all duties, obligations and rights of WFBNA under the Bond Resolution.

Pursuant to the Bond Resolution, any successor Trustee, including a successor by sale or transfer of the corporate trust business, must be a bank or trust company or national banking association having trust powers and combined capital and surplus aggregating at least $75,000,000.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") will purchase the Series Bonds. The Underwriter is to be paid a fee of $73,500.00 with respect to its purchase of the Series Bonds. The Underwriter may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which it may have received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of the Agency.

The Underwriter is a subsidiary of Royal Bank of Canada.

MISCELLANEOUS

This Official Statement is submitted in connection with the offering of the Series Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or holders of any of the Series Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

MINNESOTA HOUSING FINANCE AGENCY

By /s/ Jennifer Ho
Commissioner

July 20, 2023.

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APPENDIX A

DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS, AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION, INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS

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DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS AND PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION

AS OF DECEMBER 31, 2022

MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS

Development Name	Location	Mortgage Loan Interest Rate	Outstanding Mortgage Loan Balance (1)	Undisbursed Mortgage Amount	Development Reserves (2)	Mortgage Note Maturity	Program Type	Subsidy Expiration	No. of Subsidized Units	Total No. of Units
BOSSEN PARK APTS	Minneapolis	6.68 %	$ 1,230,877	$ -	$ 132,278	02/01/30	LMIR/HRS	N/A	0	110
CONCORDIA ARMS	Maplewood	5.75	3,349,199	-	819,130	07/01/49	LMIR/HRS/HAP	12/31/32	125	125
GENEVA VILLAGE	Oakdale	7.21	1,558,859	-	653,530	01/01/28	LMIR	N/A	0	175
HILLSIDE TERRACE	Long Lake	6.72	1,220,600	-	326,555	08/01/34	LMIR/HRS	01/15/31	44	44
JACKSON PLACE	Elk River	5.63	777,273	-	88,947	04/01/38	LMIR	N/A	0	32
LARSON COMMONS	Cloquet	6.52	1,896,287	-	946,466	06/01/37	HAP/HRS	03/31/40	85	85
MARSHALL SQUARE APTS	Marshall	6.45	1,090,353	-	150,265	02/01/36	LMIR/HRS/HAP	08/24/25	90	90
NORTH MOORHEAD	Moorhead	1.40	5,485,000	-	-	07/01/23	LMIR /BRIDGE	(3)	10	46
RIVERTOWN COMMONS	Stillwater	6.15	2,546,038	-	192,150	03/01/38	LMIR/HRS	04/30/40	96	96
SNELLING YARDS	Minneapolis	1.30	7,840,000	-	-	01/01/24	LMIR/BRIDGE	(3)	11	100
SPRING CREEK II	Northfield	3.30	7,190,000	6,243,568	-	07/01/24	LMIR/BRIDGE	(3)	24	32
THE CROSSROADS fka SOUTH PARK MANOR	Dodge Center	0.00	221,574	-	114,935	04/30/23	HAP/AMP	10/31/37	37	37
THE LUMIN AT HIGHLAND BRIDGE	St Paul	4.80	10,495,000	10,495,000	-	07/01/24	LMIR /BRIDGE	(3)	60	60
THE SQUARE ON 31ST fka ROCHESTER SQUARE	Rochester	5.75	1,762,289	-	349,650	07/01/44	LMIR/HRS/HAP	02/17/34	95	104
WHITTIER COOP	Minneapolis	0.00	922,500	-	575,233	11/30/23	HAP/AMP	09/14/30	45	45
WOTW THEODORE	Minneapolis	3.85	8,200,000	8,200,000	-	07/01/24	LMIR/BRIDGE	(3)	6	100
YORKDALE	Edina	5.00	3,640,148	-	409,294	06/01/48	HAP/HRS	06/30/39	90	90
Subtotal			$ 59,425,998	$ 24,938,568	$ 4,758,434				818	1371

Footnotes and Program Type legend appear on the last page of this Appendix A.

DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS AND PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION

AS OF DECEMBER 31, 2022

MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION

Development Name	Location	Mortgage Loan Interest Rate	Outstanding Mortgage Loan Balance (1)	Undisbursed Mortgage Amount	Development Reserves (2)	Mortgage Note Maturity	Program Type	Subsidy Expiration	No. of Subsidized Units	Total No. of Units
ALBERTVILLE TOWNHOMES	Albertville	5.73 %	$ 855,068	$ -	$ 68,508	9/1/1939	LMIR	N/A	0	37
ANDREWS POINT	Burnsville	5.00	1,766,659	-	108,398	05/01/42	LMIR/HRS	N/A	0	57
BLOOMING GLEN	Bloomington	6.17	2,421,081	-	180,818	10/01/38	LMIR/HRS	12/30/31	50	50
BOTTINEAU RIDGE APTS	Maple Grove	4.75	1,207,838	-	260,089	03/01/45	LMIR/HRS	N/A	0	50
BOULDER RIDGE TOWNSHOMES	Shakopee	3.94	2,222,725	-	39,386	09/01/54	LMIR/HRS	N/A	0	30
CAPITOL CITY	St. Paul	5.15	893,975	-	190,518	11/01/37	LMIR	N/A	0	69
CASCADE APTS	Fergus Falls	0.00	95,051	-	(4)	08/01/29	HAP/AMP	05/31/38	36	36
CATHEDRAL HILL HOMES	St. Paul	5.25	1,860,534	-	439,252.54	12/01/46	LMIR/HRS	05/31/35	60	60
CEDARDALE PLACE	Owatonna	4.49	4,776,528	-	316,883.04	06/01/54	LMIR/HRS	11/30/38	98	98
CENTRAL TOWERS	Rochester	5.00	3,851,538	-	669,869	08/01/43	LMIR/HRS	12/31/31	105	105
CHARTER OAKS TH	Stillwater	5.00	2,882,155	-	252,934	04/01/43	LMIR/HRS	12/31/27	60	60
CITY FLATS	Shakopee	5.86	345,622	-	148,732	06/01/37	LMIR	N/A	0	27
CITY PLACE LOFTS	Minneapolis	4.75	2,794,759	-	238,157	10/01/44	LMIR/HRS	N/A	0	55
COACHMAN RIDGE APARTMENTS	Elk River	5.25	1,251,103	-	193,233	06/01/46	LMIR/HRS	N/A	0	53
COMPASS POINTE TH	New Hope	5.25	2,327,492	-	68,612	02/01/46	LMIR/HRS	N/A	0	68
CORNERSTONE VILLAGE	St. Michael	5.63	1,679,994	-	95,616	10/01/28	LMIR	N/A	0	42
CRYSTAL LAKE TH	Grand Rapids	5.50	1,328,168	-	376,450	11/01/41	LMIR/HRS	08/31/23	48	48
EVERGREEN APTS	Hutchinson	5.50	1,892,902	-	320,472	12/01/41	LMIR/HRS	12/27/31	62	62
FIRST AVENUE FLATS	Rochester	4.50	4,660,909	-	102,758	10/01/34	LMIR	N/A	0	68
HIGHLAND APTS	Willmar	5.25	1,629,455	-	317,205	04/01/46	LMIR/HRS	05/31/39	79	79
HOFFMAN PLACE	White Bear Lake	5.50	1,781,202	-	363,359	10/01/27	LMIR	N/A	0	59
JEFFERSON SQUARE	Northfield	5.75	1,265,481	-	171,439	10/01/41	LMIR/HRS	12/31/30	50	50
LAKES RUN APTS	New Brighton	5.74	1,068,666	-	8,693	11/01/36	LMIR	N/A	0	52
LAKEVILLE COURT	Lakeville	5.00	2,509,214	-	40,362	08/01/42	LMIR/HRS	N/A	0	52
LIBERTY PLAZA	St. Paul	6.50	3,191,715	-	1,092,168	02/01/34	LMIR/HRS	09/30/24	78	173
MANY RIVERS	Minneapolis	3.94	2,278,187	-	134,806	10/01/54	LMIR/HRS	08/04/23	7	53
MAPLE RIDGE TH	Maple Grove	5.74	1,149,774	-	259,324	01/01/38	LMIR	N/A	0	45
MEADOWS WEST	Austin	5.00	1,936,177	-	190,668	10/01/43	LMIR/HRS	12/31/31	60	60
NORTHGATE WOODS	Blaine	5.50	2,729,397	-	277,527	10/01/52	HAP/HRS	06/30/40	75	75
PARK MANOR ESTATES	Detroit Lakes	4.75	3,670,322	-	384,155	05/01/44	HAP/HRS	09/30/39	97	97
PARK PLAZA	Minneapolis	5.00	1,546,007	-	229,059	09/01/33	LMIR/HRS	N/A	0	134
PARKVIEW VILLA	Columbia Heights	5.25	2,013,382	-	512,632	04/01/47	LMIR/HRS	N/A	0	142
PINE RIDGE APTS	Grand Rapids	5.25	2,356,298	-	239,501	07/01/46	HAP/HRS	02/28/38	60	100
RED PINE ESTATES	Bemidji	6.49	1,215,989	-	933,475	03/01/37	LMIR	12/29/30	86	86
RIVERSIDE TERRACE	Thief River Falls	4.75	2,088,330	-	341,839	07/01/43	LMIR/HRS	05/01/30	66	66
RIVERTOWN COMMONS	St. Paul	5.18	2,145,681	-	1,944	11/01/25	LMIR	04/30/39	28	139
RUSSELL ARMS/BENTON HEIGHTS	Sauk Rapids	5.15	2,281,824	-	418,772	09/01/37	HAP/HRS	05/31/42	71	91
SLATER SQUARE	Minneapolis	5.00	499,721	-	213,538	11/01/36	MR	N/A	0	163
SLATER SQUARE	Minneapolis	5.00	794,871	-	See above	11/01/36	MR	See above	See above	See above
ST. LUCAS RIVERSIDE APARTMENTS	Faribault	3.50	1,799,903	-	437,522	12/01/56	HRS/AMP	09/30/41	30	30
SUNWOOD VILLAGE	Ramsey	5.25	1,248,285	-	78,880	03/01/47	LMIR/HRS	N/A	0	47
TALMAGE GREEN	Minneapolis	5.75	960,604	-	197,396	02/01/34	LMIR/HRS	06/29/31	26	26
THE RIDGE APTS	Minnetonka	4.75	2,320,083	-	1,133,703	12/01/44	LMIR/HRS	N/A	0	64
THE WILLOWS	Shakopee	5.10	3,380,649	-	60,061	10/01/61	LMIR/HRS	06/30/23	13	60
TOWER TERRACE TOWNHOMES	Cambridge	3.49	1,573,336	-	269,611	05/01/55	LMIR/HRS	N/A	0	32
VICKSBURG COMMONS	Plymouth	6.40	788,986	-	107,939	03/01/38	LMIR	N/A	0	50
VILLAGE COMMONS	Savage	5.00	1,748,854	-	71,672	11/01/43	LMIR/HRS	N/A	0	66
VILLAGE ON THIRD	Rochester	6.14	1,417,395	-	95,796	05/01/25	LMIR	N/A	0	66
WASHINGTON CROSSING	Winona	5.75	1,171,792	-	34,769	01/01/36	LMIR/HRS	N/A	0	62
WEST VIEW ESTATES	Plymouth	5.00	3,068,344	-	310,820	09/01/42	LMIR	N/A	0	67
WILLOW RIDGE	St. Paul	6.39	1,131,596	-	68,539	04/01/38	LMIR	N/A	0	47
Subtotal			$ 97,875,625	$ -	$ 13,067,858				1,345	3,408
			$ 59,425,998	$ 24,938,568	$ 4,758,434				818	1,371
Total			$ 157,301,623	$ 24,938,568	$ 17,826,293				2,163	4779

Footnotes and Program Type legend appear on the last page of this Appendix A.

DESCRIPTION OF MORTGAGE LOANS INTENDED TO BE FINANCED WITH PROCEEDS FROM RENTAL HOUSING BONDS 2023 SERIES D

Development Name	Location	Mortgage Loan Rate	Mortgage Loan Amount	Estimated Development Reserves	Mortgage Note Maturity	Program Type	Subsidy Expiration	No. of Subsidized Units	Total No. of Units
Calvary Center Apartments	Golden Valley	4.65%	$7,940,000		1/1/2025	LMIR/ Bridge Loan	7/31/2046	80	80

Notes:

(1) All loans can be prepaid subject to Agency approval.

(2) Amounts listed under the heading "reserves" are pledged by the project owner under the project regulatory agreement. The reserve can be applied for project purposes under the regulatory agreement, and are paid to the owner when the mortgage loan is paid or prepaid in full. The reserves are not pledged as security under the Bond Resolution. The real estate tax and insurance reserves are excluded.

(3) Subsidy expiration date will not be determined until development is placed in service.

(4) $143,947 in development reserves are pledged in connection with an Agency loan that is not security under the Bond Resolution.

***Program Type Legend**

AMP = Asset Management Program
HAP = Section 8 Housing Assistance Payment Program (Uninsured Developments)
HRS = FHA Risk Share Insurance
LMIR = Low And Moderate Income Rental Program
MR = Market Rate Loan Program

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APPENDIX B-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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TABLE OF CONTENTS

		Page #
I.	INTRODUCTORY SECTION (UNAUDITED)	
	Commissioner's Report	3-4
II.	FINANCIAL SECTION	
	Independent Auditors' Report	5-8
	Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)	9-24
	Basic Financial Statements:	
	Agency-wide Financial Statements:	
	Statement of Net Position	25
	Statement of Activities	26
	Fund Financial Statements:	
	Statement of Net Position — Proprietary Funds	28-29
	Statement of Revenues, Expenses and Changes in Net Position — Proprietary Funds	30-31
	Statement of Cash Flows — Proprietary Funds	32-35
III.	Index to Notes to the Financial Statements	36
	Notes to Financial Statements	37-83
IV.	REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
	General Reserve and Bond Funds, Schedules of Selected Pension and Post-Employment Benefits Other Than Pension (OPEB) Information	84-85
V.	SUPPLEMENTARY INFORMATION	
	Fund Financial Statements:	
	Statement of Net Position — General Reserve and Bond Funds	86-87
	Statement of Revenues, Expenses and Changes in Net Position — General Reserve and Bond Funds	88-89
	Statement of Cash Flows — General Reserve and Bond Funds	90-93
VI.	OTHER INFORMATION (UNAUDITED)	
	General Reserve and Bond Funds, Five Year Financial Summary	94
	Contact Information	95

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Minnesota Housing continued to create, preserve and finance affordable housing throughout another year challenged by the ongoing impacts of the COVID-19 pandemic. The Agency maintained strong financial performance and positive program outcomes even as it also administered the largest-scale direct assistance program it has ever managed. The perseverance of staff, investment in systems, and mission focus of the Agency resulted in many accomplishments, some of which are highlighted below.

Delivering emergency federal housing assistance related to the COVID-19 pandemic

Minnesota Housing received unprecedented levels of federal funding to continue to assist Minnesota households falling behind on their housing bills due to the effects of the pandemic with two new programs. The first program, RentHelpMN, helped renter households by paying property owners their past-due rent and covering overdue utility bills. The second program, HomeHelpMN, helped struggling homeowners avoid foreclosure by working with lenders to cover overdue mortgage payments and related costs.

- Successfully administered COVID-19 Emergency Rental Assistance funds allocated to the state by the U.S. Department of Treasury through its RentHelpMN program. The program has paid out approximately $450 million in more than 100,000 payments, assisting more than 50,000 unique households.
- Developed and launched HomeHelpMN with $128 million from the Homeowner Assistance Fund, also issued by Treasury to assist homeowners who have fallen behind on mortgage payments or other housing-related expenses due to the pandemic.

Additionally, Minnesota Housing policy staff worked with stakeholders and the Governor's Office to propose a comprehensive budget that over three years would have provided over $715 million in new investments to prevent and end homelessness and to create and preserve significant levels of housing affordable to people with modest incomes. Unfortunately, the 2022 legislative session ended without new housing investments.

Creating and preserving homes Minnesotans can afford

At the heart of Minnesota Housing's mission is creating and preserving affordable rental and homeownership opportunities across the state. To that end, Minnesota Housing announced the following funding selections and project advancements as part of our annual consolidated Request for Proposals:

- Selected 20 multifamily applications to create/preserve 1,095 rental units, which included 377 units that will be deeply affordable.
- The 20 multifamily applications represent $220 million in total development costs.
- Selected 44 Single-family applications to create/preserve 360 homes.
- Supported projects funded with more than $21 million in grants and loans through its Single-family Impact Fund and Workforce and Affordable Housing Development selections.

Promoting affordable homeownership

Minnesota Housing's home mortgage production exceeded last year's record-breaking results. Highlights include the following:

- Programs for first-time and repeat homebuyers totaled over $1.1 billion in mortgage financing for almost 5,400 households.
- Provided $68 million in loans to cover downpayment and closing costs related to first mortgage financing.
- 98% of homeowners who use Minnesota Housing homeownership programs also used Agency downpayment/ closing cost assistance loan programs.
- Over 1,400 borrowers accessed more than $30 million in capital to improve or rehabilitate their homes.

- Nearly 40% of homeownership first mortgage loans were made to Black or Indigenous households or households of color.

Delivering financial assistance through programs

In addition to direct lending, Minnesota Housing administers a variety of programs that provide rental assistance to individuals and families who are homeless or who face housing instability, as well as individuals experiencing behavioral health issues. Minnesota Housing runs grant programs providing resources aimed at making homelessness rare, brief and one-time. Minnesota Housing also manages the federal Section 8 performance-based contract programs on behalf of the United States Department of Housing and Urban Development.

- Administered programs to assist individuals and families who are homeless or who face housing instability, reaching over 10,000 individuals and families in the last year.
- Delivered more than $220 million in Section 8 rental assistance on behalf of HUD to serve nearly 30,000 units across Minnesota.

Addressing equity and inclusion, especially with regard to race and disability

Progress on issues of equity and inclusion remains a priority at the Agency, with a focus on antiracism. Accomplishments include:

- Nearly achieved the ambitious stretch goal of delivering 40% of single-family homebuyer loan products to Black and Indigenous households and households of color.
- Embedded the newly created leadership role, the Director of Equity and Inclusion, into all areas of our work.
- Established an Equity Action Team with participation from every division, which is developing a plan to advance the Agency's efforts to achieve equity internally and externally.
- Continually developed the Agency's cultural competency by expanding its bias trainings and related learnings offered to all staff, and built internal capacity to administer the Intercultural Development Inventory, with 16 staff certified as Qualified Administrators, and a third of staff members voluntarily taking this assessment.
- Centered the most impacted communities in our program design priorities.
- Defined health, housing and racial justice in the Minnesota Interagency Council on Homelessness plan and incorporated input from people with lived experience of homelessness.
- Increased opportunities for individuals with disabilities to live and work in integrated settings through the Olmstead Subcabinet and the Olmstead Implementation Office.

Minnesota Housing's work is made possible by our partners and investors across the state and country, and by the Agency's resilient staff, who have continued to develop and deliver responsive, effective programs under trying circumstances. Staff capacity and the challenge of making progress on new initiatives while maintaining existing programs and services will be a focus of the Agency in the year to come with the goal of continuing to deliver strong financial performance and positive program outcomes.

Jennifer Leimaile Ho, Commissioner
Minnesota Housing

RSM US LLP

Independent Auditor's Report

Board of Directors
Minnesota Housing Finance Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of Minnesota Housing Finance Agency (the Agency), a component unit of the State of Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 23 to the financial statements, the 2021 beginning net position for the business-type activities and State Appropriated Fund have been restated to correct errors. The 2021 beginning net position for the business-type activities and General Reserve Fund have been restated for the adoption and implementation of Governmental Accounting Standards Board Statement No. 87. Our opinions are not modified with respect to these matters.

Other Matter

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2021, from which such summarized information was derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of selected pension and postemployment benefits other than pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Agency as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated November 18, 2021, which contained unmodified opinions on the respective financial statements of the business-type activities and each major fund. The accompanying supplementary information, as listed in the table of contents, for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The accompanying 2021 supplementary information was subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other information section as listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Duluth, Minnesota
October 11, 2022

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations is not audited. However, it is supplementary information required by accounting principles generally accepted in the United States of America. This discussion should be read in conjunction with the financial statements and notes thereto.

The Minnesota Housing Finance Agency (Minnesota Housing or the Agency) was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. Minnesota Housing is a component unit of the State of Minnesota and receives appropriations from the state legislature, substantially all of which are used to make loans or grants under specified state-defined programs and to pay debt service and related expenses on state appropriation-backed housing bonds. Minnesota Housing also receives funds appropriated by the federal government for similar program purposes and distribution of emergency assistance. The Agency's mission is: Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Minnesota Housing is authorized to issue bonds and notes to fulfill its corporate purposes up to a total outstanding amount of $5.0 billion and to incur other indebtedness. None of the bonds, notes or other indebtedness is a debt of the State of Minnesota or any political subdivision thereof.

Minnesota Housing operates three program divisions; Multifamily, Single Family and Community Development which offer housing programs with funding from the sale of tax-exempt and taxable bonds, state and federal appropriations, the Housing Development Fund and the Alternative Loan Fund. The federal Low Income Housing Tax Credit is another resource the Agency allocates. The members of Minnesota Housing (the Board) consist of six public members appointed by the Governor with the advice and consent of the state senate and the State Auditor as an ex-officio member.

Discussion of Financial Statements

The Financial Section of this report consists of three parts: the independent auditors' report, management's discussion and analysis (this section), and the basic financial statements. The basic financial statements are prepared on an accrual basis and presented on an agency-wide basis and by fund.

- Agency-wide financial statements provide information about Minnesota Housing's overall financial position and results of operations. These statements consist of the Statement of Net Position and the Statement of Activities. Significant interfund transactions have been eliminated within the agency-wide statements. Assets and revenues of the separate funds that comprise the agency-wide financial statements are generally restricted as to use and the reader should not assume they may be used for every corporate purpose.
- The fund financial statements provide information about the financial position and results of operations for Minnesota Housing's eight proprietary funds.
- The financial statements also include notes to financial statements which provide more detailed explanations of certain information contained in the agency-wide and fund financial statements.

Required and other Supplementary Information is presented following the Notes to Financial Statements for certain funds of Minnesota Housing, which have been established under the bond resolutions under which Minnesota Housing issues bonds and other debt for its programs. These funds consist of General Reserve and the bond funds, which are Rental Housing, Residential Housing Finance, Homeownership Finance, Home Ownership Mortgage-backed Exempt Securities (HOMES^{SM}), and Multifamily Housing.

The basic financial statements also include summarized comparative totals as of and for the year ended June 30, 2021. Although not required, these comparative totals are intended to facilitate an understanding of Minnesota Housing's financial position and results of operations for fiscal year 2022 in comparison to the prior fiscal year.

General Overview

Minnesota Housing financial statements are presented in two formats: agency-wide and by fund. Funds include Rental Housing, Residential Housing Finance, Homeownership Finance, Multifamily Housing, and HOMES[SM] (collectively the bond funds); State and Federal Appropriated (collectively the appropriated funds) and General Reserve. Agency-wide financial statements are provided to display a comprehensive view of all Minnesota Housing funds as required by accounting principles generally accepted in the United States of America applicable to governmental entities under accounting standards promulgated from time to time by the Governmental Accounting Standards Board (GASB). Agency-wide financial statements reflect totals of similar accounts for various funds. However, substantially all of the funds in these accounts are restricted as to use by Agency covenants or legislation as further described below.

Assets and revenues of the bond funds are restricted to uses specifically set forth in the respective bond resolutions and are pledged for the primary benefit of the respective bondholders and interest rate swap agreement counterparties. General Reserve is created under the Minnesota Housing bond resolutions as part of the pledge of the general obligation of Minnesota Housing. Minnesota Housing covenants in the bond resolutions that it will use the assets in General Reserve only for administration and financing of programs in accordance with the policy and purpose of the Minnesota Housing enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and to accumulate and maintain therein such a balance of funds and investments as will be sufficient for the purpose.

Minnesota Housing has no taxing power and neither the State of Minnesota nor any political subdivision thereof is legally obligated to pay the principal of or interest on bonds or other obligations issued by Minnesota Housing. The state has pledged to and agreed with bondholders that it will not limit or alter the rights vested in Minnesota Housing to fulfill the terms of any agreements made with bondholders or in any way impair the rights and remedies of the bondholders.

Public funds directly appropriated to Minnesota Housing by the State of Minnesota or made available to Minnesota Housing from the federal government are restricted by law to specified uses set forth in the state appropriations or federal contracts. Assets and revenues of Appropriated funds are not pledged or available to secure bonds issued under the bond funds or other obligations of Minnesota Housing or its general obligation pledge in respect thereof.

In addition to its audited annual financial statements, Minnesota Housing has published unaudited quarterly disclosure reports for Residential Housing Finance and Homeownership Finance bond resolutions and unaudited semiannual disclosure reports for the Rental Housing bond resolution. Recent disclosure reports can be found in the "Investors" section on Minnesota Housing's web site at www.mnhousing.gov.

Discussion of Individual Funds

General Reserve

The purposes of General Reserve are to maintain sufficient liquidity for Minnesota Housing operations, to hold escrowed funds and to maintain the Housing Endowment Fund (also referred to as Pool 1). The costs of administering Minnesota Housing programs are captured on the Statement of Revenues, Expenses and changes in Net Position for General Reserve. The fees earned are generally related to the administration of the federal Low Income Housing Tax Credit program, administration of the federal Housing Assistance Payment program, and contract administration of the Section 8 program for developments not financed by Minnesota Housing.

Rental Housing

One-half of the developments with a first mortgage loan presently held in Rental Housing receive Section 8 payments under contracts with U.S. Department of Housing and Urban Development ("HUD"). Over 60% of the principal amount of multifamily first mortgage loans receivable held in Rental Housing are insured by HUD pursuant to a risk sharing agreement whereby HUD agrees to assume 50% or greater of the loss upon a default of the mortgage loan

Inherent risks remain in these portfolios, especially for multifamily developments without project-based tenant subsidies. Maintaining asset quality is a high priority for Minnesota Housing; therefore, this portfolio receives a significant amount of oversight.

All of Minnesota Housing's bond-financed multifamily loans, except loans financed under state appropriation-backed housing bonds, conduit bonds, and one loan under Multifamily Housing, are financed in Rental Housing as of June 30, 2022. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Residential Housing Finance

Included within Residential Housing Finance are the bonds issued and outstanding under the Residential Housing Finance bond resolution, the 2018 limited obligation Index Bank Note issued under a separate bond trust indenture and the restricted by covenant, Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2), and the Housing Affordability Fund (Pool 3). The Alternative Loan Fund is not pledged as security for any bonds of the Agency but is available to pay debt service on any bonds except state appropriation-backed bonds and conduit bonds.

Bonds have been issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family mortgage loans, certain down payment and closing cost housing assistance loans, and unsecured and secured subordinated home improvement mortgage loans. The mortgage-backed securities are guaranteed as to payment of principal and interest by one of the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC). The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurance or the Federal Housing Administration (FHA) or guaranteed by the U.S. Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). While mortgage insurance and guarantees help mitigate the risk of loss to the Agency, inherent risks remain including the impact of declining home values on default recoveries and the risk of deterioration to the credit worthiness of insurers. The Agency's collection experience among mortgage insurers has been generally favorable.

This bond resolution, along with the Homeownership Finance bond resolution (see Homeownership Finance below), were the principal sources of financing for bond-financed homeownership programs. Minnesota Housing may also issue bonds for its home improvement loan program under this bond resolution although no bonds were issued to support home improvement lending during fiscal year 2022.

