MINNESOTA HOUSING

MEETINGS SCHEDULED FOR MARCH

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

THURSDAY, MARCH 24, 2022

Regular Board Meeting
1:00 p.m.

Conference Call

Toll-free dial-in number (U.S. and Canada):
1-877-309-2074

Access code:
113-006-159

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, March 24, 2022.

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

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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

Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision

All Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.

AGENDA
Minnesota Housing Board Meeting
Thursday March 24, 2022
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of February 24, 2022

5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee

6. **Consent Agenda**
   A. (page 11) Homeownership and Downpayment and Closing Cost Loan Program Changes

7. **Action Items**
   A. (page 15) Approval, Community Homeownership Impact Fund Scoring Revisions for the 2022 Single Family Request for Proposals
   B. (page 21) Commitment, Low and Moderate Income Rental Loan (LMIR), and Modification, Housing Infrastructure Bonds (HIB) Loan
   -Anoka Senior Housing, D8210, Anoka, MN
   C. (page 43) Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL) and Modification, Housing

Infrastructure (HIB) Loan
-Wirth on the Woods (WOTW) Theodore, D8220, Minneapolis, MN

D. (page 61) Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2022 Series B (Wirth on the Woods)

E. (page 155) Updated Approval Regarding COVID-19 Emergency Rental Assistance

8. Discussion Items

None.

9. Information Items

A. (page 159) Removal of Individual from Participant Suspension List

B. (page 163) Post-sale Report, Residential Housing Finance Bonds, 2022 Series CD

C. (page 175) Annual Report of Actions Taken Under Delegated Authority - Single Family Division

D. (page 179) Annual Report of Actions Taken Under Delegated Authority - Multifamily Division

10. Other Business

None.

11. Adjournment

DRAFT Minutes
Minnesota Housing Board Meeting
Thursday, February 24, 2022
1:00 p.m.
Via Conference Call

1. **Call to Order.**
   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:02 p.m.

2. **Roll Call.**
   Members Present via conference call: Chief Executive Melanie Benjamin, Auditor Blaha, Chair John DeCramer, Craig Klausing, Stephanie Klinzing, Stephen Spears and Terri Thao.
   Minnesota Housing Staff present via conference call:, Tom Anderson, Erika Arms, Noemi Arocho, Ryan Baumtrog, Vi Bergquist, Laura Bolstad Grafstrom, Sondra Breneman, Sarah Broich, Ibtisam Brown, Kevin Carpenter, Jimena Dake, Jessica Deegan, Michelle Doyal, Graydon Francis, Rachel Franco, Vanessa Haight, Zahra Hassan, Anne Heitlinger, Anna Heitz, Darryl Henchen, Adam Himmel, Jennifer Ho, Shawn James, Hannah Jirak, Katey Kinley, Dan Kitzberger, Greg Krenz, Laurie Krivitz, Janine Langsjoen, Tresa Larkin, Debbi Larson, James Lehnhoff, Paul Marzynski, Jill Mazullo, Don McCabe, Colleen Meier, Amy Melmer, Erin Menne, Rudi Mohamed, William Price, Brittany Rice, Paula Rindels, Cheryl Rivinius, Rachel Robinson, Danielle Salus, Kayla Schuchman, Anne Smetak, Corey Strong, Kim Stuart, Jodell Swenson, Eric Thiewes, Susan Thompson, Mike Thone, Nancy Urbanski, Kayla Vang, Teresa Vaplon, Carrie Weisman, Amanda Welliver, Tyler Wenande, Jennifer Willette, Sarah Woodward, and Kristy Zack.
   Others present via conference call: Michelle Adams, Kutak Rock; Ramona Advani, Minnesota Office of the State Auditor; David R Anderson, All Parks Alliance for Change.

3. **Agenda Review**
   No changes.

4. **Approval**
   A. Special Meeting Minutes of January 25, 2022
   Motion: Auditor Blaha moved to approve the January 25, 2022, Special Meeting Minutes. Seconded by Terri Thao. Roll call was taken. Stephanie Klinzing abstained. Motion carries 6-0. All were in favor.

   Regular Meeting of January 27, 2022
   Motion: Stephanie Klinzing moved to approve the January 25, 2022, Regular Meeting Minutes. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

Emergency Meeting of February 4, 2022

Motion: Chief Executive Benjamin moved to approve the February 4, 2022, Emergency Meeting Minutes. Seconded by Terri Thao. Roll call was taken. Craig Klausing abstained. Motion carries 6-0. All were in favor.

5. Reports

A. Chair

None.

B. Commissioner

Commissioner Ho shared the following with the Board:

- Welcome new employees, Rudi M. Mohamed, Ger Lee, Janine Langsjoen, and David Wahlroos
- Meetings**:** Minnesota Housing Grants Conference; House Capital Investment Hearing; Field Partner Launch Meeting; House Housing Finance and Policy Hearing; McKnight Foundation and Senate Hearings
- RentHelpMN Update
- HomeHelpMN Update
- Workforce Housing Development Program Update

C. Committee

The Finance and Audit Committee met prior to today's board meeting to discuss the FY 2021 Single Audit Results.

6. Consent Agenda

A. Extension of Resolution authorizing Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) (from July 2021 board meeting) -Cherry Ridge, D0722, Mankato, MN

Motion: Craig Klausing moved to approve the Consent Agenda Items. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

7. Action Items

A. Approval, Minnesota City Participation Program

Greg Krenz presented to the board a request for approval of cities for participation in the Minnesota City Participation Program (MCPP). The program allows Minnesota Housing to apply for the portion of the annual private activity bond volume cap allocated by Minnesota Statutes Section 474A.03, subdivision 1 to the Housing Pool, $64,385,194 of which is available in 2022 for single family housing programs authorized by Minnesota Statutes Section 474A.061, subdivision 2a to enable cities and counties to provide first-time homebuyer loans in their communities. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Auditor Blaha moved Approval, Minnesota City Participation Program. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

B. Approval, Minnesota City Participation Program Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL), and Waiver of the Predictive Cost Model 25% Threshold - Spring Creek II, D8103, Northfield, MN

Sarah Woodward presented to the board a request for: 1. adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $2,568,000; 2. Adoption of a resolution authorizing the issuance of a LMIRBL product commitment not to exceed $7,190,000;3. Approval of an updated waiver to the predictive cost model. The predictive cost model waiver request is being returned to the Board for review due to the material changes in total project costs since the original board selection. All commitments are subject to the terms and conditions of the Agency term letter. Chair DeCramer opened up the discussion. Board members asked a series questions related to the waiver and staff provided answers.

Motion: Craig Klausing moved Approval, Commitment, Low and Moderate Income Rental Loan, and Low and Moderate Income Rental Bridge Loan, and Waiver of the Predictive Cost Model 25% Threshold - Spring Creek II, D8103, Northfield, MN. Seconded by Stephen Spears. Roll call was taken. Motion carries 6-1. Board Member Klinzing voted no.

C. Adoption, Series Resolution Authorizing the Issuance and Sale of fixed rate Residential Housing Finance Bonds (RHFB)

Kevin Carpenter presented to the board a request for adoption, of a series resolution authorizing the issuance and sale of fixed rate Residential Housing Finance Bonds. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Stephanie Klinzing moved Adoption, Series Resolution Authorizing the Issuance and Sale of fixed rate Residential Housing Finance Bonds. Seconded by Auditor Blaha. Roll call was taken. Motion carries 7-0. All were in favor.

D. Adoption, Series Resolution Authorizing the Issuance and Sale of Minnesota Housing Finance Agency Variable Rate Residential Finance Housing Bonds (RHFB)

Kevin Carpenter presented to the board a request for adoption, of a series resolution authorizing the issuance and sale of variable rate Residential Housing Finance Bonds. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Craig Klausing moved Adoption, Series Resolution Authorizing the Issuance and Sale of variable rate Residential Housing Finance Bonds. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor

E. Adoption, Resolution Authorizing the issuance and Sale of Rental Housing Bonds, 2022 Series A (Spring Creek)

Kevin Carpenter presented to the board a request for authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $7,190,000 and will be used for the acquisition and construction of a 32-unit housing development located in Northfield, Minnesota. The Agency currently anticipates pricing and issuing these Rental Housing bonds in April; the Preliminary Official Statement describes the entire transaction. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Chief Executive Benjamin moved Approval, Adoption, Resolution Authorizing the issuance and Sale of Rental Housing Bonds, 2022 Series A (Spring Creek). Seconded by Terri Thao. Roll call was taken. Motion carries 6-1. Board Member Klinzing voted no.

F. Selection of Firm to Provide Audit Services for Years 2022 – 2025

Kevin Carpenter presented to the board a request for approval of the selection of RSM US LLP to perform audit services as detailed in the RFP for fiscal years 2022 -2025. Chair DeCramer opened up the discussion. Board Members asked questions and staff provided answers.
Motion: Auditor Blaha moved Selection of Firm to Provide Audit Services for Years 2022 – 2025. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

G. Updated Approval Regarding COVID-19 Emergency Rental Assistance

Rachel Robinson presented to the board a request for updated approval from the Board to utilize state Fiscal Recovery Funds authorized by the Legislative COVID-19 Response Committee (LCRC) through the RentHelpMN program. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Craig Klausing moved Updated Approval Regarding COVID-19 Emergency Rental Assistance. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

8. Discussion Items

A. 2nd Quarter FY 2022 Financial Reporting Package

Kevin Carpenter reviewed the 2nd Quarter FY2022 financial reporting package

B. First Quarter 2022 Progress Report: 2020-2022 Strategic Plan and 2022-23 Affordable Housing Plan

John Patterson provided the board with an update on the strategic and affordable housing plan.

9. Information Items

A. Semi-annual Variable Rate and Swap Report as of January 1, 2022

B. Post-Sale Report, RHFB 2022 Series AB (Social Bonds)

10. Other Business

None.

11. Adjournment
The meeting was adjourned at 3:13 p.m.

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John DeCramer, Chair

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MINNESOTA HOUSING

Board Agenda Item: 6.A
Date: 3/24/2022

Item: Homeownership and Downpayment and Closing Cost Loan Programs Changes

Staff Contact(s):
Greg Krenz,651.297.3623,greg.krenz@state.mn.us
Laura Bolstad Grafstrom, 651.296.6346, laura.bolstad.grafstrom@state.mn.us

Request Type:

☒ Approval
☒ Motion
Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
As a result of the annual program review process that assesses program alignment with the mortgage market and borrower need, staff requests board approval to:
1) Increase the Deferred Payment Loan limit to $12,500
2) Revise the Deferred Payment Loan current post-closing liquid asset limit to:
The greater of eight months Principal, Interest, Taxes, Insurance and Association Dues, or $12,000.
3) Create an index for annually adjusting the dollar limit for the post-closing liquid asset test in the future. The proposed index will be set based on eight months of the previous year's average Principal, Interest, Taxes, Insurance and Association Dues for Deferred Payment Loan borrowers. This will be rounded to the nearest $1,000.
4) Update the corresponding procedural manuals.

Fiscal Impact:
Raising the Deferred Payment Loan ("DPL") loan amount limit to $ 12,500, from $11,000 currently, is expected to increase demand for DPA funding by $1.3 million to $1.6 million annually DPL loans bear 0% interest, but are repayable upon sale of the property or refinance of the first mortgage.

Meeting Agency Priorities:
☐Improve the Housing System
☒Preserve and Create Housing Opportunities
☒Make Homeownership More Accessible
☐Support People Needing Services
☒Strengthen Communities

Attachment(s):
- Background

DOWNPAYMENT AND CLOSING COST LOAN PROGRAMS:

During the last two years, home mortgage production exceeded all previous Minnesota Housing high production records, despite a low inventory of homes and increasing sales prices. During the 2021 Affordable Housing Plan year, the Agency provided financing to over 5,700 households for a home purchase or refinance, totaling over $1.25 billion in purchased first mortgage loans. Production during the 2022 Affordable Housing Plan year continues to be high.

The Deferred Payment Loan and Deferred Payment Loan Plus options support our lowest-income first-time homebuyers. These options are available only to first-time homebuyers through the Start Up program. Based on our analysis the loan amount limit for the DPL loan has not kept up with the increases in purchase price and closing costs, whereas the Deferred Payment Loan Plus option is still succeeding in bringing down borrower cash to close to achievable levels. Over half of Deferred Payment Loan borrowers are using the maximum loan amount. Lenders report that even with the maximum regular Deferred Payment Loan, borrowers are often still needing to use the majority of their savings to purchase a home. To purchase a home for $225,000 (the average first-mortgage loan associated with a DPL in 2021), borrowers who do not receive seller-paid closing costs would pay around $15,300 at closing for downpayment, closing costs, and prepaid costs. At that level, the current $11,000 maximum Deferred Payment Loan brings the borrower's cash required to close down to $4,300, but that amount is still quite a reach for many of our borrowers.

As home prices continue to increase, borrowers may not be able to achieve homeownership this buying season if our Deferred Payment Loan Amount does not keep up with rising entry costs. This need to come up with additional resources to make the deal work may especially negatively impact Black, Indigenous and people of color communities, who typically have lower accumulated wealth to draw from. By increasing the maximum DPL to $12,500, a typical borrower's cash required to close on an average sized mortgage amount would be expected to be $3,000 or less. The increased maximum loan amounts will allow our programs to continue to serve the most income-targeted borrowers able to purchase homes for sale under current market conditions.

2021 Affordable Housing Plan year:

Loan Type	Borrower Median Income	Percentage of loans that support Black, Indegenous and People of Color
Deferred Payment Loan	$ 53,568	33%

Table 1: Downpayment and Closing Cost Loan Programs Loan Limits

Loan Program	Current Maximum Loan Amount	Proposed New Maximum Loan Amount
Deferred Payment Loan	$ 11,000	$ 12,500
Deferred Payment Loan Plus	$ 15,000	$ 15,000
Monthly Payment Loan	$ 17,000	$ 17,000

Deferred Payment Loan Post-Closing Liquid Asset Limits:

For both the Deferred Payment Loan and Deferred Payment Loan Plus programs, a borrower's post-closing liquid assets are currently limited to the greater of eight months of Principal, Interest, Taxes, Insurance and Association Dues or $8,000. This limit has not been changed for over twelve years, so to account for the rising costs of homeownership we are proposing to increase the limit and index the dollar maximum so that it can be adjusted annually to keep up with the market.

Table 2: Deferred Payment Loan and Deferred Payment Loan Plus Proposed Revision to Post-Closing Liquid Asset Limit

Current Limit	The greater of eight months Principal, Interest, Taxes, Insurance and Association dues or $8,000.
Proposed Limit	The greater of eight months Principal, Interest, Taxes, Insurance, and Association dues or $12,000
Create Index	Create an index for annually adjusting the dollar limit for the post-closing liquid asset test in the future. The proposed index will be set based on eight months of the previous year's average Principal, Interest, Taxes, Insurance and Association Dues for Deferred Payment Loan borrowers. This will be rounded to the nearest $1,000.

Staff request approval to make the changes proposed above and to make the necessary updates to the Start Up Procedural Manual to implement the changes.

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MINNESOTA HOUSING

Board Agenda Item: 7.A
Date: 3/24/2022

Item: Approval, Community Homeownership Impact Fund Scoring Revisions for the 2022 Single Family Request for Proposals

Staff Contact(s):
Song Lee, 651.296.2291, song.lee.mhfa@state.mn.us

Request Type:

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

Summary of Request:
Staff requests Board approval of the proposed changes to the scoring criteria for the 2022 Single Family Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund).

Fiscal Impact:
None.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☒ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Background
- 2022 Single Family Request for Proposals Scoring Criteria

Background
Minnesota Housing awards funding for homeownership housing projects through the annual Single Family Request for Proposals (Single Family RFP). The Community Homeownership Impact Fund (Impact Fund) is the program that implements and oversees the projects funded through the Single Family RFP. These projects use resources to provide downpayment and closing cost assistance, owner-occupied rehabilitation, new construction, acquisition, rehabilitation, resale, and fund the Tribal Indian Housing Program.

Every year, Agency staff analyzes the scoring criteria and recommends whether changes, if any, should be made. The most recent changes to the scoring criteria were approved by the Board on March 25, 2021. These scoring criteria were used for the 2021 Single Family RFP.

The proposed changes will better reflect how proposals move forward to be selected for funding and how recommended funding amounts are determined. The Selection Standards will determine whether a project moves forward to be selected for funding. This evaluation takes into consideration whether projects are feasible and whether the applicant has the capacity to complete the project as proposed. Once the projects are recommended for funding, the funding priorities play a key role in determining the recommended funding amounts. Proposals that meet more funding priorities are more likely to receive recommendations for more funding, although other factors are also considered, such as the applicant's capacity to complete the proposed number of units, open Impact Fund awards with unspent dollars, and successful performance and compliance with past and current Impact Fund awards.

Staff propose changes to the scoring criteria as follows:

Selection Standards
The Selection Standards are outlined in MINN. R. 4900.3648 and include organizational capacity, project feasibility and community need. Program staff proposes to review and assess proposals using a scoring metric of zero to five points for each factor for a total of 15 points for all three Selection Standards. Reviewers will score the selection standards using a scale of zero to five points based on the extent to which a proposal meets the selection standards. Staff proposes that the total score of these three factors must meet a minimum number of ten points or higher to move forward to be assessed under the funding priorities and then eventually to consideration by the Selection Committee, which consists of Agency leadership. The Selection Committee will recommend to the Board selected proposals for funding. Proposals that do not meet threshold will be shared with the Selection Committee for the purpose of transparency but will not be eligible for funding. Previously, program staff reviewed and assessed the proposals based on a pass/fail requirement. Proposals were required to pass all three selection standards to move forward to the Selection Committee. The revised Selection Standards will enable proposals that may not be as strong in one Selection Standards criterion to move forward for consideration of selection if it is stronger in another Selection Standards criterion.

Funding Priorities
Funding priorities include the priorities outlined in MINN. R. 4900.3650 and Agency priorities informed by the Agency's strategic plan. Program staff reviewers have scored the funding priorities in the past with zero or one point. Staff is recommending continuing to evaluate proposals that meet the Funding and Agency priorities but with utilizing a checkbox method to identify whether a proposal meets the funding priorities instead of points given. Program staff reviewers will check the boxes for all funding priorities a proposal meets. The number of funding priorities a proposal meets will be dependent upon the proposed activity and will help inform the recommended funding cuts (i.e., proposals that meet fewer funding priorities will be more likely to receive unit/funding cuts).

Proposed Funding Priority Revisions
Staff proposes one revision to the following Funding Priority:
- Leverage – Proposals will meet this funding priority if there is committed leverage; removed Total Leverage and Diversity of Leverage.

Total Scoring
The total points available that a proposal can receive will decrease from a maximum of 17 points to a maximum of 15 points.

2022 SINGLE FAMILY REQUEST FOR PROPOSALS SCORING CRITERIA

The selection and funding process will be as follows:

1. Program staff will evaluate all proposals and score them on a scale of zero to five points. Proposals that meet the Selection Standards thresholds of at least ten points will be eligible for funding considerations. Proposals that do not meet the Selection Standards will be identified to the Selection Committee.
2. Program staff will assess only proposals that meet the Selection Standards threshold to determine alignment with the funding priorities.
3. The Selection Committee will recommend selected proposals for funding which will be brought to the board for final approval.
4. Final funding recommendations will be based on:
    a. Total Selection Standards score;
    b. Organizational capacity to complete the awarded number of units within the contract period;
    c. Alignment with Funding Priorities;
    d. Geographic coverage (i.e., the extent to which selected proposals enable the Agency to serve all areas of the state); and
    e. Funding availability.

<u>SELECTION STANDARDS THRESHOLD</u>

Reviewers will score and consider these factors in their evaluation of proposals, as required by the applicable Administrative Rule. Selections Committee will discuss and address questions/concerns about proposals. Must meet a total score of 10 or more points to meet the threshold to move forward to Selections.

1. **Organizational Capacity** – up to 5 points based on the applicant's related housing experience, demonstrated successful completion of similar projects, progress on current awards, organizational financial capacity and other organizational due diligence factors (e.g., good standing with the State of Minnesota, organizational internal operations policies, outstanding legal matters, performance and compliance with past and current Impact Fund awards, etc.).
2. **Project Feasibility** – up to 5 points based on the extent to which reasonable development costs are proposed, how proposed development costs and subsidies compare to historical costs of similar Impact Fund projects, and the extent to which the proposal is economically viable.
3. **Community Need** – up to 5 points based on the extent to which the proposed project addresses a well-defined community need for the housing activity in the target geography based on local demographics, workforce, market and economic factors.

FUNDING PRIORITIES

Efficient Use of Resources

1. **Leverage** – Based on committed leverage
2. **Regulatory Incentive** – Incorporating cost savings measures through regulatory incentives, such as fast-tracking permitting approvals and waiver of fees, among other incentives.
3. **Impact Fund Subsidy Protection/Long Term Affordability** – Based on the number of years of subsidy protection/long term affordability restrictions such as community land trust, funds recaptured and revolved, or other subsidy protection requirements.

Focus on Households Most Impacted

1. **Equitable Access to Homeownership** – Demonstrating a record of creating equitable access to homeownership or the extent to which the Applicant has served Black, Indigenous and Households of Color and/or persons with disabilities.
2. **Serve Housing Needs Within a Community** – Incorporating universal design/accessibility features, enabling individuals 62+ years old to age in place or committing to developing large family housing (i.e. homes with four or more bedrooms).
3. **Homeownership or Financial Education and Counseling** – Applicant requires homebuyers to complete pre-purchase homeownership, financial education, or counseling from a qualified provider, as appropriate to support homeowner success.

Supporting Community and Economic Development

1. **Cooperatively-Developed Plan (CDP)** – The proposal addresses priorities or recommendations in a CDP for the community in which the proposed target area is located.
2. **Rural or Tribal Designation** – Whether a proposed target area is within a Rural or Tribal designated census tract.
3. **Location Efficiency** – Based on access to fixed transit or dial-a-ride.
4. **Community Recovery** – Based on the extent to which a proposed target area coincides with communities identified as having lower median household income, older housing stock and lower than average increases in home sales prices, including declines.
5. **Workforce Housing** – Based on the extent to which a proposed target area coincides with areas identified as long commute and/or job growth areas.
6. **Workforce Training Programs** – Based on proposals that partner with workforce training programs that will be utilized with proposed developments.
7. **Increase Housing Choice** – Based on the extent to which the proposed housing activity that is affordable to eligible low- and moderate-income households is located within higher-income areas.
8. **Business Entities Owned or Led by People of Color, Indigenous Individuals, and/or Women** – An owner or executive director of a for-profit or non-profit entity is a person of color, indigenous individual, and/or woman.

Increasing and Maintaining the Supply of Affordable Housing

1. **Efficient Land Use** – Based on the extent to which a proposal maximizes the efficient use of land through higher-density housing development and takes into consideration the following:
    a. Rehabilitation: proposals that increase inventory by converting non-residential buildings into housing or uses existing infrastructure; or
    b. New Construction: proposals that minimize the loss of agricultural land or green space and maximize units per acre.
2. **Advancement of Housing Innovation and Technology** – Proposal uses innovative construction methods and technology to contain costs (i.e. methods other than site-built), such as volumetric modular, cross-laminated lumber, panelized, robotics and 3D printed methods of development.

MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 3/24/2022

Item: Commitment, Low and Moderate Income Rental Loan (LMIR) and Modification, Housing Infrastructure Bond (HIB) Loan
- Anoka Senior Housing, D8210, Anoka, MN

Staff Contact(s):
Jimena Dake, 651.296.3797, jimena.dake@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At the March 25, 2021 board meeting, the proposed development was selected for financing under the LMIR program in the amount of up to $5,720,000 and a LMIRBL (LMIR Bridge Loan) product of up to $9,440,000 in Resolution Number 21-014. At that same meeting, the proposed development was selected for a commitment of deferred funding under the Housing Infrastructure Bond (HIB) program under Resolution No. 21-013 in the amount of $6,347,000.

Agency staff completed the underwriting and technical review of the proposed development and, in consultation with the project sponsor, modified the funding structure. Agency staff recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $6,201,000; and
2. Adoption of a resolution modifying the loan under the HIB program, from $6,347,000 to a maximum of $14,852,000.

All commitments are subject to the terms and conditions of the Agency term letter.

Note that the LMIR Bridge Loan is not longer part of the financing structure.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the permanent LMIR loan without incurring financing expenses. Minnesota Housing will not earn interest revenue of the HIB loan. As the debt service on the HIBs to be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency.

The Agency will earn additional fee income from originating the loans for this project.

Meeting Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments:

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

BACKGROUND

Anoka Senior Housing (Anoka Senior) involves the new construction of 80 units offering one and two bedrooms for senior households with incomes that range from 50% to 60% Multifamily Tax Subsidy Projects (MTSP). Ten units will benefit from Project Rental Assistance Contract (PRAC) HUD Section 202 rental assistance, and eight units will serve High Priority Homeless single adults.

As structured at the time of selection in March 2021, the project was intended to include tax-exempt volume limited bonds under both HIB and LMIRBL. The combined amount of bonds was expected to be sufficient to qualify the project for 4% housing tax credits resulting in approximately $8 million of syndication proceeds. After further analysis, the Agency determined that changing the financial structure of Anoka Senior to eliminate the use of tax-exempt volume limited bonds would preserve scarce volume cap limited bond resources for other projects. Because the elimination of volume cap bonds results in the elimination of tax credits and syndication proceeds, the Agency proposes to change the funding structure and increase the HIB loan for Anoka Senior. Agency’s LMIR bridge loans will not be part of the financial structure of Anoka Senior and have been removed as financial sources. The population to be served and the rent and affordability requirements are otherwise unchanged. The project sponsor was supportive of the funding structure change.

The HIB loan will be structured as a construction to permanent, non-forgivable loan to be repaid at maturity. The Housing Infrastructure bonds will be issued as 501(c)3 bonds.

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Anoka Senior Housing		**D# 8210**	**M# 18449**
Address	3010 5th Avenue			
City	Anoka	**County**	Anoka	
Date of Selection	March 25, 2021	**Region**	Metro	

A. Project Description and Population Served

- The development involves the new construction of 80 units in a three-story elevator building with units offering one and two bedrooms.
- The development will provide housing for senior households.
- The development will serve households with incomes that range from 50% to 60% MTSP.
- Eight units will serve High Priority Homeless single adults.
- Ten units will benefit from Project Rental Assistance Contract (PRAC) HUD Section 202 rental assistance.

B. Mortgagor Information

Ownership Entity:	VOA Anoka AH GP LLC
Sponsor:	Volunteers of America National Services
General Partner(s)/ Principal(s):	Volunteers of America National Services
Guarantor(s):	Volunteers of America National Services

C. Development Team Capacity Review

Volunteers of America National Services (VOA) is an experienced developer of senior housing and a provider of professional long-term nursing care for seniors and others coping with illness or injury. VOA offers a continuum of services that extends to the elderly and disabled who require long-term health support including nursing care, assisted living, memory support, home health care, rehabilitation, and more. VOA owns and operates over 20 senior living and care communities throughout the United States, providing supportive, nurturing environments with services designed to meet the needs of each resident in their respective facility.

Volunteers of America of Minnesota will act as the property manager and tenant service coordinator for the High Priority Homeless units, with veterans' services from the Veterans Administration (VA) or Minnesota Assistance Council for Veterans (MACV). The organization has experience providing supportive housing services to single adults experiencing homelessness and has experience in providing services at other independent living senior housing. The proposed service models will provide adequate support for the population to maintain housing and improve quality of life.

Pope Architects, Inc. is the architectural firm and Kraus-Anderson Construction Company is the general contractor for the project. Both companies have adequate experience and capacity to manage the proposed project.

Volunteers of America National Services, the developer and sponsor of Anoka Senior, is a woman-led nonprofit organization.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction / End Loan
Permanent Amortizing	LMIR	Pool 2	$6,201,000	4.5%	0.125%	18-month construction +40 years	40-year	Construction to Permanent
Deferred	HIB	HIB Senior	$14,852,000	0%	N/A	18-month construction +40 years	N/A	Construction to Permanent

- The Agency LMIR permanent mortgage will be disbursed during construction and is expected to convert to the permanent phase after 18 months.
- The LMIR permanent loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program.
- The LMIR permanent loan may be securitized with the United States Department of the Treasury's Federal Financing Bank (FFB) via their partnership with HUD.
- The eligible use under HIB loan is Senior Housing. The loan will be repayable.

Permanent Mortgage Loan to Cost: 24.6% **Permanent Mortgage Loan to Value:** 87.83%

E. Significant Changes Since Date of Selection

- As discussed in the Background section, the financing structure has significantly changed. This change resulted in changing the HIB loan from being financed with private activity bonds to being financed with 501(c)3 bonds, significantly increasing the amount of the HIB loan, and eliminating the bond funded LMIR bridge loan.

- Construction costs increased by 17% as a result of increased building materials prices, an increase in the cost of labor, market volatility, and high demand of materials and labor in the metropolitan area and across the state.
- Architect fees increased by 30%, as additional re-design was required to meet the City of Anoka's requirements.
- The developer fee was reduced by 11% to balance the budget.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 506,000	$ 6,325
Construction Costs	$20,129,435	$ 251,618
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 1,338,198	$ 16,727
Developer Fee	$ 1,625,000	$ 20,313
Financing Costs	$ 1,167,429	$ 14,593
Total Mortgageable Costs	$24,766,062	$ 309,576
Reserves	$ 406,941	$ 5,087
Total Development Cost	**$25,173,003**	**$ 314,663**

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Permanent Mortgage	$ 6,201,000	$ 77,513
General Partner Cash	$ 120,000	$ 1,500
HTC Equity Proceeds	$ 0	$ 0
Agency HIB Loan	$14,852,000	$ 185,650
HUD Section 202 Capital Advance	$ 2,000,000	$ 25,000
Capital Magnet Funds	$ 1,130,000	$ 14,125
Rebates	$ 505,000	$ 6,313
Deferred Developer Fee	$ 365,003	$ 4,562
Total Permanent Financing	**$25,173,003**	**$ 314,663**

C. Financing Structure

- The LMIR loan will be disbursed during construction with interest-only payments at 4.5%. After completion of construction, it is anticipated, the loan will convert to a 40-year, fully amortizing loan with 4.5% interest plus 0.125% Mortgage Insurance Premium, not later than July 1, 2024.
- The HIB deferred loan will have a 40-year term (plus 18-month construction period) and 0% interest. The loan will have a cash flow provision.
- HUD Section 202 Capital Advance Loan will bear no interest and will be forgivable after 40 years. Along with the capital funding, the HUD Section 202 provides rental assistance for 10 of the units.

D. Cost Reasonableness

- The budgeted total development cost (TDC) per unit of $314,663 is 13.24% above the $277,866 predictive model estimate, which is within the 25% threshold range and does not require board approval.
- This project received cost containment points in Minnesota Housing's 2020 Annual Consolidated RFP and is currently below the $319,765 cost containment threshold.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1 BR	10	$ 700	50%	60%	HUD Section 202
1 BR	22	$ 905	50%	60%	
1 BR	18	$ 1,103	60%	60%	
2 BR	12	$ 1,086	50%	60%	
2 BR	10	$ 1,261	50%	60%	

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

The rent and income restrictions under the LMIR program loan will be:

- Eighty units with incomes not exceeding 60% MTSP and rents at 60% MTSP.

The rent and income restrictions under the HIB loan will be as follows:

- Forty units with incomes not exceeding 60% MTSP and rents at 60% MTSP.

- Forty units with incomes not exceeding 60% MTSP and rent restricted to 50% MTSP rent level.

B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- Volunteers of America National Services has been awarded 10 units of Project Rental Assistance Contracts (PRAC) through HUD Section 202. The eight supportive housing units will be targeted to senior veterans with referrals coming from Anoka County Coordinated Entry. Residents in these units will have PRAC Section 202 rental assistance.
- The project was underwritten at 5% vacancy, with 2% income and 3% expense inflators.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.29.

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

RESOLUTION NO. MHFA 22-

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

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

Name of Development:	VOA Anoka AH GP LLC
Sponsors:	Volunteers of America National Services
Guarantors:	Volunteers of America National Services
Location of Development:	Anoka
Number of Units:	80
Amount of LMIR Mortgage: (not to exceed)	$6,201,000

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

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

NOW THEREFORE, BE IT RESOLVED:

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

1. The term of this commitment shall expire on September 30, 2022.

2. The amount of the LMIR amortizing loan shall not exceed $6,201,000; and

3. The interest rate on the permanent LMIR loan shall be 4.5% per annum (subject to change, as set forth in the attached Agency term letter dated March 3, 2022), plus 0.125% per annum HUD Risk-Sharing Mortgage Insurance Premium, with monthly payments based on a 40-year amortization and the interest during the construction period shall be interest-only at 4.5% per annum; and

4. The term of the permanent LMIR loan shall be 40 years and the construction period shall not exceed 24 months; and

5. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

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

7. The sponsor shall guarantee the mortgagor’s payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and

8. The sponsor shall guarantee the mortgagor’s payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

9. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 24th day of March 2022

____

CHAIRMAN

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

RESOLUTION NO. MHFA 22-
Modifying Resolution No. MHFA 21-013

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

WHEREAS, the Board has previously authorized a commitment for the Anoka Senior Housing development by its Resolution No. 21-013; and

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

WHEREAS, Agency staff have determined a modification to the previously approved financial structure is appropriate.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to modify the commitment for the indicated development, subject to the revisions noted:

1. The HIB loan shall not exceed $14,852,000;
2. All other terms and conditions of Minnesota Housing Resolution No. 21-013 remain in effect.

Adopted this 24th day of March 2022

____
CHAIRMAN

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MINNESOTA HOUSING

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

March 3, 2022

Ms. Sharon Geno Wilson
1660 Duke Street
Alexandria, VA 22314

RE: Term Letter
Anoka Senior Housing
MHFA Development #D8210, Project #M18449

Dear Ms. Geno Wilson:

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

Borrower:	A single asset entity: VOA Anoka AH GP LLC
Managing Member:	Volunteers of America National Services
Development Description/Purpose:	Acquisition and new construction of an eighty-unit affordable housing development located in Anoka, Minnesota

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)*	Housing Infrastructure Bonds – Senior (HIB)
Loan Amount	$6,201,000	$14,852,000
Interest Rate	4.5%*	0%
Mortgage Insurance Premium (%)	.125% *(first year premium is paid in advance)*	Not Applicable
Term	18-months (Estimated) + 40 years	18-months (Estimated) + 40 years
Amortization/Repayment	40 years	Deferred lump sum payment due in 40 years **CASH FLOW**: an annual payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds $50,000.00.
Prepayment Provision	No prepayment first 10 years from date of the Note	No prepayment first 10 years from date of the HIB Note.
Nonrecourse or Recourse	Non-Recourse	Non-Recourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	Construction/Permanent	Construction/ Permanent
Lien Priority	First	Second

*The interest rate of 4.5% is set to expire by December 31, 2023 and is being extended six months to July 1, 2024. A fee of 0.25% or 25 BPS is being charged for the extension of the rate lock. Interest Rate is dependent upon closing and commencement of amortization no later than July 1, 2024. After that date, the rate may be subject to adjustment or payment of an extension fee at Minnesota Housing's sole discretion.

Origination Fee:

- HIB Loan: $99,260
- LMIR HUD Risk Share Loan: $112,010 payable at the earlier of loan commitment or loan closing.
- Rate Lock Extension Fee $15,503

Inspection Fee:

- $48,291 payable at the earlier of loan commitment or loan closing.

Guaranty/Guarantor(s): **LMIR 1ST MORTGAGE LOAN –** Completion, repayment, and operations Guaranty to be provided by:

- Volunteers of America National Services

Operating Deficit Escrow Reserve Account: $186,030 to be funded on the day of closing of the LMIR/HRS loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.

Operating Reserve Account: Capitalized operating reserve in the amount of $406,941 funded at closing. The Operating Reserve will be held by Minnesota Housing.

Replacement Reserve Account: A replacement reserve will be required in the amount of $300/unit/annum. The monthly replacement reserve will be $2,000. The replacement reserve will be held by Minnesota Housing.

Escrows: Real estate tax escrow and property insurance escrow to be established at the time of construction completion (outside of the development budget) and held by Minnesota Housing.

Collateral/Security: Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts, and equipment.

HAP or other Subsidy Agreement: Commitment to ten (10) years of affordability from the date of loan closing under the Project Rental Assistance Contract (PRAC) HUD Section 202 Rental Assistance Program for ten (10) units.

Rent and Income Requirements: LMIR

- 80 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- Commitment to affordability in effect while the loan is outstanding.

HIB

- 40 units with rents at 50% MTSP.
- 40 units with rents at 60% MTSP
- 80 units with incomes not exceeding 60% MTSP
- Commitment to construction period plus 40 years.

Other Occupancy Requirements:

- Eight High Priority Homeless units that are targeted to single adults.
- The Development must qualify as Senior Housing for the term of the HIB loan.

Other Requirements: The HIB loan is subject to the terms in the attached Deferred Selection Criteria.

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: This term letter will expire on the earlier of six months from the date of this letter or loan closing/end loan commitment.

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

Additional Terms: None

Other Conditions: Receipt of the fully executed Project Rental Assistance Contract (PRAC) HUD Section 202 Rental Assistance Program for ten (10) units firm commitment.

Board Approval: Commitment of all loans are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.

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

Please sign this letter and return it to Maggie Nadeau Maggie.Nadeau@state.mn.us on or before March 18, 2022.

If you have any questions related to this letter, please contact Jimena Dake at (651)296-7991 or by e-mail at Jimena.dake@state.mn.us .

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

ANOKA VOA AFFORDABLE HOUSING LP

By: ____

Name:

Title:

Date Accepted: ______________________

MINNESOTA HOUSING

Selection Criteria Related to 2020 RFP/2021 HTC Round 1

Project Name: Anoka Senior Housing

Project City: Anoka

Property Number (D#): D8210

Project Number: M18449

Permanent Supportive Housing for High Priority Homeless

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 10% to 49.99%	10 Pts	☑ 10% to 49.99%	10 Pts	Single Adults	8

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. The Owner agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and HTC documents. The Owner agrees units will be set aside and rented to High Priority Homeless who are a household prioritized for permanent supportive housing by Coordinated Entry System (HPH units) and targeted to the populations indicated. Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Permanent Supportive Housing for High Priority Homeless – CoC Priority 1

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ Continuum of Care Household Type Priority One	2 Pts	☑ Continuum of Care Household Type Priority One	2 Pts	Priority Type	Single Adults
				Number of Units	8

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units that the Owner agrees the project will target to Continuum of Care Household Type Priority One.

Serves Lowest Income Tenants/Rent Reduction

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 50% of the restricted unit rents at 50% HUD MTSP	8 Pts	☑ 50% of the restricted unit rents at 50% HUD MTSP	8 Pts	Number of Units	40

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion. The project must not exceed the gross rent levels for the term of the Loan/LURA. The period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date. Units that have selected the rental assistance criterion cannot be used as a Serves Lowest Income Unit. The owner will be required to certify on an annual basis that the rent and income restrictions comply.