Assets of Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2022 this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before those securities are permanently financed by issuing bonds, or sold into the to-be-announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans, for tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes and to develop new affordable housing, and index bank note expenses, and for bond sale contributions. The fund may also provide interim financing for construction and rehabilitation of single family housing and may be used to advance funds to retire debt.

Assets of Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include, but are not limited to: no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2022 funds from Pool 3 were used for down payment and closing cost assistance for first-time homebuyers, below-market interim financing for construction and rehabilitation of single family housing, capital costs and rental assistance for permanent supportive housing, advances for certain multifamily housing developments in anticipation of permanent funding through state appropriation-backed housing bonds, Habitat loans and deferred, subordinated multifamily loans.

Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family mortgage loans. These securities are guaranteed as to payment of principal and interest by one of the GNMA, FNMA or the FHLMC. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

HOMES^{SM}

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMES^{SM} certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. Minnesota Housing is not committed to sell any HOMES^{SM} certificates but has the option to accept the investment bank's bid for HOMES^{SM} certificates, which may be a higher price than the Agency could achieve by selling the mortgage-backed security in the open market. The HOMES^{SM} Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota.

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program.

State and Federal Appropriated Funds

The appropriated funds are maintained by Minnesota Housing for the purpose of receiving and disbursing monies appropriated by the state and federal government for housing. All funds appropriated by the state and federal government must be used for specific uses as set forth in the state appropriations or federal contracts and except for funds appropriated to pay debt service on state appropriation-backed bonds are not pledged or available to secure the bondholders or creditors of Minnesota Housing. Because the Agency is the issuer of the state appropriation-backed bonds they are shown in bonds payable section even though they are not a general obligation of the Agency. These bonds are payable solely from appropriations from the State of Minnesota. Per the offering disclosures for these appropriation-backed bonds, the Agency will not use its own resources to redeem or repay the bonds.

The State Appropriated Fund was established to account for funds, received from the state legislature, which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs.

The Federal Appropriated Fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments, federal emergency housing assistance and other housing-related program costs.

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Condensed Financial Information

Selected Elements From Statement of Net Position (in $000's)

	Agency-wide Total		
	Fiscal 2022	**Fiscal 2021**	**Change**
Cash and other investments	$1,214,346	$1,510,215	$(295,869)
Investments - program securities mortgage-backed securities	2,804,425	2,810,602	(6,177)
Loans receivable, net	954,733	929,425	25,308
Capital assets, net	8,317	10,512	(2,195)
Other	35,160	19,091	16,069
Total assets	5,016,981	5,279,845	(262,864)
Total deferred outflows of resources	12,398	16,372	(3,974)
Total assets and deferred outflows	5,029,379	5,296,217	(266,838)
Long term liabilities (noncurrent)	3,710,689	3,492,511	218,178
Other (current)	364,321	411,210	(46,889)
Total liabilities	4,075,010	3,903,721	171,289
Deferred inflows of resources	58,390	39,555	18,835
Total liabilities and deferred inflows	4,133,400	3,943,276	190,124
Restricted by bond resolution	203,444	485,980	(282,536)
Restricted by covenant	554,495	513,428	41,067
Restricted by law	382,384	562,264	(179,880)
Unrestricted - state appropriation-backed debt	(245,138)	(210,547)	(34,591)
Invested in capital assets	794	1,816	(1,022)
Total net position	$ 895,979	$1,352,941	$(456,962)

	Agency-wide Total		
	Fiscal 2022	**Fiscal 2021**	**Change**
Interest earned on loans and other investments	$ 47,511	$ 47,791	$ (280)
Interest earned on investments-program mortgage-backed securities	81,674	80,931	743
Appropriations received	624,436	816,121	(191,685)
Fees and reimbursements (2)	20,193	22,890	(2,697)
Net gain/loss on sale of mortgage-backed securities (MBS) Held for sale/HOMES certificates	2,016	12,376	(10,360)
Unrealized (losses) on investments	(294,763)	(45,098)	(249,665)
Total revenues (1)	481,067	935,011	(453,944)
Interest and financing, net expense	74,402	106,563	(32,161)
Appropriations disbursed	769,089	395,726	373,363
Fees	3,183	3,413	(230)
Payroll, General & Administrative	27,717	45,996	(18,279)
Loan loss/value Adjustments	61,600	73,741	(12,141)
Total expenses (1)	935,991	625,439	310,552
Non-operating transfer of assets between funds	(2,038)	(1,012)	(1,026)
Revenues over/under expenses	(456,962)	308,560	(765,522)
Beginning net position, as restated	1,352,941	1,044,381	308,560
Ending net position	$ 895,979	$1,352,941	$(456,962)

(1) Agency-wide totals include interfund amounts
(2) Includes administrative reimbursements, net

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2022							
Excluding Pool 3	**Pool 3**	**Total**	**Fiscal 2021**	**Change**	**Fiscal 2022**	**Fiscal 2021**	**Change**
$ 691,735	$ 14,269	$ 706,004	$ 869,008	$(163,004)	$508,342	$641,207	$(132,865)
2,804,425	-	2,804,425	2,810,602	(6,177)	-	-	-
801,316	114,791	916,107	892,886	$23,221	38,626	36,539	2,087
8,317	-	8,317	10,512	$(2,195)	-	-	-
34,499	108	34,607	18,601	$16,006	553	490	63
4,340,292	129,168	4,469,460	4,601,609	(132,149)	547,521	678,236	(130,715)
12,398	-	12,398	16,372	(3,974)	-	-	-
4,352,690	129,168	4,481,858	4,617,981	(136,123)	547,521	678,236	(130,715)
3,339,592	-	3,339,592	3,190,891	148,701	375,350	301,620	73,730
334,843	(9,700)	325,143	386,311	(61,168)	34,925	24,899	10,026
3,674,435	(9,700)	3,664,735	3,577,202	87,533	410,275	326,519	83,756
58,390	-	58,390	39,555	18,835	-	-	-
3,732,825	(9,700)	3,723,125	3,616,757	106,368	410,275	326,519	83,756
203,444	-	203,444	485,980	(282,536)	-	-	-
415,627	138,868	554,495	513,428	41,067	-	-	-
-	-	-	-	-	382,384	562,264	(179,880)
-	-	-	-	-	(245,138)	(210,547)	(34,591)
794	-	794	1,816	(1,022)	-	-	-
$ 619,865	$138,868	$ 758,733	$1,001,224	$(242,491)	$137,246	$ 51,717	$(214,471)

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2022							
Excluding Pool 3	**Pool 3**	**Total**	**Fiscal 2021**	**Change**	**Fiscal 2022**	**Fiscal 2021**	**Change**
$ 44,462	$ 611	$ 45,073	$ 46,214	$ (1,141)	$ 2,438	$ 1,577	$ 861
81,674	-	81,674	80,931	743	-	-	-
-	-	-	-	-	624,436	816,121	(191,685)
22,101	(1,536)	20,565	22,592	(2,027)	(372)	298	(670)
2,016	-	2,016	12,376	(10,360)	-	-	-
(294,535)	(228)	(294,763)	(45,098)	(249,665)	-	-	-
(144,282)	(1,153)	(145,435)	117,015	(262,450)	626,502	817,996	(191,494)
64,568	-	64,568	98,131	(33,563)	9,834	8,432	1,402
-	-	-	-	-	769,089	395,726	373,363
3,044	29	3,073	3,304	(231)	110	109	1
24,631	1,683	26,314	44,063	(17,749)	1,403	1,933	(530)
1,319	1,077	2,396	9,873	(7,477)	59,204	63,868	(4,664)
93,562	2,789	96,351	155,371	(59,020)	839,640	470,068	369,572
(10,705)	10,000	(705)	1,238	(1,943)	(1,333)	(2,250)	917
(248,549)	6,058	(242,491)	(37,118)	(205,373)	(214,471)	345,678	(560,149)
868,414	132,810	1,001,224	1,038,342	(37,118)	351,717	6,039	345,678
$ 619,865	$138,868	$ 758,733	$1,001,224	$(242,491)	$137,246	$351,717	$(214,471)

General Reserve and Bond Funds – Statement of Net Position

Financial Highlights

The following financial highlights section refers to the General Reserve and bond funds. The reader is encouraged to review the Fund Financial Statements as well as supplementary information in this 2022 Financial Report.

Investments-program Mortgage-backed securities (MBS), cash, cash equivalents, investment securities-other, loans receivable, and interest receivable comprise the majority of assets. Deferred pension expense, deferred loss on refunding and deferred loss on interest rate swap agreements comprise the majority of deferred outflows of resources in the General Reserve and bond funds. Capital assets, real estate owned and other assets continue to be insignificant in relation to the total General Reserve and bond fund assets and deferred outflows of resources.

MBS is the single largest category of bond fund assets. Those assets are pledged as security for the payment of certain Agency mortgage revenue bonds held in acquisition accounts pledged to bond holders as security for bonds. This category of investments decreased 0.2% to $2,804.4 million. Single Family production was very strong in fiscal year 2022.

Mortgage-backed Securities Portfolio Delinquency
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	27,026	95.0%	23,981	89.3%
60-89 Days	372	1.3%	246	0.9%
90-119 Days	202	0.7%	120	0.4%
120+ Days	861	3.0%	2,505	9.3%
Total Count	28,461		26,852	
Total Past Due	1,435	5.0%	2,871	10.7%

The 60+ day delinquency rate as of June 30, 2022 for the mortgage loans originated within the past 2 years under the MBS model was approximately 1.84 points above the delinquency rates benchmark at the HFA division of US Bank for the same time period. Similar to the homeownership loan portfolio described below, borrowers with mortgage loans that back the MBS portfolio can seek up to 18 months of payment forbearance due to the COVID Pandemic; the MBS payments are guaranteed by GNMA, FNMA or FHLMC and are not delinquent.

Cash and cash equivalents are carefully managed to provide adequate resources for future debt service requirements and liquidity needs. This category decreased 21.8% to $528.6 million. Cash and Cash equivalents can fluctuate based on the timing of bond sales, the rate of production, debt repayments, purchase of investments and loan transactions.

Investments securities-other consists of MBS that are held by the Agency as investments, MBS held in the warehouse for future bond sales and MBS held for sale in the TBA market as well as other quality investments such as US agency, US treasuries, municipal bonds and government backed investment pools at the trustee, Wells Fargo, and the State Board of Investments (SBI). This category decreased by 8.0% to $177.4 million.

Loans receivable, net is another large single category of bond fund assets. Loans are limited to housing-related lending for low- and moderate-income individuals and families and multifamily housing developments; including Monthly Payment 2nd (MP 2nds) loans that include down payment and closing cost assistance loans. Loans receivable, net, increased 2.6% to $916.1 million at June 30, 2022 as a result of repayments, prepayments, and loss reserves net of new loan purchases and originations. Amortizing homeownership loans at fixed interest rates, secured by first mortgages, continue to be the dominant loan product offered by Minnesota Housing. In the last half of 2009, the Agency changed its business model from purchasing homeownership loans to purchasing MBS secured by homeownership loans. As a result, the homeownership loan portfolio, now in runoff, will continue to shrink as repayments and prepayments are no longer offset by new loans. Instead, the portion of investments represented by MBS may increase as they are purchased in place of loans. The Agency also sells a portion of those MBS directly into the TBA market after hedging the interest rate risk with forward sales

General Reserve and Bond Funds – Statement of Net Position (continued)

contracts at the time of loan commitment. The reserve for loan loss for the homeownership loan portfolio increased slightly. The reserve for loan loss for the home improvement loan portfolio increased due to a slight increase in the 120 day past due category. Amortizing multifamily loans at fixed interest rates, secured by first mortgages (referred to as the multifamily portfolio) exhibited little change in delinquency rate and the aggregate loan receivable balance. Minnesota Housing's primary loan programs offer fixed interest rate financing and therefore differ from the high risk characteristics associated with some adjustable payment loan products. During the national emergency concerning the COVID Pandemic, borrowers with mortgage loans that are FHA insured, VA, HUD or RA, or purchased or securitized by FNMA or FHLMC can seek up to 18 months of payment forbearance. The Agency has chosen to grant similar forbearance relief for other single family homeownership and home improvement loans.

Homeownership Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	3,386	92.9%	3,801	89.7%
60-89 Days	54	1.5%	36	0.8%
90-119 Days	19	0.5%	31	0.7%
120+ Days	184	5.1%	369	8.7%
Total Count	3,643		4,237	
Total Past Due	257	7.1%	436	10.3%

Homeownership Loan Portfolio Delinquency (In Forbearance)
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	3	9.1%	15	7.5%
60-89 Days	2	6.1%	10	5.0%
90-119 Days	1	3.0%	9	4.5%
120+ Days	27	81.8%	167	83.1%
Total Count	33		201	
Total Past Due	30	90.9%	186	92.5%

The first table above also includes loans in forbearance due to the COVID Pandemic. The 60+ day delinquency rate as of June 30, 2022 for the entire Minnesota Housing homeownership first lien loan portfolio, excluding those loans not customarily included in foreclosure statistics, exceed by approximately one percentage point the delinquency rates of similar loan data available as of June 30, 2022 from the Mortgage Bankers Association of America for loans in Minnesota (as adjusted to reflect the proportions of insurance types in the Agency's loan portfolio).

General Reserve and Bond Funds – Statement of Net Position (continued)

Homeownership (MP 2nd) Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	7,505	95.0%	6,500	90.1%
60-89 Days	68	0.9%	36	0.5%
90-119 Days	33	0.4%	31	0.4%
120+ Days	291	3.7%	647	9.0%
Total Count	7,897		7,214	
Total Past Due	392	5.0%	714	9.9%

Homeownership (MP 2nd) Loan Portfolio Delinquency (In Forbearance)
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	0	0.0%	221	34.0%
60-89 Days	15	12.1%	17	2.6%
90-119 Days	16	12.9%	17	2.6%
120+ Days	93	75.0%	395	60.8%
Total Count	124		650	
Total Past Due	124	100.0%	429	66.0%

The first table above also includes loans in forbearance due to the COVID Pandemic. The MP 2nd loans were made in conjunction with first lien mortgage loans that were pooled into MBS including, in part, the MBS portfolio the delinquency characteristics of which are described on a preceding page.

Home Improvement Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	4,723	97.8%	4,806	98.6%
60-89 Days	13	0.3%	8	0.2%
90-119 Days	10	0.2%	3	0.1%
120+ Days	85	1.8%	55	1.1%
Total Count	4,831		4,872	
Total Past Due	108	2.2%	66	1.4%

Home Improvement Loan Portfolio Delinquency (In Forbearance)
Actual Loan Count

	June 30, 2022		June 30, 2021	
Current	0	0.0%	23	95.8%
60-89 Days	0	0.0%	0	0.0%
90-119 Days	0	0.0%	0	0.0%
120+ Days	0	0.0%	1	4.2%
Total Count	0		24	
Total Past Due	0	0.0%	1	4.2%

General Reserve and Bond Funds – Statement of Net Position (continued)

Due to the unique program characteristics of the Minnesota home improvement loan portfolio, the Agency has determined that delinquency data from other available sources is not directly comparable. The table above excludes inactive home improvement loans defined as delinquent loans for which the Agency has a valid lien but active collection efforts have been exhausted.

FHA/VA insurance claims, net consist of non-performing homeownership loans that are FHA insured or VA guaranteed. These loans are reclassified as claims receivable at the time the Agency files a claim. FHA/VA insurance claims, net decreased 48.8% to $0.1 million at June 30, 2022 as a result of a decrease in the amount of loans with outstanding claims.

Over 60% of the principal amount of multifamily first mortgage loans receivable held in Rental Housing, and 61% of the principal amount of multifamily first mortgage loans receivable held in Residential Housing Finance, are insured by the HUD pursuant to a risk sharing agreement whereby HUD agrees to assume 50% or greater of the loss upon a default of the mortgage loan.

Real estate owned, net consists of properties acquired upon foreclosure of homeownership loans. There was a net increase in real estate owned of 23.0% to $0.8 million at June 30, 2022.

While the delinquency rates and foreclosures in the Agency's loan portfolio remained above historical norms during fiscal year 2022, the combined net total of FHA/VA insurance claims and real estate owned remains immaterial compared to total loans receivable at June 30, 2022, being 1.0% of total net loans receivable.

Management believes that reserves for loan losses are adequate based on the current assessment of asset quality.

No loans reside in General Reserve.

Interest receivable on loans and investments is a function of the timing of interest payments and the general level of interest rates. Combined loan and investment interest receivable remained stable at $13.1 million at June 30, 2022.

Bonds payable is the largest single category of liabilities, resulting primarily from debt issued to fund housing-related lending. Bonds payable increased 3.4% to $3,476.3 million at June 30, 2022 because new bonding issuance did not outpace scheduled redemptions and early bond redemptions of existing debt.

The companion category of interest payable decreased 7.2% to $28.1 million at June 30, 2022, largely due to a decrease in the amount of outstanding debt.

While there is no debt issued in General Reserve, there is a significant liability for funds held for others. These funds are routinely collected and held in escrow on behalf of multifamily borrowers pursuant to loan documents and are used for future periodic payments of real property taxes, casualty insurance premiums, and certain capital expenditures. Funds held for others in General Reserve, Pool 2 and HOMES℠ decreased 0.6% in fiscal year 2022 to $70.4 million at June 30, 2022.

On the Statement of Net Position there are three accounts that report the overall pension and other post employment benefits (OPEB) picture. As of June 30, 2022, the Net Pension Liability and OPEB decreased to $2.4 million, the Deferred Pension Expense increased by $9.9 million to $12.4 million, and the Deferred Pension Credit increased by $3.5 million to $22.8 million. This increase was due to Minnesota State Retirement System (MSRS) making changes to the assumptions that were used for the plans actuarial reports. GASB 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, prescribes how these accounts are recorded and how income and expense are recognized. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, prescribes that OPEB are now included in these numbers. The net result of the pension entries is an overall increase of $14.3 million to the net position.

Accounts payable and other liabilities decreased to $80.9 million at June 30, 2022.

Interfund payable/receivable exists primarily as a result of interfund borrowing and pending administrative and program reimbursements between funds. Most administrative expenses are paid from General Reserve, with the bond funds and appropriated funds owing an administrative reimbursement to General Reserve for the respective fund's contribution to those administrative expenses.

General Reserve and Bond Funds Revenues over Expenses

Revenues over expenses of General Reserve and bond funds decreased 530.4% to a loss of $241.8 million. Revenues over expenses excluding unrealized gains and losses increased 688.1% to $52.8 million for fiscal year 2022. Unrealized gains and losses are the result of mark to market increases and decreases, and due to the market swing in fiscal year 2022 revenues over expenses in the General Reserve and bond funds decreased.

Total revenues decreased 178.7% to a loss of $116.9 million. Revenue excluding unrealized gains and losses on investments decreased 8.3% to $177.8 million. The largest impact on the decrease in revenues was due to the mark to market swing in unrealized gains and losses.

Total expenses decreased 33.2% to $124.8 million. The majority of the decrease is the result of pension adjustments and hedging gains.

The largest revenue component, interest earned on MBS and investments decreased 4.7% to $91.1 million. This is primarily due to interest rate decreases and prepayments in fiscal year 2022. Loan interest revenue decreased 11.2% to $35.6 million as repayments and prepayments decreased the size of the homeownership loan portfolio. That portfolio is in runoff because of the change to the mortgage-backed securities business model during fiscal year 2010. Administrative reimbursements to General Reserve from bond funds were $31.2 million in fiscal year 2022 compared to $33.1 million during the prior fiscal year. General Reserve also incurs overhead expenses to administer state and federal appropriated housing programs. General Reserve received overhead reimbursements of $2.6 million from the State and Federal Appropriated funds to recover certain overhead expenses incurred during fiscal year 2022 compared to $1.6 million during the prior fiscal year.

Other fee income to General Reserve and bond funds of $17.9 million decreased by $3.1 million compared to the prior fiscal year. The primary components are service acquisition fees earned from the sale of mortgage servicing rights, fees earned from the federal low-income housing tax credit program, Section 8 contract administration, federal Housing Assistance Payments (HAP) administration, and various loan programs.

The net gain on the sale of mortgage-backed securities held for sale was $2.0 million a decrease of $10.4 million over prior fiscal year. Components of the net gain, in addition to the gain or loss on the security itself, include the cost of minimizing interest rate risk through forward sale contracts, certain trustee fees, and service release premiums.

Unrealized loss on investment securities for fiscal year 2022 are $294.8 million compared to $45.1 million of unrealized losses for fiscal year 2021. The unrealized gains or losses arise due to the changes in fair value and mark-to-market in accordance with GASB. The fair value adjustments are booked quarterly and fluctuate based on market conditions. Of these unrealized gains or losses, $182.9 million of unrealized losses are related to the program MBS portfolio pledged to bond holders for payments of debt service and $12.5 million of unrealized gains are related to the investment securities portfolio. The Agency will hold these MBS until all requirements of the Residential Housing Finance and Homeownership Finance Bond resolution are satisfied. The Agency is not permitted by the bond resolution to sell the MBS at this time. This value fluctuation is booked as required by GASB; however analysis performed on income normally excludes the unrealized gains or losses.

Interest expense decreased 13.5% to $75.0 million compared to the prior fiscal year as a result of lower interest rates on new bond issues.

Financing costs decreased 195.1% to a credit of $10.4 million.

Expenses for loan administration and trustee fees in the bond funds was stable at $3.1 million for current fiscal year. Of the total administrative reimbursement revenue in General Reserve of $30.9 million, the interfund charge to the bond funds and State Appropriated fund of $29.1 million was eliminated for purposes of financial reporting in the Agency-wide financial statements.

Salaries and benefits in General Reserve of $17.7 million decreased 45.6% from the prior year. A main component of the Salaries and Benefits change is due to the valuation of pension expense.

General Reserve and Bond Funds Revenues over Expenses (continued)

Other general operating expense in General Reserve and bond funds of $8.6 million recognized a 25.3% decrease compared to prior fiscal year at $11.6 million.

Reductions in carrying value of certain low interest rate deferred loans in the bond funds decreased from $8.7 million to $1.0 million.

The provision for loan loss expense in the bond funds increased from $1.1 million to $1.4 million, overall delinquencies remained stable compared to prior fiscal year.

The provision for loan loss expense for the homeownership loan portfolio for current fiscal year is ($0.7) million and prior fiscal year was $0.4 million.

The provision for loan loss expense for the home improvement loan portfolio and MP 2nds was at $1.15 million compared to prior year of ($0.3) million.

The provision for loan loss expense for the multifamily loan portfolio was ($1.1) million.

Non-operating transfers occur as a result of bond sale contributions related to new debt issues, the periodic transfer of assets to maintain the Pool 1 requirement, periodic fiscal year end transfers to the Pool 3, if any, and periodic transfers from the bond funds of amounts in excess of bond resolution requirements. During fiscal year 2022, $21.2 million of Pool 1 funds in excess of requirements were transferred to Pool 2. Revenues over expenses in General Reserve that are in excess of the Pool 1 requirement are transferred periodically to Pool 2 for use in housing programs. Pool 2 also recorded a $10.0 million transfer to Pool 3 to be used for highly subsidized housing programs. Per the Rental Housing Bond Resolution requirement, funds must be transferred to General Reserve when they are removed from the Rental Housing Bond Resolution. Revenues over expenses plus non-operating transfers in Pool 2 may be transferred periodically, with approval of the Board, to Pool 3 for use in more highly subsidized housing programs. Board investment guidelines establish required balances for Pool 1 and Pool 2. In addition, Pool 2 made $6.8 million in bond sale transfers to the Homeownership Finance and Rental Housing Funds.

Total combined net position of General Reserve and bond funds decreased 24.2% to $242.5 million as of June 30, 2022. The net position of General Reserve and bond funds is divided into two primary categories. Restricted by Bond Resolution is pledged to the payment of bonds, subject to bond resolution provisions that authorize Minnesota Housing to withdraw funds in excess of the amounts required to be maintained under the bond resolutions. Restricted by Covenant is subject to a covenant with bondholders that the Agency will use the money in General Reserve, and money that would otherwise have been released to General Reserve, only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including the creation of reserves for the payment of bonds and of loans made from the proceeds thereof, and will accumulate and maintain therein such a balance of funds and investments as will be sufficient for the purpose. The Board of the Agency has established investment guidelines for these funds to implement this covenant.

State and Federal Appropriated Funds – Statement of Net Position

Assets of the appropriated funds are derived from the appropriation of funds by the State of Minnesota and funds made available to Minnesota Housing by the federal government for housing purposes. Housing preservation and development typically requires appropriations received in the current period to be expended over several future years of planned development. This timing difference is the primary reason for the presence of investments, cash, and cash equivalent assets in the appropriated funds and for the balance of net position restricted by law. In fiscal year 2018, the Agency added a new line called Unrestricted - State Appropriation-backed Bonds. This line shows the amount of outstanding Appropriation-backed Bonds issued by the Agency.

Investments, cash, and cash equivalents combined are the largest category of assets in the appropriated funds. The June 30, 2022 combined balance decreased 20.7% to $508.3 million as a result of the combined appropriations received and other revenues less than the combined disbursements for programs, loans and expenses during the fiscal year.

State and Federal Appropriated Funds – Statement of Net Position (continued)

Certain state appropriations are expended as housing loans which are in a first lien position and with near- or below-market interest rates, resulting in net loans receivable. At June 30, 2022 State Appropriated fund net loans receivable decreased 5.8% to $38.6 million.

Interest receivable in appropriated funds is a function of the timing of interest payments and the general level of interest rates on investments. Interest receivable on appropriated funds increased from $0.10 million at June 30, 2021 to $0.20 million on June 30, 2022. Accounts payable and other liabilities represent amounts payable to program participants as of year-end. The balance of payables at June 30, 2022 was $13.8 million compared to $12.3 million at June 30, 2021. Interfund payable occurs in the Federal Appropriated fund as a result of overhead expense and indirect cost recoveries owed to General Reserve. Interfund payable occurs in the State Appropriated fund because of accrued overhead expense payable to General Reserve. At June 30, 2022 the combined net interfund receivable was $0.9 million.

At June 30, 2022 and June 30, 2021 the balance of funds held for others was $0 million.

The appropriated net position is broken into two categories. Restricted by law is for use with housing programs only and is not pledged or available to secure bonds issued under any of the Agency's bond funds or other obligations of the Agency or its general obligation pledge in respect thereof. Unrestricted - State Appropriation-backed shows the amount of state appropriation-backed bonds outstanding. These bonds are backed solely by the standing appropriation by the State of Minnesota and the Agency's resources are not pledged or available to secure the bondholders. Per GASB, as the issuer, the Agency is required to show these bonds as bonds payable and therefore the reduction in net position. The combined net position of the appropriated funds decreased from $351.7 million as June 30, 2021 to $137.2 million as of June 30, 2022.

This decrease is predominately due to COVID emergency rental assistance in the Federal Appropriated Fund and the state appropriation-backed bonds being recorded in the State Appropriated Fund. The balance in restricted by law at June 30, 2022 was $382.4 million. There was a decrease in restricted by law net position of $179.9 million for fiscal year 2022. As a result of emergency rental assistance disbursement the combined expenses exceeds receipts during fiscal year 2022. The principal amount outstanding of the state appropriation-backed bonds was $309.809 million restated as of June 30, 2021, and $389.562 million as of June 30, 2022. State and federal appropriated funds are recorded as revenue in the period in which such appropriations are earned. Funds are spent for eligible program activities as defined by Minnesota Housing, the State of Minnesota or agencies of the federal government. Unexpended appropriations are invested and the interest income on the investments is recorded as it is earned, except for interest earned on certain unexpended federal appropriations, which is recorded as funds held for others. Similarly, interest income on certain State Appropriated fund loan receivables is recorded as it is earned.