Rental Assistance

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 10.1% to 20% of the total units	10 Pts	☑ 10.1% to 20% of the total units	10 Pts	Number of Units	10

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion. The owner will be required to continue renewals of project based housing subsidy payments for a minimum of 10 years. The owner must continue renewals of existing project based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if rental assistance is not available for the full period. The 10 year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date. For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income except as approved by Minnesota Housing. The project must comply with the requirements in the Self-Scoring Worksheet and Deferred Loan Priority Checklist. Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. Units that have selected the rental assistance criterion cannot be used as a Serves Lowest Income Unit. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Rental Assistance – Further Restricted Rental Assisted Units (FRRA)

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)	
☑ 5% to 15%, but no fewer than four units	3 Pts	☐ 5% to 15%, but no fewer than four units	0 Pts	Number of Units	0

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. Owner agrees to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period. The 10 year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Long Term Affordability

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Long-term affordability for a minimum of 40 years	9 Pts	☑ Long-term affordability for a minimum of 40 years	9 Pts	

Loan/HTC Commitment and Compliance Monitoring

Owner agrees to extend the term of the LURA and/or waive their right to Qualified Contract for the applicable term.

Workforce Housing Communities

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Top Job Center or Net Five Year Job Growth Community	6 Pts	☑ Top Job Center or Net Five Year Job Growth Community	6 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Location Efficiency – Access to Transit

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ One half mile of a planned or existing LRT, BRT, or commuter rail stations	7 Pts	☑ One half mile of a planned or existing LRT, BRT, or commuter rail stations	7 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Location Efficiency – Walkability

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Walk Score of 70 or more	2 Pts	☐ Walk Score of 70 or more	0 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Community Development Initiative

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Contributes to Community Development Initiative efforts	3 Pts	☑ Contributes to Community Development Initiative efforts	3 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Minority Owned/Women Owned Business

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ A MBE/WBE	4 Pts	☑ A MBE/WBE	4 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through the loan closing and/or 8609.

Financial Readiness to Proceed/Leveraged Funds

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ 20% to 29.9% of funding secured	6 Pts	☑ 20% to 29.9% of funding secured	6 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection based on submitted permanent funding commitments indicated in the projects application. The Funding commitments, or an equivalent commitment, must be maintained and will be monitored through the loan closing and/or 8609.

Intermediary Costs

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ 15.1 to 20%	3 Pts	☑ 15.1 to 20%	3 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through the loan closing and/or 8609.

Cost Containment

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Cost Containment	6 Pts	☑ Cost Containment	6 Pts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through loan closing and/or 8609.

Universal Design

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Elevator Building	3 Pts	☑ Elevator Building	3 Pts	Number of Units 80

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be validated during the underwriting phase and architectural review.

Smoke Free Building

Developer Claimed Criteria	Developer Claimed HTC Pts	Agency Confirmed Criteria	Agency Awarded HTC Points	Number of Units (Agency Validated)
☑ Smoke Free Buildings	1 Pts	☑ Smoke Free Buildings	1 Pts	

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include that the owner must maintain a smoke free policy and include a non-smoking clause in the lease for every household for the term of the loan/LURA. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Total Developer Claimed: **83** **Total Agency Awarded** **78**

MINNESOTA HOUSING

Board Agenda Item: 7.C
Date: 3/24/2022

Item: Commitment, Low and Moderate Income Rental Loan (LMIR), and Low and Moderate Income Rental Bridge Loan (LMIRBL), and Modification, Housing Infrastructure (HIB) loan

- Wirth on the Woods (WOTW) – Theodore, D8220, Minneapolis, MN

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

Request Type:

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

Summary of Request:
At the March 25, 2021 board meeting, the proposed development was selected for financing under the LMIR program and LMIRBL product in Resolution Number 21-014. The original LMIR selection was for an amount up to $8,658,000. The original LMIRBL selection was for an amount up to $12,620,000 and was comprised of two components: 1) a LMIRBL loan ,financed by tax-exempt volume limited bonds in an amount of $7,560,000 to help qualify the project for 4% Housing Tax Credits (HTCs); and, 2) a second LMIRBL from Pool 2 resources in the amount of $5,060,000. At that same meeting, the development was selected for deferred funding up to $5,360,000 under the HIB program under Resolution Number 21-013.

Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $8,713,000;
2. Adoption of a resolution authorizing the issuance of a LMIRBL product commitment not to exceed $8,200,000;
3. Adoption of a resolution modifying the loan under the HIB program to increase from a maximum loan of $5,360,000 to a maximum of $5,860,000.

All commitments are subject to the terms and conditions of the Agency term letter. The second LMIRBL (funded from Pool 2) in the amount of $5,060,000 has since been eliminated and requires no further action.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the end loan without incurring financing expenses. Minnesota Housing will also earn interest rate spread income on the LMIRBL.

Minnesota Housing will not earn interest revenue of the HIB loan. As the debt service on the HIBs to be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency.

The Agency will earn additional fee income from originating all three loans for this project.

Meeting Agency Priorities:

- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachments:

- Development Summary
- Resolution(s)
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Wirth on the Woods (WOTW) – Theodore		**D#8220**	**M#18419**
Address	2800 South Wayzata Boulevard			
City	Minneapolis	**County**	Hennepin	
Date of Selection	March 25, 2021	**Region**	Metro	

A. Project Description and Population Served

- The development involves the acquisition and new construction of 100 units in the city of Minneapolis. It is a six-story elevator building with 80 one-bedroom, and 20 two-bedroom units.
- The development will provide general occupancy and permanent supportive housing for people aged 55 and older under the HIB statute.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP).
- Six units will serve High Priority Homeless (HPH) households for single adults and will be deeply affordable to households at 30% MTSP that will benefit from Housing Support rental assistance.
- Although not required under Minnesota Housing loans, four additional units will be set aside for clients of Hennepin County Social Services with rents and incomes restricted at 30% MTSP.
- The project is anticipated to begin construction in April 2022 and is anticipated to open for residents in August 2023.

B. Mortgagor Information

Ownership Entity:	Theodore WOTW, LP
Sponsor:	Lupe Development Partners, LLC
General Partner(s)/ Principal(s):	Theodore Management, LLC
Guarantor(s):	Steven M. Minn

C. Development Team Capacity Review

The sponsor, Lupe Development Partners, LLC, has the experience and capacity to complete the project. It has partnered with a processing agent, Rippley Richards Real Estate Development Services, LLC. The developer has utilized deferred loans and housing tax credits with proven success.

The property manager, Ecumen, was established in 1923 and currently has 48 developments with 4,259 units. The properties are of similar size and type. The property manager has the capacity to manage this development.

The service provider, Simpson Housing Services, Inc, is experienced in providing services to adults aged 55 and over and serving HPH residents. The necessary components are in place for the successful provision of supportive housing for adults 55 and over.

UrbanWorks Architecture is the architect and Frana Construction is the general contractor. Both have the capacity to effectively design and construct the project.

Lupe Development Partners, LLC qualifies as a 51% woman owned enterprise with a woman president and CEO.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Bridge	LMIRBL	TEB	$8,200,000	2.25% Est.	N/A	July 1, 2024	N/A	Construction
Permanent Amortizing	LMIR	Pool 2	$8,713,000	4.5%	0.125	40 Years	40-year Am	End
Deferred	HIB	HIB Senior	$5,860,000	0%	N/A	Approx. 24months (construction) + 40 yr	Cash Flow	Construction to Permanent

- The LMIRBL will be funded by Minnesota Housing tax-exempt volume limited bonds (if approved by the Board) that will utilize private activity bond cap, which, when combined with HIB loan also financed with private activity bonds , is expected to be sufficient to allow the project to be eligible for 4% housing tax credits. The permanent LMIR mortgage includes $1,821,000 supported by tax increment financing (TIF) from the City of Minneapolis.
- The LMIR loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program.

- The LMIR loan may be securitized with the United States Department of the Treasury's Federal Financing Bank (FFB) via their partnership with HUD.
- HIB deferred loan with interest anticipated to be 0% but may be up to 1% interest if requested. The eligible use is senior households. The term of the loan will be co-terminus with the LMIR permanent loan and will be repayable. The loan will include cash-flow provisions.

Permanent Mortgage Loan to Cost: 30% **Permanent Mortgage Loan to Value:** 85%

E. Significant Changes Since Date of Selection

The project experienced a significant funding gap approaching $2.9 million, largely attributable to higher than expected construction bids caused by supply chain disruptions. In addition, although prevailing wages were factored into the cost estimates at selection, certain trade areas were impacted more than budgeted for. The increase was offset with additional funding from the City of Minneapolis, the developer cash contribution, increased equity proceeds, and proposed additional Agency deferred and other funding as described below.

Overall changes to Agency funding since selection:

- LMIR first mortgage increased $55,000 from $8,658,000 to $8,713,000.
- The Agency short-term tax-exempt volume limited bond bridge loan increased from $7,560,000 to $8,200,000 in order for the project to qualify for 4% HTCs.
- Increased HIB deferred funding by $500,000 to $5,860,000 will fill the remaining gap and also help the project qualify for 4% HTCs.
- The second bridge loan originally proposed to be funded with Agency Pool 2 resources is now being provided by a conventional lender, Great Southern Bank (GSB). This loan works in tandem with the project's equity provider (Raymond James) in order for the project to benefit from a higher tax credit pricing to help close the gap.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 1,660,000	$ 16,600
Construction Costs	$21,402,816	$ 214,028
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 1,223,716	$ 12,237
Developer Fee	$ 2,700,000	$ 27,000
Financing Costs	$ 1,358,700	$ 13,587
Total Mortgageable Costs	$28,345,231	$ 283,452
Reserves	$ 727,907	$ 7,279
Total Development Cost	**$29,073,138**	**$ 290,731**

B. Permanent Capital Sources

Description	Amount	Per Unit
Permanent Mortgage (LMIR)	$ 8,713,000	$ 87,130
General Partner Cash	$ 562,743	$ 5,627
HTC Equity Proceeds (Raymond James)	$ 8,998,605	$ 89,986
Agency Deferred Funding (HIB)	$ 5,860,000	$ 58,600
City of Minneapolis	$ 2,500,000	$ 25,000
Met Council	$ 1,500,000	$ 15,000
Hennepin County	$ 600,000	$ 6,000
Rebates	$ 35,000	$ 350
Deferred Developer Fee	$ 303,790	$ 3,038
Total Permanent Financing	**$29,073,138**	**$ 290,731**

C. Financing Structure

The LMIRBL and HIB deferred loans will be funded from proceeds of tax-exempt volume limited bonds sufficient to qualify the project for approximately $999,945 of annual, 4% housing tax credits, which will result in nearly $9 million of equity proceeds from Raymond James. The term of the Land Use Restrictive Agreement will be 40 years.

D. Cost Reasonableness

- The budgeted total development cost (TDC) per unit of $290,731 is 9.4% below the predictive cost model estimate of $320,953.
- This project received cost containment points in the 2020 Consolidated RFP but is currently over the $275,659 cost containment threshold. The housing tax credit procedure is for cost

containment to be reassessed at IRS 8609. If at that time the TDC is still above the threshold, a negative four points may be applied to all the applicants' housing tax credit submissions in the next funding round in which submissions are made.

E. Conditions

- Staff identified a potential discrepancy in the amount of costs related to construction of the underground parking that are proposed to be excluded from HTC eligible basis. A change to the amount of HTC eligible basis may result in a change to the amount of equity generated by the tax credits. If that change occurs, the developer would need to identify a replacement source of funding in order to close on the funding. As a result, this recommendation includes two additional conditions:
    - The developer must provide a report from an independent accountant confirming the cost of the parking garage, the amount of construction costs associated with the portion of the parking garage allocable to the project that will be excluded from HTC eligible basis, and the justification for that calculation to Minnesota Housing staff prior to closing; and
    - The developer must comply with such requirements as may be deemed necessary by MHFA staff to mitigate risk related to HTC.

.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1BR	6	$ 727	30 MTSP	30 MTSP	Housing Support
1BR	4	$ 563	30 MTSP	30 MTSP	
1BR	60	$ 957	50 MTSP	60 MTSP	
1BR	7	$ 957	50 MTSP	60 MTSP	
1BR	3	$ 957	50 MTSP	50 MTSP	
2BR	4	$ 1,126	50 MTSP	50 MTSP	
2BR	16	$ 1,126	50 MTSP	60 MTSP	
Total	**100**				

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

The following restrictions under the Minnesota Housing programs will be as follows:

LMIR

- 100 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- Commitment to affordability in effect while the loan is outstanding.

HIB

- 50 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- 50 units with incomes not exceeding 60% MTSP will be further restricted to 50% rents.
- Commitment to 40 years of affordability from the date of loan closing.

B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines, unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- Six units will provide Housing Support rental assistance through Simpson Housing with renewals expected for no less than 10 years. These units will serve High Priority Homeless single adults.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.17.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- An operating reserve in the amount of $607,907 will be funded from syndicator proceeds upon stabilization. A Rent-Up reserve in the amount of $100,000 will be funded at construction completion from syndicator proceeds.
- Replacement reserves will be funded from project operations in the amount of $2,917 per month or $35,000 annually.

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

RESOLUTION NO. MHFA 22-

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

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

Name of Development:	Wirth on the Woods (WOTW) – Theodore
Sponsors:	Lupe Development Partners, LLC
Guarantors:	Steven M. Minn
Location of Development:	Minneapolis
Number of Units:	100
Amount of LMIR Mortgage: (not to exceed)	$8,713,000
Amount of LMIRBL (not to exceed)	$8,200,000

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

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program), and a bridge loan from the proceeds of Rental Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. The term of this commitment shall expire on September 30, 2022.

2. The amount of the LMIR amortizing loan shall not exceed $8,713,000; and

3. The interest rate on the permanent LMIR loan shall be 4.50% per annum (subject to change, as set forth in the attached Agency term letter dated February 23, 2022), plus 0.125% per annum HUD Risk-Sharing Mortgage Insurance Premium, with monthly payments based on a 40-year amortization; and

4. The term of the permanent LMIR loan shall be 40 years; and

5. The LMIR End Loan Commitment term shall expire July 1, 2024; and

6. The amount of the LMIRBL shall not exceed $8,200,000; and

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

8. The interest rate on the LMIRBL will be based on the interest rate on the Rental Housing Bonds issued to finance the LMIRBL plus 1.00%; interest will be payable monthly, and the principal will be due in a balloon payment no later than July 1 2024; and

9. The LMIRBL commitment shall be entered into on or before September 30, 2022 and shall have a six-month term (which shall also be the LMIRBL commitment expiration date); and

10. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

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

12. The sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and

13. The sponsor shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

14. The sponsor and mortgagor must provide such information to MHFA staff as may be deemed necessary to determine compliance with federal HTC requirements prior to closing

and comply with such requirements as MHFA staff may deem necessary to mitigate related risks; and

15. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 24th day of March 2022

____

CHAIRMAN

Agenda Item: 7.C
Resolution

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

RESOLUTION NO. MHFA 22-
Modifying Resolution No. MHFA 21-013

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

WHEREAS, the Board has previously authorized a commitment for the Wirth on the Woods – Theodore development by its Resolution No. 21-013; and

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

WHEREAS, Agency staff has determined that there are increased development costs.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to modify the commitment for the indicated development, subject to the revisions noted:

1. The Housing Infrastructure Bond loan shall not exceed $5,860,000.

2. The sponsor and mortgagor must provide such information to MHFA staff as may be deemed necessary to determine compliance with federal HTC requirements prior to closing and comply with such requirements as MHFA staff may deem necessary to mitigate related risks.

3. All other terms and conditions of Minnesota Housing Resolution No. 21-013 remain in effect.

Adopted this 24th day of March 2022

____
CHAIRMAN

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MINNESOTA HOUSING

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

March 18, 2022

Steve Minn
Lupe Development Partners, LLC
1701 Madison Street NE, Suite 111
Minneapolis, MN 55413

RE: Term Letter - Revised
Wirth on the Woods (WOTW) -Theodore, Minneapolis
MHFA Development #8220, Project #M18419

Dear Mr. Minn:

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

Borrower: A single asset entity: **Theodore WOTW, LP**

General Partner Theodore Management LLC

Development Description/Purpose: New Construction of a 100-unit affordable housing development located in Minneapolis, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Bridge Loan**	Housing Infrastructure Bonds (HIB) Loan
Loan Amount	$8,713,000	$8,200,000	$5,860,000
Interest Rate	*4.50%	Bond financing rate + 1.0%	0.0%
Mortgage Insurance Premium (%)	0.125% (first year premium is paid in advance)	Not Applicable	Not Applicable

Term	40 years	July 1, 2024	24 months (est. construction) + 40 years
Amortization/Repayment	40 years	Interest only during term	Deferred lump sum payment due in 40 Years. In addition, an annual payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds $50,000.00.
Prepayment Provision	No prepayment first 10 years from date of the Note.	No prepayment until January 1, 2024	No prepayment first 10 years from date of the HIB Note.
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	Permanent End Loan	Construction Bridge Loan	Construction/Permanent Loan
Lien Priority	First	First *(during construction period)*	Second *(during Construction)*

*Subject to change. Interest Rate is dependent upon closing and commencement of amortization not later than July 1, 2024. After that date, the rate may be subject to adjustment or payment of an extension fee at Minnesota Housing's sole discretion.

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

Origination Fee: HIB Loan: 54,500
LMIR HUD Risk Share Loan: $137,130
Bridge Loan: $41,000
(all are payable at the earlier of loan commitment or loan closing)

Inspection Fee: $51,410 (payable at the earlier of loan commitment or loan closing)

Guaranty/Guarantor: Completion, Repayment and Operations Guaranty to be provided by:

- **Steven M. Minn**

Operating Deficit Escrow Reserve Account:	$261,390 to be funded on the day of the LMIR/HRS closing by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
Operating Cost Reserve Account:	Not Applicable
Replacement Reserve Account:	A replacement reserve will be required in the amount of $350/unit/annum. The monthly replacement reserve will be $2,917. The replacement reserve will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at the time of closing of the LMIR/HRS loan (outside of the development budget) and held by Minnesota Housing.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
HAP or other Subsidy Agreement:	Commitment to 10 years of affordability from the date of loan closing under the Housing Support Program for 6 units.
Rent and Income Requirements:	LMIR • 100 units with incomes not exceeding 60% MTSP and rents at 60% MTSP. • Commitment to affordability in effect while the loan is outstanding. HIB • 100 units with incomes not exceeding 60% MTSP and rents at 60% MTSP. • 50% of the units will be further restricted to 50% rents under the Serves Lowest Income scoring category. • Commitment to construction period plus 40 years of affordability from the date of loan closing.

Other Occupancy Requirements:	6 High Priority Homeless units that are set aside and rented to single adults. The Development must qualify as Senior Housing for the term of HIB loan.
Other Requirements:	The HIB loan is subject to the terms in the attached Deferred Selection Criteria.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire on the earlier of six months from the date of this letter or loan closing/end loan commitment.
Additional Terms:	Not Applicable
Other Conditions:	• The developer must provide a report from an independent accountant confirming the cost of the parking garage, the amount of construction costs associated with the portion of the parking garage allocable to the project that will be excluded from HTC eligible basis, and the justification for that calculation to Minnesota Housing staff prior to closing; and • The developer must comply with such requirements as may be deemed necessary by Minnesota Housing staff to mitigate risk related to HTC.
Board Approval:	Commitment of all loans are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.
Not a Binding Contract:	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Adam Himmel at adam.himmel@state.mn.us on or before March 25, 2022.