State and Federal Appropriated Funds – Revenues over Expenses

Historically, the largest revenue category is appropriations received, and is a function of the fiscal, legislative, and political environment of the State of Minnesota and the federal government. The combined appropriations received decreased from $816.1 million in fiscal year 2021 to $624.4 million in fiscal year 2022. In fiscal year 2022 COVID emergency assistance funds had a major impact on our ending balance. Federal appropriations received decreased by $208.4 million. State appropriations received increased by $16.7 million.

The combined interest income from investments increased 46.1% to $1.3 million for fiscal year 2022.

Loan interest income from state appropriations loan assets continues to be minimal at $1.1 million as relatively few loans bear interest.

Fees earned and other income, in the amount of $0.5 million were recorded in the State Appropriated Fund during fiscal year 2022.

Combined unrealized losses were zero for fiscal year 2022 and fiscal year 2021. The unrealized gains and losses arise due to the changes in fair value and mark-to-market in accordance with GASB. The fair value adjustments are booked quarterly and fluctuate based on market conditions.

State and Federal Appropriated Funds – Revenues over Expenses (continued)

Administrative reimbursements to General Reserve of overhead expenses to administer State Appropriated Fund programs decreased 22.5% to $0.9 million compared to the prior fiscal year. The Agency incurs the overhead expense in General Reserve. General Reserve is reimbursed for these overhead expenses by the state appropriated funds to the extent of investment earnings on unexpended state appropriations. During fiscal year 2022 investment earnings in the state appropriated fund were insufficient to reimburse all of the overhead expenses incurred in General Reserve for state appropriated programs during this fiscal year.

Combined appropriations disbursed increased 94.3% to $769.1 million compared to the prior fiscal year, reflecting state appropriations disbursed of $38.0 million and federal appropriations disbursed of $731.1 million. The increase was predominately related to COVID emergency rental assistance disbursed from the Federal Appropriated Fund.

Increased expenditures of state appropriated funds for fully reserved below-market and zero-percent interest rate loans impacted expense from reductions in carrying value of certain loans. Net reductions of carrying value decreased 8.6% to $59.1 million compared to the prior fiscal year.

Other general operating expenses in the State Appropriation Fund represent fees for professional and technical support to implement and administer certain housing programs and disbursements of funds. Other general operating expenses in the State Appropriation Fund decreased 37.8% to $1.4 million at June 30, 2022.

Combined expenses were more than combined revenue of the appropriated funds by $213.1 million at June 30, 2022. Historically, the entire existing state restricted by law and federal appropriated funds' net position is likely to be expended for housing programs. In fiscal year 2022 the disbursement of federal appropriated funds for COVID Emergency Rental Assistance had a major impact on our net position.

Significant Long Term Debt Activities

Minnesota Housing issues a significant amount of bonds, having outstanding at June 30, 2022, not including state appropriation-backed bonds, long-term bonds totaling $3,476.3 million. Bond proceeds and related revenues are held by a trustee, who is responsible for administration of bond resolution requirements including payment of debt service. The bond resolutions may require funding debt service reserve accounts and insurance reserve accounts. At June 30, 2022, amounts held by the trustee in principal, interest, redemption, and reserve accounts represented full funding of those requirements as of that date. In addition, at year-end the Agency had $389.6 million in state appropriation-backed bonds outstanding.

Minnesota Housing continually investigates and utilizes financing and debt management techniques designed to achieve its goals of reducing interest expense and efficiently utilizing bonding authority while managing risk and responding to changing capital markets. During 2022 fiscal year, Minnesota Housing issued fifteen series of bonds aggregating $853.6 million (excluding state appropriation-backed housing bonds, limited obligation drawdown index bank note, and short-term borrowing against a line of credit), compared to the issuance of sixteen series totaling $850.1 million the previous fiscal year. Long-term bonds are issued as capital is needed for program purposes and as opportunities arise to economically refund outstanding bonds. Short-term bonds and notes and other indebtedness may be issued to preserve tax-exempt bonding authority for future program use and to warehouse purchases of mortgage-backed securities in advance of permanent financing. A total of $77.0 million in state appropriation-backed bonds were issued in fiscal year 2022.

A total of $760.0 million (does not include state appropriation-backed bonds) in bond principal repayments and $74.4 million of bond-related interest expense occurred during fiscal year 2022. Of the total bond principal repayments, $385.5 million were repayments made on bonds prior to the scheduled maturity date using a combination of optional and special redemption provisions. A total of $9.7 million in bond principal repayments for state appropriation-backed bonds were made in fiscal year 2022.

Most of the bonds issued by Minnesota Housing bear interest that is not includable in gross income for federal and State of Minnesota income taxation, in accordance with requirements of the federal Internal Revenue Code (IRC) and Treasury regulations governing either qualified mortgage bonds, bonds issued to provide qualified residential rental projects or

Significant Long Term Debt Activities (continued)

bonds issued to finance certain types of loans to nonprofit entities for single family and multifamily housing. Minnesota Housing's ability to issue certain types of tax-exempt debt is limited by its share of the state's allocation of private activity bond volume cap, which is established by Minnesota statutes. Minnesota Housing's ability to issue tax-exempt debt is also limited by a provision in the IRC (commonly known as the 10 year rule) that requires single family mortgage loan repayments and prepayments received more than ten years after the date of issuance of the bonds that financed those mortgage loans to be used to redeem bonds.

While most of the Agency's bonds are tax-exempt, taxable bonds have been issued to supplement limited tax-exempt private activity bond volume cap in order to meet demand for financing single family mortgage loans. Taxable bonds may also be issued to refund existing debt or to finance lending programs where federal tax-exempt bond restrictions are inconsistent with program goals. Variable-rate demand bonds and interest-rate swaps were incorporated into Minnesota Housing's financings from fiscal year 2003 through fiscal year 2010, and again in fiscal years 2016 through fiscal year 2020 and in fiscal year 2022. In fiscal years 2018 and 2019 SIFMA Floating Rate Term bonds with interest-rate swaps were also incorporated enabling the Agency to provide below-market mortgage financing at synthetically fixed interest rates. Interest-rate swaps help to hedge the mismatch between fixed-rate loans and variable-rate bonds.

State Legislative Actions that May Impact Financial Conditions and/or Operations

After a special legislative session at the end of fiscal year 2021, the Governor signed into law a $125.6 million two-year program budget for the Agency including $10 million per year in fiscal year 2022 and 2023 in one-time funding across several agency programs. The Agency's programs range from homelessness prevention assistance and rental assistance to deferred resources for multifamily development to down payment and closing cost assistance for first-time homebuyers. The bill included a new, one-time Local Housing Trust Fund matching program for $1 million. The legislation also included an ending to the Governor's eviction moratorium including eviction protections for renters with a pending application for emergency pandemic rental assistance. That protection ended on June 1, 2022. No new legislation with respect to the Agency's operations or programs was adopted by the legislature in fiscal year 2022.

In addition, the bill adopted and signed into law at the end of the fiscal year 2021 special legislative session included $100 million in new Housing Infrastructure Bond authority available beginning January 16, 2022. The availability of all or a portion of this Housing Infrastructure Bonds authority was contingent on the failure of Congress to pass a federal infrastructure bill in by December 31, 2021 that includes funding for the same purposes. Additionally, $33.3 million of the $100 million is set aside for single-family development ($18.3 million) and manufactured home community acquisition and infrastructure ($15.0 million) contingent on Congress not providing funds for those purposes. The set-asides are available until January 16, 2024. Congress did not pass such a federal infrastructure bill and all of these authorizations became available to the Agency on January 16, 2022. Current eligible uses of Housing Infrastructure Bond proceeds are:

- New construction or acquisition and rehabilitation of permanent supportive housing
- Preservation of federally-assisted housing
- Land acquisition for single family homes to be sold as part of a community land trust
- Acquisition, rehabilitation, adaptive reuse, or new construction of senior housing
- Acquisition, improvement and infrastructure of manufactured home parks
- Acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing

Loans to be funded with the proceeds of authorized Housing Infrastructure Bonds have been and will be selected for housing projects as part of Minnesota Housing's consolidated Request for Proposal (RFP) as well as other standalone RFP for manufactured home communities.

Additional Information

Questions and inquiries may be directed to Ms. Debbi Larson at Minnesota Housing Finance Agency, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651-296-8183 or 800-657-3769 or if T.T.Y. 651-297-2361)

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Agency-wide Financial Statements
Statement of Net Position (in thousands)
As of June 30, 2022 (with comparative totals as of June 30, 2021)

	Agency wide Total as of June 30, 2022	Agency wide Total as of June 30, 2021
Current Assets		
Cash and cash equivalents	$1,036,900	$1,317,432
Investments-program mortgage-backed securities	60,291	38,003
Investment securities-other	9,287	7,310
Loans receivable, net	61,300	41,984
Interest receivable on loans and program mortgage-backed securities	11,962	12,312
Interest receivable on investments	1,370	841
Federal Housing Administration/Veterans Affairs insurance claims, net	109	213
Real estate owned, net	759	617
Other assets	4,538	4,478
Total current assets	1,186,516	1,423,190
Noncurrent Assets		
Investments-program mortgage-backed securities	2,744,134	2,772,599
Investment securities-other	168,159	185,473
Loans receivable, net	893,433	887,441
Interest rate swap agreements	15,792	-
Capital assets, net	8,317	10,512
Other assets	630	630
Total noncurrent assets	3,830,465	3,856,655
Deferred loss on refunding	1	6
Deferred loss on interest rate swap agreements	-	13,932
Deferred pension and other post-employment benefits (OPEB) expense	12,397	2,434
Total deferred outflows of resources	12,398	16,372
Total assets and deferred outflows of resources	$5,029,379	$5,296,217
Current Liabilities		
Bonds payable, net, current	$ 284,960	$ 325,863
Interest payable	34,074	30,951
Accounts payable and other liabilities	28,649	30,493
Interfund payable (receivable)	-	-
Funds held for others	15,376	22,730
Lease Liability, net	1,262	1,173
Total current liabilities	364,321	411,210
Noncurrent Liabilities		
Bonds payable, net, noncurrent	3,580,892	3,344,329
Interest rate swap agreements	-	13,932
Net pension liability and OPEB	2,423	10,189
Accounts payable and other liabilities	66,101	69,302
Funds held for others	55,012	47,236
Lease liability, net	6,261	7,523
Total noncurrent liabilities	3,710,689	3,492,511
Deferred gain on interest rate swap agreements	15,792	-
Deferred service release fee	19,785	20,226
Deferred pension and OPEB credit	22,813	19,329
Total deferred inflows of resources	58,390	39,555
Total liabilities and deferred inflows of resources	$4,133,400	$3,943,276
Restricted by bond resolution	203,444	485,980
Restricted by covenant	554,495	513,428
Restricted by law	382,384	562,264
Unrestricted - State Appropriation-backed Debt	(245,138)	(210,547)
Net Investment in capital assets	794	1,816
Total net position	895,979	1,352,941
Total liabilities, deferred inflows of resources, and net position	$5,029,379	$5,296,217

See accompanying notes to financial statements

Statement of Activities (in thousands)
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

	Agency-wide Total for Year Ended June 30, 2022	Agency-wide Total for Year Ended June 30, 2021
Interest earned on loans	$ 36,750	$ 40,791
Interest earned on investments-program mortgage-backed securities	81,674	80,931
Interest earned on investments-other	10,761	7,000
Net gain on Sale of MBS* held for sale/HOMES** Certificates	2,016	12,376
Appropriations received	624,436	816,121
Administrative reimbursement	1,789	763
Fees earned and other income	18,404	22,127
Unrealized loss on investments	(294,763)	(45,098)
Total revenues	481,067	935,011
Interest	84,352	94,962
Financing, net	(9,950)	11,601
Loan administration and trustee fees	3,183	3,413
Salaries and benefits	17,676	32,501
Other general operating	10,041	13,495
Appropriations disbursed	769,089	395,726
Reduction in carrying value of certain low interest rate deferred loans	60,079	72,875
Provision for loan losses	1,521	866
Total expenses	935,991	625,439
Revenues over expenses	(454,924)	309,572
Non-operating expenses	(2,038)	(1,012)
Change in net position	(456,962)	308,560
Total net position, beginning of period, as restated	1,352,941	1,044,381
Total net position, end of year	$ 895,979	$1,352,941

See accompanying notes to financial statements

* Mortgage-backed securities

** Home Ownership mortgage-backed exempt securities

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MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Fund Financial Statements
Statement of Net Position (in thousands)
Proprietary Funds
As of June 30, 2022 (with comparative totals as of June 30, 2021)

		Bond Funds	
	General Reserve	Rental Housing	Residential Housing Finance
Current assets			
Cash and cash equivalents	$108,873	$ 37,822	$332,022
Investments-program mortgage-backed securities	-	-	33,603
Investment securities-other	-	3,106	5,998
Loans receivable, net	-	23,615	35,870
Interest receivable on loans and program mortgage-backed securities	-	585	8,103
Interest receivable on investments	81	85	939
Federal Housing Administration/Veterans Affairs insurance claims, net	-	-	109
Real estate owned, net	-	-	759
Other assets	3,744	25	425
Total current assets	112,698	65,238	417,828
Noncurrent assets			
Investments-program mortgage-backed securities	-	-	1,726,907
Investment securities-other	-	16,453	146,459
Loans receivable, net	-	135,523	707,977
Interest rate swap agreements	-	-	15,792
Capital assets, net	8,317	-	-
Other assets	-	-	630
Total noncurrent assets	8,317	151,976	2,597,765
Total assets	121,015	217,214	3,015,593
Deferred loss on refunding	-	-	1
Deferred loss on interest rate swap agreements	-	-	-
Deferred pension and OPEB expense	12,397	-	-
Total deferred outflows of resources	12,397	-	1
Total assets and deferred outflows of resources	133,412	217,214	3,015,594
Current liabilities			
Bonds payable, net	-	22,765	231,363
Interest payable	-	217	25,457
Accounts payable and other liabilities	5,476	7,081	2,216
Interfund payable (receivable)	14,577	-	(15,489)
Funds held for others	15,376	-	-
Lease liability, net	1,262	-	-
Total current liabilities	36,691	30,063	243,547
Noncurrent liabilities			
Bonds payable, net	-	26,585	2,090,160
Interest rate swap agreements	-	-	-
Net pension and OPEB liability	2,423	-	-
Accounts payable and other liabilities	1,074	5,869	59,158
Funds held for others	55,259	-	-
Lease liability, net	6,261	-	-
Total noncurrent liabilities	65,017	32,454	2,149,318
Total liabilities	101,708	62,517	2,392,865
Deferred gain on interest rate swap agreements	-	-	15,792
Deferred service release fee	-	-	12,999
Deferred pension and OPEB credit	22,813	-	-
Total deferred inflows of resources	22,813	-	28,791
Total liabilities and deferred inflows of resources	124,521	62,517	2,421,656
Restricted by bond resolution	-	154,697	47,540
Restricted by covenant	8,097	-	546,398
Restricted by law	-	-	-
Unrestricted - State Appropriation-backed Debt	-	-	-
Net Investment in capital assets	794	-	-
Total net position	$ 8,891	$154,697	$593,938

See accompanying notes to financial statements

Bond Funds			Appropriated Funds			
Homeownership Finance	Multifamily Housing	HOMES^{SM}	State Appropriated	Federal Appropriated	Total as of June 30, 2022	Total as of June 30, 2021
$ 48,051	$1,790	$ -	$291,198	$217,144	$1,036,900	$1,317,432
26,688	-	-	-	-	60,291	38,003
-	-	183	-	-	9,287	7,310
-	229	-	1,586	-	61,300	41,984
3,216	48	-	10	-	11,962	12,312
26	1	15	220	3	1,370	841
-	-	-	-	-	109	213
-	-	-	-	-	759	617
24	-	-	33	287	4,538	4,478
78,005	2,068	198	293,047	217,434	1,186,516	1,423,190
1,017,227	-	-	-	-	2,744,134	2,772,599
-	-	5,247	-	-	168,159	185,473
-	12,893	-	37,040	-	893,433	887,441
-	-	-	-	-	15,792	-
-	-	-	-	-	8,317	10,512
-	-	-	-	-	630	630
1,017,227	12,893	5,247	37,040	-	3,830,465	3,856,655
1,095,232	14,961	5,445	330,087	217,434	5,016,981	5,279,845
-	-	-	-	-	1	6
-	-	-	-	-	-	13,932
-	-	-	-	-	12,397	2,434
-	-	-	-	-	12,398	16,372
1,095,232	14,961	5,445	330,087	217,434	5,029,379	5,296,217
16,375	240	-	14,217	-	284,960	325,863
2,374	32	15	5,979	-	34,074	30,951
59	-	-	3,506	10,311	28,649	30,493
-	-	-	494	418	-	-
-	-	-	-	-	15,376	22,730
-	-	-	-	-	1,262	1,173
18,808	272	15	24,196	10,729	364,321	411,210
1,070,600	12,520	5,682	375,345	-	3,580,892	3,344,329
-	-	-	-	-	-	13,932
-	-	-	-	-	2,423	10,189
-	-	-	-	-	66,101	69,302
-	-	(252)	-	5	55,012	47,236
-	-	-	-	-	6,261	7,523
1,070,600	12,520	5,430	375,345	5	3,710,689	3,492,511
1,089,408	12,792	5,445	399,541	10,734	4,075,010	3,903,721
-	-	-	-	-	15,792	-
6,786	-	-	-	-	19,785	20,226
-	-	-	-	-	22,813	19,329
6,786	-	-	-	-	58,390	39,555
1,096,194	12,792	5,445	399,541	10,734	4,133,400	3,943,276
(962)	2,169	-	-	-	203,444	485,980
-	-	-	-	-	554,495	513,428
-	-	-	175,684	206,700	382,384	562,264
-	-	-	(245,138)	-	(245,138)	(210,547)
-	-	-	-	-	794	1,816
$ (962)	$2,169	$ -	$ (69,454)	$206,700	$ 895,979	$1,352,941

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Fund Financial Statements
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
Proprietary Funds
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

		Bond Funds	
	General Reserve	Rental Housing	Residential Housing Finance
Interest earned on loans	$ -	$ 7,041	$ 28,013
Interest earned on investments-program mortgage-backed securities	-	-	45,423
Interest earned on investments-other	157	837	8,197
Net gain on sale of MBS held for sale/HOMES certificates	-	-	2,016
Appropriations received	-	-	-
Administrative reimbursement	31,161	-	-
Fees earned and other income	12,372	80	3,981
Unrealized losses on investments	-	(2,442)	(179,603)
Total revenues	43,690	5,516	(91,973)
Interest	423	594	41,760
Financing, net	-	2	(11,781)
Loan administration and trustee fees	-	65	2,562
Administrative reimbursement	-	1,295	19,160
Salaries and benefits	17,676	-	-
Other general operating	4,282	5	4,317
Appropriations disbursed	-	-	-
Reduction in carrying value of certain low interest rate deferred loans	-	-	1,003
Provision for loan losses	-	(663)	2,057
Total expenses	22,381	1,298	59,078
Revenues over expenses	21,309	4,218	(151,051)
Non-operating transfer of assets between funds and other	(22,153)	37	14,569
Change in net position	(844)	4,255	(136,482)
Total net position, beginning of year, as restated	9,735	150,442	730,420
Total net position, end of year	$ 8,891	$154,697	$ 593,938

See accompanying notes to financial statements

Bond Funds			Appropriated Funds			
Homeownership Finance	Multifamily Housing	HOMES[SM]	State Appropriated	Federal Appropriated	Total for the Year Ended June 30, 2022	Total for the Year Ended June 30, 2021
$ -	$ 581	$ -	$ 1,115	$ -	$ 36,750	$ 40,791
36,251	-	-	-	-	81,674	80,931
53	2	192	879	444	10,761	7,000
-	-	-	-	-	2,016	12,376
-	-	-	88,822	535,614	624,436	816,121
-	-	-	-	-	31,161	33,144
1,464	-	-	507	-	18,404	22,127
(112,718)	-	-	-	-	(294,763)	(45,098)
(74,950)	583	192	91,323	536,058	510,439	967,392
31,630	387	192	9,366	-	84,352	94,962
1,361	-	-	468	-	(9,950)	11,601
442	4	-	110	-	3,183	3,413
7,947	91	-	879	-	29,372	32,381
-	-	-	-	-	17,676	32,501
34	-	-	1,403	-	10,041	13,495
-	-	-	38,044	731,045	769,089	395,726
-	-	-	59,076	-	60,079	72,875
-	(1)	-	128	-	1,521	866
41,414	481	192	109,474	731,045	965,363	657,820
(116,364)	102	-	(18,151)	(194,987)	(454,924)	309,572
6,842	-	-	(1,109)	(224)	(2,038)	(1,012)
(109,522)	102	-	(19,260)	(195,211)	(456,962)	308,560
108,560	2,067	-	(50,194)	401,911	1,352,941	1,044,381
$ (962)	$2,169	$ -	$(69,454)	$206,700	$ 895,979	$1,352,941

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Fund Financial Statements
Statement of Cash Flows (in thousands)
Proprietary Funds
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

		Bond Funds	
	General Reserve	**Rental Housing**	**Residential Housing Finance**
Cash flows from operating activities:			
Principal repayments on loans and program mortgage-backed securities	$ -	$ 25,890	$ 404,873
Investment in loans/loan modifications and program mortgage-backed securities	-	(20,615)	(940,968)
Interest received on loans and program mortgage-backed securities	-	6,920	78,648
Fees and other income received	12,566	47	8,517
Salaries, benefits and other operating	(34,304)	(94)	(11,414)
Appropriations received	-	-	-
Appropriations disbursed	-	-	-
Administrative reimbursement from funds	30,655	(1,295)	(19,160)
Deposits into funds held for others	36,489	-	-
Disbursements made from funds held for others	(36,135)	-	-
Interfund transfers and other assets	18	(276)	(683)
Net cash provided (used) by operating activities	9,289	10,577	(480,187)
Cash flows from noncapital financing activities:			
Proceeds from sale of bonds and notes	-	16,040	3,115,739
Principal repayment on bonds and notes	-	(26,570)	(2,712,850)
Interest paid on bonds, notes and leases	(423)	(829)	(48,244)
Financing costs paid related to bonds issued	-	(2)	(7,429)
Interest paid/received between funds	-	-	(140)
Agency contribution to program funds	-	37	(5,366)
Transfer of cash between funds	(4,200)	-	4,200
Net cash provided (used) by noncapital financing activities	(4,623)	(11,324)	345,910
Cash flows from capital financing activities:			
Purchases of capital assets	(1,614)	-	-
Net cash provided (used) by capital financing activities	(1,614)	-	-
Cash flows from investing activities:			
Investment in real estate owned	-	-	(274)
Interest received on investments	365	725	8,356
Net gain on Sale of MBS Held for Sale and HOMES Certificates	-	-	20,863
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	1,168
Proceeds from maturity, sale or transfer of investment securities	-	998	1,411,647
Purchase of investment securities	-	(681)	(1,399,211)
Purchase of loans between funds	-	(26,716)	34,355
Net cash provided (used) by investing activities	365	(25,674)	76,904
Net increase (decrease) in cash and cash equivalents	3,417	(26,421)	(57,373)
Cash and cash equivalents:			
Beginning of period	105,456	64,243	389,395
End of period	$108,873	$ 37,822	$ 332,022

See accompanying notes to financial statements

Bond Funds			Appropriated Funds			
Homeownership Finance	Multifamily Housing	HOMES[SM]	State Appropriated	Federal Appropriated	Total for the Year Ended June 30, 2022	Total for the Year Ended June 30, 2021
$308,006	$ 220	$ -	$ 31,988	$ -	$ 770,977	$1,267,370
(116,876)	-	-	(83,502)	-	(1,161,961)	(992,061)
43,240	582	-	1,159	-	130,549	139,182
-	-	-	507	-	21,637	24,456
(492)	(4)	-	(1,507)	1	(47,814)	(38,388)
-	-	-	89,022	535,293	624,315	814,514
-	-	-	(38,345)	(730,461)	(768,806)	(385,094)
(7,947)	(91)	-	(568)	-	1,594	698
-	-	-	-	-	36,489	38,097
-	-	-	-	-	(36,135)	(38,155)
-	-	-	-	-	(941)	(9,196)
225,931	707	-	(1,246)	(195,167)	(430,096)	821,423
112,532	-	-	93,600	-	3,337,911	2,888,116
(376,892)	(240)	(1,532)	(9,690)	-	(3,127,774)	(2,849,662)
(33,197)	(388)	(196)	(12,297)	-	(95,574)	(107,127)
(1,101)	-	-	(468)	-	(9,000)	(9,459)
-	-	-	-	-	(140)	-
5,329	-	-	(1,109)	-	(1,109)	(663)
-	-	-	-	-	-	-
(293,329)	(628)	(1,728)	70,036	-	104,314	(78,795)
-	-	-	-	-	(1,614)	-
-	-	-	-	-	(1,614)	-
-	-	-	-	-	(274)	(540)
28	1	196	711	440	10,822	7,556
-	-	-	-	-	20,863	10,336
-	-	-	-	-	1,168	1,907
-	-	1,532	-	-	1,414,177	1,094,552
-	-	-	-	-	(1,399,892)	(1,107,052)
-	-	-	(7,639)	-	-	-
28	1	1,728	(6,928)	440	46,864	6,759
(67,370)	80	-	61,862	(194,727)	(280,532)	749,387
115,421	1,710	-	229,336	411,871	1,317,432	568,045
$ 48,051	$1,790	$ -	$291,198	$217,144	$1,036,900	$1,317,432

(Continued)

Statement of Cash Flows (in thousands)

		Bond Funds	
	General Reserve	Rental Housing	Residential Housing Finance
Reconciliation of revenue over (under) expenses to net cash by operating activities			
Revenues over (under) expenses	$ 21,309	$ 4,218	$(151,051)
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:			
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(76)	6,404
Amortization of proportionate share-Pension	167	-	-
Depreciation	3,808	-	-
Gain (loss) on sale of MBS held for sale and HOMES Certificates	-	-	(2,016)
Realized losses (gains) on sale of securities, net	-	(121)	(17)
Unrealized losses on securities, net	-	2,442	179,603
Salaries and Benefits-Pensions	(15,341)	-	-
Provision for loan losses	-	(663)	2,057
Reduction in carrying value of certain low interest rate and/or deferred loans	-	-	1,003
Capitalized interest on loans and real estate owned	-	-	(869)
Interest earned on investments	(157)	(716)	(8,180)
Interest expense on bonds and notes and leases	423	594	41,760
Financing expense on bonds	-	2	(11,756)
(Increase) in appropriated disbursed	-	-	-
Changes in assets and liabilities:	-	-	-
Decrease (increase) in loans receivable and program mortgage-backed securities, excluding loans transferred between funds	-	5,275	(536,095)
Decrease (increase) in interest receivable on loans	-	(45)	(323)
Increase (decrease) in accounts payable	(980)	(57)	(24)
Increase (decrease) in interfund payable, affecting operating activities only	(550)	(257)	(500)
Increase (decrease) in funds held for others	354	-	-
Other	256	(19)	(183)
Total	(12,020)	6,359	(329,136)
Net cash provided (used) by operating activities	$ 9,289	$10,577	$(480,187)

See accompanying notes to financial statements

Bond Funds			Appropriated Funds			
Homeownership Finance	Multifamily Housing	HOMES[SM]	State Appropriated	Federal Appropriated	Total for the Year Ended June 30, 2022	Total for the Year Ended June 30, 2021
$(116,364)	$102	$ -	$(18,151)	$(194,987)	$(454,924)	$309,572
6,277	-	-	-	-	12,605	17,155
-	-	-	-	-	167	64
-	-	-	-	-	3,808	3,581
-	-	-	-	-	(2,016)	(12,376)
-	-	-	-	-	(138)	(240)
112,718	-	-	-	-	294,763	45,098
-	-	-	-	-	(15,341)	736
-	(1)	-	128	-	1,521	866
-	-	-	59,076	-	60,079	72,875
-	-	-	-	-	(869)	(222)
(53)	(2)	(192)	(879)	(444)	(10,623)	(6,931)
31,630	387	192	9,366	-	84,352	94,962
1,361	-	-	468	-	(9,925)	11,546
-	-	-	-	(224)	(224)	(1,587)
-	-	-	-	-		
191,130	220	-	(51,514)	-	(390,984)	275,309
712	1	-	44	-	389	698
(1,480)	-	-	(295)	390	(2,446)	20,528
-	-	-	311	195	(801)	766
-	-	-	-	-	354	(58)
-	-	-	200	(97)	157	(10,919)
342,295	605	-	16,905	(180)	24,828	511,851
$ 225,931	$707	$ -	$ (1,246)	$(195,167)	$(430,096)	$821,423

MINNESOTA HOUSING FINANCE AGENCY
Index of Notes to the Financial Statements

Note 1 – Nature of Business and Fund Structure 37

Note 2 – Summary of Significant Accounting and Reporting Policies 39

Note 3 – Cash, Cash Equivalents and Investment Securities 52

Note 4 – Loans Receivable, Net 55

Note 5 – Capital Asset Rollforward, Right to Use Lease and Other Assets 56

Note 6 – Bonds Payable 57

Note 7 – Demand Bonds 63

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps 64

Note 9 – Derivative Instruments – Forward Sales Contracts 68

Note 10 – State Appropriation – Backed Debt Obligation 69

Note 11 – Conduit Debt Obligation 70

Note 12 – Accounts Payable 71

Note 13 – Lease Liability 71

Note 14 – Interfund Balances and Transfers 72

Note 15 – Net Position 73

Note 16 – Defined Benefit Pension Plan 75

Note 17 – Post Employment Benefits 78

Note 18 – Risk Management 80

Note 19 – Commitments 80

Note 20 – Line of Credit – Federal Home Loan Bank 81

Note 21 – Litigation 81

Note 22 – Subsequent Events 81

Note 23 – Restatement 82

Note 1 – Nature of Business and Fund Structure

The Minnesota Housing Finance Agency (the Agency or Minnesota Housing) was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. The Agency, as a special purpose agency engaged in business-type activities is reflected on the State's annual comprehensive financial report as a discrete component unit of the State of Minnesota. The Agency receives appropriations from the state legislature annually, substantially all of which are used to make loans or grants under specified programs. The Agency also receives funds from the federal government and other entities for similar program purposes.

A primary government that appoints a voting majority of the organization's governing Board, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial benefits or burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Agency is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements. The Agency has no component units required to be included as part of the reporting entity.

The Agency is authorized to issue bonds and notes to fulfill its corporate purposes up to a total outstanding amount of $5.0 billion and to incur other indebtedness. None of the bonds, notes or other indebtedness is a debt of the State of Minnesota or any political subdivision thereof.

The following describes the funds maintained by the Agency. All Agency funds are presented as a major fund for public interest purposes, and are included in this report, all of which conform to the authorizing legislation and bond resolutions.

General Reserve

General Reserve was established in fulfillment of the pledge by the Agency of its full faith and credit to the payment of its general obligation bonds in its bond resolutions. Administrative costs of the Agency and multifamily development escrow receipts and related disbursements are recorded in this account. The net position of General Reserve is available to support the following funds which are further described below: Rental Housing, Residential Housing Finance, Homeownership Finance and Multifamily Housing. Also described below is the Home Ownership Mortgage-backed Exempt Securities (HOMES)^{SM} fund which carries limited obligations of the Agency and is therefore not supported by General Reserve.

Rental Housing

Activities relating to bond-financed multifamily housing programs are maintained under the Rental Housing bond resolution. Loans are generally secured by first mortgages on real property. The Rental Housing bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds.

Residential Housing Finance

Included within Residential Housing Finance are the bond funds, which include bonds issued and outstanding under the Residential Housing Finance bond resolution, the limited obligation drawdown index bonds and index bank note issued under a separate trust indentures, and the Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2) and the Housing Affordability Fund (Pool 3). All of these funds are restricted by a covenant with bondholders as to their use.

The bond resolution within Residential Housing Finance, along with the Homeownership Finance bond resolution, were the principal sources of financing for bond-financed homeownership programs (see Homeownership Finance below). Bonds were issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family first mortgage loans, some related down payment and closing cost housing assistance loans, and subordinated home improvement loans. The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurers or the Federal Housing Administration (FHA) or guaranteed by the U.S.

Note 1 – Nature of Business and Fund Structure (continued)

Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). Assets financed by the bonds issued and outstanding under the Residential Housing Finance bond resolution are pledged to the repayment of Residential Housing Finance bonds.

The Alternative Loan Fund has been established in Residential Housing Finance and residing therein are two sub funds; Pool 2 and Pool 3. Funds deposited therein would otherwise be available to be transferred to General Reserve. The Alternative Loan Fund is not pledged to the payment of the Residential Housing Finance bonds or any other debt obligation of the Agency but, to the extent that funds are available therein, is available to honor the general obligation pledge of the Agency.

Assets of the Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2022 this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before these securities are permanently financed by issuing bonds, or sold into the to be announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans. The fund may also provide interim financing for construction and rehabilitation of single family housing, and may be used to advance funds to retire Agency high interest-rate debt to provide tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes, and to develop new affordable housing.

Assets of the Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include, but are not limited to: no-interest loans; loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2022 funds from Pool 3 were used for down payment and closing cost assistance for first-time homebuyers for capital costs and rental assistance for permanent supportive housing, for advances for certain multifamily housing developments in anticipation of permanent funding through state appropriation-backed housing bonds, and to provide deferred, subordinated multifamily loans.

The Residential Housing Finance bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds. The limited obligation index bank note trust indentures prescribes the application of debt proceeds and permitted investments.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family first mortgage loans. These securities are guaranteed as to payment of principal and interest by either the GNMA or the FNMA or the Federal Home Loan Mortgage Corporation (FHLMC).

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program. Bonds were issued during a prior fiscal year for one rental housing project.

Home Ownership Mortgage-backed Exempt Securities (HOMES^{SM})

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMES^{SM} certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. The HOMES^{SM} Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota.

Note 1 – Nature of Business and Fund Structure (continued)

State Appropriated

The State Appropriated fund was established to account for funds received from the Minnesota legislature which are to be used for programs for low- and moderate-income persons and families in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs. The net position of the State Appropriated fund is not pledged or available to secure bonds issued under any of the Agency's bond funds, nor available to creditors of the Agency. State appropriations received for debt service payments on State appropriation-backed bonds are restricted for that use only and are not pledged or available for any other purpose. The unrestricted – state appropriated-backed bonds will be retired through future appropriations from the State.

Federal Appropriated

The Federal Appropriated fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments and other housing-related program costs. Beginning in fiscal year 2021 the fund was also for funds received from the federal government for COVID emergency rental assistance and beginning in fiscal year 2022 funds received were also used for COVID emergency homeowners assistance. The net position of the Federal Appropriated fund is not pledged or available to secure bondholders or creditors of the Agency.

Note 2 – Summary of Significant Accounting and Reporting Policies

Basis of Accounting

The Agency's financial statements presented both Agency-wide and Fund Financials have been prepared on the accrual basis utilizing the proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services.

Accounting Principles Generally Accepted in the United States (GAAP)

The financial statements of the Agency have been prepared in conformity with GAAP as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The following are GASB statements adopted during 2022.

In June 2017, GASB issued Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets. See note 23 for the effect of adopting this standard.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

In May 2019, the GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Statements defines conduit debt with the following characteristics:

- At least three parties involved (1) issuer (2) third-party obligor, and (3) debt holder or trustee.
- The issuer and third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt.
- The third-party obligor or its agent, not the issuers, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This Statement requires the issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

In January 2020, the GASB issued Statement 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement address a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

In January 2020, the GASB issued Statement 93 *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

GASB issued Statement No. 98 *The Annual Comprehensive Financial Report* which is effective for all fiscal years beginning after December 15, 2021. This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in U.S. GAAP for state and local governments.

This statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

Future Accounting Pronouncements

In May 2020, GASB issued Statement 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The subscription term includes the period during which a government has a noncancellable right to use the underlying information technology assets. The subscription term also includes periods covered by an option to extend (if it is reasonably

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB issued Statement No. 99 – Omnibus 2022. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Issued Statement 101 – Compensated Absences. The requirements of this Statement are effective as follows:

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes to Financials:

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Cash and Cash Equivalents

Cash and Cash equivalents are short-term, highly liquid investments and are classified as current assets. Cash equivalents may include commercial paper, money market funds, repurchase agreements, State Investment Pool holdings and any other investments, primarily U.S. treasury and agency securities, that have 90 or less days remaining to maturity at the time of purchase. Investment agreements are also classified as cash and cash equivalents.

Investments- Program Mortgage-backed Securities (or MBS) and Investment Securities- Other

The Agency generally carries investment securities at fair market value. Unrealized gains and losses on investment securities resulting from changes in market valuation are generally recorded as revenue. However, unrealized gains and losses on investments of multifamily development escrow funds resulting from changes in market valuation, as well as unrealized gains and losses on MBS held in the HOMES^{SM} Fund, are recorded as adjustments to funds held for others. Mortgage-backed securities held for sale are carried at the lower of cost or market. Investments- program mortgage-backed securities, as previously described, are shown separately on the Statement of Net Position and based on maturity date are classified as current and noncurrent.

Permitted Agency investments include government obligations, commercial paper, repurchase agreements, money market funds, guaranteed investment contracts (i.e., investment agreements), the State investment pool, corporate obligations, municipal bonds and other investments consistent with requirements of safety and liquidity that comply with applicable provisions of the bond resolutions, state law and Board policy.

Loans Receivable, Net

Loans receivable are carried at their unpaid principal balances, net of an allowance for loan losses. Loans scheduled to mature or paid off in the coming fiscal year are considered current, the remaining loans are noncurrent.

The allowances for loan losses are established based on management's evaluation of the loan portfolio.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Generally, the Agency provides an allowance for loan losses for multifamily loans after considering the specific known risks: adequacy of collateral and projected cash flows; past experience; amount of federal or state rent subsidies, if any; the status and amount of past due payments, if any; the amount of deferred maintenance, if any; and current economic conditions.

For homeownership, monthly payment seconds (MP2nds) and home improvement loans, the Agency establishes varying amounts of reserves depending upon the number of delinquent loans, the estimated amount of loss per delinquent loan, the number of days delinquent and the type of insurance coverage in force, if any: FHA insurance, RD guarantee, VA guarantee, or private mortgage insurance. Actual gains and losses are posted to allowance for loan losses. Management believes the allowances for loan losses adequately reserve for probable losses inherent in the loan portfolios as of June 30, 2022.

Interest Receivable on Loans and Program Mortgage-Backed Securities

The Agency accrues interest on its amortizing loans until they become 90 days or more delinquent in the case of multifamily loans, until they become “real estate owned” (described below) for homeownership loans, or until they are classified by the Agency as inactive for home improvement loans.

FHA/VA Insurance Claims, Net

Mortgages that are FHA insured or VA guaranteed, and for which insurance claims have been filed, are included in this category. FHA/VA insurance claims receivable, net is carried at its estimated realizable value.

Real Estate Owned, Net

Real estate acquired through foreclosure is recorded at the lower of the investment in the loan or estimated fair market value less estimated selling costs. These properties may be RD guaranteed, uninsured or have private mortgage insurance. Real estate owned, net is carried at its estimated realizable value. The intent for holding real estate owned is to convert them to cash within a year, therefore are classified as a current asset.

Interest Rate Swap Agreements

Agency interest rate swap agreements with a positive fair value as of the end of fiscal year 2022 are recorded here as a noncurrent asset.

Capital Assets

Capital assets are recorded at cost and estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). The Agency defines capital assets as assets with an initial cost of more than $2,000 and useful life of more than one year. Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment five years and software two to five years. Statement No. GASB 87, right to use lease asset for our long-term building lease with a term of 10 years is included as a capital asset.

Other Assets

Other Assets include prepaid fees and fees receivable expected to be transacted within one year and Federal Financing Board (FFB) Mortgage Reserve expected to be held more than one year.

Deferred Loss on Refunding

The deferred loss on refunding results from the difference in the carrying amount of the refunded debt and its reacquisition price. The deferred loss on refunding is recognized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Deferred Gain on Interest Rate Swap Agreements

The Agency's interest rate swap agreements all have a positive fair value as of the end of fiscal year 2022. Because these agreements have been determined to be effective hedges under applicable accounting guidance, the positive fair value is recorded as a deferred gain.

Deferred Pension and OPEB Expense

The deferred inflows and outflows of pension resources are amounts used under applicable accounting guidance in developing the annual pension expense. They arise with differences between expected and actual experience, investment differences, changes of assumptions and changes in proportions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Bonds Payable

Bonds payable are carried at their unpaid principal balances. Principal balances scheduled to be paid within one year subsequent to year-end, mandatory pass-through redemptions and optional redemptions of bonds exercised before June 30, 2022, are reported as current liabilities. Because the Agency is the issuer of the state appropriation-backed bonds they are included in this category, but amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Interest Payable

The interest payable represents interest payable on bonds, notes and swaps as of end of fiscal year 2022 and are recorded as a current liability.

Net Pension and OPEB Liability

The net pension and OPEB noncurrent liability is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS), a multi-employer defined benefit plan in which Agency employees participate, and additions to/deductions from MSRS's fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the benefits plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, MSRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Accounts Payable and Other Liabilities

Accounts payable is comprised of short-term debt owed to suppliers. Other liabilities includes the current and noncurrent portion of compensated absences, payroll accrual, Federal Financing Bank (FFB) loan liability and outstanding bridge loan liability.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Interfund Payable (Receivable)

Interfund payable (receivable) primarily reflects current pending transfers of cash and assets between funds. The more significant activities that flow through this fund may include funds advanced for purposes of optionally redeeming bonds when economically advantageous; funds advanced for loan warehousing; administrative fees receivable and payable between funds; non-operating transfers among the Pool 1, the Pool 2, and the Pool 3; and certain mortgage payments received but not yet transferred to their respective funds.

Funds Held for Others

Funds held for others are primarily escrow amounts held by the Agency on behalf of multifamily housing developments where the Agency holds the first mortgages. These amounts are held under the terms of the related loans and federal regulations regarding subsidized housing. Investment income relating to these funds is credited directly to the escrow funds and is not included in the investment income of General Reserve. Escrows are classified between current and noncurrent based on the scheduled pay out dates.

Also included in funds held for others are unrealized gains and losses on investments of the multifamily housing development escrow fund investments, unrealized gains and losses on the mortgage-backed securities supporting HOMES℠ certificates, and funds held for, and reimbursable to, HUD, such as Section 8 payments. In addition, investment income on unspent Section 8 funds is credited directly to funds held for others and not included in the investment income of the Federal Appropriated Fund.

Lease Liability

On September 1, 2017, the Agency entered in a lease for 61,000 square feet of office space. The term of the lease is September 1, 2017 – August 31, 2027, with total lease payments over the life of the lease of $15,432,390.00, payable monthly, with incremental increases on September 1st of each year during the term of the lease. The lease liability was initially recorded at the present value of the future lease payments using an incremental borrowing rate of 5.11 percent and is being amortized using the effective interest method over the life of the lease.

Deferred Service Release Fees

The Agency's master servicer pays the Agency a fee for the right to service the loans backing mortgage-backed securities that are purchased and retained by the Agency. These fees are initially recorded as deferred inflows of resources and then amortized to fees earned and other income using the effective interest method over the expected life of the loans.

Deferred Pension and OPEB

The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Fair Value Reporting

To the extent available, the Minnesota Housing investments are recorded at fair value as of June 30, 2022. GASB No. 72 *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at measurement date.

Level 2: Investments with inputs–other than quoted prices included within Level 1 that are observable for an asset (liabilities), either directly or indirectly.

Level 3: Investments classified as Level 3 have unobservable inputs for an asset (liabilities) and may require a degree of professional judgement.

Restricted by Bond Resolution

The Restricted by bond resolution portion of net position represents the amount restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

The Restricted by covenant portion of net position represents those assets in General Reserve and those assets that would otherwise be available to be transferred to General Reserve under the applicable bond resolutions.

Under the Agency's bond resolutions, the Agency covenants that it will use the assets in General Reserve only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and will accumulate and maintain therein such balance of funds and investments as will be sufficient for the purpose. The Agency's Board establishes investment guidelines for these funds.

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law.

Unrestricted - State Appropriation-backed Bonds

The deficit position of unrestricted by state appropriation-backed bond net position represents outstanding non-profit housing and housing infrastructure bonds that are not a general obligation of the Agency. Amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Net Investment in Capital Assets

This represents the balance of capital assets, net of depreciation and lease liability.

Agency-wide Total

The Agency-wide total columns reflect the totals of the similar accounts of the various funds. Since the assets of certain funds are restricted by either the related bond resolutions or legislation, the totaling of the accounts, including assets therein, does not indicate that the combined assets are available in any manner other than that provided for in either the bond resolutions, Board resolutions or the legislation for the separate funds or groups of funds.

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2021, from which such summarized information was derived.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Appropriations Received

Revenue from grants and housing infrastructure bonds is recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied.

Administrative Reimbursement

The largest source of funding for the Agency's administrative operations is a monthly transfer from each of the bond funds to General Reserve based on adjusted assets. Adjusted assets are defined as total assets excluding the reserve for loan loss, proceeds of limited obligation debt and unrealized appreciation and depreciation on investments including all mortgage-backed securities. Additional funding for the Agency's administrative operations is provided by a monthly transfer from Pool 2 based on a portion of the net gain on the sale of mortgage-backed securities held for sale.

For programs funded by state appropriations, the Agency recovers the cost of administering the programs but only to the extent of interest earnings on unexpended state appropriations.

For programs funded by federal appropriations, the Agency recovers the cost of administering programs through an approved federal indirect cost recovery rate but only to the extent that funds are available. Certain other direct costs are also recovered. Total direct and indirect costs recovered from the federal government in the amount of $1.8 million are reflected as administrative reimbursement revenues in the General Reserve. Administrative reimbursements in the amount of $29.1 million between the Agency's funds have been eliminated from the respective administrative reimbursement revenues and expenses line items for purposes of presentation in the Agency-wide statement of activities.

Fees Earned and Other Income

Fees earned and other income consists mainly of fees related to the financing and administration of Section 8 properties, including administration of a HUD-owned Section 8 portfolio, acquisition fees earned from the sale of mortgage servicing rights, fees in connection with operating the federal Low Income Housing Tax Credits program, annual fees related to certain multifamily housing development loans, fees from the Low Income Rental Classification program, private contributions restricted to use in the Agency's Homeownership Education, Counseling and Training Program, housing development operating subsidies received from other state agencies, fees received for reimbursement for the cost of issuance for certain bonds, and fees for issuing and monitoring conduit bonds. Fees earned and other income is recorded as it is earned.

Reduction in Carrying Value of Certain Low-Interest Rate Deferred Loans

The carrying value of certain Pool 3 loans and State Appropriated loans which are originated at below market interest rates and for which repayment is deferred for up to 30 years, is written down to zero at the time of origination by providing for a reduction in carrying value of certain low interest rate deferred loans because of the nature of these loans and the risks associated with them. Certain of these loans may be forgiven at maturity.

Other Changes and Non-operating Transfer of Assets Between Funds and Other Adjustments

The Agency utilizes the other changes section of the Statement of revenues, Expenses and Changes in Net Position to describe various non-operating transfers of assets between funds.

Non-operating transfers occur as a result of bond sale contributions related to new debt issues; transfers between the Pool 1, the Pool 2, and the Pool 3 to maintain the Pool 1 required balance, and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Non-Cash Activities

Transfers from loans receivable to FHA/VA insurance claims receivable and real estate owned for fiscal year 2022 were $0.8 million in Residential Housing Finance.

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency, as a component unit of the State of Minnesota, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Rebatable Arbitrage

Arbitrage earnings that are owed to the United States Treasury are recorded in accounts payable and based on estimated calculations performed by an independent calculation specialist on an ongoing basis. Also included in this category is yield compliance liability.

Agency Investments

Permitted Agency investments include government obligations, commercial paper, repurchase agreements, money market funds, guaranteed investment contracts (i.e., investment agreements), the State Investment Pool, corporate obligations, municipal bonds and other investments consistent with requirements of safety and liquidity that comply with applicable provisions of the bond resolutions, state law and Board policy.

Note 3 – Cash, Cash Equivalents and Investment Securities

Cash and Cash Equivalents

Cash and cash equivalents are generally stated at cost, which approximates fair value. The balances were composed of the following at June 30, 2022 (in thousands):

Funds	Deposits[1]	Money Market Funds	State Investment Pool (ITC)	Investment Agreements	Combined Totals
General Reserve Account	$ -	$ -	$108,873	$ -	$ 108,873
Rental Housing	-	37,822	-	-	37,822
Residential Housing Finance	882	330,873	-	267	332,022
Homeownership Finance Bonds	-	48,051	-	-	48,051
Multifamily Housing Bonds	-	1,790	-	-	1,790
State Appropriated Accounts	179	143,882	147,137	-	291,198
Federal Appropriated Accounts	138,179	4,093	74,872	-	217,144
Combined Totals	$139,240	$566,511	$330,882	$267	$1,036,900

[1] Deposits may be in Cash or Cash Equivalents.

Included in deposits was cash awaiting investment, consisting of interest earned on investments accrued at year end and certain federal emergency funds.

The ITC is an internal investment pool managed by the Minnesota State Board of Investments (SBI). The SBI invests in debt securities, including U.S. treasury securities, U.S. agency securities, bankers' acceptances, high grade corporates, and

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

commercial paper. The investment objectives for investing state cash accounts are to preserve capital and to provide a level of current income consistent with the goal of preserving capital. This investment pool is unrated.

Generally, investment agreements are uncollateralized, interest-bearing contracts with financial institutions or corporations with variable liquidity features, which require a one-day to two-week notice for deposits and/or withdrawals, and are invested in accordance with the restrictions specified in the various bond resolutions.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in market interest rates of debt investments will adversely affect the fair value of an investment. The Agency's Board Policy – *Investments and Cash Management* requires interest rate risk of variable rate debt to be hedged with interest rate swaps. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer's debt or otherwise lack of diversification. The Agency does not have a formal policy regarding concentration of credit risk for rated corporate debt securities that are among the top four quality categories. For other types of investments, Minnesota Statutes 11A.24 established investment parameters.

Investment Securities

Investment securities (comprising U.S. Treasury securities, U.S. Agency securities, mortgage-backed securities and municipal bonds) are recorded at fair market value and were allocated to the following funds at June 30, 2022 (in thousands):

Funds	Investment Securities-Other at Amortized Cost	Program Mortgage-backed Securities	Unrealized Appreciation (Depreciation)	Estimated Market Value
Rental Housing	$ 19,738	$ -	$ (179)	$ 19,559
Residential Housing Finance	139,488	1,890,620	(117,141)	1,912,967
Homeownership Finance Bonds	-	1,096,693	(52,778)	1,043,915
Homeownership Mortgage-backed Securities	5,682	-	(252)	5,430
Combined Totals	$164,908	$2,987,313	$(170,350)	$2,981,871

U.S. Treasury securities, U.S. Agency securities, and municipal bonds in General Reserve, State Appropriated and Federal Appropriated are held by the State of Minnesota on behalf of the Agency. U.S. treasury and U.S. agency securities in the remainder of the funds are held by the trustees under the Agency's bond resolutions and bond indentures in the Agency's name.

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

Investment securities are subject to credit risk. The following table classifies investment securities, except U.S. Treasuries, by their lowest Standard & Poor's/Moody's rating. Investment securities' credit rating categories (without qualifiers) at June 30, 2022 were (in thousands):

Credit Ratings of Investment Securities

Type	Par Value	AA+/Aaa	AA+/not rated
U.S. Agencies	$3,142,510	$3,142,510	$ -
Municipal Bonds	7,375	-	7,375
Agency-wide Totals	3,149,885	$3,142,510	$7,375
U.S. Treasuries	3,560	3,560	
Agency-wide Totals	$3,153,445	$3,146,070	

Examining the weighted average maturities of the Agency's investment securities can reveal information about interest rate risk. Cash, cash equivalents and investment securities (excluding unrealized depreciation of $170.350 million and net discount of $1.224 million, along with the weighted average maturities (in years) as of June 30, 2022, consisted of the following (in thousands):

Cash, Cash Equivalents and Investment Securities

		Weighted Average Maturity, in Years							
Type	Par Value	General Reserve	Rental Housing	Residential Housing Finance	Home-ownership Finance Bonds	Multifamily Housing Bonds	HOMES℠	State Appropriated	Federal Appropriated
Deposits	$ 1,061	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market fund	566,511	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ITC	469,061	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment agreements	267	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US Agencies	3,142,510	0.0	5.6	27.8	25.8	0.0	21.1	0.0	0.0
US Treasuries	3,560	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Municipals	7,375	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agency-wide Totals	$4,190,345								
Weighted Average Maturity		0.0	1.7	23.8	24.7	0.0	21.1	0.0	0.0

Investments in any one issuer, excluding $1,610 million of investments issued or explicitly guaranteed by the U.S. Government, that represent five percent or more of the par value of total investments, as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, of June 30, 2021 were as follows (in thousands):

Investment Issuer	Amount
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, U.S. Agencies	$1,514,182

The Agency maintained certain deposits and investments throughout fiscal year 2022 that were subject to custodial credit risk. As of June 30, 2022, the amounts subject to this risk consisted of the following (in thousands):

	Amount
Deposits not covered by depository insurance and uncollateralized (including $566,511 in a money market fund and $330,882 in the ITC)	$1,036,633
Investment securities uninsured, uncollateralized.	3,153,712
Agency-wide Total	$4,190,345

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

Net realized gain on sale of investment securities of $0.138 million is included in interest earned on investments.

Certain balances are required to be maintained under the various bond resolutions. These balances represent debt service and insurance reserves. The required balances at June 30, 2022 were as follows (in thousands):

Program Funds	Amount
Multifamily Housing Bonds	$ 479
Rental Housing	616
Residential Housing Finance	8,038
Combined Totals	$9,133

The following table summarizes Minnesota Housing's investments within the fair value hierarchy at June 30, 2022:

Investments (at par)	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ 230	$3,142,280	$ -	$3,142,510
U.S. Treasuries	3,560	-	-	3,560
Municipals	-	7,375	-	7,375
	$3,790	$3,149,655	$ -	3,153,445
Premium/discount and unrealized appreciation/depreciation				(171,574)
Fair market value				$2,981,871

Note 4 – Loans Receivable, Net

Loans receivable, net at June 30, 2022 consisted of (in thousands):

Funds	Outstanding Principal	Allowance for Loan Losses	Loans Receivable, Net
Rental Housing	$161,338	$ (2,200)	$159,138
Residential Housing Finance	755,466	(11,619)	743,847
Multifamily Housing	13,188	(66)	13,122
State Appropriated	39,835	(1,209)	38,626
Agency-wide Totals	$969,827	$(15,094)	$954,733

Substantially all loans in the table above are secured by first or second mortgages on the real property financed. A significant portion of the homeownership first mortgage loans in the Residential Housing Finance fund have either FHA insurance or a VA or RD guarantee. Insurance reduces, but does not eliminate, loan losses.