If you have any questions related to this letter, please contact Ted Tulashie at 651-297-3119 or by e-mail at ted.tulashie@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

THEODORE WOTW, LP

By: Theodore Management LLC
Its: General Partner

By:
____
Steven M. Minn, Chief Manager

Date Accepted: _______________________

MINNESOTA HOUSING

Board Agenda Item: 7.D
Date: 3/24/2022

Item: Adoption, Resolution Authorizing the issuance and Sale of Rental Housing Bonds, 2022 Series B (Wirth on the Woods)

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
  ☒ Motion
  ☒ Resolution

☐ No Action Needed
  ☐ Discussion
  ☐ Information

Summary of Request:

Staff is requesting authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $8,200,000 and will be used for the acquisition and construction of a 100-unit housing development located in Minneapolis, Minnesota. The Agency currently anticipates pricing and issuing these Rental Housing bonds in the spring; the attached Preliminary Official Statement describes the entire transaction.

Fiscal Impact:

The Agency will earn an interest rate spread while these bonds are outstanding and will also receive certain fee income as part of the closing of the bridge loan.

Meeting Agency Priorities:

☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☒ Support People Needing Services
☐ Strengthen Communities

Attachment(s):

- Preliminary Official Statement
- Resolution

PRELIMINARY OFFICIAL STATEMENT DATED _______________, 2022

NEW ISSUE

Ratings: Moody's: "___"
S&P: "___"

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

MINNESOTA HOUSING

$8,200,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2022 Series B (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 [August] 1, 2022.*
Denominations	$5,000 or any integral multiple thereof.
Closing/Settlement	On or about ______________, 2022* 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

__________, 2022.

*Preliminary; subject to change.

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE AND PRICE*

$8,200,000* 2022 Series B Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP**
August 1, 2024*	$8,200,000*	____%	100%	

*Preliminary, subject to change.

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

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

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

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

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

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

TABLE OF CONTENTS

OFFICIAL STATEMENT

relating to
$8,200,000*
MINNESOTA HOUSING FINANCE AGENCY
Rental Housing Bonds, 2022 Series B (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, 2022 Series B (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 March 24, 2022 (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 $[41,235],000 as of February 28, 2022, 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 64 and 65 under the heading "Net Position — Restricted by Covenant."

The global outbreak of the coronavirus COVID-19 ("COVID-19") and measures taken by federal, state and local governments in response thereto are impacting individuals and businesses in a manner that to an unknown extent will have negative effects on economic activity across the country and the State, including mortgage loan repayments. For descriptions of certain of these measures, their impacts on the Agency and the Agency's responses, see "The Agency—COVID-19 Economic Disruption" herein.

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

*Preliminary, subject to change.

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, construction and equipping of a multifamily housing development in Minneapolis, 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

Craig Klausing, Member — Term expires January 2023, Roseville, Minnesota – Attorney

Stephanie Klinzing, Member — Term expires January 2023, 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 265 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.

Kevin Carpenter — Chief Financial Officer, appointed effective March 2016. In this position, Mr. Carpenter leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position, Mr. Carpenter was the Chief Financial Officer at the City of Minneapolis from May 2011 to November 2015, and also had significant tenure in various senior financial and operating positions at RBC Capital Markets, LLC. He previously was an investment banker at RBC Capital Markets, LLC and at Lehman Brothers. Mr. Carpenter earned a Master's Degree in Business Administration from Harvard University Business School and a Bachelor of Arts degree in Government from Dartmouth College.

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.

Anne Smetak — General Counsel, appointed effective June 2020. Ms. Smetak has been a member of the Agency's legal team since April 2016 and served as Deputy General Counsel for the Agency from July 2019 to June 2020. Her experience prior to joining the Agency includes corporate litigation, affordable housing preservation as a legal services attorney, and clinical teaching roles at the Washington College of Law and The George Washington University School of Law. Ms. Smetak earned a law degree and a Master of Laws degree from The George Washington University School of Law and holds a Bachelor of Arts degree in Political Science from Kenyon College.

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

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

Independent Auditors

The financial statements of the Agency as of and for the year ended June 30, 2021, 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, 2021. 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, 2021 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 66 through 68 under the heading “Defined Benefit Pension Plan.” The Agency’s allocable portion of net pension liability reported at June 30, 2021 with respect to MSRS is $8.396 million. The Agency’s total net pension liability and post-employment benefits liability is $10.189 million.

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 six months ended December 31, 2021. 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 ending June 30, 2022, 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.

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

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

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

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

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

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

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $868.730 million, representing the combined net position of these funds so calculated as of June 30, 2021. 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, 2021 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages 64 and 65 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 six-month period ended December 31, 2021 (unaudited) (in thousands):

	Six months Ended December 31, 2021 (unaudited)	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Revenues			
Fees earned and other income[1]	$ 5,514	$12,676	$12,971
Interest earned on investments	55	212	590
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]	15,529	33,144	31,336
Total revenues	21,098	46,032	44,897
Expenses			
Salaries and benefits	16,267	32,501	30,283
Other general operating expenses	1,676	7,424	6,900
Total expenses	17,943	39,925	37,183
Revenues over expenses	3,155	6,107	7,714
Non-operating transfer of assets between funds[4]	(3,801)	(8,363)	(9,876)
Change in net position	(646)	(2,256)	(2,162)
Net position beginning of period	10,051	12,307	14,469
Net position end of period	$9,405	$10,051	$12,307

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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.

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, 2017, 2019 and 2021, the total appropriations to the Agency aggregated approximately $436.5 million. For the biennium ending June 30, 2023, the Legislature has appropriated approximately $125.6 million 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 February 28, 2022 [to be updated]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	8	2049	$ 42,290	$ 41,235
Residential Housing Finance Bonds	58	2052	3,255,165	1,856,220
Homeownership Finance Bonds	58	2051	2,624,572	1,191,873
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	12,860
Totals	125		$5,937,027	$3,102,188

*Does not include series of bonds or the original principal amount of any bonds that had been, as of February 28, 2022, 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 entitle the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"). In 2017, the Financial Conduct Authority, a United Kingdom regulatory body which supervises USD LIBOR's administrator, stated that it would not attempt to persuade or compel panel banks that currently submit interest rate information used in the setting of USD LIBOR rates to continue to do so after December 31, 2021. The Federal Reserve System and the Federal Reserve Bank of New York (the "NY Fed") convened its Alternative Reference Rate Committee ("ARRC") in 2014, consisting of public and private United States capital market participants, to identify alternative reference rates as an alternative to USD LIBOR, identify best practices for contract robustness in the interest rate market, and create an implementation plan to support an orderly adoption of new references rates. In 2017, the ARRC identified the secured overnight financing rate ("SOFR"), which the NY Fed publishes, as the rate that represents best practice for use in certain new U.S. dollar derivatives and other financial contracts. Likewise, the International Swaps and Derivatives Association's ("ISDA") working group chose SOFR as its replacement for USD LIBOR, and ISDA has released its IBOR Fallbacks Supplement which amends the 2006 ISDA Definitions (applicable to trades occurring on and after January 25, 2021), as well as its IBOR Fallbacks Protocol, which allows contract participants to amend existing contracts to include the new fallback provision. Each of the NY Fed and ISDA has made certain information concerning their respective activities relating to USD LIBOR and alternative reference rates on their respective websites. The Financial Conduct Authority has confirmed that USD LIBOR will continue to be available through June 30, 2023, at which time these amendments are expected to become effective and SOFR will replace USD LIBOR. There can be no assurance as to the timing or outcome of these and other USD LIBOR-related regulatory developments, or as to the effects of market reaction to such developments. Further regulatory developments, such as the March 2021 announcement of the official cessation of publication of one week and two month USD LIBOR, may affect the determination of certain scheduled and, if applicable, termination payment obligations upon those derivatives agreements. The Agency continues to monitor the USD LIBOR-related developments and anticipates it will adhere to the IBOR Fallbacks Protocol or enter into substantially similar agreements directly with its swap providers. In addition, the Agency may seek additional amendments to its other agreements which still use USD LIBOR.

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 27 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2021 in an aggregate principal amount of $367,300,000 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, and a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021 (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 31, 2022, 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 0.35%) and may not exceed $150,000,000 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 [$960,461,790, $17,393,012] 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.

COVID-19 Economic Disruption

The global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization in March 2020, was declared an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the Federal Reserve, HUD/FHA (including GNMA), the Federal Housing Finance Agency (including Fannie Mae and Freddie Mac), USDA Rural Development, the VA, the Centers for Disease Control, and the Consumer Financial Protection Bureau, along with the State, have enacted legislation and/or issued orders or directives (collectively, "Governmental Actions") to alleviate the effects of the Pandemic on homeowners, renters, landlords, servicers and lenders. Governmental Actions have included loan forbearance directives, moratoriums on foreclosures and/or evictions, loan modification directives, loan servicing assistance, rental assistance, and homeownership loan assistance. Some legislation and/or orders have been extended and/or modified, while others have expired or been enjoined. While it is generally expected that new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, contested, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

The Agency has not entered into any forbearance agreements relating to multifamily housing mortgage loans. The Agency also has provided loans that secure outstanding bonds of the Agency under its single family housing program, many of which loans are covered by the relief provisions of the Governmental Actions, and has granted forbearance approvals when required. The Agency's loans provided under its home improvement program and its monthly payment loan program, as well as some loans for single family housing that are not pledged as security for any debt of the Agency, are not affected by the relief provisions of the Governmental Actions. However, the Agency has granted and may choose to grant forbearance approvals for certain of these loans during the Pandemic. (See "Other Programs")

On March 13, 2020, the Governor of the State declared a peacetime emergency with respect to the Pandemic. Through various executive orders, which have the force and effect of law during a peacetime emergency, the Governor directed various protective measures in response to the Pandemic, including the suspension of evictions and lease terminations. The peacetime emergency ended on July 1, 2021 and all executive orders made pursuant to the peacetime emergency have expired. However, legislation was enacted effective June 30, 2021 gradually phasing out eviction protections during the period that ended October 12, 2021. While those protections have expired, certain tenants who are eligible for, have applied for, but have not yet received, federal emergency rental assistance payments will have eviction protection through June 1, 2022.

During the peacetime emergency, an executive order of the Governor designated the operation of the Agency as a critical service and Agency personnel, though almost exclusively teleworking, continued all operations in order to provide the Agency's programs (see "Agency Continuity of Operations Plan" above). The Agency plans to re-open its offices with a portion of its personnel returning to the workplace in 2022. At this time the Agency cannot predict (i) the duration or extent of the Pandemic; (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Agency's ability to foreclose and collect on delinquent mortgage loans; (iii) the number of mortgage loans that will be in forbearance or default as a result of the Pandemic and subsequent federal, state and local responses thereto, including the Government Actions; (iv) whether and to what extent the Pandemic may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any of those types of disruption may adversely impact the Agency or its operations; (v) whether or to what extent the Agency or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or (vi) the effect of the Pandemic on the State budget, or whether any such effect may adversely impact the Agency or its programs. The Agency continues to monitor and assess the impact of the Pandemic on its programs, operations and financial position, including its ability to continue to finance the purchase of Mortgage Loans. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the Agency's programs, operations and finances.

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 construction of a multifamily housing development. The Development, to be known as Wirth on the Woods – The Theodore, will be the acquisition and construction of a six-story building, located in Minneapolis, Minnesota. The Development will have 100 residential units. The total development cost is estimated to be approximately $29.073 million. The Development is expected to be completed by ______, ____. The Development will be acquired and constructed by Theodore WOTW, LP a Minnesota limited partnership.

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 $8.200 million,* will mature in full on July 1, 2024* The bridge

*Preliminary, subject to change.

Mortgage Loan will not be insured by FHA or secured by any other third-party credit enhancement, but the Agency expects it to be repaid from a long-term end loan from the Agency in the principal amount of $8.713 million. The bridge Mortgage Loan will be secured in part by a guaranty from Steven M. Minn.

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 40 years.

Six of the dwelling units will benefit from Housing Support provided by Hennepin County.

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	$8,200,000*
Funds Available to the Agency	________
Total Sources of Funds	$________.
Uses:	
Series B Mortgage Loan Account	$8,200,000*
Revenue Fund	
Costs of Issuance	________
Total Uses of Funds	$________.

THE SERIES BONDS

The Series Bonds will be fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series Bonds. 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 August 1, 2022,* 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.

*Preliminary, subject to change.

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 February 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

*Preliminary, subject to change.

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, 2021 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 $616,006 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, 2021 for the programs as listed above:

Rental Housing Program Mortgage Loan Program Summary as of December 31, 2021

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments/Asset Management Program*	11	696	$18,468,232	12.11%
Low and Moderate Income Rental Program**	49	4,081	132,672,570	87.00
Market Rate Mortgage Loan Program ...	2	163	1,357,446	0.89
	77	4,940	$152,498,248	100.00%

*Includes six HUD Risk-Sharing loans for Developments, originally financed with loans originated under this program, with 538 aggregate units and an aggregate outstanding loan amount of $17,001,238.

**Includes 35 HUD Risk-Sharing loans for Developments with 2,673 aggregate units and an aggregate outstanding loan amount of $72,282,353 and five bridge mortgage loans for Developments with 281 units and an aggregate outstanding loan amount of $32,365,000.

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, 2023. 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.

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

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

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

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

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

Certain Ongoing Federal Tax Requirements and Covenants

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

Low Income Set-Aside Requirements under the Code

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

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

Certain State Tax Legislation

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

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

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

Changes in Federal and State Tax Law

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

LITIGATION

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

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

LEGAL MATTERS

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

FINANCIAL ADVISOR

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

RATINGS

The Series Bonds are rated “____” by Moody’s Investors Service, Inc., and “___” by 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 $_______________ with respect to its purchase of the Series Bonds. The Underwriter may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

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

MISCELLANEOUS

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

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

MINNESOTA HOUSING FINANCE AGENCY

By ____
Commissioner

_____________, 2022.

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

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, 2021

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 %	$ 1,360,514	$ -	$ 117,273	02/01/30	LMIR/HRS	N/A	0	110
CASCADE	Fergus Falls	0.00	105,590	-	(4)	04/01/22	HAP/AMP	05/31/38	36	36
CONCORDIA ARMS	Maplewood	5.75	3,401,141	-	827,375	07/01/49	LMIR/HRS/HAP	12/31/32	125	125
ELEMENT	Plymouth	1.30	8,765,000	5,350,857	-	01/01/23	LMIR/BRIDGE	(3)	12	61
GENEVA VILLAGE	Oakdale	7.21	1,803,981	-	240,031	01/01/28	LMIR	N/A	0	175
HILLSIDE TERRACE	Long Lake	6.72	1,287,339	-	305,286	08/01/34	LMIR/HRS	01/15/31	44	44
HILLTOP COTTAGES	Pine City	1.35	4,610,000	-	-	07/01/22	LMIR/BRIDGE	(3)	8	35
JACKSON PLACE	Elk River	5.63	808,350	-	79,957	04/01/38	LMIR	N/A	0	32
KENTUCKY LANE	Crystal	5.00	1,574,271	-	84,851	12/01/31	LMIR/HRS	N/A	0	67
LARSON COMMONS	Cloquet	6.52	1,972,459	-	861,187	06/01/37	HAP/HRS	03/31/40	85	85
LE SUEUR MEADOWS II	Le Sueur	1.35	5,665,000	-	-	01/01/23	LMIR/BRIDGE	(3)	9	39
MANITOU RIDGE	White Bear Lake	6.63	2,199,711	-	44,347	03/01/33	LMIR/HRS	N/A	0	118
MARSHALL SQUARE APTS	Marshall	6.45	1,141,330	-	132,469	02/01/36	LMIR/HRS/HAP	08/24/25	90	90
NORTH MOORHEAD	Moorhead	1.40	5,485,000	919,023	-	07/01/23	LMIR /BRIDGE	(3)	10	46
RIVERTOWN COMMONS	Stillwater	6.15	2,231,001	-	236,264	03/01/38	LMIR/HRS	04/30/40	96	96
SNELLING YARDS	Minneapolis	1.30	7,840,000	7,840,000	-	01/01/24	LMIR/BRIDGE	(3)	11	100
SUNRISE ESTATES	Jackson	0.00	130,000	-	114,109	01/01/22	HAP/AMP	01/01/22	40	40
THE CROSSROADS fka SOUTH PARK MANOR	Dodge Center	0.00	27,404	-	140,282	05/01/22	HAP	10/31/37	37	37
THE CROSSROADS fka SOUTH PARK MANOR	Dodge Center	0.00	260,000	-	See above	05/01/22	HAP/AMP	See above	See above	See above
THE SQUARE ON 31ST fka ROCHESTER SQUARE	Rochester	5.75	1,802,406	-	323,204	07/01/44	LMIR/HRS/HAP	02/17/34	95	104
WHITTIER COOP	Minneapolis	0.00	944,000	-	536,620	06/01/22	HAP/AMP	09/14/30	45	45
YORKDALE	Edina	5.00	3,709,108	-	407,796	06/01/48	HAP/HRS	06/30/39	90	90
Subtotal			$ 57,123,604	$ 14,109,880	$ 4,451,051				833	1575