In addition to the loans in the table above, certain loans are carried at below-market interest rates and repayment is deferred for up to 30 years. These loans are generally in either a second or more subordinate mortgage position or may be unsecured. Given the nature of these loans and the risk associated with them, at the time of origination they are fully reserved resulting in a net carrying value of zero. The principal amount of loans with such characteristics originated during fiscal year 2022 aggregated $5.697 million in the Pool 3, $0 in Rental Housing and $31.228 million in State Appropriated. Loans with net carrying values of $0 are excluded from the tables above and below. The Agency also has deferred and/or forgivable loans with net carrying values of $0 in the Federal Appropriated, HOMES℠, National Housing Trust Fund (NHTF) and Housing Opportunities for Persons with Aids (HOPWA) programs. These loans are tracked for affordability by staff. The balance of these loans at June 30, 2022 was $64.700 million compared to $58.100 million on June 30, 2021.

Note 4 – Loans Receivable, Net (continued)

Loans receivable, net and gross in Residential Housing Finance at June 30, 2022 consist of a variety of loans as follows (in thousands):

Description	Net Outstanding Amount	Gross Outstanding Amount
Residential Housing Finance Bonds:		
Homeownership, first mortgage loans	$208,376	$209,061
Other homeownership loans, generally secured by a second mortgage	19,833	20,552
Alternative Loan Fund, Housing Investment Fund (Pool 2):		
Home Improvement loans, generally secured by a second mortgage	86,139	87,563
Homeownership, first mortgage loans	40,531	40,963
Other homeownership loans, generally secured by a second mortgage	65,565	67,593
Multifamily, first mortgage loans	208,612	210,703
Alternative Loan Fund, Housing Affordability Fund (Pool 3):		
Other homeownership loans, generally secured by a second mortgage	112,828	117,059
Multifamily, first mortgage loans	1,963	1,972
Residential Housing Finance Totals	$743,847	$755,466

The Agency is limited by statute to financing real estate located within the State of Minnesota. Collectability depends on, among other things, local economic conditions.

Note 5 – Capital Asset Rollforward, Right to Use – Lease and Other Assets

Capital Assets Rollforward

A summary of capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	$ 3,366	$ 293	$ -	$ 3,659
Software	11,007	1,321	(3,728)	8,600
Right to use - lease	9,626			9,626
Total capital assets, being depreciated	23,999	1,614	(3,728)	21,885
Less accumulated depreciation for:				
Furniture and equipment	(2,660)	(506)	-	(3,166)
Software	(9,581)	(1,944)	3,728	(7,797)
Right to use - lease	(1,246)	(1,359)		(2,605)
Total accumulated depreciation	(13,487)	(3,809)	3,728	(13,568)
Capital assets, net	$ 10,512	$(2,195)	$ -	$ 8,317

Note 5 – Capital Asset Rollforward, Right to Use – Lease and Other Assets (continued)

Other Assets

Other assets, including receivables, at June 30, 2022 consisted of the following (in thousands):

Funds	Receivables Due from the Federal Government	Other Assets and Receivables	Total
General Reserve Account	$3,743	$ 1	$3,744
Rental Housing	-	25	25
Residential Housing Finance	121	934	1,055
Homeownership Finance	-	24	24
State Appropriated	-	33	33
Federal Appropriated	287	-	287
Combined Totals	$4,151	$1,017	$5,168

Note 6 – Bonds Payable

Summary of bonds payable activity, at June 30, 2022 is as follows (in thousands):

Funds	June 30, 2021 Bonds Outstanding	Bonds Issued	Bonds Repaid	Premium/ Discount/ VRD Fees Amortization	June 30, 2022 Bonds Outstanding
Rental Housing	$ 59,880	$ 16,040	$ 26,570	$ -	$ 49,350
Residential Housing Finance	1,790,980	724,990	354,725	-	2,161,245
Homeownership Finance Bonds	1,351,335	112,532	376,892	-	1,086,975
Multifamily Housing Bonds	13,000	-	240	-	12,760
HOMES[SM]	7,214	-	1,532	-	5,682
2018 Index Bank Note	18,330	237,930	208,125	-	48,135
Total	$3,240,739	$1,091,492	$ 968,084	$ -	$3,364,147
Bond premium/discount-Residential Housing Finance	34,644	12,819	-	10,320	37,143
State Appropriation-backed Bonds	280,760	76,970	9,690	-	348,040
State Appropriated Premium	29,049	16,630	-	4,157	41,522
Notes Payable	85,000	2,140,000	2,150,000	-	75,000
Bonds Payable, net	$3,670,192	$3,337,911	$3,127,774	$14,477	$3,865,852

HFB 2021B bond series, issued on May 26, 2021 refunded $6.890 million of HFB 2009A-5 bond series in FY2021, and also refunded $5.985 million of HFB 2011CD bond series and $7.630 million of HFB 2011FG bond series in FY2022. All outstanding bonds of bond series HFB 2009 A-5 were redeemed on June 1, 2021 and all outstanding bonds of bond series HFB 2011CD and HFB 2011FG were paid or redeemed on July 1, 2021.

RHFB 2021CD bonds, which were issued on June 17, 2021 in FY2021, refunded $10.845 million of HFB 2011AB bond series, $9.390 million of HFB 2009 A-4 bond series, and $10.475 million of HFB 2011E bond series. All outstanding bonds of bond series HFB 2011AB, HFB 2009A-4 and HFB 2011E were paid or redeemed on July 1, 2021.

The drawdown Index Bank Note is part of the Residential Housing Finance Fund. State appropriation-backed bonds are included in the State Appropriated fund.

Note 6 – Bonds Payable (continued)

Bonds payable at June 30, 2022 were as follows (in thousands):

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Rental Housing Bonds				
2012 Series A-1	3.75%	2048	$ 4,175	$ 3,630
2013 Series A-1	3.50% to 5.30%	2049	3,710	3,375
2013 Series B-1	3.65% to 5.30%	2044	2,040	1,780
2020 Series A	0.35%	2022	4,610	4,610
2020 Series B	0.35%	2023	5,665	5,665
2021 Series A	0.40%	2023	5,485	5,485
2021 Series B	0.30%	2023	8,765	8,765
2021 Series C	0.30%	2024	7,840	7,840
2022 Series B	2.85%	2024	8,200	8,200
			$ 50,490	$49,350
Residential Housing Finance Bonds				
2007 Series M	6.345%	2038	$ 70,000	$ 9,955
2012 Series A	3.75% to 3.90%	2023	50,945	265
2012 Series B	3.30% to 3.45%	2024	8,830	435
2012 Series C	3.625% to 3.85%	2029	30,975	1,525
2012 Series D	3.90%	2030	60,000	810
2013 Series A	3.00%	2031	33,305	965
2013 Series C	2.55% to 3.90%	2043	42,310	16,650
2014 Series A	4.00%	2038	50,000	2,810
2014 Series B	4.00%	2038	50,000	3,830
2014 Series C	2.90% to 4.00%	2045	143,145	26,105
2014 Series D	3.00% to 3.10%	2026	6,585	2,375
2014 Series E	3.10% to 3.50%	2032	76,000	22,320
2015 Series A	4.00%	2041	43,070	7,635
2015 Series C	2.40% to 3.60%	2031	61,780	1,045
2015 Series D	Variable	2046	18,225	18,225
2015 Series E	3.50%	2046	96,930	15,815
2015 Series G	Variable	2034	35,000	30,815
2016 Series A	2.00% to 3.20%	2033	63,135	11,600
2016 Series B	3.10% to 3.50%	2046	74,985	19,600
2016 Series C	2.90% to 4.20%	2037	15,590	2,780
2016 Series E	2.40% to 4.00%	2047	75,005	11,380
2016 Series F	Variable	2041	50,000	42,420
2017 Series B	3.40% to 4.00%	2047	37,390	12,225
2017 Series C	Variable	2038	40,000	38,380
2017 Series E	4.00%	2048	63,075	21,085
2017 Series F	Variable	2041	40,000	40,000
2018 Series B	4.00%	2048	43,680	17,610
2018 Series D	Variable	2045	35,000	34,465
2018 Series E	4.25%	2049	65,200	30,090
2018 Series G	3.44% to 4.73%	2049	35,000	1,090
2018 Series H	Variable	2041	35,000	35,000
2019 Series B	4.25%	2049	98,195	38,940

Note 6 – Bonds Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Residential Housing Finance Bonds (continued)				
2019 Series C	2.897% to 4.204%	2042	$ 37,500	$ 880
2019 Series D	Variable	2042	45,000	40,160
2019 Series E	1.45% to 1.75%	2025	13,225	3,730
2019 Series F	1.50% to 3.75%	2050	96,775	54,145
2019 Series G	1.896% to 3.164%	2040	46,015	3,895
2019 Series H	Variable	2050	43,985	43,985
2020 Series A	1.30% to 1.70%	2026	20,850	10,195
2020 Series B	1.45% to 3.50%	2050	149,150	103,910
2020 Series C	1.77% to 3.337%	2050	60,000	39,155
2020 Series D	.65% to 1.80%	2027	19,300	11,400
2020 Series E	1.20% to 3.50%	2050	130,700	104,395
2020 Series F	.50% to 1.70%	2028	15,630	11,150
2020 Series G	.45% to 3.00%	2051	109,370	95,700
2020 Series H	.375% to 1.50%	2028	16,525	13,690
2020 Series I	1.15% to 3.00%	2051	108,475	99,340
2021 Series A	.30% to 1.95%	2030	23,060	21,160
2021 Series B	.60% to 3.00%	2051	101,940	97,135
2021 Series C	.25% to 1.45%	2028	24,020	22,370
2021 Series D	.20% to 3.00%	2052	154,145	146,225
2021 Series E	.15% to 1.25%	2027	15,695	15,190
2021 Series F	.125% to 3.00%	2052	134,305	131,370
2021 Series G	.25% to 2.40%	2033	22,690	22,495
2021 Series H	.25% to 3.00%	2052	127,310	126,590
2021 Series I	.67% to 2.77%	2035	25,000	25,000
2022 Series A	.70% to 3.00%	2052	75,000	74,745
2022 Series B	1.05% to 2.57%	2031	24,990	24,990
2022 Series C	.95% to 3.50%	2052	100,000	100,000
2022 Series D	Variable	2052	50,000	50,000
2022 Series E	2.498% to 4.707%	2041	100,000	100,000
2022 Series F	Variable	2052	50,000	50,000
			$3,589,010	$2,161,245
Homeownership Finance Bonds				
2012 Series A	2.60%	2042	$ 50,000	$ 8,403
2012 Series B	2.25%	2042	75,000	16,196
2013 Series A	2.35%	2043	75,000	18,338
2013 Series B	2.70%	2041	85,149	14,390
2013 Series C	3.00%	2043	37,000	8,573
2014 Series A	3.00%	2044	38,527	3,683
2014 Series B	2.95%	2044	18,868	3,524
2014 Series C	3.25%	2044	13,663	2,552
2014 Series D	2.875%	2044	39,934	6,683
2015 Series A	2.80%	2045	60,013	15,422
2015 Series B	3.00%	2045	54,530	11,395
2015 Series C	3.05%	2045	40,226	8,205
2015 Series D	2.90%	2045	52,365	12,922

Note 6 – Bonds Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Homeownership Finance Bonds (continued)				
2016 Series A	2.95%	2046	$ 97,274	$ 26,299
2016 Series B	2.70%	2046	50,971	15,746
2016 Series C	2.33%	2046	35,390	10,820
2016 Series D	2.73%	2046	35,390	10,781
2016 Series E	2.35%	2046	35,495	11,803
2016 Series F	2.68%	2046	65,918	22,513
2016 Series G	2.30%	2046	20,445	7,379
2016 Series H	2.65%	2046	30,668	11,255
2017 Series A	2.93%	2047	24,966	8,358
2017 Series B	3.25%	2047	24,966	9,116
2017 Series C	3.08%	2047	23,904	9,563
2017 Series D	3.43%	2047	23,904	9,531
2017 Series E	2.85%	2047	39,283	11,693
2017 Series F	3.20%	2047	19,348	5,896
2017 Series G	2.65%	2047	84,998	29,097
2017 Series H	3.00%	2047	64,998	22,250
2017 Series I	2.80%	2047	69,238	25,494
2017 Series J	3.10%	2047	46,159	16,991
2018 Series A	3.30%	2048	38,247	15,179
2018 Series B	3.65%	2048	38,247	16,297
2018 Series C	3.30%	2048	30,326	11,816
2018 Series D	3.65%	2048	20,218	7,915
2018 Series E	3.45%	2048	47,757	15,519
2018 Series F	3.80%	2048	52,573	17,040
2018 Series G	3.75%	2048	31,784	11,431
2018 Series H	4.10%	2048	31,784	11,597
2018 Series I	3.60%	2049	22,971	6,913
2018 Series J	4.00%	2049	37,500	11,285
2019 Series A	3.45%	2049	35,630	12,072
2019 Series B	3.80%	2049	30,351	10,284
2019 Series C	3.15%	2049	13,728	5,889
2019 Series D	3.55%	2049	30,555	13,107
2019 Series E	3.25%	2049	45,949	16,241
2019 Series F	3.23%	2049	59,851	24,885
2019 Series G	3.02%	2049	90,295	46,992
2019 Series H	2.47%	2050	48,324	23,186
2020 Series A	2.50%	2050	43,964	31,826
2020 Series B	2.35%	2050	18,000	12,518
2020 Series C	2.45%	2050	37,979	26,482
2020 Series D	1.92%	2050	100,000	81,230
2020 Series E	1.68%	2050	40,067	35,937
2021 Series A	1.58%	2051	83,328	74,703
2021 Series B	1.93%	2051	49,022	42,778
2021 Series C	2.05%	2051	61,764	59,367
2021 Series D	2.05%	2051	50,768	49,615
			$2,624,572	$1,086,975

Note 6 – Bonds Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Multifamily Housing Bonds				
2009	3.01%	2051	$ 15,000	$ 12,760
			$ 15,000	$ 12,760
HOMES^SM				
2013 Series A-1	3.50%	2043	$ 3,359	$550
2013 Series B-1	3.00%	2043	24,471	4,126
2013 Series C-1	3.50%	2043	4,713	1,006
			$ 32,543	$ 5,682
Drawdown Index Bonds				
2018 Index Bank Note	Variable	2021	$ -	$ 48,135
			$ -	$ 48,135
Combined totals (Bonds only) No State Appropriated			$6,311,615	$3,364,147
Premium on bonds				37,143
Notes payable				75,000
				$3,476,290

The Agency uses special redemption provisions to retire certain bonds prior to their stated maturity from unexpended bond proceeds, if any, and revenues in excess of scheduled debt service resulting primarily from loan prepayments.

Substantially all bonds are subject to optional redemption after various dates at an amount equal to 100% of the unpaid principal and accrued interest as set forth in the applicable series resolution.

The following table summarizes the annual debt service requirements to maturity for bonds outstanding as of June 30, 2022, excluding optional calls known at June 30, 2022 (in thousands). The current portion of bonds payable reported in the statement of net position includes known optional calls as of June 30, 2022.

Note 6 – Bonds Payable (continued)

	Rental Housing		Residential Housing Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2023	$19,215	$ 640	$ 33,955	$ 49,865
2024	13,520	661	41,805	53,095
2025	8,400	501	43,960	52,503
2026	200	375	45,825	51,758
2027	215	367	47,020	50,882
2028-2032	1,200	1,683	280,415	237,724
2033-2037	1,545	1,382	389,195	199,853
2038-2042	1,995	977	429,835	150,722
2043-2047	2,195	471	462,665	94,626
2048-2052	865	56	379,370	27,228
2053-2057	-	-	7,200	93
Total	$49,350	$7,113	$2,161,245	$968,349

	Multifamily Housing		Homeownership Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2023	$ 240	$ 381	$ -	$ 28,493
2024	240	373	-	28,493
2025	240	366	-	28,493
2026	240	359	-	28,493
2027	240	352	-	28,493
2028-2032	1,760	1,612	-	142,465
2033-2037	1,840	1,342	-	142,465
2038-2042	2,390	1,022	14,390	142,173
2043-2047	2,790	642	286,646	127,789
2048-2052	2,780	189	785,939	46,640
Total	$12,760	$6,638	$1,086,975	$743,997

	HOMES[SM]		DDIB/IBN	
Fiscal Year	Principal	Interest	Principal	Interest
2023	$ -	$ 178	$ 48,135	$ 276
2024	-	178	-	-
2025	-	179	-	-
2026	-	178	-	-
2027	-	178	-	-
2028-2032	-	891	-	-
2033-2037	-	891	-	-
2038-2042	-	892	-	-
2043-2047	5,682	208	-	-
Total	$ 5,682	$3,773	$ 48,135	$ 276

Note 6 – Bonds Payable (continued)

	Combined Totals	
Fiscal Year	Principal	Interest
2023	$ 101,545	$ 79,833
2024	55,565	82,800
2025	52,600	82,042
2026	46,265	81,163
2027	47,475	80,272
2028-2032	283,375	384,375
2033-2037	392,580	345,933
2038-2042	448,610	295,786
2043-2047	759,978	223,736
2048-2052	1,168,954	74,113
2053-2057	7,200	93
Total	$3,364,147	$1,730,146

Residential Housing Finance Bonds Series 2015 Series D and 2015 Series G; 2016 Series F; 2017 Series C and 2017 Series F, 2019 Series D and 2019 Series H and 2022 Series C and 2022 Series F (the Demand Bonds) accrue interest at rates that change weekly as determined by a remarketing agent for such series based on market conditions. Residential Housing Finance Bonds 2018 Series D and 2018 Series H accrue interest at a rate equal to the SIFMA (Securities Industry and Financial Markets Association) Index plus 0.43% and 0.55%, respectively. The 2018 Index Bank Note accrues interest at a rate equal to forward looking Term Secured Overnight Financing Rate (SOFR) Reference Rate for the following one month interest period plus 0.35%. Future interest due for these bonds, as displayed above in the annual debt service requirements table, assumes that the respective rates in effect on June 30, 2022 continue for the term of the bonds. Variable rate bond interest payments will vary as general short-term interest rates vary. Associated interest rate swaps are not included in the annual debt service requirements table. See the Swap Payments and Associated Debt table below to view those amounts.

The income and assets of each of the bond funds, except for the HOMES[SM] fund, are pledged on a parity basis for the payment of principal and interest on the bonds issued, and to be issued, under the respective resolutions. All but one of the bond resolutions contains covenants that require the Agency to maintain certain reserves. The Agency believes that as of June 30, 2022, it is in compliance with those covenants in all material respects and the assets of all funds and accounts in the bond funds equaled or exceeded the requirements as established by the respective bond resolutions.

Call notices were issued on or before June 30, 2022 for the redemption of certain bonds thereafter. See Subsequent Events.

On June 30, 2022 the Agency had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with an outstanding balance of $75.0 million. Draws against the line of credit are required to be collateralized with mortgage-backed securities which reside in Pool 2.

Note 7 – Demand Bonds

The Demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with seven days' notice and delivery to the Agency's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the bonds at a price equal to 100 percent of the principal amount. In the event the remarketing agent does not sell the bonds, the liquidity provider has agreed to purchase the bonds at a price equal to principal plus accrued interest. While held by the liquidity provider the bonds bear interest at a bank rate.

Note 7 – Demand Bonds (continued)

If the remarketing agent is unable to resell bonds purchased by the liquidity provider within one year of the purchase date the principal amount of these bonds together with interest at a bank rate will be payable to the liquidity provider in quarterly or semiannual installments payable over a five-year period that begins on the purchase date.

The Agency is required to pay each liquidity provider a fee ranging from 0.23 to 0.34 percent per annum of the liquidity provider's available commitment (the outstanding principal amount of the bonds and approximately six months interest on the bonds at the rate of 12% per annum).

The Agency has paid $0.992 million to the liquidity providers for fiscal year 2022.

In addition, each remarketing agent receives a fee ranging from .060 to 0.1 percent of the outstanding principal amount of the bonds. The Agency has paid a fee of $0.250 million to the remarketing agents for fiscal year 2022.

As of June 30, 2022, the following demand bonds were outstanding (in thousands):

Demand Bonds

Variable Rate Series	Principal Amount Outstanding at par	Liquidity Facility Maturity-SBPA[1]	Liquidity Fee	Remarketing Agent Fee
Residential Housing Finance Series 2015D	$ 18,225,000	8/11/2027	0.230%	0.100%
Residential Housing Finance Series 2015G	30,815,000	1/2/2023	0.300%	0.100%
Residential Housing Finance Series 2016F	42,420,000	1/2/2024	0.250%	0.100%
Residential Housing Finance Series 2017C	38,380,000	7/19/2024	0.290%	0.100%
Residential Housing Finance Series 2017F	40,000,000	1/2/2023	0.300%	0.100%
Residential Housing Finance Series 2019D	40,160,000	7/1/2024	0.340%	0.100%
Residential Housing Finance Series 2019H	43,985,000	9/10/2024	0.330%	0.060%
Residential Housing Finance Series 2022D	50,000,000	3/16/2027	0.230%	0.070%
Residential Housing Finance Series 2022F	50,000,000	5/12/2027	0.230%	0.070%
Combined Totals	$353,985,000			

[1] SBPA-Standby Purchase Agreement

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps

Floating Rate Term Bonds

The Agency has issued the Residential Housing Finance Bonds 2018 Series D and 2018 Series H as floating rate term bonds each in the principal amounts of $35.0 million. The interest rate on the bonds is reset weekly based on the SIFMA Index plus 0.43% and 0.55%, respectively. The bonds are subject to mandatory purchase on July 3, 2023 and December 12, 2023, respectively, at a price equal to principal plus accrued interest. On or after January 1, 2023, the Agency may redeem the 2018 Series D bonds, and on or after July 1, 2023, the Agency may redeem the 2018 Series H bonds or may remarket the bonds with new terms.

Derivative Instruments – Interest Rate Swaps

The Agency has entered into certain interest rate swap agreements that are considered to be derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* A consultant was engaged by the Agency to determine the fair value of these agreements and to evaluate their effectiveness as hedges as of June 30, 2022. The fair values approximate the termination payments that would have been due from the Agency, or payable to the

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Agency, had the swaps been terminated as of June 30, 2022. Under GASB 53, instruments, in whole or in part, such as interest rate swaps and similar transactions that fall under the definition of derivative instruments must be reported on the statement of net position, the classification of which depends on whether they represent assets or liabilities, and derivative instruments generally should be measured at "fair value." Fair values were determined pursuant to GASB 72. The fair value hierarchy of interest rate swap agreements is determined to be level 2. The fair values exclude accrued interest. As of June 30, 2022, all of the Agency's interest rate swap agreements have been determined to be effective hedges, as defined by GASB 53. The fair value is displayed on the statement of net position as a liability named "interest rate swap agreements." The inception-to-date change in fair value as of June 30, 2022 is included under deferred outflows of resources as "deferred loss on interest rate swap agreements," or under deferred inflows of resources as "deferred gain on interest rate swap agreements."

Objective of Swaps

The Agency entered into interest rate swap agreements in connection with its issuance of variable rate mortgage revenue bonds under the Residential Housing Finance Bond Resolution from calendar year 2003 through 2009, and 2015 through 2022. Using variable-rate debt hedged with interest-rate swaps reduced the Agency's cost of capital at the time of issuance compared to using long-term fixed rate bonds and, in turn, enabled the Agency to reduce mortgage rates offered to the Agency's low- and moderate-income, first-time home buyers.

Swap Payments and Associated Debt

Using rates as of June 30, 2022, debt service requirements of the Residential Housing Finance outstanding variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2023	$ 30,620	$ 3,267	$ 5,179	$ 39,066
2024	-	4,364	3,314	7,678
2025	-	4,364	3,317	7,681
2026	-	4,364	3,315	7,679
2027	-	4,364	3,315	7,679
2028-2032	43,570	21,253	16,191	81,014
2033-2037	123,055	17,186	12,873	153,114
2038-2042	121,340	11,079	6,914	139,333
2043-2047	69,280	5,419	2,197	76,896
2048-2052	26,510	1,536	499	28,545
2053-2057	9,075	137	48	9,260
Totals	$423,450	$77,333	$57,162	$557,945

Terms of Swaps

Terms of the swaps, the fair values, changes in fair values, and the credit ratings of the three counterparties thereto as of June 30, 2022, are contained in the three tables below (in thousands). All swaps are pay-fixed, receive-variable. Initial swap notional amounts matched original principal amounts of the associated debt except 2022D and 2022F. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in outstanding principal amounts of the associated bond series. With respect to the outstanding swaps the Agency has also purchased the right, generally based upon a 300% PSA prepayment rate (The Standard Prepayment

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Model of The Securities Industry and Financial Markets Association and formerly the Public Securities Association) on the underlying mortgage loans, to further reduce the notional balances of the swaps as necessary to match the outstanding principal amount of the associated bond series and the right to terminate the swaps at par at approximately the 7-year anniversary date for the 2015D, 2015G, 2016F and 2017C swaps and the 5-year anniversary date for the 2017F, 2018D, 2018H, 2019D and 2019H swaps and the 9-year anniversary date for the 2022D and 2022F swaps. The Agency also has the right to terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder:

Counterparty: The Bank of New York Mellon

Moody's* Aa2 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)[2]

Associated Bond Series	Notional Amount as of June 30, 2022 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2022 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2021 (in thousands)
RHFB 2018D	$ 35,000	June 28, 2018	January 1, 2045	3.1875%	70% of 1 month LIBOR + 43 basis points	$ 523	$ 2,479
RHFB 2019H	43,985	September 11, 2019	January 1, 2047	2.1500%	100% of 1 month LIBOR	5,911	7,338
RHFB 2022D	25,000	March 16, 2022	January 1, 2044	2.2050%	100% SOFR	2,594	2,594
RHFB 2022F	10,000	May 12, 2022	July 1, 2030	2.5100%	100% SOFR	177	177
RHFB 2022F	25,000	May 12, 2022	July 1, 2052	3.2375%	100% SOFR	474	474
Counterparty Total	$138,985					$9,679	$13,062

Counterparty: Royal Bank of Canada

Moody's* Aa2 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2022 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2022 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2021 (in thousands)
RHFB 2015D	$ 18,225	August 11, 2015	January 1, 2046	2.343%	67% of 1 month LIBOR	$ 333	$ 927
RHFB 2015G	30,815	December 8, 2015	January 1, 2034	1.953%	67% of 1 month LIBOR	505	1,614
RHFB 2016F	42,420	December 22, 2016	January 1, 2041	2.175%	67% of 1 month LIBOR	875	3,253
RHFB 2018H	35,000	December 12, 2018	July 1, 2041	2.8035%	70% of 1 month LIBOR	115	2,628
RHFB 2019D	45,000	April 11, 2019	January 1, 2042	2.409%	70% of 1 month LIBOR	728	3,955
Counterparty Total	$171,460					$2,556	$12,377

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Counterparty: Wells Fargo Bank
Moody's* Aa2 (Stable outlook) / Standard & Poor's** A+ (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2022 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2022 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2021 (in thousands)
RHFB 2017C	$ 38,380	January 1, 2019	January 1, 2038	2.180%	67% of 1 month LIBOR	$ 400	$ 2,521
RHFB 2017F	40,000	December 27, 2017	January 1, 2041	2.261%	67% of 1 month LIBOR	878	2,104
Counterparty Total	$ 78,380					$ 1,278	$ 4,625
Accrued Interest Total[2]	$ -					$ 2,279	
Combined Totals	$388,825					$15,792	$30,064

[1] A positive fair value represents money due to the Agency by the counterparty upon an assumed termination of the swap while a negative fair value represents the amount payable by the Agency.
[2] Accrued interest is included in the Statement of Net Position under Swap Interest Payable.
* Moody's Investor Service Inc.
** Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies
*** London Inter-Bank Offered Rate

Termination Risk

The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract or upon certain termination events. Upon termination at market, a payment is due by one party based upon the fair value of the swap even if the payment is owed to a defaulting party. The potential termination risks to the Agency are the liability for a termination payment to the counterparty or the inability to replace the swap upon favorable financial terms, in which event the variable rate bonds would no longer be hedged. To reduce the risk of termination, swap contracts generally limit counterparty terminations to the following Agency actions or events: payment default, other defaults that remain uncured for 30 days after notice, substantial impairment of credit ratings, bankruptcy and insolvency.

Credit Risk

A swap potentially exposes the Agency to credit risk with the counterparty. The fair value of a swap represents the Agency's current potential credit exposure to the swap counterparty assuming the occurrence of a termination event. As of June 30, 2022, the Agency did not have a net credit risk exposure to any of its three counterparties because the Agency's respective combined swap positions had a positive net fair value, as set forth in the foregoing tables. Each of the swap agreements requires that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral threshold for each counterparty and the Agency is $50 million if the ratings on the unsubordinated, unsecured long-term indebtedness of the counterparty, in the case of the counterparty, or the hedged bonds, in the case of the Agency, are not less than "AA-" and "Aa3" from Standard & Poor's and Moody's, respectively, $5 million if the ratings are not less than "A+" and "A1", $5 million if the ratings are not less than "A" and "A2", and zero, if either rating is lower. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2022, neither the Agency nor any counterparty had been required to post collateral.

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Amortization Risk

The Agency is subject to amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding principal amount of variable rate bonds to decline faster than the amortization of the notional amount of the swap. To ameliorate amortization risk, termination options were structured within most of the outstanding swaps to enable the Agency to manage the outstanding balances of variable rate bonds and notional swap amounts. (See *Terms of Swaps*.) Additionally, the Agency may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

Basis Risk

The potential for basis risk exists when variable interest payments on the Agency's bonds do not equal variable interest receipts payable by the counterparty under the associated swap. The variable rate the Agency pays on its bonds resets weekly, but the variable rate received on its swaps is based upon a specified percentage of the one-month taxable LIBOR, or the Secured Overnight Financing Rate (SOFR), plus, in some cases, a specified spread. Basis risk will vary over time due to inter-market conditions. As of June 30, 2022, the interest rate on the Agency's variable rate tax-exempt debt ranged from 0.90% to 1.60% per annum while the variable interest rate on the associated swaps ranged from 1.51% to 1.71314% per annum. In order to reduce the cumulative effects of basis risk on the swaps relating to tax-exempt variable rate debt, the determination of the spread from one-month LIBOR payable by the counterparty under the swap was based upon a regression analysis of the long-term relationship between one-month LIBOR and the tax-exempt variable rate SIFMA index (which ordinarily would approximate the weekly variable rate on the Agency's tax-exempt variable rate bonds).

Tax Risk

The structure of the variable interest rate payments the Agency receives from its LIBOR-based swap contracts relating to tax-exempt variable rate bonds is based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents the risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Agency chose to assume this risk at the time the swaps were entered into because it was not economically favorable to transfer to the swap counterparties.

Note 9 – Derivative Instruments – Forward Sales Contracts

The Agency has entered into forward sales contracts for the future delivery of GNMA, FNMA and FHLMC securities. The contracts offset the financial impact to the Agency of changes in interest rates between the time of loan reservations and the securitization and sale of such loans as GNMA, FNMA and FHLMC securities. These contracts are considered investment derivative instruments and, accordingly, are recorded as a component of instruments in the Statement of Net Position. Therefore, the change in value is reported as unrealized gains (losses) on investments. Outstanding forward sales contracts, summarized by counterparty as of June 30, 2022, are as follows: (in thousands):

	Counter Party Short-term Rating	Number of Contracts	Notional Amount	Original Price	Market Price	Fair Value
Bank of Oklahoma	A-2*/F1**	2	$ 6,000	$ 5,851	$ 5,797	$ 54
Daiwa	A-2*/F1**	2	13,000	12,665	12,532	133
ED&F Man Capital Markets	A-1*/F1+**	4	14,000	13,975	14,020	(45)
Fannie Mae	Not rated*/F1+*	4	25,500	24,178	23,929	249
Huntington Securities	Not rated*/F1+**	6	31,000	31,399	31,274	125
Janney Montgomery Scott	Not Rated*/Not Rated**	6	24,500	24,813	24,791	22
South Street Securities	A-1*/F1+**	8	45,000	45,610	45,369	240
		32	$159,000	$158,491	$157,712	$778

* Standard and Poor's Rating Services Inc.

** Fitch Ratings, Ltd

Note 10 – State Appropriation-Backed Debt Obligation

The Agency has outstanding bonds under two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing and other purposes. As of June 30, 2022, $348.040 million of bonds were outstanding. This debt is not a general obligation of the Agency and is not payable from any funds or assets of the Agency including any loan repayments. These bonds are payable solely from the appropriations the Agency receives from the State of Minnesota General Fund pursuant to standing appropriations made by the Legislature as authorized by state laws adopted in 2008, 2012, 2014, 2015, 2017, 2018, 2019, 2020 and 2021.

State Appropriation-backed Bonds at June 30, 2022 consisted of the following (in thousands):

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
State Appropriated				
2009 Series	3.375% to 4.00%	2029	$ 13,270	$ 5,640
2011 Series	4.125% to 5.25%	2031	21,750	13,420
2013 Series AB	3.00% to 5.00%	2033	15,460	9,790
2014 Series AB	2.90% to 5.00%	2035	14,540	11,395
2015 Series A	2.15% to 5.00%	2035	37,570	25,485
2015 Series C	3.25% to 5.00%	2037	31,095	26,350
2016 Series AC	2.00% to 4.00%	2038	18,625	15,275
2017 Series A	3.00% to 5.00%	2037	12,690	10,930
2018 Series ABCD	2.375% to 5.00%	2040	25,295	21,575
2019 Series ABCD	1.75% to 5.00%	2041	26,775	24,975
2019 Series ABCD	2.00% to 4.00%	2043	108,280	106,235
2019 Series ABCD	3.00% to 5.00%	2043	76,970	76,970
Bonds payable			$402,320	$348,040

State appropriation-backed bond debt service requirements at June 30, 2022 consisted of the following:

	State Appropriated	
Fiscal Year	Principal	Interest
2023	$ 13,425	$ 14,109
2024	13,910	13,628
2025	14,415	13,115
2026	15,005	12,519
2027	15,685	11,856
2028-2032	89,225	48,453
2033-2037	95,490	28,209
2038-2042	75,480	9,810
2043-2047	15,405	601
Total	$348,040	$152,300

Note 10 – State Appropriation-Backed Debt Obligation (continued)

As the issuer of the state appropriation-backed debt, the Agency is required to record these bonds as bonds payable with the correlating reduction in net position.

As of fiscal 2022, the Agency recorded the Housing Infrastructure Bonds (HIB) as bonds payable in State Appropriated. These are bonds that are backed solely by appropriations from the State of Minnesota. The premium income and finance costs associated with the HIB bonds are now recorded when incurred and amortized. The proceeds that have not yet been disbursed and investment income on the proceeds will be recorded in cash equivalents and other program expense when disbursed. Debt service appropriated by the state is recorded in the appropriations received account. Before this, the undisbursed proceeds, investment income, and debt service appropriated were recorded in the funds held for others account, and no premiums or finance costs were recorded. Due to the change in the recording of the HIB bonds and certain HIB bonds related activity in fiscal 2022, the fiscal 2021 financial statements were restated to reflect the impacts of fiscal 2021 ending net position in fiscal 2022 which is described in more detail in Note 23.

Note 11 – Conduit Debt Obligation

On December 21, 2005, the Agency issued tax-exempt bonds on a conduit basis to assist a Minnesota nonprofit organization in preserving assisted elderly rental housing. The proceeds of the bonds were used by the organization to refinance certain HUD Section 202 elderly housing projects. The bonds were sold on a private placement basis. As of June 30, 2022, $21.604 million of the bonds were outstanding.

On March 1, 2016, the Agency issued a long-term tax-exempt multifamily revenue note on a conduit basis that was purchased by Freddie Mac under their Tax Exempt Loan Program. The proceeds of the sale were lent to the owner to pay for a portion of the costs of the acquisition, construction, and equipping of a multifamily senior rental housing development. As of June 30, 2022, $20.151 million of the bonds were outstanding.

On April 20, 2016 and May 11, 2016, the Agency issued long-term tax-exempt multifamily revenue notes on a conduit basis that was purchased by Freddie Mac under their Tax Exempt Loan Program. The proceeds of the sales were lent to the owner to pay for a portion of the costs of the acquisition and rehabilitation of three HUD Section 8 multifamily housing developments. As of June 30, 2022, $30.246 million of the bonds were outstanding.

On December 28, 2017, the Agency issued long-term conduit tax-exempt revenue bonds and a short-term conduit tax exempt revenue note. The proceeds of the sales were used to finance the acquisition, rehabilitation and equipping of two multi-family rental housing development projects that will preserve units with federal rental assistance. As of June 30, 2022, $5.039 million of bonds were outstanding.

The total outstanding conduit debt as of June 30, 2022, was $77.039 million.

Neither the Agency, the State of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of these conduit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 12 – Accounts Payable and Other Liabilities

Accounts payable and other liabilities at June 30, 2022 consisted of the following (in thousands):

Funds	Accrued Salaries, Compensated Absences and Employee Benefits	Other Liabilities and Accounts Payable	Total
General Reserve Account	$ 5,957	$ 593	$ 6,550
Rental Housing	-	12,950	12,950
Residential Housing Finance	-	61,374	61,374
Homeownership Finance	-	59	59
State Appropriated	-	3,506	3,506
Federal Appropriated	10,311	-	10,311
Combined Totals	$16,268	$78,482	$94,750

Note 13 – Lease Liability and Rollforward

Principal and interest payments due for the remaining lease arrangement as of June 30, 2022 consisted of the following:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	$1,261,796	$ 360,325	$1,622,121
2024	1,334,768	293,960	1,628,728
2025	1,436,657	221,748	1,658,405
2026	1,549,513	144,668	1,694,181
2027	1,655,617	61,840	1,717,457
2028	284,937	1,882	286,819
	$7,523,288	$1,084,423	$8,607,711

Summary of Long-Term Liability Rollforward Schedule for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Lease Liability	$8,696	$ -	$1,173	$7,523
Total liabilities	$8,696	$ -	$1,173	$7,523

Note 14 – Interfund Balances and Transfers

Interfund balances displayed as Interfund Payable (Receivable) at June 30, 2022 consisted of the following (in thousands):

		Due from								
	Funds	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance	Multifamily Housing	HOMES^{SM}	State Appropriated	Federal Appropriated	Total
Due to	General Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$494	$418	$ 912
	Residential Housing Finance	15,489	-	-	-	-	-	-	-	15,489
	Agency-wide Totals	$15,489	$ -	$ -	$ -	$ -	$ -	$494	$418	$16,401

All balances resulted from the time lag between the dates that: (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers recorded in interfund payable (receivable) for the year ended June 30, 2022 consisted of the following (in thousands):

		Transfer from							
	Funds	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance	Multifamily Housing	State Appropriated	Federal Appropriated	Total
Transfer to	General Reserve	$ -	$ 1,295	$19,160	$7,947	$91	$ 568	$1,594	$30,655
	Rental Housing	142	-	-	-	-	-	-	142
	Residential Housing Finance	379	26,973	-	-	-	7,639	-	34,991
	State Appropriated	44	-	756	-	-	-	-	800
	Federal Appropriated	-	-	224	-	-	-	-	224
	Agency-wide Totals	$565	$28,268	$20,140	$7,947	$91	$8,207	$1,594	$66,812

Interfund transfers recorded in interfund payable (receivable) were made to move loan payments that were deposited for administrative convenience in a fund not holding the loans; to make administrative reimbursements to the General Reserve from other funds; to pay for loans transferred between funds including $7.639 million of down payment and closing cost assistance loans transferred from Residential Housing Finance to State Appropriated.

Interfund transfers recorded in non-operating transfer of assets between funds for the year ended June 30, 2022, consisted of the following (in thousands):

		Transfer from								
	Funds	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance	Multifamily Housing	HOMES^{SM}	State Appropriated	Federal Appropriated	Total
Transfer to	Rental Housing	$ -	$ -	$ 37	$ -	$ -	$ -	$ -	$ -	$ 37
	Residential Housing Finance	21,224	-	-	-	-	-	-	224	21,448
	Homeownership Finance	-	-	6,842	-	-	-	-	-	6,842
	Agency-wide Totals	$21,224	$ -	$6,879	$ -	$ -	$ -	$ -	$224	$28,327

Interfund transfers recorded in non-operating transfer of assets between funds normally result from bond sale contributions to new debt issues in other funds, the transfer of assets to maintain Pool 1 requirement and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Note 15 – Net Position

Restricted by Bond Resolution

The restricted by bond resolution portion of net position represents those funds restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

In accordance with provisions of the respective bond resolutions, the Agency may transfer excess money from bond funds to General Reserve. The Agency has pledged to deposit in General Reserve any such funds transferred from the bond funds, except for any amounts as may be necessary to reimburse the state for money appropriated to restore a deficiency in any debt service reserve fund. The Agency further covenanted that it will use the money in General Reserve (or any such transferred funds deposited directly in the Alternative Loan Fund) only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds and of loans made from the proceeds thereof, and will accumulate and maintain therein such a balance of funds and investments as will be sufficient for that purpose. All interfund transfers are approved by the Board of the Agency.

In order to provide financial security for the Agency's general obligation bonds, and to provide additional resources for housing loans to help meet the housing needs of low- and moderate-income Minnesota residents, the Agency's Board adopted investment guidelines. These guidelines are periodically evaluated in consideration of changes in the economy and in the Agency's specific risk profile.

The $554.495 million restricted by covenant portion of net position is restricted by a covenant made with bondholders authorized by the Agency's enabling legislation.

Pool 1 is maintained in the restricted by covenant portion of net position of the General Reserve. Pool 2 and the Pool 3 are maintained in the restricted by covenant portion of net position of the Residential Housing Finance fund.

The combined net position of the General Reserve and bond funds (exclusive of Pool 3, accumulated unrealized gains/losses on investments, and realized gains/losses in sale of investments between Agency funds) is required by Board investment guidelines to be not less than the combined net position of the same funds (exclusive of cumulative unrealized gains/losses on investments) as of the immediately preceding fiscal year end. That combined net position was $619.865 million as of June 30, 2022.

The following table describes the restricted by covenant portion of net position, including the balances to be maintained according to the Agency's Board investment guidelines, as of June 30, 2022 (in thousands):

Note 15 – Net Position (continued)

Net Position — Restricted By Covenant	Certain Balances Maintained According to Agency's Board Guidelines	Unrealized Appreciation (Depreciation) in Fair Market Value of Investments	Total Net Position Restricted by Covenant
Housing Endowment Fund (Pool 1), General Reserve			
Pool 1 is an amount equal to 1% of gross loans outstanding (excluding Pool 3 and appropriation-funded loans) and must be invested in short-term, investment-grade securities at market interest rates	$ 8,097	$ -	$ 8,097
Subtotal, Housing Endowment Fund (Pool 1), General Reserve	8,097	-	8,097
Housing Investment Fund (Pool 2), Residential Housing Finance			
An amount that causes the combined net position in the General Reserve and bond funds (exclusive of: Pool 3, unrealized gains/losses on investments, and realized gains/losses from the sale of investments between Agency funds) to be at least equal to the combined net position of the same funds for the immediately preceding audited fiscal year end (after restatements, if any, required by generally accepted accounting principles). During fiscal year 2022, $10.0 million was transferred from Pool 2 to Pool 3 in compliance with these Board guidelines. Pool 2 is invested in investment-quality housing loans, as defined by the Agency, or investment-grade securities.	394,585	-	394,585
Unrealized appreciation in fair market value of investments	-	12,945	12,945
Subtotal, Housing Investment Fund (Pool 2), Residential Housing Finance	394,585	12,945	407,530
Housing Affordability Fund (Pool 3), Residential Housing Finance			
Funds in excess of the combined requirement of Pool 1, Pool 2 and General Reserve may be transferred to Pool 3. Assets are invested in deferred loans, zero percent and low interest-rate loans, other loans with higher than ordinary risk factors, or, pending use, investment-grade securities.	138,803	-	138,803
Unrealized appreciation in fair market value of investments	-	65	65
Subtotal, Housing Affordability Fund (Pool 3), Residential Housing Finance	138,803	65	138,868
Agency-wide Total	$541,485	$13,010	$554,495

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law under net position. The $206.7 million balance of restricted by law in the Federal Appropriated fund as of June 30, 2022 is restricted by federal requirements that control the use of the funds. The $175.7 million balance of Restricted by Law in the State Appropriated fund as of June 30, 2022 is restricted by the state laws appropriating such funds.

Unrestricted - State Appropriation-Backed Bonds

The $245.1 million balance of unrestricted - State Appropriation-backed Bonds as of June 30, 2022 does not represent a general obligation of the Agency and is not payable from any funds or assets of the Agency.

Note 16 – Defined Benefit Pension Plan

The Agency contributes to the MSRS, a multiple-employer public employee retirement system, which provides pension benefits for all permanent employees.

The State Employees Retirement Fund (SERF) is administered by the MSRS, and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan, and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation, and the State Fire Marshal's Division are eligible to be members of those plans, but all state of Minnesota employees who are not members of another plan are covered by the General Plan.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

Benefits Provided

MSRS provides retirement, disability, and death benefits through the SERF. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases or decreases are provided to benefit recipients each January, and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0% each year through December 31, 2018, 1% January 1, 2019 – December 31, 2023, and 1.5% January 1, 2024 and thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a pro rata increase.

Prior to 2002, members who retired under the laws in effect before July 1, 1973, received an additional lump sum payment each year. In 1989, this lump sum payment was the greater of $25 times each full year of Allowable Service or $400 per full year of service less any Social Security benefits received or annuity from a Minnesota public employee pension plan. In each following year, the lump sum payment was increased by the same percentage increase that was applied to regular annuities paid from the Minnesota Post Retirement Investment Fund. Effective January 1, 2002, the annual lump sum payment was divided by 12 and paid as a monthly life annuity in the annuity form elected.

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members contribute 6.00% and participating employers are required to contribute 6.25% of their annual covered salary in fiscal year 2022. The Agency's contribution to the General Plan for the fiscal year ending June 30, 2022 was $1.405 million. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions

The Agency's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Active member payroll growth	3.00% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table.

Note 16 – Defined Benefit Pension Plan (continued)

Mortality rates for healthy pre-retirement on Pub 2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 0.97 for males and 1.06 for females. Mortality rates for healthy post-retirement on Pub-2010 Healthy General Mortality Table, adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience study, dated June 27, 2019, and a review of inflation and investment return assumptions dated June 24, 2021.

The long-term expected rate of return on pension plan investments is 7.5%. The rate assumption was selected as the result of a review of inflation and investment return assumptions dated June 24, 2021 and a recent liability study. The review combined the asset class target allocations and long-term rate of return expectations from the SBI.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation	SBI's Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	33.5%	5.10%
International Stocks	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%

Changes in Actuarial Assumptions

The Combined Service Annuity (CSA) loads were 1.20% for active member liability and 40% for vested and non-vested deferred member liability. The revised CSA loads are now zero percent for active member liability, 4.00% for vested deferred member liability, and 5.00% for non-vested deferred member liability. The Single Discount Rate was changed from 7.50% per annum to 6.50% per annum.

Single Discount Rate

A Single Discount Rate of 6.50% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.50%. The projection of cash flows used to determine this Single Discount Rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

At June 30, 2022, the Agency reported a liability of $0.544 million for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's contributions received by MSRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2021 the Agency's proportionate share of the entire plan was 0.66726% an increase of 0.035% over prior reporting period.

Note 16 – Defined Benefit Pension Plan (continued)

Pension Liability Sensitivity

The following presents the Agency's proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Agency proportionate share of the net pension liability:	$21,377	$544	($819)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website (www.msrs.state.mn.us/financial-information).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Agency recognized pension expense credit of $13.774 million. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 135	$ 63
Changes of assumptions	10,002	7,489
Net difference between projected and actual earnings on investments	-	15,033
Changes in proportion and differences between actual contributions and proportionate share of contributions	565	-
Contributions paid to OPEB subsequent to the measurement date	1,405	-
Total	$12,107	$22,585

Amounts reported as deferred outflows of resources related to pensions resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ended June 30:	Pension Expense Amount
2023	($7,433)
2024	(1,429)
2025	(1,536)
2026	(1,485)

Note 17 – Post – Employment Benefits Other Than Pensions

The Agency's employees participate in the State of Minnesota-sponsored hospital, medical, and dental insurance group. State statute requires that former employees and their dependents be allowed to continue participation indefinitely, under certain conditions, in the insurance that the employees participated in immediately before retirement. The former employees must pay the entire premium for continuation coverage. An implicit rate subsidy exists for the former participants that elect to continue coverage. That subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate greater claims on average than active participants.

The State of Minnesota obtains an actuarial valuation from an independent firm of its postretirement medical benefits and to determine its OPEB liability. The state intends to fund the OPEB liability on a "pay as you go" basis. The net other postemployment benefit obligation (NOO) for the Agency is $1.879 million for fiscal year 2022.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

Net OPEB Liability

The total OPEB liability, net OPEB liability (total OPEB liability minus fiduciary net position), OPEB expense, and certain sensitivity information shown are based on actuarial valuations performed as of July 1, 2020. The total OPEB liability was rolled-forward from the valuation date to the measurement date of June 30, 2021 using generally accepted actuarial principles.

As of July 1, 2020 the following assumptions were used for the actuarial valuation. The actuarial cost method was updated from Entry Age Normal as a level dollar amount to Entry Age Normal as a level percentage of pay.

Inflation	2.25% per year
Initial Medical Trend Rate	7.5% per year
Ultimate Medical Trend Rate	3.8%
Salary Increases	13.9% with one year of service to 3.0% with 30 or more years of service
Mortality Rate	Refer Pub-2010 General Employee Mortality Headcount-Weighted Table, adjusted for mortality improvements using projection scale MP-2020.

The majority of the State of Minnesota employees are participants in the MSRS, Minnesota Teacher's Retirement Association (TRA), or the Minnesota Public Employees' Retirement System (PERA). For this reason, the aggregate payroll growth, individual salary increase, mortality, withdrawal, retirement, and age of spouse assumptions are based on the assumptions used for the respective plans' Actuarial Valuation Reports as of July 1, 2021.

OPEB Sensitivity Based on Trend Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current trend rate.

	1% Decrease in Trend Rate (2.8%)	Trend Rate (3.8%)	1% Increase in Trend Rate (4.8%)
Agency proportionate share of the total OPEB liability:	$1,682	$1,879	$2,112

Single Discount Rate

The State of Minnesota elected to change its discount rate methodology to be consistent with the requirements of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which will be in effect for the fiscal year ending June 30, 2021. Since the State's retiree health benefits are not funded by assets in a separate trust the

Note 17 – Post – Employment Benefits Other Than Pensions (continued)

discount rate will be based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date, as prescribed by GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State of Minnesota elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 2.21% as of June 30, 2021.

OPEB Sensitivity Based on Discount Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current discount rate.

	1% Decrease in Discount Rate (2.5%)	Discount Rate (3.5%)	1% Increase in Discount Rate (4.5%)
Agency proportionate share of the OPEB liability:	$2,021	$1,879	$1,744

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Agency recognized OPEB expense of $0.116 million. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$193
Changes of assumptions	184	35
Contributions paid to OPEB subsequent to the measurement date	106	-
Total	$290	$228

Amounts reported as deferred outflows of resources related to OPEB resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:	OPEB Expense Amount
2023	$ 7
2024	7
2025	7
2026	7
2027	7
Thereafter	9

Note 18 – Risk Management

Minnesota Housing is exposed to various insurable risks of loss related to tort; theft of, damage to, or destruction of assets; errors or omissions; and employer obligations. Minnesota Housing manages these risks through State of Minnesota insurance plans including the State of Minnesota Risk Management Fund (a self-insurance fund) and through purchased insurance coverage. Property, casualty, liability, and crime coverage is provided by the Minnesota Risk Management Fund which may also purchase other insurance from qualified insurers for Minnesota Housing's needs. Minnesota Housing bears a $2,500 deductible per claim for the following coverage limits (in thousands):

Type of Coverage	Coverage Limits
Real and personal property loss	$4,342
Business interruption/loss of use/extra expense	500
Bodily injury and property damage per person	500
Bodily injury and property damage per occurrence	1,500
Faithful performance/commercial crime	9,000
Employee dishonesty	250

Minnesota Housing retains the risk of loss, although there have been no settlements or actual losses in excess of coverage in the last three fiscal years.

The Agency participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations.

Minnesota Housing participates in the State of Minnesota Workers' Compensation Program. Annual premiums are assessed by the program based on average costs and claims. Minnesota Housing workers compensation costs and claims have been negligible during the last three fiscal years.

Note 19 - Commitments

As of June 30, 2022, the Agency had approved, either finally or preliminarily, the purchase or origination of future loans or other housing assistance in the following amounts (in thousands):

Funds	Amount
Rental Housing	$96,004
Residential Housing Finance	501,781
State Appropriated	144,434
Federal Appropriated	46,803
Agency Wide Totals	$789,022

Board-approved selections of future loans or other housing assistance for housing projects are included in the above table although the approvals may only be preliminary. However, a preliminary approval is not a commitment but an expectation that the Agency will be able to make the loan to, or provide the other assistance for the project if all underwriting or other criteria are met. The Agency may decline to proceed with a final approval of any loan or assistance that has not been formally and legally committed.

The Agency has cancellable lease commitments for office facilities through August 2028 and for parking through August 2028, totaling $10.435 million. Combined office facilities and parking lease expense for fiscal year 2022 was $1.630 million.

Note 20 – Line of Credit Federal Home Loan Bank

On June 30, 2022 the Agency had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines. Draws against the line of credit are required to be collateralized with mortgage-backed securities which reside in Pool 2. As of June 30, 2022, $96.474 million of mortgage-backed securities were pledged. The advances taken during fiscal year 2022 were used to purchase and warehouse mortgage-backed securities in Pool 2.

The line of credit activity for the year ended June 30, 2022, is summarized as follows (in thousands):

Beginning Balance	Cumulative Draws	Cumulative Repayments	Ending Balance
$85,000	$2,140,000	$2,150,000	$75,000

Note 21 - Litigation

The Agency is a party to various litigations arising in the ordinary course of business. While the ultimate effect of such actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

Note 22 – Subsequent Events

The Agency called for redemption or repayment subsequent to June 30, 2022 for the following bonds (in thousands):

Program	Retirement Date	Par
Homeownership Finance	July 1, 2022	$ 2,062
Residential Housing Finance	July 1, 2022	51,080
Residential Housing Finance	August 1, 2022	8,470
Rental Housing	August 1, 2022	3,590
Residential Housing Finance	September 1, 2021	9,245
Residential Housing Finance	October 1, 2022	9,835

On February 24, 2022 and May 26, 2022, the Board of the Agency adopted series resolutions authorizing the issuance of bonds for the purpose of providing funds for certain of the Agency's multifamily programs. The Rental Housing Bonds, 2022 Series A, in the principal amount of $7.190 million were delivered pursuant to the February 24, 2022 authorization on August 11, 2022, and the Rental Housing Bonds, 2022 Series C, in the principal amount of $10.495 million, are anticipated to be delivered pursuant to the May 26, 2022 authorization in early October 2022.