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, 2021

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
ANDREWS POINT	Burnsville	5.00 %	$ 1,819,256	$ -	$ 110,793	05/01/42	LMIR/HRS	N/A	0	57
BLOOMING GLEN	Bloomington	6.17	2,508,681	-	177,626	10/01/38	LMIR/HRS	12/30/31	50	50
BLUFF HEIGHTS	Prior Lake	6.50	994,884	-	176,992	05/01/34	LMIR	N/A	0	35
CAPITOL CITY	St. Paul	5.15	932,835	-	59,414	11/01/37	LMIR	N/A	0	69
CATHEDRAL HILL HOMES	St. Paul	5.25	1,898,279	-	400,609	12/01/46	LMIR/HRS	05/31/35	60	60
CEDARDALE PLACE	Owatonna	4.49	4,843,993	-	465,698	06/01/54	LMIR/HRS	11/30/38	98	98
CENTRAL SQUARE APTS	St. Peter	5.81	1,785,734	-	308,459	08/01/36	LMIR/HRS	N/A	0	55
CENTRAL TOWERS	Rochester	5.00	3,955,430	-	980,900	08/01/43	LMIR/HRS	12/31/31	105	105
CHARTER OAKS TH	Stillwater	5.00	2,961,944	-	221,227	04/01/43	LMIR/HRS	12/31/27	60	60
CHERRY RIDGE APTS	Mankato	6.39	1,053,667	-	106,331	02/01/39	LMIR/HRS	N/A	0	83
CITY FLATS	Shakopee	5.86	360,332	-	159,621	06/01/37	LMIR	N/A	0	27
CITY PLACE LOFTS	Minneapolis	4.75	2,866,045	-	221,168	10/01/44	LMIR/HRS	N/A	0	55
COMPASS POINTE TH	New Hope	5.25	2,383,762	-	111,696	02/01/46	LMIR/HRS	N/A	0	68
CORNERSTONE VILLAGE	St. Michael	5.63	1,729,158	-	104,246	10/01/28	LMIR	N/A	0	42
CRYSTAL LAKE TH	Grand Rapids	5.50	1,360,134	-	284,662	11/01/41	LMIR/HRS	08/31/23	48	48
EASTEN TH	Moorhead	5.74	541,861	-	366,096	09/01/37	LMIR/HRS	N/A	0	38
EVERGREEN APTS	Hutchinson	5.50	1,947,939	-	366,552	12/01/41	LMIR/HRS	12/27/31	62	62
FIRST AVENUE FLATS	Rochester	4.50	4,733,899	-	93,128	10/01/34	LMIR	N/A	0	68
GATEWAY PLACE	Chanhassen	5.15	1,463,259	-	16,380	08/01/37	LMIR	N/A	0	48
HIGHLAND APTS	Willmar	5.25	1,664,177	-	303,333	04/01/46	LMIR/HRS	05/31/39	79	79
HOFFMAN PLACE	White Bear Lake	5.50	1,838,894	-	353,471	10/01/27	LMIR	N/A	0	59
JEFFERSON SQUARE	Northfield	5.75	1,301,740	-	196,616	10/01/41	LMIR/HRS	12/31/30	50	50
LAKES RUN APTS	New Brighton	5.74	1,117,470	-	3,967	11/01/36	LMIR	N/A	0	52
LAKEVILLE COURT	Lakeville	5.00	2,582,437	-	31,741	08/01/42	LMIR/HRS	N/A	0	52
LIBERTY PLAZA	St. Paul	6.50	3,380,284	-	1,028,922	02/01/34	LMIR/HRS	09/30/24	78	173
MANY RIVERS	Minneapolis	3.94	2,313,365	-	108,572	10/01/54	LMIR/HRS	08/04/23	7	53
MAPLE RIDGE TH	Maple Grove	5.74	1,196,415	-	259,844	01/01/38	LMIR	N/A	0	45
MEADOWS WEST	Austin	5.00	1,987,734	-	213,115	10/01/43	LMIR/HRS	12/31/31	60	60
NORTHGATE WOODS	Blaine	5.50	2,764,599	-	263,189	10/01/52	HAP/HRS	06/30/40	75	75
PARK MANOR ESTATES	Detroit Lakes	4.75	3,766,869	-	338,711	05/01/44	HAP/HRS	09/30/39	97	97
PARK PLAZA	Minneapolis	5.00	1,652,017	-	240,053	09/01/33	LMIR/HRS	N/A	0	134
PARKVIEW VILLA	Columbia Heights	5.25	2,053,246	-	458,957	04/01/47	LMIR/HRS	N/A	0	142
PINE RIDGE APTS	Grand Rapids	5.25	2,405,587	-	195,306	07/01/46	HAP/HRS	02/28/38	60	100
RED PINE ESTATES	Bemidji	6.49	1,266,289	-	816,744	03/01/37	LMIR	12/29/30	86	86
RIVER BEND TH	Shakopee	5.75	483,968	-	104,605	10/01/33	LMIR	N/A	0	20
RIVERSIDE TERRACE	Thief River Falls	4.75	2,146,816	-	319,141	07/01/43	LMIR/HRS	05/01/30	66	66
RIVERTOWN COMMONS	St. Paul	5.18	2,643,871	-	471,900	11/01/25	LMIR	04/30/39	28	139
RUSSELL ARMS/BENTON HEIGHTS	Sauk Rapids	5.15	2,382,617	-	463,828	09/01/37	HAP/HRS	05/31/22	71	91
SLATER SQUARE	Minneapolis	5.00	523,983	-	221,415	11/01/36	MR	N/A	0	163
SLATER SQUARE	Minneapolis	5.00	833,464	-	See above	11/01/36	MR	See above	See above	See above
SUNWOOD VILLAGE	Ramsey	5.25	1,273,150	-	94,200	03/01/47	LMIR/HRS	N/A	0	47
THE RIDGE APTS	Minnetonka	4.75	2,378,541	-	1,112,791	12/01/44	LMIR/HRS	N/A	0	64
TOWER TERRACE TOWNHOMES	Cambridge	3.49	1,599,060	-	257,344	05/01/55	LMIR/HRS	N/A	0	32
VICKSBURG COMMONS	Plymouth	6.40	823,035	-	88,663	03/01/38	LMIR	N/A	0	50
VILLAGE COMMONS	Savage	5.00	1,795,125	-	67,826	11/01/43	LMIR/HRS	N/A	0	66
VILLAGE ON THIRD	Rochester	6.14	1,471,454	-	87,037	05/01/25	LMIR	N/A	0	66
WASHINGTON CROSSING	Winona	5.75	1,230,220	-	159,197	01/01/36	LMIR/HRS	N/A	0	62
WEST VIEW ESTATES	Plymouth	5.00	3,157,290	-	320,153	09/01/42	LMIR	N/A	0	67
WILLOW RIDGE	St. Paul	6.39	1,199,833	-	88,497	04/01/38	LMIR	N/A	0	47
			$ 95,374,644	$ -	$ 13,400,734				1,240	3,365
			$ 57,123,604	$ 14,109,880	$ 4,451,051				833	1,575
Total			$ 152,498,248	$ 14,109,880	$ 17,851,785				2,073	4,940

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 2022 SERIES B

Development Name	Location	Estimated Mortgage Loan Rate	Estimated Mortgage Loan Amount	Estimated Development Reserves	Mortgage Note Maturity	Program Type	Subsidy Expiration	No. of Subsidized Units	Total No. of Units
Wirth on the Woods -- The Theodore	Minnespolis	2.250%	$8,200,000		7/1/2024	LMIR/ Bridge Loan	Determined after completion	6	100

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) $133,316 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

APPENDIX B-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX B-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF DECEMBER 31, 2021 AND FOR THE SIX MONTHS THEN ENDED (UNAUDITED)

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 December 31, 2021 and for the six-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 December 31, 2021 and for the six-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, including the notes to those financial statements.

MINNESOTA HOUSING

General Reserve & Bond Funds
Statement of Net Position
as of
December 31, 2021
(unaudited)
(with comparative totals as of December 31, 2020)
(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	HOMES[SM]	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Fiscal 2022 General Reserve and Bond Funds as of December 31, 2021	Fiscal 2021 General Reserve and Bond Funds as of December 31, 2020
Assets											
Cash and cash equivalents	$ 107,130	$ 30,558	$ 226,868	$ 23,530	$ 58,691	$ 1,749	$ -	$ 448,526	$ 7,991	$ 456,517	$ 532,735
Investments-program mortgage-backed securities	-	-	1,712,672	-	1,261,488	-	-	2,974,160	-	2,974,160	2,976,043
Investment securities-other	-	21,510	7,656	180,853	-	-	6,342	216,361	9,330	225,691	123,570
Loans receivable, net	-	150,305	241,865	385,867	-	13,233	-	791,270	108,906	900,176	917,887
Interest receivable on loans and program mortgage-backed securites	-	582	6,154	1,598	3,605	48	-	11,987	51	12,038	12,792
Interest receivable on investments	30	66	116	532	-	-	16	760	32	792	656
Interest rate swap agreements		-	-					-		-	-
FHA/VA insurance claims, net	-	-	68	-	-	-	-	68	-	68	232
Real estate owned, net	-	-	587	321	-	-	-	908	-	908	581
Capital assets, net	1,437	-	-	-	-	-	-	1,437	-	1,437	2,714
Other assets	2,519	8,442	22	966	15	-	-	11,964	1	11,965	4,323
Total assets	111,116	211,463	2,196,008	593,667	1,323,799	15,030	6,358	4,457,441	126,311	4,583,752	4,571,533
Deferred Outflows of Resources											
Deferred loss on refunding	-	-	2	-	-	-	-	2	-	2	10
Deferred loss on interest rate swap agreements			7,706	-	-	-	-	7,706		7,706	20,711
Deferred pension expense	2,434	-	-	-				2,434	-	2,434	14,211
Total deferred outflows of resources	2,434	-	7,708	-	-	-	-	10,142	-	10,142	34,932
Total assets and deferred outflows of resources	$ 113,550	$ 211,463	$ 2,203,716	$ 593,667	$ 1,323,799	$ 15,030	$ 6,358	$ 4,467,583	$ 126,311	$ 4,593,894	$ 4,606,465
Liabilities											
Bonds payable, net	$ -	$ 41,235	$ 1,951,677	$ 135,000	$ 1,218,107	$ 12,880	$ 6,026	$ 3,364,925	$ -	$ 3,364,925	$ 3,328,725
Interest payable	-	215	22,034	26	2,715	32	16	25,038	-	25,038	27,706
Interest rate swap agreements	-	-	7,706	-	-	-	-	7,706	-	7,706	20,711
Net pension liability	10,189	-		-	-	-	-	10,189	-	10,189	10,412
Accounts payable and other liabilities	5,098	14,119	397	60,917	58	-	-	80,589	1	80,590	66,239
Interfund payable (receivable)	998	2,423	-	4,068	-	-	-	7,489	(5,000)	2,489	(392)
Funds held for others	68,531	-	-	-	-	-	316	68,847	-	68,847	71,622
Total liabilities	84,816	57,992	1,981,814	200,011	1,220,880	12,912	6,358	3,564,783	(4,999)	3,559,784	3,525,023
Deferred Inflows of Resources											
Deferred gain on interest rate swap agreementss	-	-	-			-	-	-	-	-	-
Deferred revenue-service release fees			9,676	3,287	7,488	-	-	20,451	-	20,451	20,756
Deferred pension credit	19,329	-	-	-	-	-	-	19,329	-	19,329	29,734
Total deferred inflows of resources	19,329	-	9,676	3,287	7,488	-	-	39,780	-	39,780	50,490
Total liabilities and deferred inflows of resources	104,145	57,992	1,991,490	203,298	1,228,368	12,912	6,358	3,604,563	(4,999)	3,599,564	3,575,513
Commitments and Contingencies											
Net Position											
Restricted by bond resolution	-	153,471	212,226	-	95,431	2,118	-	463,246	-	463,246	523,263
Restricted by covenant	7,968	-	-	390,369	-	-	-	398,337	131,310	529,647	504,975
Invested in capital assets	1,437	-	-	-	-	-	-	1,437	-	1,437	2,714
Total net position	9,405	153,471	212,226	390,369	95,431	2,118	-	863,020	131,310	994,330	1,030,952
Total liabilities, deferred inflows, and net position	$ 113,550	$ 211,463	$ 2,203,716	$ 593,667	$ 1,323,799	$ 15,030	$ 6,358	$ 4,467,583	$ 126,311	$ 4,593,894	$ 4,606,465

Refer to disclaimer on page B-2-1.

MINNESOTA HOUSING

General Reserve & Bond Funds
Statement of Revenues, Expenses and Changes in Net Position
for the six months ended
December 31, 2021
(unaudited)
(with comparative totals for the six months ended December 31, 2020)
(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	HOMES[SM]	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Fiscal 2022 General Reserve and Bond Funds: Six Months Ended December 31, 2021	Fiscal 2021 General Reserve and Bond Funds: Six Months Ended December 31, 2020
Revenues											
Interest earned on loans	$ -	$ 3,583	$ 6,189	$ 8,125	$ -	$ 291	$ -	$ 18,188	$ 188	$ 18,376	$ 21,029
Interest earned on investments-program mortgage-backed securities	-	-	20,561	-	18,510	-	-	39,071	-	39,071	41,130
Interest earned on investments-other	55	468	226	3,499	2	-	102	4,352	34	4,386	3,137
Net G/L on Sale of MBS Held for Sale/HM	-	-	-	5,552	-	-	-	5,552	-	5,552	7,757
Administrative reimbursement	15,529	-	-	-	-	-	-	15,529	-	15,529	16,774
Fees earned and other income	5,514	67	862	1,038	762	-	-	8,243	-	8,243	8,943
Unrealized (losses)gains on investments	-	(668)	(16,654)	12,966	(16,868)	-	-	(21,224)	(34)	(21,258)	(13,932)
Total revenues	21,098	3,450	11,184	31,180	2,406	291	102	69,711	188	69,899	84,838
Expenses											
Interest	-	334	19,111	456	16,693	194	102	36,890	-	36,890	45,684
Financing, net		1	4,144	12	1,377	-	-	5,534		5,534	4,502
Loan administration and trustee fees	-	47	712	584	239	1	-	1,583	14	1,597	1,757
Administrative reimbursement	-	660	5,854	3,047	4,167	46	-	13,774	777	14,551	16,002
Salaries and benefits	16,267	-	-	-	-	-	-	16,267	-	16,267	15,339
Other general operating	1,676	4	40	560	28	-	-	2,308	582	2,890	4,040
Reduction in carrying value of certain low interest rate deferred loans	-	-	504	(174)	-	-	-	330	233	563	2,623
Provision for loan losses	-	(611)	(916)	263	-	(1)	-	(1,265)	82	(1,183)	2,281
Total expenses	17,943	435	29,449	4,748	22,504	240	102	75,421	1,688	77,109	92,228
Revenues over (under) expenses	3,155	3,015	(18,265)	26,432	(20,098)	51	-	(5,710)	(1,500)	(7,210)	(7,390)
Other changes											
Non-operating transfer of assets between funds	(3,801)	14	5,580	(8,762)	6,969	-	-	-	-	-	-
Change in net position	(646)	3,029	(12,685)	17,670	(13,129)	51	-	(5,710)	(1,500)	(7,210)	(7,390)
Net Position											
Total net position, beginning of period	10,051	150,442	224,911	372,699	108,560	2,067	-	868,730	132,810	1,001,540	1,038,342
Total net position, end of period	$ 9,405	$ 153,471	$ 212,226	$ 390,369	$ 95,431	$ 2,118	$ -	$ 863,020	$ 131,310	$ 994,330	$ 1,030,952

MINNESOTA HOUSING

General Reserve & Bond Funds
Statement of Cash Flows
for the six months ended
December 31, 2021
(unaudited)
(with comparative totals for the six months ended December 31, 2020)
(in thousands)

		Bond Funds								Fiscal 2022 General Reserve and Bond Funds	Fiscal 2021 General Reserve and Bond Funds
		Residential Housing Finance									
	General Reserve	Rental Housing	Bonds	Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES^{SM}	Bond Funds Excluding Pool 3	RHFB Pool 3	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020
Cash flows from operating activities:											
Principal repayments on loans and program mortgage-backed securities	$ -	$ 8,689	$ 201,712	$ 29,219	$ 188,654	$ 109	$ -	$ 428,383	$ 10,713	$ 439,096	$ 673,873
Investment in loans and program mortgage-backed securities	-	(11,244)	(444,745)	(61,314)	(116,876)	-	-	(634,179)	(26,862)	(661,041)	(503,034)
Interest received on loans and program mortgage-backed securities	-	3,474	30,459	7,402	22,739	292	-	64,366	168	64,534	71,652
Fees and other income received	4,096	67	-	6,399	-	-	-	10,562	-	10,562	12,563
Salaries, benefits and vendor payments	(17,919)	(146)	(747)	(4,844)	(273)	(1)	-	(23,930)	(1,794)	(25,724)	(25,137)
Administrative reimbursement from funds	15,567	(660)	(5,854)	(3,047)	(4,167)	(46)	-	1,793	(777)	1,016	963
Deposits into funds held for others	19,774	-	-	-	-	-	-	19,774	-	19,774	20,986
Disbursements made from funds held for others	(20,902)	-	-	-	-	-	-	(20,902)	-	(20,902)	(20,362)
Interfund transfers and other assets	2,264	(257)	-	(819)	-	-	-	1,188	-	1,188	(563)
Net cash provided (used) by operating activities	2,880	(77)	(219,175)	(27,004)	90,077	354	-	(152,945)	(18,552)	(171,497)	230,941
Cash flows from noncapital financing activities:											
Proceeds from sale of bonds and notes	-	7,840	333,977	1,199,890	112,532	-	-	1,654,239	-	1,654,239	1,304,741
Principal repayment on bonds and notes	-	(26,485)	(202,965)	(1,168,220)	(245,760)	(120)	(1,188)	(1,644,738)	-	(1,644,738)	(1,426,104)
Interest paid on bonds and notes	-	(571)	(23,778)	(396)	(17,919)	(195)	(105)	(42,964)	-	(42,964)	(50,898)
Financing costs paid related to bonds issued	-	(1)	(3,554)	(23)	(992)	-	-	(4,570)	-	(4,570)	(4,082)
Interest paid/received between funds	-	-	-	(53)	-	-	-	(53)	-	(53)	-
Principal paid/received between funds	-	-	-	-	-	-	-	-	-	-	
Agency contribution to progam funds	-	14	1,960	(7,303)	5,329	-	-	-	-	-	-
Transfer of cash between funds	(1,334)	-	-	(2,666)	-	-	-	(4,000)	4,000	-	-
Net cash provided (used) by noncapital financing activities	(1,334)	(19,203)	105,640	21,229	(146,810)	(315)	(1,293)	(42,086)	4,000	(38,086)	(176,343)
Cash flows from investing activities:											
Investment in real estate owned	-	-	-	-	-	-	-	-	-	-	(354)
Interest received on investments	128	359	315	3,647	3	-	105	4,557	49	4,606	3,674
Net gain(loss) on Sale of MBS Held for Sale and HOME^{SM} Certificates	-	-	-	4,410	-	-	-	4,410	-	4,410	7,379
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	515	-	-	-	-	515	-	515	1,574
Proceeds from maturity, sale or transfer of investment securities	-	837	1,884	747,590	-	-	1,188	751,499	100	751,599	641,780
Purchase of investment securities	-	(681)	-	(778,213)	-	-	-	(778,894)	-	(778,894)	(587,262)
Purchase of loans between funds	-	(14,920)	(7,143)	14,920	-	-	-	(7,143)	14,782	7,639	4,544
Net cash provided (used) by investing activities	128	(14,405)	(4,429)	(7,646)	3	-	1,293	(25,056)	14,931	(10,125)	71,335
Net increase (decrease) in cash and cash equivalents	1,674	(33,685)	(117,964)	(13,421)	(56,730)	39	-	(220,087)	379	(219,708)	125,933
Cash and cash equivalents:											
Beginning of period	105,456	64,243	344,832	36,951	115,421	1,710	-	668,613	7,612	676,225	406,802
End of period	$ 107,130	$ 30,558	$ 226,868	$ 23,530	$ 58,691	$ 1,749	$ -	$ 448,526	$ 7,991	$ 456,517	$ 532,735

MINNESOTA HOUSING

General Reserve & Bond Funds
Statement of Cash Flows, continued
for the six months ended
December 31, 2021
(unaudited)
(with comparative totals for the six months ended December 31, 2020)
(in thousands)

	General Reserve	Bond Funds: Residential Housing Finance: 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	HOMES^{SM}	General Reserve and Bond Funds Excluding Pool 3	RHFB Pool 3	Fiscal 2022 General Reserve and Bond Funds Six Months Ended December 31, 2021	Fiscal 2021 General Reserve and Bond Funds Six Months Ended December 31, 2020
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:											
Revenues over (under) expenses	$ 3,155	$ 3,015	$ (18,265)	$ 26,432	$ (20,098)	$ 51	$ -	$ (5,710)	$ (1,500)	$ (7,210)	$ (7,390)
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	-	(36)	4,255	(670)	3,906	-	-	7,455	-	7,455	9,312
Amortization of premium and fees on sale of HOMES^{SM} certificates	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1,178	-	-	-	-	-	-	1,178	-	1,178	1,886
(Loss) on sale of MBS held for sale and HOMES^{SM} certificates	-	-	-	(5,552)	-	-	-	(5,552)	-	(5,552)	(7,757)
Realized losses (gains) on securities, net	-	(121)	-	-	-	-	-	(121)	-	(121)	(69)
Unrealized losses(gains) on securities, net	-	668	16,654	(12,966)	16,868	-	-	21,224	34	21,258	13,932
Provision for loan losses	-	(611)	(916)	263	-	(1)	-	(1,265)	82	(1,183)	2,281
Reduction in carrying value of certain low interest rate and/or deferred loans	-	-	504	(174)	-	-	-	330	233	563	2,623
Capitalized interest on loans and real estate owned	-	-	(551)	(45)	-	-	-	(596)	-	(596)	(62)
Interest earned on investments	(55)	(347)	(226)	(3,499)	(2)		(102)	(4,231)	(34)	(4,265)	(3,068)
Interest expense on bonds and notes	-	334	19,111	456	16,693	194	102	36,890	-	36,890	45,684
Financing expense on bonds	-	1	4,144	12	1,377	-	-	5,534	-	5,534	4,502
Changes in assets and liabilities:											
Decrease (increase) in loans receivable and program mortgage backed secuirities, excluding loans transferred between funds	-	(2,555)	(243,033)	(32,095)	71,778	109	-	(205,796)	(16,149)	(221,945)	170,839
(Increase) decrease in interest receivable on loans	-	(73)	5	(8)	323	1	-	248	(20)	228	243
(Decrease) increase in arbitrage rebate liability	-	-	-	-	-	-	-	-	-	-	-
(Decrease) increase in accounts payable	(1,154)	(95)	(857)	1,661	(768)	-	-	(1,213)	(1,198)	(2,411)	(2,125)
(Decrease) increase in interfund payable, affecting					-						
operating activities only	(6)	2,166	-	(499)	-	-	-	1,661	-	1,661	191
Increase in funds held for others	(1,128)	-	-	-	-	-	-	(1,128)	-	(1,128)	624
Other	890	(2,423)	-	(320)	-	-	-	(1,853)	-	(1,853)	(705)
Total	(275)	(3,092)	(200,910)	(53,436)	110,175	303	-	(147,235)	(17,052)	(164,287)	238,331
Net cash provided (used) by operating activities	$ 2,880	$ (77)	$ (219,175)	$ (27,004)	$ 90,077	$ 354	$ -	$ (152,945)	$ (18,552)	$ (171,497)	$ 230,941