On July 21, 2022, the Board of the Agency adopted a resolution authorizing the issuance of additional State Appropriation Bonds (Housing Infrastructure) up to the aggregate principal amount of $100 million for the purpose of providing funds to make loans for certain statutory-authorized purposes. The State Appropriation Bonds (Housing Infrastructure), 2022 Series ABC, in the aggregate principal amount of $104.195 million were delivered September 14, 2022, pursuant to that authorization as well as a previous authorization in July 2021.

On September 21, 2022, the Agency delivered its Homeownership Finance Bonds, 2022 Series A (Taxable) (Mortgage-Backed Securities Pass-Through Program) in the aggregate principal amount of $50 million pursuant to a series resolution adopted by the Board of the Agency on April 22, 2021 authorizing the issuance of bonds in the aggregate principal amount of $300 million for the purpose of providing funds for certain of the Agency's homeownership programs.

On July 7, 2022, the Agency delivered its Residential Housing Finance Bonds, 2022 Series GH in the aggregate principal amount of $150 million, and on September 29, 2022, the Agency delivered its Residential Housing Finance Bonds, 2022 Series IJK in the aggregate principal amount of $99.99 million, in each case pursuant to series resolutions adopted by the Board of the Agency on February 24, 2022 and May 26, 2022 authorizing the issuance of fixed interest rate bonds in the aggregate principal of $300 million and variable interest rate bonds in the aggregate principal of $75 million, respectively,

Note 22 – Subsequent Events (continued)

for the purpose of providing funds for certain of the Agency's homeownership programs. Per Board resolution 18-004 dated April 26, 2018, extension per Board resolution 20-055 on October 22, 2020, Board resolution 21-007 on February 2, 2021, and extension per Board resolution 21-070 on December 16, 2021, the Agency made, or has committed to make, draws from the Index Bank notes subsequent to June 30, 2022 as shown in the table below (in thousands).

Program	Series	Advance Date	Par
Index Bank Note	2018 AMT	July 1, 2022	$14,142
Index Bank Note	2018 Non-AMT	July 1, 2022	34,080
Index Bank Note	2018 AMT	August 1, 2022	536
Index Bank Note	2018 Non-AMT	August 1, 2022	8,824
Index Bank Note	2018 AMT	September 1, 2022	641
Index Bank Note	2018 Non-AMT	September 1, 2022	8,682
Index Bank Note	2018 AMT	October 3, 2022	551
Index Bank Note	2018 Non-AMT	October 3, 2022	8,598

The Agency repaid $41.571 million of the Non-AMT Portion of the Index Bank Note, on September 29, 2022.

The Agency has evaluated subsequent events through October 11, 2022, the date on which the financial statements were available to be issued.

Note 23 – Restatement

During fiscal year 2022, an incorrect classification in accounting for HIB projects was identified. The Agency recognized an additional liability titled "Funds Held for Others" at the same time the state appropriation-backed debt was issued, and misclassified various items such as bond premiums and appropriations received. This recognition is not in accordance with generally accepted accounting principles (GAAP) as the legal obligations to respective third-party beneficiaries of the appropriation-backed debt occur at a point subsequent to the issuance of the related debt. The Agency retroactively changed its method of accounting to comply with GAAP.

During the year ended September 30, 2022, the Agency adopted new accounting guidance by implementing the provisions of GASB Statement No. 87, *Leases*, which establishes criteria for identifying and reporting certain lease assets and liabilities.

The summarized comparative financial statements for the year ended June 30, 2021, have been retroactively restated for these changes. The impact of these changes on the 2021 summarized comparative totals is outlined in the table below.

Note 23 – Restatement (continued)

	Increase/(decrease) in thousands		
	Business-Type Activities	**General Reserve**	**State Appropriated**
Net position, beginning	$ 17,799	$ -	$ 17,799
Assets:			
Loans receivable, net	313	-	313
Capital assets	8,380	8,380	-
Liabilities:			
Bonds payable, net	29,049	-	29,049
Interest payable	4,753	-	4,753
Interfund payable (receivable)	-		-
Funds held for others	(103,702)	-	(103,702)
Lease liability, net	8,696	8,696	-
Revenues:			
Interest earned on loans	47	-	47
Interest earned on investments	17	-	17
Appropriations received	14,687	-	14,687
Expenses:			
Interest	8,270	479	7,791
Financing, net	641	-	641
Other general operating	31	(163)	194
Reduction in carrying value of certain low interest rate deferred loans	54,311	-	54,311
Provision for loan losses	(348)	-	(348)
Non-operating transfer of assets between funds and other	(100,252)		(100,252)
Change in net position	52,098	(316)	52,414
Unrestricted	$ 70,213	$ -	$ 70,213
Net investment in capital assets	$ (316)	$ (316)	$ -

MINNESOTA HOUSING FINANCE AGENCY
Required Supplementary Information
General Reserve and Bond Funds
Schedule of Selected Pension Information-Unaudited (in thousands)
Fiscal Year 2022

Schedule of Employer's Share of Net Pension Liability
State Employees Retirement Fund
Last 10 Fiscal Years*
(dollars in thousands)

	2016	2017	2018	2019	2020	2021	2022
Employer unit's proportion of the net pension liability	0.781%	0.822%	0.830%	0.836%	0.820%	0.632%	0.667%
Employer unit's proportionate share of the net pension liability	$ 8,979	$76,077	$46,137	$ 8,725	$ 8,740	$ 8,396	$ 544
Employer unit's covered-employee payroll	22,438	23,836	19,693	20,931	21,408	22,555	23,750
Employer unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.017%	319.168%	234.281%	41.685%	40.826%	37.225%	2.291%
Plan fiduciary net position as a percentage of the total pension liability	88.320%	47.51%	62.73%	90.56%	90.73%	91.25%	99.53%

The measurement date is June 30 preceeding each fiscal year.

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Employer's Contributions
State Employees Retirement Fund
Last 10 Fiscal Years*
(dollars in thousands)

	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 874	$ 968	$ 1,018	$ 1,151	$ 1,264	$ 1,317	$ 1,405
Contributions in relation to the contractually required contribution	874	968	1,018	1,151	1,264	1,317	1,405
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer unit's covered-employee payroll	22,438	23,836	19,693	20,931	21,408	22,555	23,750
Contributions as a percentage of covered-employee payroll	3.895%	4.061%	5.169%	5.499%	5.904%	5.839%	5.916%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MINNESOTA HOUSING FINANCE AGENCY
Required Supplementary Information
General Reserve and Bond Funds
Schedule of Selected OPEB Information-Unaudited (in thousands)
Fiscal Year 2022

Schedule of Changes in the Employer's Share of Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	$ 144	$ 135	$ 124	$ 119	$ 121
Interest	52	66	65	59	41
Change in benefit term	-	-	-	-	-
Difference between expected and actual experience	-	-	(40)		-
Change in assumptions - discount rate	(94)	(84)	-	165	7
Change in assumptions - other	-	(42)	(102)	(128)	-
Benefit payments					
Explicit subsidy	(43)	(48)	(45)	(47)	(55)
Implicit subsidy	(45)	(51)	(46)	(48)	(28)
Net change in total OPEB liability	15	(25)	(43)	121	86
Total OPEB liability-beginning	1,727	1,742	1,716	1,672	1,793
Total OPEB liability-ending (a)	$ 1,742	$ 1,716	$ 1,672	$ 1,793	$ 1,879
Plan Fiduciary Net Potition					
Contribution employer					
Explicit subsidy	$ 43	$ 48	$ 45	$ 47	$ 55
Implicit subsidy	45	51	46	48	28
Net investment income					
Expected investment earnings	-	0	-	-	-
Difference between projected and actual investment earnings	-	0	-	-	-
Benefit payments					
Explicit subsidy	(43)	(48)	(45)	(47)	(55)
Implicit subsidy	(45)	(51)	(46)	(48)	(28)
Administrative expense	-	-	-	-	-
Net change in fiducuary net position	-	-	-	-	-
Plan fiduciary net position-beginning	-	-	-	-	-
Plan fiduciary net position-ending(b)	-	-	-	-	-
Employer's total OPEB liability-ending(a-b)	$ 1,742	$ 1,716	$ 1,672	$ 1,793	$ 1,879
Plan fiduciary total position as a percentage of the total OPEB Liability			-	-	
Covered employee payroll	$19,963	$20,931	$21,408	$22,555	$23,750
Employer's net OPEB liability as a percentage of covered employee payroll	8.72%	8.20%	7.81%	7.95%	7.91%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Employer's Contributions-OPEB
Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019	2020	2021	2022
Actuarially required contribution					
Explicit subsidy	$ 43	$ 48	$ 45	$ 47	$ 55
Implicit subsidy	45	51	46	48	28
Contributions in relation to the actuarially required contribution					
Explicit subsidy	43	48	45	47	55
Implicit subsidy	45	51	46	48	28
Employer unit's covered-employee payroll	$19,963	$20,931	$21,408	$22,555	$23,750
Contributions as a percentage of covered-employee payroll					
Explicit subsidy	0.215%	0.229%	0.210%	0.208%	0.232%
Implicit subsidy	0.225%	0.244%	0.215%	0.213%	0.118%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MINNESOTA HOUSING FINANCE AGENCY
Supplementary Information
Statement of Net Position (in thousands)
General Reserve and Bond Funds
As of June 30, 2022 (with comparative totals as of June 30, 2021)

		Bond Funds		
			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Cash and cash equivalents	$108,873	$ 37,822	$ 253,587	$ 73,186
Investments-program mortgage-backed securities	-	-	1,760,510	-
Investment securities-other	-	19,559	7,099	136,338
Loans receivable, net	-	159,138	228,209	400,847
Interest receivable on loans and program mortgage-backed securities	-	585	6,477	1,585
Interest receivable on investments	81	85	324	575
Interest Rate Swap Agreements	-	-	15,792	-
FHA/VA insurance claims, net	-	-	109	-
Real estate owned, net	-	-	250	484
Capital assets, net	8,317	-	-	-
Other assets	3,744	25	290	763
Total assets	121,015	217,214	2,272,647	613,778
Deferred loss on refunding	-	-	1	-
Deferred loss on interest rate swap agreements	-	-	-	-
Deferred pension and OPEB expense	12,397	-	-	-
Total deferred outflows of resources	12,397	-	1	-
Total assets and deferred outflows of resources	$133,412	$217,214	$2,272,648	$613,778
Bonds payable, net	$ -	$ 49,350	$2,198,388	$123,135
Interest payable	-	217	25,377	80
Interest rate swap agreements	-	-	-	-
Net pension and OPEB liability	2,423	-	-	-
Accounts payable and other liabilities	6,550	12,950	597	60,477
Interfund payable (receivable)	14,577	-	(25,005)	19,516
Funds held for others	70,635	-	-	-
Lease liability	7,523	-	-	-
Total liabilities	101,708	62,517	2,199,357	203,208
Deferred gain on interest rate swap agreements	-	-	15,792	-
Deferred service release fees	-	-	9,959	3,040
Deferred pension and OPEB credit	22,813	-	-	-
Total deferred inflows of resources	22,813	-	25,751	3,040
Total liabilities and deferred inflows of resources	$124,521	$ 62,517	$2,225,108	$206,248
Restricted by bond resolution	$ -	$154,697	$ 47,540	$ -
Restricted by covenant	8,097	-	-	407,530
Invested in capital assets	794	-	-	-
Total net position	8,891	154,697	47,540	407,530
Total liabilities, deferred inflows, and net position	$133,412	$217,214	$2,272,648	$613,778

Bond Funds							
Home-ownership Finance	Multifamily Housing	HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total For The Year Ended June 30, 2022	General Reserve & Bond Funds Excluding Pool 3 Total For The Year Ended June 30, 2021	Residential Housing Finance Pool 3 Total For The Year Ended June 30, 2022	General Reserve & Bond Funds Total For The Year Ended June 30, 2022	General Reserve & Bond Funds Total For The Year Ended June 30, 2021
$ 48,051	$ 1,790	$ -	$ 523,309	$ 668,613	$ 5,249	$ 528,558	$ 676,225
1,043,915	-	-	2,804,425	2,810,602	-	2,804,425	2,810,602
-	-	5,430	168,426	183,304	9,020	177,446	192,783
-	13,122	-	801,316	785,032	114,791	916,107	892,886
3,216	48	-	11,911	12,266	41	11,952	12,297
26	1	15	1,107	757	40	1,147	789
-	-	-	15,792	-	-	15,792	-
-	-	-	109	213	-	109	213
-	-	-	734	617	25	759	617
-	-	-	8,317	10,512	-	8,317	10,512
24	-	-	4,846	4,683	2	4,848	4,685
1,095,232	14,961	5,445	4,340,292	4,476,599	129,168	4,469,460	4,601,609
-	-	-	1	6	-	1	6
-	-	-	-	13,932	-	-	13,932
-	-	-	12,397	2,434	-	12,397	2,434
-	-	-	12,398	16,372	-	12,398	16,372
$1,095,232	$14,961	$5,445	$4,352,690	$4,492,971	$129,168	$4,481,858	$4,617,981
$1,086,975	$12,760	$5,682	$3,476,290	$3,360,383	$ -	$3,476,290	$3,360,383
2,374	32	15	28,095	26,198	-	28,095	26,198
-	-	-	-	13,932	-	-	13,932
-	-	-	2,423	10,189	-	2,423	10,189
59	-	-	80,633	86,249	300	80,933	87,449
-	-	-	9,088	9,395	(10,000)	(912)	395
-	-	(252)	70,383	69,960	-	70,383	69,960
-	-	-	7,523	8,696	-	7,523	8,696
1,089,408	12,792	5,445	3,674,435	3,585,002	(9,700)	3,664,735	3,577,202
-	-	-	15,792	-	-	15,792	-
6,786	-	-	19,785	20,226	-	19,785	20,226
-	-	-	22,813	19,329	-	22,813	19,329
6,786	-	-	58,390	39,555	-	58,390	39,555
$1,096,194	$12,792	$5,445	$3,732,825	$3,624,557	$ (9,700)	$3,723,125	$3,616,757
$ (962)	$ 2,169	$ -	$ 203,444	$ 485,980	$ -	$ 203,444	$ 485,980
-	-	-	415,627	380,618	138,868	554,495	513,428
-	-	-	794	1,816	-	794	1,816
(962)	2,169	-	619,865	868,414	138,868	758,733	1,001,224
$1,095,232	$14,961	$5,445	$4,352,690	$4,492,971	$129,168	$4,481,858	$4,617,981

MINNESOTA HOUSING FINANCE AGENCY
Supplementary Information
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve and Bond Funds
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

		Bond Funds		
			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Interest earned on loans	$ -	$ 7,041	$ 11,735	$ 15,758
Interest earned on investments-program mortgage-backed securities	-	-	45,423	-
Interest earned on investments-other	157	837	845	7,261
Net G/L on Sale of MBS Held for Sale/HOMES Certificate	-	-	-	2,016
Administrative reimbursement	31,161	-	-	-
Fees earned and other income	12,372	80	1,816	2,144
Unrealized gains (losses) on Investments	-	(2,442)	(188,220)	8,845
Total revenues	$43,690	$ 5,516	$(128,401)	$ 36,024
Interest	$ 423	$ 594	$ 40,733	$ 1,027
Financing, net	-	2	(11,828)	47
Loan administration and trustee fees	-	65	1,376	1,157
Administrative reimbursement	-	1,295	12,161	5,442
Salaries and benefits	17,676	-	-	-
Other general operating	4,282	5	50	2,584
Reduction in carrying value of certain low interest rate deferred loans	-	-	719	(458)
Provision for loan losses	-	(663)	(215)	1,937
Total expenses	$22,381	$ 1,298	$ 42,996	$ 11,736
Revenue over(Under) expenses	$21,309	$ 4,218	$(171,397)	$ 24,288
Non-operating transfer of assets between funds	(22,153)	37	(5,974)	10,543
Change in net position	(844)	4,255	(177,371)	34,831
Total net position, beginning of Year, as restated	9,735	150,442	224,911	372,699
Total net position, end of Year	$ 8,891	$154,697	$ 47,540	$407,530

Bond Funds			General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
Home-ownership Finance	Multifamily Housing	HOMES℠	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2021	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2021
$ -	$ 581	$ -	$ 35,115	$ 39,499	$ 520	$ 35,635	$ 40,117
36,251	-	-	81,674	80,931	-	81,674	80,931
53	2	192	9,347	5,923	91	9,438	6,097
-	-	-	2,016	12,376	-	2,016	12,376
-	-	-	31,161	33,144	-	31,161	33,144
1,464	-	-	17,876	19,206	21	17,897	20,985
(112,718)	-	-	(294,535)	(44,909)	(228)	(294,763)	(45,098)
$ (74,950)	$ 583	$192	$(117,346)	$146,170	$ 404	$ (116,942)	$ 148,552
$ 31,630	$ 387	$192	$ 74,986	$ 87,171	$ -	$ 74,986	$ 87,171
1,361	-	-	(10,418)	10,960	-	(10,418)	10,960
442	4	-	3,044	3,281	29	3,073	3,304
7,947	91	-	26,936	30,004	1,557	28,493	31,537
-	-	-	17,676	32,501	-	17,676	32,501
34	-	-	6,955	8,977	1,683	8,638	11,562
-	-	-	261	137	742	1,003	8,746
-	(1)	-	1,058	712	335	1,393	1,127
$ 41,414	$ 481	$192	$ 120,498	$173,743	$ 4,346	$ 124,844	$ 186,908
$(116,364)	$ 102	$ -	$(237,844)	$ (27,573)	$ (3,942)	$ (241,786)	$ (38,356)
6,842	-	-	(10,705)	(17,349)	10,000	(705)	1,238
(109,522)	102	-	(248,549)	(44,922)	6,058	(242,491)	(37,118)
108,560	2,067	-	868,414	913,336	132,810	1,001,224	1,038,342
$ (962)	$2,169	$ -	$ 619,865	$868,414	$138,868	$ 758,733	$1,001,224

MINNESOTA HOUSING FINANCE AGENCY
Supplementary Information
Statement of Cash Flows (in thousands)
General Reserve and Bond Funds
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

		Bond Funds		
			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Cash flows from operating activities:				
Principal repayments on loans and program mortgage-backed securities	$ -	$ 25,890	$ 331,317	$ 56,090
Investment in loans and program mortgage-backed securities	-	(20,615)	(776,999)	(116,543)
Interest received on loans and program mortgage-backed securities	-	6,920	63,346	14,792
Fees and other income received	12,566	47	11	8,485
Salaries, benefits and other operating	(34,304)	(94)	(1,420)	(7,382)
Administrative reimbursement from funds	30,655	(1,295)	(12,161)	(5,442)
Deposits into funds held for others	36,489	-	-	-
Disbursements made from funds held for others	(36,135)	-	-	-
Interfund transfers and other assets	18	(276)	(25,073)	24,390
Net cash provided (used) by operating activities	9,289	10,577	(420,979)	(25,610)
Cash flows from noncapital financing activities:				
Proceeds from sale of bonds and notes	-	16,040	737,809	2,377,930
Principal repayment on bonds and notes	-	(26,570)	(354,725)	(2,358,125)
Interest paid on bonds, notes and leases	(423)	(829)	(47,424)	(820)
Financing costs paid related to bonds issued	-	(2)	(7,374)	(55)
Interest paid/received between funds	-	-	-	(140)
Principal paid/received between funds	-	-	-	-
Agency contribution to program funds	-	37	12,148	(17,514)
Transfer of cash between funds	(4,200)	-	-	(4,800)
Net cash provided (used) by noncapital financing activities	(4,623)	(11,324)	340,434	(3,524)
Cash flows from capital financing activities:				
Purchases of capital assets	(1,614)	-	-	-
Net cash provided (used) by capital financing activities	(1,614)	-	-	-
Cash flows from investing activities:				
Investment in real estate owned	-	-	(274)	-
Interest received on investments	365	725	747	7,495
Net gain (loss) on Sale of MBS Held for Sale and HOME Certificates	-	-	-	20,863
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	1,168	-
Proceeds from maturity, sale or transfer of investment securities	-	998	2,191	1,409,256
Purchase of investment securities	-	(681)	(250)	(1,398,961)
Purchase of loans between funds	-	(26,716)	(14,282)	26,716
Net cash provided (used) by investing activities	365	(25,674)	(10,700)	65,369
Net increase (decrease) in cash and cash equivalents	3,417	(26,421)	(91,245)	36,235
Beginning of year	105,456	64,243	344,832	36,951
End of year	$108,873	$ 37,822	$ 253,587	$ 73,186

Bond Funds			General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
Homeownership Finance	Multifamily Housing	HOMES℠	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2022	Total For The Year Ended June 30, 2021
$308,006	$ 220	$ -	$ 721,523	$ 17,466	$ 738,989	$ 1,243,472
(116,876)	-	-	(1,031,033)	(47,426)	(1,078,459)	(910,310)
43,240	582	-	128,880	510	129,390	138,548
-	-	-	21,109	21	21,130	23,314
(492)	(4)	-	(43,696)	(2,612)	(46,308)	(36,341)
(7,947)	(91)	-	3,719	(1,557)	2,162	1,784
-	-	-	36,489	-	36,489	38,097
-	-	-	(36,135)	-	(36,135)	(38,155)
-	-	-	(941)	-	(941)	(8,962)
225,931	707	-	(200,085)	(33,598)	(233,683)	451,447
112,532	-	-	3,244,311	-	3,244,311	2,756,747
(376,892)	(240)	(1,532)	(3,118,084)	-	(3,118,084)	(2,842,297)
(33,197)	(388)	(196)	(83,277)	-	(83,277)	(98,056)
(1,101)	-	-	(8,532)	-	(8,532)	(8,818)
-	-	-	(140)	-	(140)	-
-	-	-	-	-	-	-
5,329	-	-	-	-	-	-
-	-	-	(9,000)	9,000	-	-
(293,329)	(628)	(1,728)	25,278	9,000	34,278	(192,424)
-	-	-	(1,614)	-	(1,614)	-
-	-	-	(1,614)	-	(1,614)	-
-	-	-	(274)	-	(274)	(540)
28	1	196	9,557	114	9,671	6,653
-	-	-	20,863	-	20,863	10,336
-	-	-	1,168	-	1,168	1,907
-	-	1,532	1,413,977	200	1,414,177	1,094,552
-	-	-	(1,399,892)	-	(1,399,892)	(1,107,052)
-	-	-	(14,282)	21,921	7,639	4,544
28	1	1,728	31,117	22,235	53,352	10,400
(67,370)	80	-	(143,690)	(2,363)	(147,667)	269,423
115,421	1,710	-	668,613	7,612	676,225	406,802
$ 48,051	$1,790	$ -	$ 524,923	$ 5,249	$ 528,558	$ 676,225

(Continued)

MINNESOTA HOUSING FINANCE AGENCY
Supplementary Information
Statement of Cash Flows (in thousands)
General Reserve and Bond Funds (continued)
Year ended June 30, 2022 (with comparative totals for year ended June 30, 2021)

		Bond Funds		
			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:				
Revenues over (under) expenses	$ 21,309	$ 4,218	$(171,397)	$ 24,288
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:				
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(76)	7,295	(891)
Amortization of premium (discounts) and fees on sale of HOMES Certificates	-	-	-	-
Amortization of proportionate share-Pension	167	-	-	-
Depreciation	3,808	-	-	-
Gain (loss) on sale of MBS held for sale and HOMES Certificates	-	-	-	(2,016)
Realized losses (gains) on sale of securities, net	-	(121)	(17)	-
Unrealized losses (gains) on securities, net	-	2,442	188,220	(8,845)
Salaries and Benefits-Pensions	(15,341)	-	-	-
Provision for loan losses	-	(663)	(215)	1,937
Reduction in carrying value of certain low interest rate and/or deferred loans	-	-	719	(458)
Capitalized interest on loans and real estate owned	-	-	(789)	(80)
Interest earned on investments	(157)	(716)	(828)	(7,261)
Interest expense on bonds and notes	423	594	40,733	1,027
Financing expense in bonds	-	2	(11,800)	44
Changes in assets and liabilities:				
Decrease (increase) in loans receivable and program mortgage-backed securities, excluding loans transferred between funds	-	5,275	(445,682)	(60,453)
Decrease (increase) in interest receivable on loans	-	(45)	(318)	5
Increase (decrease) in accounts payable	(980)	(57)	(1,827)	2,703
Increase (decrease) in interfund payable, affecting operating activities only	(550)	(257)	(25,000)	24,500
Increase (decrease) in funds held for others	354	-	-	-
Other	256	(19)	(73)	(110)
Total	(12,020)	6,359	(249,582)	(49,898)
Net cash provided (used) by operating activities	$ 9,289	$10,577	$(420,979)	$(25,610)

Bond Funds						
Homeownership Finance	Multifamily Housing	HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total For The Year Ended June 30, 2022	Residential Housing Finance Pool 3 Total For The Year Ended June 30, 2022	General Reserve & Bond Funds Total For The Year Ended June 30, 2022	General Reserve & Bond Funds Total For The Year Ended June 30, 2021
$(116,364)	$102	$ -	$(237,844)	$ (3,942)	$(241,786)	$ (38,356)
6,277	-	-	12,605	-	12,605	17,155
-	-	-	-	-	-	-
-	-	-	167	-	167	64
-	-	-	3,808	-	3,808	3,581
-	-	-	(2,016)	-	(2,016)	(12,376)
-	-	-	(138)	-	(138)	(240)
112,718	-	-	294,535	228	294,763	45,098
-	-	-	(15,341)	-	(15,341)	736
-	(1)	-	1,058	335	1,393	1,127
-	-	-	261	742	1,003	8,746
-	-	-	(869)	-	(869)	(222)
(53)	(2)	(192)	(9,209)	(91)	(9,300)	(6,028)
31,630	387	192	74,986	-	74,986	87,171
1,361	-	-	(10,393)	-	(10,393)	10,905
191,130	220	-	(309,510)	(29,960)	(339,470)	333,162
712	1	-	355	(10)	345	738
(1,480)	-	-	(1,641)	(900)	(2,541)	9,952
-	-	-	(1,307)	-	(1,307)	977
-	-	-	354	-	354	(58)
-	-	-	54	-	54	(10,685)
342,295	605	-	37,759	(29,656)	8,103	489,803
$ 225,931	$707	$ -	$(200,085)	$(33,598)	$(233,683)	$451,447

Other Information (Unaudited)

	2018	2019	2020	2021	2022
Loans Receivable, net (as of June 30)					
Multifamily programs	$ 297,982	$ 299,276	$ 314,588	$ 363,128	$ 382,833
Homeownership programs	586,498	548,869	510,358	447,542	447,134
Home Improvement programs	66,414	67,453	70,678	82,216	86,139
Total	$ 950,894	$ 915,598	$ 895,624	$ 892,886	$ 916,106
Mortgage-backed securities (MBS), net at par (as of June 30)					
Program mortgage-backed securities	$2,176,052	$2,624,763	$3,021,369	$2,698,923	$2,987,314
Warehoused mortgaged-backed securities	61,853	68,718	73,516	121,849	99,768
Total	$2,237,905	$2,693,481	$3,094,885	$2,820,772	$3,087,082
Bonds Payable, net (as of June 30)					
Multifamily programs	$ 53,250	$ 59,755	$ 63,295	$ 72,880	$ 62,110
Homeownership programs	2,634,542	3,044,251	3,390,509	3,287,503	3,414,180
Home Improvement programs	-	-	-	-	-
Total	$2,687,792	$3,104,006	$3,453,804	$3,360,383	$3,476,290
MBS purchased at par and loans purchased or originated during year					
Multifamily programs	$ 35,849	$ 52,893	$ 45,307	$ 89,947	$ 65,696
Homeownership programs	42,807	47,119	61,738	58,696	91,309
Program and warehoused mortgage-backed securities	648,062	696,597	837,103	791,619	913,030
Home Improvement programs	11,366	16,085	21,925	36,198	28,316
Total	$ 738,084	$ 812,694	$ 966,073	$ 976,460	$1,098,351
Net Position (as of June 30)					
Total Net Position*	$ 678,651	$ 807,271	$ 913,336	$ 868,414	$ 619,865
Percent of total assets and deferred outflows of resources	18.9%	19.6%	19.8%	19.3%	14.2%
Revenues over expenses for the fiscal year	$ (39,857)	$ 133,948	$ 121,545	$ (27,573)	$ (237,844)

* Does not include State Appropriated

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Location

Minnesota Housing is located at 400 Wabasha Street North, Suite 400, Saint Paul, Minnesota 55102.