MINNESOTA HOUSING

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 December 31, 2021 (in thousands):

Funds	Deposits	Money Market Funds	State Investment Pool	Investment Agreements	Combined Totals
General Reserve	$ -	$ -	$ 107,130	$ -	$ 107,130
Rental Housing	-	30,558		-	30,558
Residential Housing Finance:					
Bonds	297	226,272	-	299	226,868
Pool 2	181	23,349	-	-	23,530
Homeownership Finance	-	58,691	-	-	58,691
Multifamily Housing	-	1,749	-	-	1,749
HOMES℠	-	-	-	-	-
Subtotal	478	340,619	107,130	299	448,526
Residential Housing Finance:					
Pool 3	45	7,946	-	-	7,991
Total	$ 523	$ 348,565	$ 107,130	$ 299	$ 456,517

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 December 31, 2021 (in thousands):

Funds	Amortized Cost	Unrealized Appreciation in Fair Market Value	Estimated Fair Market Value
General Reserve	$ -	$ -	$ -
Rental Housing	19,914	1,596	21,510
Residential Housing Finance:	0		
Bonds	1,678,450 0	41,878	1,720,328
Pool 2	164,250	16,603	180,853
Homeownership Finance	1,218,418	43,070	1,261,488
Multifamily Housing	-	-	-
HOMES^{SM}	6,026	316	6,342
Subtotal	3,087,058	103,463	3,190,521
Residential Housing Finance:			
Pool 3	9,071	259	9,330
Total	$ 3,096,129	$ 103,722	$ 3,199,851

*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 December 31, 2021 consist of the following (in thousands):

Funds	Gross Loans Receivable	Allowance for Loan Losses	Loans Receivable, net
General Reserve	$ -	$ -	$ -
Rental Housing	152,498	(2,193)	150,305
Residential Housing Finance:			
Bonds	243,236	(1,371)	241,865
Pool 2	390,247	(4,380)	385,867
Homeownership Finance	-	-	-
Multifamily Housing	13,299	(66)	13,233
HOMES^{SM}	-	-	-
Subtotal	799,280	(8,010)	791,270
Residential Housing Finance:			
Pool 3	242,822	(133,916)	108,906
Total	$ 1,042,102	$ (141,926)	$ 900,176

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.

MINNESOTA HOUSING

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

Bonds Payable, net

Bonds payable, net at December 31, 2021 consist of the following (in thousands):

Funds	Par Bonds Outstanding	Premiums on Bonds	Bonds Payable, Net
General Reserve	$ -	$ -	$ -
Rental Housing	41,235		41,235
Residential Housing Finance:			
Bonds	1,913,015	38,662	1,951,677
Pool 2	-		-
Homeownership Finance	1,218,107		1,218,107
Multifamily Housing	12,880		12,880
Homes^{SM}	6,026		6,026
Subtotal	3,191,263	38,662	3,229,925
Residential Housing Finance:			
Pool 3	-		-
Total	$ 3,191,263	$ 38,662	$ 3,229,925

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

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

Purpose

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

Definitions

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

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

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

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

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

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

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

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

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

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2022, 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.

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.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

___________, 2022

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2022 Series B

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, 2022 Series B, in the aggregate principal amount of $_______ (the "2022 Series B Bonds"), which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2022 Series B Bonds are dated, mature on the date, bear interest at the rate and are payable as provided in the Series Resolution referenced below. The 2022 Series B 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 2022 Series B Bonds adopted March 24, 2022 (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 2022 Series B 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 2022 Series B 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 2022 Series B 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 2022 Series B 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 2022 Series B 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 2022 Series B 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 2022 Series B 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 2022 Series B Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals. Interest on the 2022 Series B 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 2022 Series B Bonds. All owners of 2022 Series B Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2022 Series B Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2022 Series B 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 2022 Series B Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2022 Series B Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

RESOLUTION NO. MHFA 22-022

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN MINNEAPOLIS, MINNESOTA

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Background and Recitals. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the “Bond Resolution”), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of a series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one Mortgage Loan (the “Mortgage Loan”) to a Mortgagor (the “Mortgagor”) for the purposes of financing the acquisition and construction of the multifamily housing development (the “Development”) described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the “Series Resolution.” The Mortgage Loan to the Mortgagor shall be evidenced by a Mortgage Note to be executed by the Mortgagor to the Agency and a Mortgage to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgage (collectively, the “Loan Documents”).

Section 2. Authorization of Series Bonds.

(a) *Purpose*. To provide sufficient funds to be used and expended for the purposes set forth in Section 1, it is now determined to be necessary to issue one series of Bonds pursuant to the Bond Resolution, which is designated as “Rental Housing Bonds, 2022 Series,” in the principal amount to be determined pursuant to Section 2(E) (the “Series Bonds”). The “2022” in the designation of the Bonds may be changed to “2023” and “Series” followed by an uppercase letter, each as an Authorized Officer of the Agency (as hereinafter defined) shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loan to the Mortgagor; and

(ii) Incident to this purpose, for the funding of the deposit of amounts determined by and pursuant to Section 303 of the Bond Resolution to be paid into the Funds and Accounts referred to in Sections 302 and 402 thereof.

(b) *Single Issue*. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency may treat the Series Bonds, together with any other Bonds issued or to be issued pursuant to the Bond Resolution which may be sold by the Agency less than fifteen days apart from the date of sale of the Series Bonds, as a single issue of bonds. The Series Bonds and such other Bonds are herein collectively referred to as the "Issue."

(c) *Pledge*. The pledge made and security interests granted in the Bond Resolution and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Holders of all of the Series Bonds and other Outstanding Bonds issued and to be issued thereunder, without preference, priority or distinction of one Bond over any other of any Series, except as otherwise expressly provided for therein.

(d) *Debt Service Reserve Requirements*. Upon issuance of the Series Bonds, the Debt Service Reserve Requirement for the Series Bonds shall be as established in the Officer's Certificate delivered by an Authorized Officer to the Trustee pursuant to Sections 5 and 6 of this Series Resolution.

(e) *Sale and Offering Documents*. The Agency hereby authorizes the issuance and sale of the Series Bonds for the purposes described in Section 2(a). It is acknowledged that the final terms of the Series Bonds have not been determined as of this date.

The Series Bonds may be offered for sale by negotiating for the sale of the Series Bonds to RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a preliminary official statement and a bond purchase agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement (the "Preliminary Official Statement"), containing information relating to the Agency, the Bond Resolution, the Series Resolution, the Development, and the Series Bonds. Any of the Chair, the Commissioner, the Chief Financial Officer, or the Finance Director (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters:

(i) the principal amount of the Series Bonds; provided that the principal amount of the Series Bonds is not in excess of $8,200,000;

(ii) the maturity date of the Series Bonds; provided that the Series Bonds mature at any time in such amount not later than 3 years from the Issue Date thereof;

(iii) the interest rate borne by the Series Bonds; provided that the interest rate on the Series Bonds shall not exceed 3.50%; and

(iv) the commission payable to the Underwriter of the Series Bonds; provided that the commission shall not exceed three percent of the principal amount of the Series Bonds.

Such approval shall be conclusively evidenced by the execution of a bond purchase agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

Following a negotiated sale of the Series Bonds to the Underwriter, preparation and distribution of an Official Statement, substantially in the form of the Preliminary Official Statement, except for revisions required or approved by counsel for the Agency, and insertion of the final terms of such Series Bonds, is approved and the final Official Statement is authorized to be signed by the Chair or the Commissioner, and furnished to the Underwriter in a reasonable quantity for distribution to investors.

The Agency has received and examined a draft of the form of the bond purchase agreement (the "Bond Purchase Agreement"). An Authorized Officer is authorized to execute and deliver in the name and on behalf of the Agency the Bond Purchase Agreement with the Purchaser reflecting the terms of sale authorized pursuant to this Section 2(e).

(f) *Approval of Continuing Disclosure Undertaking*. The Agency has also examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer.

Section 3. Forms.

(a) *Generally*. The Series Bonds shall be issuable only in the form of fully registered Bonds, subject to transfer, re-registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds shall be numbered serially and no Series Bonds, whether issued initially or upon re-registration, transfer or exchange, shall bear the same number as any other Series Bond of the same series which is contemporaneously outstanding.

(b) *Form of Series Bonds*. The Series Bonds shall be in substantially the form of Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with such additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution, including but not limited to changes required as a result of the sale of the Series Bonds in accordance with Section 2(e) and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

Section 4. Terms of Series Bonds.

(a) *Issue Date, Denominations, and Interest Payment Dates*. The Issue Date of the Series Bonds shall be the date of original delivery of the Series Bonds or such other date as shall be approved by an Authorized Officer and as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof. The Series Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount maturing on any maturity date. Interest on the Series Bonds shall be payable each February 1 and August 1, commencing August 1, 2022, or a subsequent February 1 or August 1 as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be.

(b) *Maturities, Interest Rates and Redemption*. The Series Bonds shall mature on the date or dates and in the principal amounts, shall bear interest at the rate or rates per annum, and shall be subject to redemption as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be, all subject to the limitations in Section 2(e).

(c) *Procedure for Redemption*. All actions taken by the Agency and the Trustee in the redemption of Series Bonds shall conform to the provisions of Article VII of the Bond Resolution, save and except as otherwise expressly provided in this paragraph. Upon selection of a Series Bond or Bonds or portions thereof to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall contain the information required by Section 702 of the Bond Resolution. The Trustee shall mail such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered Holder of any Series Bond all or a portion of which is to be redeemed, at the Holder's last address appearing on the registry books as of the Record Date. Notice having been so mailed, the Series Bond or Bonds or portion thereof therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

(d) *Trustee*. The principal amount of and interest and any redemption premium on the Series Bonds shall be payable in lawful money of the United States by check drawn to the order of the registered owner, or other agreed means of payment, by Computershare Trust Company, National Association, in Minneapolis, Minnesota, the successor Trustee and Paying Agent under the Bond Resolution, or its successor, and shall be payable to the registered owner as shown on the registry books as of the Record Date. The principal amount of and any redemption premium on a Series Bond shall be payable only upon surrender of the Series Bond at the Principal Office of the Trustee (subject to the provisions of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen, or lost), except as otherwise provided in Section 5(b) herein.

(e) *Record Date*. For purposes of this Series Resolution, where the Trustee is required to establish a Record Date hereunder, said Record Date for (i) payment of principal of and interest on the Series Bonds shall be the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

Section 5. Issuance and Delivery.

(a) *Preparation and Execution*. The Series Bonds shall be prepared in substantially the form incorporated herein, in denominations requested by the Purchaser, and shall be executed in the manner provided in Article VI of the Bond Resolution, by the facsimile signatures of the Chairman and Commissioner of the Agency and shall be authenticated by the Trustee by manual signature of an authorized representative and shall be delivered to the Purchaser after compliance with the conditions set forth in this Section and upon deposit of the proceeds with the Trustee.

(b) *Securities Depository*.

(i) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series Bond shall be issued in the principal amount of each stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any person or entity claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (4) hereof.

(iii) In the event the Agency determines to discontinue the book-entry-only system through DTC with respect to the Series Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to the Series Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series Resolution. In the event Series Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series Bonds, or another securities depository as registered owner of all the Series Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series Bonds.

(c) *Opinion and Officer's Certification*. The Trustee has been furnished a copy of the Bond Resolution. Before delivery of the Series Bonds, the Agency shall furnish to the Trustee a certified copy of this Series Resolution, together with an Opinion of Counsel to the Agency and an Officer's Certificate executed by an Authorized Officer, in form and substance as required in Section 203 of the Bond Resolution and Sections 2(e), 4(a), 4(b) and 6 of this Series Resolution, and shall obtain from the Trustee the certification required in Section 203(C) of the Bond Resolution.

Section 6. Application of Proceeds; Funds and Accounts. Proceeds of the Series Bonds, and funds of the Agency, if required, shall be deposited to accounts in the Bond Fund relating to such Series Bonds, and to the Cost of Issuance Account and Project Account relating to such Series Bonds, or used to reimburse the Agency for funds it advances pursuant to Section 11, all as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) of this Series Resolution.

Section 7. General Tax Covenant. The Agency will not take, or permit or cause to be taken, any action that would adversely affect the exclusion from federal gross income of the interest on any Series Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Agency shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

Section 8. Specific Tax Covenants relating to the Development. In fulfillment of the general covenant set forth in Section 7, the Agency represents as follows:

(a) The Development financed will be acquired and constructed for the purpose of providing multifamily residential rental property and will constitute a "qualified residential rental project," as such phrase is used in Sections 142(a)(7) and 142(d) of the Code.

(b) At least forty percent (40%) of the completed units in the Development shall be occupied (or treated as occupied) by Qualifying Tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Mortgagor to be eligible as "individuals whose income is sixty percent (60%) or less of area median gross income" within the meaning of Section 142(d)(2)(B) of the Code. The term of the foregoing restrictions shall commence on the date of issuance of the Series Bonds and shall end on the latest of the following: (i) the date which is 15 years after the date on which at least 50% of the units in the Development were first occupied; or (ii) the first day on which none of the Series Bonds are Outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(c) Each unit in the Development will be rented or available for rental to members of the general public on a continuous basis for the longer of (i) the period during which any of the Series Bonds remain Outstanding or (ii) the term of the restrictions set forth in subsection (a) of this Section 8.

(d) At no time will either the Mortgagor or any related party be permitted to occupy a unit in the Development other than units occupied or to be occupied by agents, employees or representatives of the Mortgagor and reasonably required for the proper maintenance or management of the Development. In the event a unit within the Development is occupied by the Mortgagor, the Development will include no fewer than four units not occupied by the Mortgagor.

(e) The Development consists of a single "development" and, for this purpose, proximate buildings or structures are part of the same development only if owned for federal income tax purposes by the same person or entity and if the buildings are financed pursuant to a common plan; buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property.

(f) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(g) The Mortgagor shall not restrict Qualifying Tenants (as defined in the Loan Documents) from the enjoyment of unrestricted access to all common facilities and common areas of the Development.

(h) The Mortgagor shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(i) No portion of the Development is presently used for purposes other than residential rental purposes and the Agency will not permit any other use unless it first obtains an opinion of bond counsel that such use will not impair the exclusion from federal gross income for interest payable on the Series Bonds.

Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Series Bonds. In furtherance of the general tax covenant made in Section 7 above, the Agency further represents as follows:

(a) All proceeds of the Series Bonds lent to the Mortgagor will be used to finance costs properly chargeable to the capital account of the Development within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(b) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(c) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, or (ii) any property not part of the Development.

(d) No portion of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) [Reserved].

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 25 years.

(g) In order to qualify the Mortgage Note and Mortgage received from the Mortgagor as "program investments" within the meaning of Section 1.148-1(b) of the Treasury Regulations, the Agency will not permit the Mortgagor (or any "related person" thereto within the meaning of Section 147(a) of the Code) to take any action the effect of which would be to disqualify the Mortgage Note and Mortgage as part of a "program" under said Section 1.148-1(b), including, but not limited to, entering into any arrangement, formal or informal, with the Mortgagor or any related party to purchase bonds or notes of the Agency in an amount related to the amount of the Mortgage Note and Mortgage.

(h) In accordance with the requirements of Section 147(f) of the Code, the Agency has held a public hearing on the issuance of the Series Bonds after published notice as required by the Regulations and will obtain the approval of the Governor of the State for the issuance of the Series Bonds.

(i) Not more than 2% of the proceeds of the Series Bonds will be applied to the payment of Costs of Issuance, and all Costs of Issuance in excess of that amount, if any, will be paid by the Agency from funds other than proceeds of the Series Bonds.

(j) No obligations the interest on which is excludable from gross income for federal income tax purposes have been or will be issued which were sold at substantially the same time as the Issue, sold pursuant to the same plan of financing as the Issue and which are reasonably expected to be paid from substantially the same source of funds as the Issue.

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loan within three years after the date of issue of the Issue and not more than 50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law for calendar year 2022. The Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

(m) None of the proceeds of the Series Bonds will be used by the Agency to reimburse itself or a Mortgagor for any expenditure with respect to the Development which the Agency or the Mortgagor paid or will have paid more than 60 days prior to the issuance of the Series Bonds unless, with respect to such prior expenditures, the Agency shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Development meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Development as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Series Bonds.

Section 10. Arbitrage. The Agency covenants that it will not use the proceeds of the Series Bonds in such a manner as to cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Agency will take all actions as may be prescribed in the future by regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Mortgage Loan purchased in whole or in part from the proceeds of the Series Bonds may not exceed the yield on the Issue, computed in accordance with Section 148 of the Code, by more than one and one-half percentage points.

(b) The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable Regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable Regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

Section 11. Advance of Agency Funds. If the Mortgage Loan must be made before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund the Mortgage Loan in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 12. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance Agency this 24th day of March, 2022.

By: ______________________________
Chairman

Attest: ______________________________
Commissioner

[Signature page to Resolution No. MHFA 22-022]

EXHIBIT A

DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

Mortgagor	Name	Location	Number of Units
Theodore WOTW, LP	Wirth on the Woods - Theodore	Minneapolis, MN	100

EXHIBIT B

FORM OF SERIES BONDS

No.___ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2022] SERIES __

Interest Rate	Maturity	Date of Original Issue	CUSIP

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of _________________________________ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing ___________, until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Computershare Trust Company, National Association, in Minneapolis, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, and state laws heretofore or hereafter enacted appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized series of Rental Housing Bonds, [2022] Series __, issued in the original aggregate principal amount of $_________ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily housing development in Minneapolis, Minnesota (the "Development"). The Series Bonds are issued under and pursuant to the Agency's Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 22-022, adopted March 24, 2022, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series Bonds, and the terms upon which the Bonds, including the Series Bonds, are issued, delivered and secured.

The Series Bonds are issuable only in fully registered form and comprise current interest bonds of a single stated maturity. The Series Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

The Series Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series Bonds are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to the special redemption of the Series Bonds in addition to the allocable amount of Recovery Payments.

The Series Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after _______, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Upon any redemption of the Series Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series Bonds, a new Series Bond will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series Bonds will be mailed to the registered Holders of the Series Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series Bonds not affected by such failure or defect. Notice having been so mailed, the Series Bonds or portions of Series Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds without preference, priority or distinction of any Bond of any series over any other except as expressly provided or permitted in the Bond Resolution, subject to conditions specified in the Bond Resolution, including conditions (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued, and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it. Every Holder hereof is deemed by purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of this Series Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Minnesota Housing Finance Agency at the designated corporate trust office of Computershare Trust Company, National Association, in Minneapolis, Minnesota, the successor Trustee thereunder, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to such transfer.

The Agency and the Trustee under the Bond Resolution may deem and treat the person in whose name this Series Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Series Bond, so long as this Series Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of, premium, if any, and interest on this Series Bond, and shall give all notices with respect to this Series Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series Bond shall not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairman and Commissioner, the Agency having no corporate seal, and has caused this Series Bond to be dated as of the date set forth below.

Date of Authentication: ________________

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, Minneapolis, Minnesota, as successor trustee

By:________________________________
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

By: ______________________________
Chairman (Facsimile Signature)

Attest: ______________________________
Commissioner (Facsimile Signature)

____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

____

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint ____________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:______________________________ ____________________________________

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:______________________________________

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

____

Item: Updated Approval Regarding COVID-19 Emergency Rental Assistance

Staff Contact(s):
Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us
Michelle Doyal, 651.297.4060, michelle.doyal@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff seeks updated approval from the Board to utilize a recent reallocation of federal Emergency Rental Assistance resources through the RentHelpMN program.

Fiscal Impact:
N/A

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Background

Background:

Staff seek approval by the board to utilize $15.7 million of federal Emergency Rental Assistance resources the agency will receive as a result of a recently announced federal reallocation through the RentHelpMN program.

The federal Emergency Rental Assistance program was established to maintain housing stability for tenants impacted by COVID-19 by providing funding for rent and utilities. The program was first authorized by the Consolidated Appropriations Act of 2021, which was enacted in December of 2020 and authorized $25 billion for the program nationwide (ERA 1). The American Rescue Plan Act of 2021, enacted in March of 2021, authorized an additional $21.6 billion for the program (ERA 2). Federal grant funds under the program were provided to states, local jurisdictions and Tribal Nations for administration.

In January of 2021, the Minnesota Housing board of directors authorized the agency to establish and operate the COVID-19 Emergency Rental Assistance program statewide in compliance with federal requirements with its first allocation of ERA 1. That authorization was updated by the board in May of 2021 to utilize the agency's allocation of ERA 2 from the federal government. In December of 2021 the board authorized use of $9 million for housing stability services, which is a permitted use of the federal funds. Minnesota Housing's COVID-19 Emergency Rental Assistance program, operating as RentHelpMN, began accepting applications for rent and utility assistance on April 20, 2021.

The program utilizes the eligibility, documentation, and income requirements set out by the U.S. Department of Treasury. Between the two federal authorizations, Minnesota Housing has received or expects to receive a total of $537.5 million in federal Emergency Rental Assistance resources prior to the reallocated resources noted below. The agency also received an additional $7 million in additional administration funding and $20 million additional program funds from the State Fiscal Recovery Fund through the Legislative COVID-19 Response Commission process. After accounting for administrative costs and housing stability services, prior to this ERA 1 reallocation, RentHelpMN received or expected to receive approximately $450 million in federal Emergency Rental Assistance to distribute in the form of rent and utility assistance to maintain housing stability for renters.

While it was open for applications, the RentHelpMN program received about 102,000 applications requesting more than $550,000,000 in assistance. Through March 15, 2022, a total of $414.8 million has been paid, providing housing stability to more than 54,500 households in Minnesota. These numbers are frequently updated on the program dashboard, available at https://www.mnhousing.gov/renthelpmn-dashboard. Application processing is continuing for applications submitted before the deadline. As of March 15, 2022, 10,700 applications requesting $65.2 million remain in process. The total amount of assistance ultimately paid out will vary based on factors that include denial rates and adjustments to the assistance amount on review for eligibility.

The U.S. Department of Treasury has offered two opportunities to request reallocated federal resources. The agency submitted two requests for reallocation of ERA 1 resources. The first request asked for a reallocation of $231 million in federal resources and the agency did not receive a reallocation. The agency submitted an additional request for an ERA 1 reallocation in January of 2022 for $212 million. The agency was not anticipating any reallocation. On March 14, 2022 the agency was notified that it would receive $15,725,360.05 in reallocated ERA 1 resources from the national pool composed of both voluntary returns and recaptured funds from other states and localities.

ERA 1 and ERA 2 serve similar purposes, but ERA 1 funds must be expended by September 30, 2022, while ERA 2 funds may be available into 2025. Staff ask for board authorization to use the new allocation of $15.7M in ERA 1 as part of the RentHelpMN program. At least 90% of the funds will be used for direct assistance and up to 10% for administration. Minnesota Housing will prioritize paying pending applications with the new allocation of ERA 1 funds to ensure those funds are expended prior to the federal deadline.

Minnesota Housing will also continue to process the pending RentHelpMN applications using remaining ERA 2 rental assistance funds, funds from the Fiscal Recovery Fund and, if needed, other unspent or unobligated administrative or housing stability resources from ERA 1/ERA 2.

The agency is continuing to monitor the processing of pending applications and the remaining resources. It is still too soon to be able to say whether the amount of available resources will be exhausted by the pending applications. This additional allocation of ERA 1, however, increases the chances that the agency may have resources available after applications are processed.

In light of the new allocation, Minnesota Housing will begin to plan for the potential that some funds may be available to provide additional direct rental assistance in a targeted and meaningful way to prevent eviction and displacement. After more processing occurs, if staff determine that available funds are sufficient to reopen to new applicants, staff will return to the board for a discussion of whether and how to equitably reopen the program. Potential program considerations will include avoiding accepting a significant number of applications that the program will not be able to fund, maintaining sufficient funds to process appeals and other federally required reconciliation, limit incurring additional administrative costs to operate the program that will not benefit applicants, and targeting resources in an intentional way to prevent evictions and displacement.

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MINNESOTA HOUSING

Board Agenda Item: 9.A
Date: 3/24/2022

Item: Removal of Individual from the Participant Suspension List

Staff Contact(s):
Mike Thone, 651.296.9813, Mike.Thone@state.mn.us
Rachel Robinson, 651.297.3125, Rachel.Robinson@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
Pursuant to the Board's Participant Suspension Policy, the names and circumstances of all individuals removed from the Agency Participant Suspension list are to be provided to the Board. Roberta Barnes has been removed from the Participant Suspension list, effective January 24, 2022.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Background
- August 31, 2017 Report of Participant Suspension

Background:

Section 10.09 of the Board's Participant Suspension Policy requires staff to report to the Board the names and circumstances of individuals or organizations that have been removed from the Agency's Participant Suspension list. Ms. Roberta Barnes was removed from the Participant Suspension list, effective January 24, 2022.

Ms. Barnes was placed on Participant Suspension list, effective July 25, 2017, for the maximum period of three years. The Board was notified of that action in the enclosed August 31, 2017 board report.

Ms. Barnes contacted Minnesota Housing on December 2, 2021, by US Mail, requesting to be removed from the Participant Suspension list to be able to apply for agency single family financing. Section 10.4 of the Board's Participant Suspension Policy provides that "Suspensions from doing business with the Agency may be imposed for a period of up to three years, depending on the severity of the activity justifying suspension." Section 10.8 of the policy provides: "After expiration of the suspension period, the suspended individual or organization may file a written petition with the Participant Suspension Committee requesting that it be permitted to do business with the Agency. The petitioner must be able to satisfy the Participant Suspension Committee that it has taken appropriate steps to remedy the situation that led to the suspension."

On January 24, 2022, the Minnesota Housing Participant Suspension Committee met to consider Ms. Barnes' request. Because Ms. Barnes' suspension period ran for the full three-year period and based upon information provided, the committee unanimously approved Ms. Barnes request, effective the same day. Any future engagement by Ms. Barnes' with Agency programs will be subject to standard eligibility criteria.

Board Agenda Item: 9.B
Date: 8/31/2017

Item: Report of Participant Suspension

Staff Contact(s):
Will Thompson, 651.296.9813, will.thompson@state.mn.us

Request Type:

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

Summary of Request:
Pursuant to the Board's Participant Suspension Policy, the names and circumstances of all suspended individuals and organizations are to be provided to the Board. Roberta Barnes has been suspended.

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

Attachment(s):
- Background

Background:

Section 10.09 of the Board's Participant Suspension Policy requires staff to report to the Board the names and circumstances of individuals or organizations that have been suspended from doing business with Minnesota Housing.

Minnesota Housing provided a $90,000 grant to Sierra Young Family Institute, Inc. in 2008, of which $61,337 was disbursed. Roberta Barnes was the Executive Director in that organization. The organization is no longer in business.

Ms. Barnes was charged in federal court with mail fraud, based on allegations that she engaged in fraud on the Minnesota Department of Health and Minnesota Housing. On December 15, 2014, Ms. Barnes pled guilty to mail fraud. In August 2016, the Court sentenced Ms. Barnes to 12 months and 1 day of incarceration and left open the determination of restitution. In February 2017 the Court ordered Ms. Barnes to pay a total of $484,220 in restitution to the state, $61,337 of which is to be paid to Minnesota Housing.

Section 10.02 of the Board's Participant Suspension Policy provides that an individual or an organization may be suspended from doing business with the Agency if one or more of the following has occurred:

> The individual or organization (1) is in default under a contract or agreement with the Agency; (2) has provided false or misleading documentation to the Agency; (3) has made material misrepresentations to the Agency; or (4) has engaged in activities that have either financially damaged or exposed the Agency to substantially increased financial risk.

Ms. Barnes' conviction satisfies one or more of the above conditions.

After reviewing the information, the Minnesota Housing Participant Suspension Committee suspended Ms. Barnes, as a principle of any organization or entity, from doing business with Minnesota Housing for the maximum period of three years.

MINNESOTA HOUSING

Item: Post-Sale Report, RHFB 2022 Series CD (Social Bonds)

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:

The Agency closed on these Residential Housing Finance Bonds on March 16, 2022. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:

None.

Meeting Agency Priorities:

- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):

- Post-Sale Report

CSG | advisors

$150,000,000
Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2022 Series CD

POST-SALE ANALYSIS

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2022 Series CD accomplished the following major objectives:

1. The issue enabled Minnesota Housing to profitably finance Start-Up first mortgages on the balance sheet and earn net annual income over future years.

2. This tax-exempt issue used $74.9 million of private activity bond volume cap from the 2022 MCPP allocation and 2020 carryforward, together with recycled authority from past bond issues and $50 million of taxable debt.

3. Achieved full spread, after utilizing approximately $17 million of Minnesota Housing's existing zero participations. After updating the amount of zero participations, this leaves approximately $30 million of zero participations for future transactions.

Key Measurable Objectives and Accomplishments. The results of the issue were very successful, coming in an extremely volatile market environment. In the week between Russia's invasion of the Ukraine and the sale of 2022 CD, the yield on 10 year Treasuries had dropped by 14 basis points on one day, dropped again by another 11 basis points, increased by 14 basis points and dropped by 12 basis points. The agency effectively navigated this extraordinary market, achieving broad support investor support for financing its loan pipeline for first-time homebuyers in Minnesota.

Objective	*Result*
Finance new production on balance sheet	$150 million of new first mortgage loans in MBS securities
Leverage private activity bond volume cap	Leveraged new bond cap 2 times
Efficiently incorporate taxable debt	Included $50 million of taxable bonds (Series D)
Achieve full spread on the overall transaction	Agency is expected to earn full spread (1.12%) including from use of zero participations.
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	The agency has about $30 million of zero participations available to help achieve full spread on future issues.
Achieve cost-effective bond yield	The overall bond yield is estimated to be approximately 2.26%.
Create future income streams that will support Pool 3	Increases indenture's expected net present value.
Maintain high bond ratings	RHFB bonds are rated Aa1 / AA+

TIMING AND STRUCTURE

Timing. The bonds were priced on Thursday, March 3rd to close on March16th.

Sizing. The issue was sized to fund a portion of the current pipeline, while preserving and rolling over past zero participations.

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

1. **Time and size the issue to address rising interest rates.** Since the beginning of 2022, yields on municipal bonds have risen by approximately 50 basis points, and Treasury yields and mortgage rates rose dramatically as well. This rapid increase was due to stark inflation news and the Federal Reserve unveiling a new, more aggressive policy to deal with inflation.

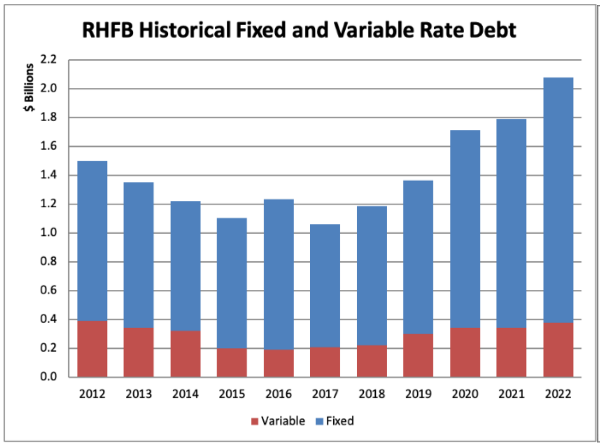
   While Minnesota Housing hedges its loan pipeline and is compensated when rates rise, it seeks to issue bonds at as a low rate as possible in order to use the fewest zero participations to achieve full spread. In an environment of rapidly rising interest rates, Minnesota Housing therefore did three things:

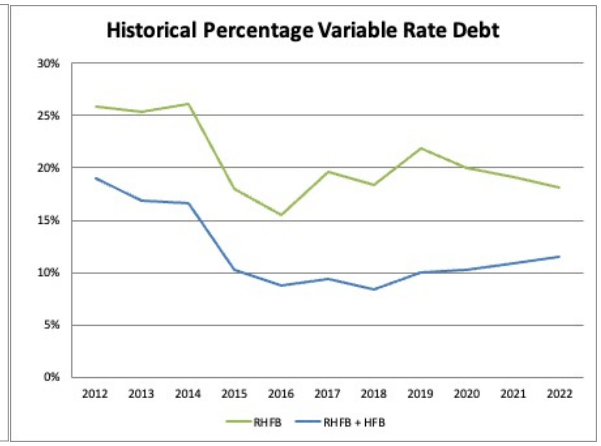
   - Minnesota Housing began raising interest rates on new loan reservations in order to reflect this rapid change in the market.
   - In order to finance lower-rate loan reservations already in the pipeline, it moved simultaneously to bring its all fixed-rate $99.99 million RHFB 2022 AB to market on Feb. 1st, and develop this $150 million issue CD for Board approval in February, to be mailed and priced as soon thereafter as possible.

2. **Use taxable debt to efficiently leverage volume cap.** The agency structured one-third of the issue, $50 million, as taxable debt. This use of taxable debt reflects the broader need for 2022 as a whole.

   In order to finance its Start Up loans, (which totaled over $870 million in 2021 and has been steadily growing), Minnesota Housing uses a limited amount of new bond volume cap, recycled past bond authority as old loans prepay, and taxable debt. With prepayments beginning to slow as mortgage rates rise, taxable debt becomes only more important.

3. **Issue the taxable debt as variable rate bonds.** The most efficient way to issue taxable debt was as variable rate demand bonds. The RHFB indenture has included variable rate bonds for more than 20 years. The percentage of variable rate bonds in the RHFB indenture has declined over time. As shown in the following graphs, this percentage was 25.9% in 2012 and dropped to 17.0% before issuance of 2022 CD. The new 2022 D variable rate debt brings the variable rate percentage to 18.2% of all RHFB debt, and 11.5% of all Minnesota Housing single family housing bonds including the Homeownership indenture.





This amount of variable debt is well below the 30% of the indenture that is often used as a benchmark for comparisons among HFAs and presentations to rating agencies.

Variable rate taxable bonds help the agency stretch its limited bond volume cap with taxable debt while limiting the amount of zero participations needed.

4. **Appropriately hedge the variable rate debt.** For the $50 million variable rate series D, the agency entered into a $25 million interest rate swap with Bank of New York Mellon, which is rated Aa2 /AA.

   The remaining $25 million of variable rate debt does not have an interest rate swap. This reflects the fact that the RHFB indenture generally has a significantly larger amount of short-term cash investments that naturally hedge un-swapped debt. That is, if short-term taxable variable rates rise, so does the interest that the indenture earns on its cash investments. When the earnings on its cash investments are low, the cost of such debt is low as well.

   Indeed, cash flow projections of RHFB show that including this level of unhedged debt in the indenture helps reduce its sensitivity to a range of future management case scenarios. RHFB, like the indentures of most HFAs, does best when interest rates are high, since it earns more on its cash and its loans prepay more slowly, enabling it to earn spread for more years, and generates less net income when interest rates are low. Including un-swapped debt thus brings the results of these two scenarios closer together, and thus reduce Minnesota Housing's sensitivity to the level of future interest rates. This is the same reason that numerous other state housing finance agencies have been including modest amounts of unhedged variable rate debt in their financings.

5. **Use zero participations effectively.** The agency's zero participations were used effectively on this issue to enable the agency to earn full spread on this issue, while also receiving approx. $0.3 million in TBA hedge gains outside the bond issue yield calculations.

Bond Structure Decisions.

1. **Series C.** These $100 million of fixed rate bonds not subject to the Alternative Minimum Tax (and thus Non-AMT), were structured as $33.86 million serial maturities from 2022 through 2034, $29.98 million of regular term bonds ranging from 2037 through 2043, and a premium PAC bond of $36.16 million in 2052.

2. **Series D.** As discussed above, the taxable debt was issued as variable rate demand bonds, with an initial 5 year standby bond purchase agreement from RBC, protecting bondholders who may tender their bonds on 7 days notice.

SOCIAL BONDS

Minnesota Housing continued the practice it established with Series 2021 EF, of designating its RHFB bonds as meeting an important social purpose.

Many investors have begun seeking out bonds which meet environmental, social and governance standards. Single-family housing bonds generally meet the social purpose standards because of the level of affordability in serving low and moderate income households. Indeed, the three social purpose categories are: affordable housing, access to essential services, and socioeconomic advancement and empowerment. Eligibility requirements for loans supported with social bonds include income limits to help ensure the program serves households with low and moderate incomes, and that the borrower must be a first-time homebuyer, a qualified veteran, or purchasing a home in a targeted area.

Serving such needs is nothing new for Minnesota Housing and other state and local housing finance agencies. What is new is the growing interest of many participants across the wide range of municipal and corporate markets in defining those investments which meet these kinds of standards. New bond funds are beginning to be established specifically for such bonds.

Like many housing finance agencies, Minnesota Housing has contracted with an independent party to evaluate and confirm that the bonds specifically meet the criteria for social bonds. Kestrel Verifiers, widely recognized across the industry, provided this opinion. As the basis for Kestrel's determination, Minnesota Housing provides detailed information on the income mix of borrowers under the program.

RBC indicates that a total of $77 million of orders from two major investors were based on the Social Bond designation, helping make it possible to lower yields on several maturities.

BOND SALE RESULTS

Following are the bond sale results for fixed rate Series C. The Series D variable bonds are sold on a short-term basis with interest rates reset weekly.

1. ***Retail Interest*.** Retail interest was strong. Of the $63.8 million of Series C Non-AMT fixed rate serial and regular term bonds available to retail investors, there were a total of $71.7 million of retail orders, including almost $20 million from Minnesota investors.

2. ***Institutional Interest.*** More than $245 million of institutional orders were received on the $100 million of Series C Non-AMT fixed rate bonds.

3. ***Overall Demand.*** On the $100 million of fixed rate bonds, there were a total of $316.8 million of orders, or an overall subscription level of almost 3.17 to 1. This was especially noteworthy given that the market had deteriorated late during the prior week, resulting in many bond issues with large unsold balances.