For further information, please write, call or visit our web site.

(651) 296-7608 (general phone number)

(800) 657-3769 (toll free)

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APPENDIX B-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF MARCH 31, 2023 AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED)

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DISCLAIMER

The following information with respect to the General Reserve, Homeownership Finance, Multifamily Housing, Rental Housing, Residential Housing Finance ("RHFB") excluding Pool 3, and RHFB Pool 3 (the "Funds") as of March 31, 2023 and for the nine-month period then ended was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of these Funds as of March 31, 2023 and for the nine-month period then ended, subject to year-end adjustments.

State and federal appropriated funds are excluded from this presentation because assets and revenues of these funds are not pledged or available to support bonds or other obligations of the Agency or its general obligation pledge in respect thereof.

Financial results for RHFB Pool 3 are reported separately from other Funds' results because the Agency has made no commitment to retain any net position balance in that fund. This fund is not pledged to the payment of any debt obligations of the Agency but, to the extent net position are available in this fund, they are generally available to pay any debt obligation of the Agency.

This presentation excludes management's discussion and analysis which is required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. The information in this Appendix B-2 should be read in connection with the audited financial statements included in Appendix B-1, including the notes to those financial statements.

General Reserve & Bond Funds
Statement of Net Position
as of
March 31, 2023
(unaudited)
(with comparative totals as of March 31, 2022)
(in thousands)

		Bond Funds									
			Residential Housing Finance								
	General Reserve	Rental Housing	Bonds	Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Fiscal 2023 General Reserve and Bond Funds as of March 31, 2023	Fiscal 2022 General Reserve and Bond Funds as of March 31, 2022
Assets											
Cash and cash equivalents	$ 101,841	$ 46,689	$ 152,095	$ 36,804	$ 30,389	$ 1,891	$ -	$ 369,709	$ 3,738	$ 373,447	$ 402,975
Investments-program mortgage-backed securities	-	-	2,127,094	-	988,360	-	-	3,115,454	-	3,115,454	2,958,102
Investment securities-other	-	18,687	3,149	70,303	8,979	-	4,885	106,003	8,607	114,610	217,179
Loans receivable, net	-	165,263	209,240	463,857	-	12,952	-	851,312	130,098	981,410	901,104
Interest receivable on loans and program mortgage-backed securites	-	611	8,080	1,654	3,213	47	-	13,605	34	13,639	12,035
Interest receivable on investments	248	242	549	553	113	7	14	1,726	48	1,774	728
Interest rate swap agreements		-	24,883					24,883		24,883	6,786
FHA/VA insurance claims, net	-	-	130	(17)	-	-	-	113	-	113	47
Real estate owned, net	-	-	632	663	-	-	-	1,295	(11)	1,284	903
Capital assets, net	7,072	-	-	-	-	-	-	7,072	-	7,072	1,341
Other assets	3,955	2	13	748	7	-	-	4,725	-	4,725	4,574
Total assets	113,116	231,494	2,525,865	574,565	1,031,061	14,897	4,899	4,495,897	142,514	4,638,411	4,505,774
Deferred Outflows of Resources											
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-	2
Deferred loss on interest rate swap agreements			454	-	-	-	-	454		454	525
Deferred pension expense	12,397	-	-	-				12,397	-	12,397	2,434
Total deferred outflows of resources	12,397	-	454	-	-	-	-	12,851	-	12,851	2,961
Total assets and deferred outflows of resources	$ 125,513	$ 231,494	$ 2,526,319	$ 574,565	$ 1,031,061	$ 14,897	$ 4,899	$ 4,508,748	$ 142,514	$ 4,651,262	$ 4,508,735
Liabilities											
Bonds payable, net	$ -	$ 60,060	$ 2,507,904	$ 49,856	$ 1,048,136	$ 12,580	$ 5,294	$ 3,683,830	$ -	$ 3,683,830	$ 3,429,480
Interest payable	-	204	18,880	179	2,354	32	14	21,663	-	21,663	15,099
Interest rate swap agreements	-	-	454	-	-	-	-	454	-	454	525
Net pension liability	2,423	-		-	-	-	-	2,423	-	2,423	10,189
Accounts payable and other liabilities	8,386	31,946	489	59,625	49	-	-	100,495	2	100,497	76,692
Interfund payable (receivable)	(85)	(20,013)	(44,002)	59,862	(4)	-	-	(4,242)	42	(4,200)	(376)
Funds held for others	76,304	-	-	-	-	-	(409)	75,895	-	75,895	72,900
Lease Liability	6,584	-	-	-	-	-	-	6,584	-	6,584	-
Total liabilities	93,612	72,197	2,483,725	169,522	1,050,535	12,612	4,899	3,887,102	44	3,887,146	3,604,509
Deferred Inflows of Resources											
Deferred gain on interest rate swap agreementss	-	-	24,883			-	-	24,883	-	24,883	6,786
Deferred revenue-service release fees			11,118	2,491	5,931	-	-	19,540	-	19,540	20,542
Deferred pension credit	22,813	-	-	-	-	-	-	22,813	-	22,813	19,329
Total deferred inflows of resources	22,813	-	36,001	2,491	5,931	-	-	67,236	-	67,236	46,657
Total liabilities and deferred inflows of resources	116,425	72,197	2,519,726	172,013	1,056,466	12,612	4,899	3,954,338	44	3,954,382	3,651,166
Commitments and Contingencies											
Net Position											
Restricted by bond resolution	-	159,297	6,593	-	(25,405)	2,285	-	142,770	-	142,770	314,397
Restricted by covenant	8,600	-	-	402,552	-	-	-	411,152	142,470	553,622	541,831
Invested in capital assets	488	-	-	-	-	-	-	488	-	488	1,341
Total net position	9,088	159,297	6,593	402,552	(25,405)	2,285	-	554,410	142,470	696,880	857,569
								-			
Total liabilities, deferred inflows, and net position	$ 125,513	$ 231,494	$ 2,526,319	$ 574,565	$ 1,031,061	$ 14,897	$ 4,899	$ 4,508,748	$ 142,514	$ 4,651,262	$ 4,508,735

MINNESOTA HOUSING

General Reserve & Bond Funds
Statement of Revenues, Expenses and Changes in Net Position
for the nine months ended
March 31, 2023
(unaudited)
(with comparative totals for the nine months ended March 31, 2022)
(in thousands)

		Bond Funds									
			Residential Housing Finance							Fiscal 2023 General Reserve and Bond Funds	Fiscal 2022 General Reserve and Bond Funds
	General Reserve	Rental Housing	Bonds	Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES^{SM}	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Revenues											
Interest earned on loans	$ -	$ 5,725	$ 7,560	$ 13,530	$ -	$ 430	$ -	$ 27,245	$ 280	$ 27,525	$ 27,053
Interest earned on investments-program mortgage-backed securities	-	-	50,354	-	27,464	-	-	77,818	-	77,818	59,853
Interest earned on investments-other	537	1,210	5,109	7,021	800	43	127	14,847	293	15,140	7,246
Net G/L on Sale of MBS Held for Sale/HM	-	-	-	1,704	-	-	-	1,704	-	1,704	6,606
Administrative reimbursement	30,539	-	-	-	-	-	-	30,539	-	30,539	23,384
Fees earned and other income	11,860	43	1,785	1,816	1,080	-	-	16,584	40	16,624	13,496
Unrealized (losses)gains on investments	-	(595)	(51,985)	(20,356)	(28,990)	-	-	(101,926)	(45)	(101,971)	(173,271)
Total revenues	42,936	6,383	12,823	3,715	354	473	127	66,811	568	67,379	(35,633)
Expenses											
Interest	276	758	43,424	4,153	21,342	286	127	70,366	-	70,366	55,368
Financing, net		8	1,858	20	(320)	-	-	1,566		1,566	(1,368)
Loan administration and trustee fees	-	39	1,120	976	299	4	-	2,438	25	2,463	2,329
Administrative reimbursement	-	983	11,098	1,811	5,162	68	-	19,122	1,198	20,320	21,872
Salaries and benefits	25,912	-	-	-	-	-	-	25,912	-	25,912	24,063
Other general operating	8,013	6	60	686	29	-	-	8,794	1,216	10,010	6,029
Reduction in carrying value of certain low interest rate deferred loans	-	-	62	(248)	-	-	-	(186)	(1,974)	(2,160)	17
Provision for loan losses	-	130	(386)	796	-	(1)	-	539	1,065	1,604	28
Total expenses	34,201	1,924	57,236	8,194	26,512	357	127	128,551	1,530	130,081	108,338
Revenues over (under) expenses	8,735	4,459	(44,413)	(4,479)	(26,158)	116	-	(61,740)	(962)	(62,702)	(143,971)
Other changes											
Non-operating transfer of assets between funds	(8,538)	141	3,466	(499)	1,715	-	-	(3,715)	4,564	849	-
Change in net position	197	4,600	(40,947)	(4,978)	(24,443)	116	-	(65,455)	3,602	(61,853)	(143,971)
Net Position											
Total net position, beginning of period	8,891	154,697	47,540	407,530	(962)	2,169	-	619,865	138,868	758,733	1,001,540
Total net position, end of period	$ 9,088	$ 159,297	$ 6,593	$ 402,552	$ (25,405)	$ 2,285	$ -	$ 554,410	$ 142,470	$ 696,880	$ 857,569

General Reserve & Bond Funds
Statement of Cash Flows
for the nine months ended
March 31, 2023
(unaudited)
(with comparative totals for the nine months ended March 31, 2022)
(in thousands)

	General Reserve	Bond Funds: Rental Housing	Bond Funds: Residential Housing Finance: Bonds	Bond Funds: Residential Housing Finance: Pool 2	Bond Funds: Homeownership Finance Bonds	Bond Funds: Multifamily Housing Bonds	Bond Funds: HOMES[SM]	Bond Funds Excluding Pool 3	RHFB Pool 3	Fiscal 2023 General Reserve and Bond Funds Nine Months Ended March 31, 2023	Fiscal 2022 General Reserve and Bond Funds Nine Months Ended March 31, 2022
Cash flows from operating activities:											
Principal repayments on loans and program mortgage-backed securities	$ -	$ 27,220	$ 117,285	$ 30,192	$ 76,882	$ 171	$ -	$ 251,750	$ 8,599	$ 260,349	$ 607,998
Investment in loans and program mortgage-backed securities	-	(14,353)	(524,630)	(93,956)	(51,476)	-	-	(684,415)	(27,925)	(712,340)	(967,599)
Interest received on loans and program mortgage-backed securities	-	5,537	59,289	12,136	29,149	431	-	106,542	287	106,829	96,984
Fees and other income received	11,648	43	79	7,308	-	-	-	19,078	40	19,118	17,762
Salaries, benefits and vendor payments	(30,404)	(4)	(1,145)	(4,758)	(269)	(4)	-	(36,584)	(1,537)	(38,121)	(36,897)
Administrative reimbursement from funds	27,331	(983)	(11,098)	(1,811)	(5,162)	(68)	-	8,209	(1,198)	7,011	1,542
Deposits into funds held for others	28,424	-	-	-	-	-	-	28,424	-	28,424	27,518
Disbursements made from funds held for others	(24,470)	-	-	-	-	-	-	(24,470)	-	(24,470)	(24,756)
Interfund transfers and other assets	(1,458)	(19,982)	(18,927)	39,006	(1)	-	-	(1,362)	42	(1,320)	(2,244)
Net cash provided (used) by operating activities	11,071	(2,522)	(379,147)	(11,883)	49,123	530	-	(332,828)	(21,692)	(354,520)	(279,692)
Cash flows from noncapital financing activities:											
Proceeds from sale of bonds and notes	(276)	33,475	507,282	1,448,000	50,000	-	-	2,038,481	-	2,038,481	2,625,254
Principal repayment on bonds and notes	-	(22,765)	(189,895)	(1,521,279)	(88,839)	(180)	(388)	(1,823,346)	-	(1,823,346)	(2,548,618)
Interest paid on bonds and notes	-	(771)	(57,792)	(3,300)	(21,362)	(286)	(128)	(83,639)	-	(83,639)	(73,906)
Financing costs paid related to bonds issued	-	(8)	(3,841)	(23)	(451)	-	-	(4,323)	-	(4,323)	(7,016)
Interest paid/received between funds	-	108	603	(740)	-	-	-	(29)	-	(29)	(91)
Principal paid/received between funds	-	-	-	-	-	-	-	-	-	-	
Agency contribution to progam funds	-	141	11,252	(13,446)	2,053	-	-	-	-	-	-
Transfer of cash between funds	(19,912)	-	-	5,912	-	-	-	(14,000)	14,000	-	-
								-			
Net cash provided (used) by noncapital financing activities	(20,188)	10,180	267,609	(84,876)	(58,599)	(466)	(516)	113,144	14,000	127,144	(4,377)
Cash flows from investing activities:											
Investment in real estate owned	-	-	(71)	(68)	-	-	-	(139)	-	(139)	(53)
Interest received on investments	1,598	960	4,327	7,026	654	37	128	14,730	308	15,038	7,633
Net gain(loss) on Sale of MBS Held for Sale and HOME[SM] Certificates	-	-	-	4,457	-	-	-	4,457	-	4,457	14,801
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	2,023	937	-	-	-	2,960	13	2,973	833
Proceeds from maturity, sale or transfer of investment securities	25,485	321	3,767	788,100	6	-	388	818,067	345	818,412	1,087,542
Purchase of investment securities	(24,998)	(72)	-	(740,075)	(8,846)	-	-	(773,991)	-	(773,991)	(1,107,576)
Purchase of loans between funds	-	-	-	-	-	-	-	-	5,515	5,515	7,639
Net cash provided (used) by investing activities	2,085	1,209	10,046	60,377	(8,186)	37	516	66,084	6,181	72,265	10,819
Net increase (decrease) in cash and cash equivalents	(7,032)	8,867	(101,492)	(36,382)	(17,662)	101	-	(153,600)	(1,511)	(155,111)	(273,250)
Cash and cash equivalents:											
Beginning of period	108,873	37,822	253,587	73,186	48,051	1,790	-	523,309	5,249	528,558	676,225
End of period	$ 101,841	$ 46,689	$ 152,095	$ 36,804	$ 30,389	$ 1,891	$ -	$ 369,709	$ 3,738	$ 373,447	$ 402,975

General Reserve & Bond Funds
Statement of Cash Flows, continued
for the nine months ended
March 31, 2023
(unaudited)
(with comparative totals for the nine months ended March 31, 2022)
(in thousands)

	Bond Funds										
			Residential Housing Finance							Fiscal 2023 General Reserve and Bond Funds	Fiscal 2022 General Reserve and Bond Funds
	General Reserve	Rental Housing	Bonds	Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES℠	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:											
Revenues over (under) expenses	$ 8,735	$ 4,459	$ (44,413)	$ (4,479)	$ (26,158)	$ 116	$ -	$ (61,740)	$ (962)	$ (62,702)	$ (143,971)
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:											
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(162)	3,373	(1,102)	1,684	-	-	3,793	-	3,793	10,627
Amortization of premium and fees on sale of HOMES℠ certificates	-	-	-	-	-	-	-	-	-	-	-
Depreciation	2,535	-	-	-	-	-	-	2,535	-	2,535	1,814
(Loss) on sale of MBS held for sale and HOMES℠ certificates	-	-	-	(1,704)	-	-	-	(1,704)	-	(1,704)	(6,606)
Realized losses (gains) on securities, net	-	5	-	4	-	-	-	9	-	9	(138)
Unrealized losses(gains) on securities, net	-	595	51,985	20,356	28,990	-	-	101,926	45	101,971	173,271
Provision for loan losses	-	130	(386)	796	-	(1)	-	539	1,065	1,604	28
Reduction in carrying value of certain low interest rate and/or deferred loans	-	-	62	(248)	-	-	-	(186)	(1,974)	(2,160)	17
Capitalized interest on loans and real estate owned	-	-	(397)	(223)	-	-	-	(620)	-	(620)	(811)
Interest earned on investments	(537)	(1,215)	(5,109)	(7,025)	(800)	(43)	(127)	(14,856)	(293)	(15,149)	(7,108)
Interest expense on bonds and notes	276	758	43,424	4,153	21,342	286	127	70,366	-	70,366	55,368
Financing expense on bonds	-	8	1,858	20	(320)	-	-	1,566	-	1,566	(1,368)
Changes in assets and liabilities:											
Decrease (increase) in loans receivable and program mortgage backed secuirities, excluding loans transferred between funds	-	12,867	(407,345)	(63,764)	25,406	171	-	(432,665)	(19,326)	(451,991)	(359,601)
(Increase) decrease in interest receivable on loans	-	(26)	(1,601)	(69)	1	1	-	(1,694)	7	(1,687)	262
(Decrease) increase in arbitrage rebate liability	-	-	-	-	-	-	-	-	-	-	-
(Decrease) increase in accounts payable	986	41	(1,671)	2,438	(1,021)	-	-	773	(296)	477	(2,461)
(Decrease) increase in interfund payable, affecting					-						
operating activities only	(3,288)	(20,000)	(19,000)	38,958	-	-	-	(3,330)	42	(3,288)	(770)
Increase in funds held for others	3,954	-	-	-	-	-	-	3,954	-	3,954	2,762
Other	(1,590)	18	73	6	(1)	-	-	(1,494)	-	(1,494)	(1,007)
Total	2,336	(6,981)	(334,734)	(7,404)	75,281	414	-	(271,088)	(20,730)	(291,818)	(135,721)
Net cash provided (used) by operating activities	$ 11,071	$ (2,522)	$ (379,147)	$ (11,883)	$ 49,123	$ 530	$ -	$ (332,828)	$ (21,692)	$ (354,520)	$ (279,692)

General Reserve & Bond Funds
Cash and Cash Equivalents
(unaudited)

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost which approximates market value and comprise the following at March 31, 2023 (in thousands):

Funds	Deposits	Money Market Funds	State Investment Pool	Investment Agreements	Combined Totals
General Reserve	$ -	$ -	$ 101,841	$ -	$ 101,841
Rental Housing	-	46,689		-	46,689
Residential Housing Finance:					
Bonds	325	151,513	-	257	152,095
Pool 2	321	36,483	-	-	36,804
Homeownership Finance	-	30,389	-	-	30,389
Multifamily Housing	-	1,891	-	-	1,891
HOMES℠	-	-	-	-	-
Subtotal	646	266,965	101,841	257	369,709
Residential Housing Finance:					
Pool 3	39	3,699	-	-	3,738
Total	$ 685	$ 270,664	$ 101,841	$ 257	$ 373,447

General Reserve & Bond Funds
Investment Securities
(unaudited)

Investment Securities

Investment securities (comprising US Treasuries, US Agencies, municipals, and mortgage-backed securities*) are recorded at fair market value and were allocated to the following funds at March 31, 2023 (in thousands):

Funds	Amortized Cost	Unrealized Appreciation in Fair Market Value	Estimated Fair Market Value
General Reserve	$ -	$ -	$ -
Rental Housing	19,460	(773)	18,687
Residential Housing Finance:			
Bonds	2,315,312 0	(185,069)	2,130,243
Pool 2	75,394	(5,091)	70,303
Homeownership Finance	1,078,493	(81,154)	997,339
Multifamily Housing	-	-	-
HOMES℠	5,294	(409)	4,885
Subtotal	3,493,953	(272,496)	3,221,457
Residential Housing Finance:			
Pool 3	8,587	20	8,607
Total	$ 3,502,540	$ (272,476)	$ 3,230,064

*Mortgage-backed Securities Investments

Mortgage-backed securities (MBS) that are pledged as security for the payment of Agency bonds and are held in an acquisition account are presented as "Investments- program mortgage-backed securities" on the financial statements. The Agency may also hold non-program MBS which are included with "Investment securities-other." All investments, including program and non-program MBS, are reported at fair market value on the statement of net position. The difference between the fair market value and the amortized cost is presented as "unrealized gains (losses) on securities" on the statement of revenues, expenses and changes in net position.

General Reserve & Bond Funds
Loans Receivable, net
(unaudited)

Loans Receivable, net

Loans receivable, net at March 31, 2023 consist of the following (in thousands):

Funds	Gross Loans Receivable	Allowance for Loan Losses	Loans Receivable, net
General Reserve	$ -	$ -	$ -
Rental Housing	167,593	(2,330)	165,263
Residential Housing Finance:			
Bonds	211,297	(2,057)	209,240
Pool 2	470,281	(6,424)	463,857
Homeownership Finance	-	-	-
Multifamily Housing	13,017	(65)	12,952
HOMES SM	-	-	-
Subtotal	862,188	(10,876)	851,312
Residential Housing Finance:			
Pool 3	263,497	(133,399)	130,098
Total	$ 1,125,685	$ (144,275)	$ 981,410

Included in the table above are certain loans residing in RHFB Pool 3 that are originated at interest rates ranging from 0% to 5% and repayment of which is deferred for up to 30 years. These loans are generally in either a second or lower mortgage position or may be unsecured. Given the nature of these loans and the risk associated with them, at the time of origination most are fully reserved resulting in a net carrying value of zero.

General Reserve & Bond Funds
Bonds Payable, net
(unaudited)

Bonds Payable, net

Bonds payable, net at March 31, 2023 consist of the following (in thousands):

Funds	Par Bonds Outstanding	Premiums on Bonds	Bonds Payable, Net
General Reserve	$ -	$ -	$ -
Rental Housing	60,060		60,060
Residential Housing Finance:			
Bonds	2,471,330	36,574	2,507,904
Pool 2	4,856		4,856
Homeownership Finance	1,048,136		1,048,136
Multifamily Housing	12,580		12,580
Homes[SM]	5,294		5,294
Subtotal	3,602,256	36,574	3,638,830
Residential Housing Finance:			
Pool 3	-		-
Total	$ 3,602,256	$ 36,574	$ 3,638,830

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APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondholders") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the Mortgage Loans and Developments of a type substantially similar to that in Appendix A in the Official Statement.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under the caption "Annual Financial Information Disclosure" herein.

"*Audited Financial Statements*" means the audited financial statements of the Agency, prepared pursuant to the standards and as described under the caption "Annual Financial Information Disclosure."

"*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and such person or entity provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

"*Commission*" means the Securities and Exchange Commission.

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

"*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

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

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ended June 30, 2023, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of such change in Prescribed Form.

Listed Events Disclosure

The Agency hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

Consequences of Failure of the Agency To Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondholder or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondholders and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.

Resolution Constitutes Contract with Trustee and Bondholders

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

Definitions

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

Accreted Value: for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

Agency Hedge Payment: a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement).

Bond Requirement: as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

Capital Accumulator Bond: any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest

Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Current Interest Bond: any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

Debt Service Reserve Requirement: as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

Development: a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

Escrow Payment: any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

Expense Requirement: such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

Hedge Agreement: a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading “Hedge Agreements.”

Hedge Counterparty: any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Hedge Counterparty Guarantee: a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

Interest Payment Date: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

Investment Obligation: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

Maximum Rate: in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

Mortgage: a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

Mortgage Loan: a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

Mortgagor: a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

Outstanding: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

Prepayment: any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

Principal Installment: as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

Program: the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

Rating: with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

Record Date: for (i) payment of principal of and interest on the Bonds shall be the 15th day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

Recovery Payment: any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

Redemption Price: when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

Revenues: all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

Sinking Fund Installment: any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

Sinking Fund Installment Date: the date on which a Sinking Fund Installment is payable.

Subordinate Mortgage Loan: a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

Variable Rate Bonds: any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

Authorization of Bonds

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

Other Obligations

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

Pledge of the Resolution

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

Custody and Application of Bond Proceeds

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

Note Accounts. Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

Project Account and Mortgage Loan Accounts. Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

(i) the name of the Mortgagor to, and Development for, which the payment is to be made;

(ii) the amount to be paid; and

(iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

Mortgage Provisions and Conditions

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

Lien. With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

Title. Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy; and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

Participation. The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The

Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

Prepayments. With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

(a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:

(i) the unpaid principal balance of the Mortgage Loan: plus

(ii) accrued interest to the date of the Prepayment; plus

(iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and

(b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

Insurance and Escrow. With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

(a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;

(b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and

(c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

Disbursements. Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

(a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

Alienation. Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

Enforcement. The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

(a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;

(b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;

(c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and

(d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

Modification. Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

Sale. The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

Program Covenants—Revenue Covenant

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

There shall at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution which, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from such calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that the Agency is in compliance with this covenant, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such determination.

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

Deposit of Revenues and Other Money

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

(a) Revenues to the Revenue Fund:

(b) Prepayments and Recovery Payments to the Redemption Fund; and

(c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

Revenue Fund

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

(a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer's Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer's Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency's General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer's Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

Bond Fund

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

Debt Service Reserve Fund

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the

Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

Expense Fund

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

Redemption Fund

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

Escrow Accounts

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

General Reserve Account

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

Investment and Deposit of Funds

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

Additional Bonds

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it is has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

Hedge Agreements

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading "Revenue Fund" or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

Amendments of the Bond Resolution

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a "Supplemental Resolution").

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

Defeasance

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

Events of Default

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

Remedies

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for the Series Bonds. The ownership of one fully registered Series Bond for each maturity of the Series Bonds in the aggregate principal amount of that maturity will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds, references herein to the Bondholders, Holders or registered owners of Series Bonds will mean Cede & Co. or the other nominee and will not mean the Beneficial Owners (as hereinafter defined) of the Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or anther name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

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

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

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

Under the Resolutions, payments made by or on behalf of the Agency to DTC or its nominee satisfy the Agency's obligations to the extent of the payments so made.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriter as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriter and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the Underwriter nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Holders of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondholder.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, the Series Bonds are required to be delivered as described in the Resolutions. The Beneficial Owner, upon registration of Series Bonds held in the Beneficial Owner's name, will become the Bondholder.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for the Series Bonds. In that event, the Series Bonds are to be delivered as described in the Resolutions.

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

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___________, 2023

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2023 Series D

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its Rental Housing Bonds, 2023 Series D, in the aggregate principal amount of $7,940,000 (the "2023 Series D Bonds"), which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2023 Series D Bonds are dated, mature on the date, bear interest at the rate and are payable as provided in the Series Resolution referenced below. The 2023 Series D Bonds are subject to optional and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Bond Resolution adopted February 25, 1988, as amended and supplemented (the "Bond Resolution"), and the Series Resolution relating to the 2023 Series D Bonds adopted May 25, 2023 (the "Series Resolution"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2023 Series D Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2023 Series D Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2023 Series D Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2023 Series D Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; and (5) the interest payable on the 2023 Series D Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2023 Series D Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a "substantial user" of a development financed by such 2023 Series D Bond or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the 2023 Series D Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2023 Series D Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. Interest on the 2023 Series D Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2023 Series D Bonds. All owners of 2023 Series D Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022 and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2023 Series D Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2023 Series D Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2023 Series D Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2023 Series D Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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