4. ***Pricing.*** Both the early serial maturities in 2023 and 2024 and the longest serial bonds from 2031 through 2034 were heavily oversubscribed and yields reduced by at least 5 basis points. The regular term bonds in 2037 and 2042 were oversubscribed and lowered in yield by from 2.5 to 3 basis points. Although the PAC bond was modestly oversubscribed by 2.2 times, its yield was reduced by 2 basis points.

5. ***Comparable Transactions.*** The most recent Non-AMT issues were State of New York Mortgage Agency (SONYMA) on the Thursday a week before Minnesota, and Connecticut two days before Minnesota. All of these issues were priced in the midst of Russia's invasion of the Ukraine, and as Treasury bond yields fluctuated extraordinarily from day to day.

   Minnesota Housing's serial bonds were 10 to 15 basis points tighter to MMD than both SONYMA's and Connecticut's comparable par serial bonds. (Other Connecticut serial maturities sold as non-callable premium bonds provide lower yields but constraint indenture cash flows, and are thus quite different from Minnesota Housing's bonds).

   The regular term bonds in 2037 and 2043 were at least 15 basis points tighter than SONYMA's and Connecticut's interpolated levels. The PAC bond was 6 tighter than Connecticut and 12 basis points tighter than SONYMA.

UNDERWRITING

Underwriters. RBC was senior manager, with J.P. Morgan, Piper Sandler and Wells Fargo as co-managers.

***Sales by Underwriter*.** Following are retail orders and allotments. In addition to RBC's very strong performance in this volatile market, Morgan Stanley as a selling group member helped bring in retail orders.

Member	Role	MN Retail Orders	MN Retail Allotments	Total Retail Orders (includes MN)	Total Retail Allotments (includes MN)
RBC	Senior Manager	**16,045,000**	**10,055,000**	**62,230,000**	**30,090,000**
J.P. Morgan	Co-Manager	250,000	250,000	1,330,000	705,000
Piper Sandler	Co-Manager	1,000,000	300,000	1,000,000	300,000
Wells Fargo	Co-Manager	1,400,000	60,000	4,420,000	645,000
Subtotal		**2,650,000**	**610,000**	**6,750,000**	**1,650,000**
Robert W. Baird	Selling Group			780,000	55,000
Morgan Stanley	Selling Group	65,000	65,000	790,000	470,000
UBS	Selling Group	1,100,000	1,005,000	1,150,000	1,005,000
Subtotal		**1,165,000**	**1,070,000**	**2,720,000**	**1,530,000**
Grand Total		**19,860,000**	**14,385,000**	**71,700,000**	**33,270,000**

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

ISSUE DETAILS

Economic Calendar. Until the week before pricing, economic news was dominated by rapidly escalating concerns about inflation – running at its highest level in 40 years, with CPI increasing by 7.0% in 2021 -- and the Federal Reserve's decision to begin an extended series of increases in the Federal Fund rates starting in March. On Thursday February 24th, however, these worries were at least temporarily eclipsed by Russia's invasion of the Ukraine, and the extraordinary international economic sanctions by the EU and United States.

Treasuries. The yields on Treasuries rose rapidly at the beginning of 2022 based on the change in Federal Reserve policy. The 10-year Treasury, that was 1.47% in early December when RHFB 2021 GHI was priced, began rising quickly in January as the Omicron variant began to seem less dangerous and investors increasingly expected tougher Fed action to deal with inflation. The 10-year Treasury was 1.79% when RHFB 2022 AB was priced on Feb. 1st and then quickly rose to over the 2.0% threshold. The invasion of the Ukraine quickly reversed this rise in rates as investors globally rushed to the safety of Treasuries. During the days leading up to the sale, yields fluctuated dramatically, with moves of more than 10 basis points up or down in a day. The 10 year was at 1.73% by close of business of March 3rd when Series CD was priced.

Municipals. Municipal bonds generally outperformed Treasuries during much of 2021, with the 10-year MMD yielding only about 60% of the 10-year Treasury, near historic lows. Demand for municipal bonds proved very strong, with over 45 straight weeks of inflows to municipal bond funds, and supply relatively limited. In 2022, however, as Treasury yields began rising, municipal bond investors pulled back from new purchases. Between December 7 when 2021 GHI was priced and February 1 when 2022 AB issue was sold, the 10-year MMD Index rose by an extraordinary 47 basis points – much more than the 32 basis point increase in Treasuries.

The global flight to Treasuries as a result of the invasion of the Ukraine had much less impact on municipal yields. On the date of the invasion, municipal investors initially decided to pull back on purchases but then cautiously re-entered the market during the week of Minnesota's bond sale. The result was that while the 10 year Treasury had dropped in yield by 6 basis points since 2022 AB, the 10 year MMD had risen by 11 basis points. Far from the historically low MMD to Treasury ratio of 60% in much of 2021, it rose to 93% on the date of sale.

In addition, the spreads on housing and revenue bonds – the difference between the yields on such bonds and the AAA MMD index of general obligation bonds – has also widened.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury	30-Year Treasury	30-Year MMD	MMD/ Treasury
2020 HFB A	3/9/20	0.54%	0.78%	144.4%	0.99%	1.38%	139.4%
2020 HFB BC	5/13/20	0.64%	1.09%	170.3%	1.35%	1.90%	140.7%
2020 *RHFB DE*	6/9/20	0.84%	0.88%	104.8%	1.59%	1.68%	105.7%
2020 HFB D	8/6/20	0.55%	0.59%	107.3%	1.20%	1.28%	106.7%
2020 *RHFB FG*	9/15/20	0.68%	0.84%	123.5%	1.43%	1.58%	110.5%
2020 HFB E	11/9/20	0.96%	0.86%	89.6%	1.73%	1.61%	93.1%
2020 *RHFB HI*	12/9/20	0.95%	0.71%	74.7%	1.69%	1.40%	82.8%
2021 HFB A	2/10/21	1.15%	0.69%	60.0%	1.92%	1.34%	69.8%
2021 *RHFB AB*	3/3/21	1.47%	1.15%	78.2%	2.25%	1.80%	80.0%
2021 HFB B	5/12/21	1.69%	1.02%	60.4%	2.41%	1.60%	66.4%
2021 *RHFB CD*	5/19/21	1.68%	1.01%	60.1%	2.38%	1.58%	66.4%
2021 HFB C	8/10/21	1.36%	0.88%	64.7%	1.99%	1.46%	73.4%
2021 *RHFB EF*	9/9/21	1.30%	0.94%	72.3%	1.90%	1.53%	80.5%
2021 HFB D	11/9/21	1.46%	1.08%	74.0%	1.82%	1.53%	84.1%
2021 RHFB GHI	12/7/21	1.47%	1.03%	70.1%	1.80%	1.48%	82.2%
2022 RHFB AB	**2/1/22**	**1.79%**	**1.50%**	**83.8%**	**2.11%**	**1.91%**	**91.1%**
2022 RHFB CD	**3/3/22**	**1.73%**	**1.61%**	**93.1%**	**2.16%**	**2.03%**	**94.0%**
Change from *RHFB 2021 GHI*		**-6 bp**	**+ 11 bp**	**+ 9.3%**	**+ 5 bp**	**+ 12 bp**	**+ 2.9%**

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		3/3/22		3/1/22		2/24/22		2/16/22		2/2/22		1/27/22		1/27/22	
Amount		$100,000,000		$75,220,000		$153,590,000		$207,760,000		$75,000,000		$57,990,000		$195,000,000	
Issuer		Minnesota HFA		Connecticut HFA		SONYMA		Pennsylvania HFA		Minnesota HFA		Nebraska IFA		Ohio HFA	
Series		2022 Series C		2022 Series A-1		Series 242,244		Series 2022-138A		2022 Series A		2022 Series A		2022 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -		- / AA+ / -		Aaa / - / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('22 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2022							0.84*		0.700				0.450	
1	2023	0.95 / 1.125	+15 / +22					1.01* / 1.12*	+13 / +14	0.80 / 0.90	+19 / +19			0.60 / 0.70	+4 / +4
2	2024	1.30 / 1.40	+24 / +29					1.30* / 1.38*	+17 / +20	1.05 / 1.15	+16 / +21			0.85 / 0.90	+4 / +4
3	2025	1.55 / 1.60	+39 / +38					1.52* / 1.60*	+24 / +26	1.30 / 1.40	+30 / +34			1.01* / 1.07*	+6 / +6
4	2026	1.70 / 1.85	+45 / +55	1.70*	+43			1.68* / 1.73*	+28 / +31	1.50 / 1.60	+38 / +43			1.22* / 1.27*	+15 / +16
5	2027	1.90 / 2.00	+59 / +62	1.75* / 1.85*	+42 / +50	2.00 / 2.10	+64 / +71	1.80* / 1.84*	+33 / +34	1.65 / 1.75	+48 / +51			1.37* / 1.43*	+23 / +23
6	2028	2.10 / 2.15	+70 / +71	1.90* / 1.95*	+51 / +53	2.20 / 2.25	+78 / +80	1.93* / 2.00*	+40 / +44	1.85 / 1.95	+60 / +66			1.49* / 1.54*	+26 / +26
7	2029	2.20 / 2.25	+74 / +76	2.05* / 2.20*	+60 / +74	2.35 / 2.40	+87 / +90	2.06* / 2.12*	+47 / +50	2.00 / 2.05	+69 / +70			1.69* / 1.73*	+38 / +38
8	2030	2.30 / 2.375	+77 / +83	2.20* / 2.25*	+72 / +76	2.50 / 2.55	+99 / +102	2.22* / 2.28*	+58 / +62	2.20 / 2.25	+83 / +86	2.05 / 2.10	+67 / +70	1.84* / 1.86*	+46 / +46
9	2031	2.45 / 2.55	+89 / +96	2.50 / 2.55	+99 / +102	2.60 / 2.65	+106 / +109	2.55 / 2.60	+87 / +90	2.300	+89 / +87	2.15 / 2.20	+73 / +76	1.99* / 2.01*	+57 / +57
10	2032	2.600	+99 / +98	2.65 / 2.70	+111 / +115	2.70 / 2.75	+112 / +116	2.625 / 2.65	+91 / +92	2.35 / 2.40	+90 / +94	2.30 / 2.35	+85 / +88	2.250	+80 / +78
11	2033	2.65 / 2.70	+98 / +102	2.750	+115 / +114			2.70 / 2.75	+94 / +98	2.450	+97 / +96	2.400	+93 / +91	2.300	+83 / +81
12	2034	2.750	+104 / +103	2.800	+118 / +117					2.50 / 2.55	+100 / +104				
13	2035					2.90*	+125								
14	2036														
15	2037	2.875	+111			2.950	+127	2.900	+107	2.600	+103	2.500	+93	2.450	+88
16	2038			2.950	+126										
17	2039											2.600	+98		
18	2040					3.10*	+136								
19	2041														
20	2042							3.000	+107	2.750	+107			2.700	+101
21	2043	3.02*	+112												
22	2044									2.900	+116				
23	2045														
24	2046													2.850	+106
25	2047					3.30*	+141								
26	2048														
27	2049														
28	2050														
29	2051														
30	2052														
31	2053														
PAC		3.50C/2.03Y	+69 to 5yr	3.50C/2.10Y	+75 to 5.5yr	3.50C/2.15Y	+81 to 5yr	3.00C/2.33Y	+81 to 6yr	3.00C/1.84Y	+65 to 5yr	3.00C/1.80Y	+61 to 5.4yr	3.25C/1.74Y	+61 to 5yr
Notes		7/1/43 is 3% coupon; 7/1/52 PAC is 3.50% coupon at 106.885 to yield 2.03% with 5 year avg. life 100-400% PSA		* 11/26-11/30 are 5% cpns not subject to redempt (lock out); 11/51 PAC is 3.5% cpn at 107.158 to yield 2.10% w/5.5 yr avg life 100-400% PSA		* 4/35 is 2.75% cpn, 10/40 is 3.5% cpn, 10/47 has 3.2%, 3.25%, and 3.3% cpns; 10/52 PAC is 3% cpn at 106.304 to yield 2.15% w/5 yr avg life 75-500% PSA		* 10/22-10/30 are 5% cpns not subject to redempt (lock out); 10/52 PAC is 3% cpn at 103.666 to yield 2.33% w/6 yr avg life 75-400% PSA		7/1/52 PAC bond has 3% coupon priced at 105.447 to yield 1.84% and has an average life of 5 years from 100-500% PSA		3/1/52 PAC bond has 3% coupon priced at 106.036 to yield 1.80% and has an average life of 5.4 years from 100-500% PSA		* 3/25-9/31 are 5% cpns not subject to redempt (lock out); 9/52 PAC is 3.25% cpn at 107.139 to yield 1.74% w/5 yr avg life 100-400% PSA	
Maturity Dates		1/1 and 7/1		11/15 and 5/15		4/1 and 10/1		10/1 and 4/1		7/1 and 1/1		3/1 and 9/1		9/1 and 3/1	
Call Provisions		7/1/31 at par		5/15/31 at par		4/1/31 at par		10/1/31 at par		7/1/31 at par		3/1/31 at par/101.962 PAC		9/1/31 at par/100.741 PAC	
Mkt Index		BBI / RBI 2.53% / 2.44%		BBI / RBI 2.51% / 2.42%		BBI / RBI 2.51% / 2.42%		BBI / RBI 2.41% / 2.32%		BBI / RBI 2.33% / 2.24%		BBI / RBI 2.33% / 2.24%		BBI / RBI 2.33% / 2.24%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		Wells Fargo		RBC Capital Markets		J.P. Morgan		Citigroup	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		1/25/22		1/25/22		1/20/22		1/13/22		1/13/22		1/12/22		1/12/22	
Amount		$45,780,000		$85,570,000		$190,000,000		$100,000,000		$124,925,000		$32,000,000		$115,520,000	
Issuer		Colorado HFA		Indiana HCDA		Texas DHCA		New Mexico MFA		Rhode Island HMFC		Montana BOH		South Dakota HDA	
Series		2022 Series B		2022 Series A		Series 2022A		2022 Series A		Series 76-A		2022 Series A		2022 Series A,B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / AAA / -		Aaa / AAA / -		Aaa / AA+ / -		Aaa / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / AAA / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
	Maturity	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread
Year ('22 pricings)		Yield	to iMMD	Yield	to iMMD	Yield	to iMMD	Yield	to iMMD	Yield	to iMMD	Yield	to iMMD	Yield	to iMMD
0	2022											0.300		0.350	
1	2023			0.47* / 0.61*	+6 / +10	0.50 / 0.60	+11 / +16	0.40 / 0.50	+5 / +11			0.45 / 0.55	+8 / +14	0.40 / 0.55	+4 / +15
2	2024			0.78* / 0.86*	+12 / +15	0.75 / 0.85	+19 / +24	0.65 / 0.75	+17 / +22			0.60 / 0.70	+10 / +14	0.70 / 0.70*	+21 / +15
3	2025			0.98* / 1.06*	+18 / +20	0.90 / 1.00	+20 / +24	0.85 / 0.95	+23 / +27			0.80 / 0.90	+15 / +19	0.85 / 0.89*	+21 / +19
4	2026	1.30 / 1.40	+33 / +40	1.13* / 1.22*	+21 / +24	1.10 / 1.20	+29 / +32	1.05 / 1.10	+32 / +31	1.02*	+22	1.00 / 1.10	+23 / +29	0.95 / 1.01*	+19 / +21
5	2027	1.45 / 1.55	+39 / +45	1.26* / 1.36*	+26 / +28	1.15* / 1.25*	+24 / +25	1.20 / 1.30	+36 / +38	1.09* / 1.18*	+23 / +25	1.20 / 1.25	+31 / +30	1.20 / 1.21*	+33 / +27
6	2028	1.650	+51	1.43* / 1.54*	+33 / +38	1.35* / 1.45*	+31 / +35	1.45 / 1.55	+48 / +53	1.30* / 1.36*	+32 / +34	1.45 / 1.50	+45 / +47	1.40 / 1.43*	+41 / +40
7	2029			1.61* / 1.65*	+42 / +42	1.50* / 1.60*	+37 / +43	1.60 / 1.65	+56 / +57	1.43* / 1.54*	+38 / +45	1.60 / 1.70	+54 / +60	1.51* / 1.55*	+46 / +46
8	2030			1.68* / 1.75*	+42 / +47	1.65* / 1.70*	+45 / +48	1.75 / 1.85	+64 / +72	1.80 / 1.85	+69 / +72	1.80 / 1.85	+68 / +71	1.60* / 1.64*	+48 / +50
9	2031			2.00 / 2.05	+70 / +73	2.000	+74	1.90 / 1.95	+75 / +78	1.95 / 2.00	+80 / +83	1.90 / 1.95	+74 / +77	1.875 / 1.95	+72 / +77
10	2032			2.15 / 2.20	+81 / +85	2.10 / 2.15	+82 / +86	2.05 / 2.10	+87 / +90	2.10 / 2.15	+91 / +95	2.05 / 2.10	+85 / +89	2.00 / 2.05	+80 / +84
11	2033			2.250	+89 / +88	2.200	+90 / +89	2.150	+95 / +93	2.200	+99 / +98	2.150	+93 / +92	2.150	+93 / +92
12	2034			2.300	+92 / +91			2.200	+98 / +96			2.200	+96 / +95	2.200	+96 / +95
13	2035														
14	2036									2.350	+106				
15	2037			2.350	+89	2.150	+75	2.250	+93			2.250	+92	2.300	+97
16	2038														
17	2039														
18	2040														
19	2041														
20	2042			2.600	+100	2.600	+105	2.550	+108	2.550	+108	2.550	+107	2.500	+102
21	2043														
22	2044													2.600	+106
23	2045			2.700	+101										
24	2046														
25	2047					2.75*	+108	2.700	+111			2.750	+115		
26	2048														
27	2049														
28	2050														
29	2051											2.850	+121		
30	2052					2.85*	+113	2.800	+116						
31	2053														
PAC		3.25C/1.64Y	+62 to 5yr	3.00C/1.65Y	+56 to 5.5yr	3.50C/1.61Y	+60 to 5.5yr	3.00C/1.43Y	+60 to 5yr	3.00C/1.51Y	+68 to 5yr	3.00C/1.49Y	+66 to 5yr	3.00C/1.46Y	+65 to 5.5yr
Notes		5/1/52 PAC bond has 3.25% coupon priced at 107.616 to yield 1.64% and has an average life of 5 years from 100-400% PSA		* 1/23-7/30 are 5% cpns not subject to redempt (lock out); 7/52 PAC is 3% cpn at 107.011 to yield 1.65% w/5.5 yr avg life 100-400% PSA		* 1/27-7/30 are 5% no redempt; 7/47 & 1/52 are 3.125%; 7/52 PAC is 3.5% cpn at 109.750 yield 1.61% w/5.5 yr avg life 100-400% PSA		3/1/53 PAC bond has 3% coupon priced at 107.485 to yield 1.43% and has an average life of 5 years from 100-400% PSA		* 10/26-10/29 are 5% cpns not subject to redempt (lock out); 10/51 PAC is 3% cpn at 107.088 to yield 1.51% w/5 yr avg life 100-500% PSA		6/1/52 PAC bond has 3% coupon priced at 107.205 to yield 1.49% and has an average life of 5 years from 100-500% PSA		* 11/24,25,26,27 and 11/28-11/30 are 5% cpn no redemp; 11/52 PAC is 3% cpn at 107.349 to yld 1.46% w/5 yr avg life 100-400% PSA	
Maturity Dates		5/1 and 11/1		1/1 and 7/1		1/1 and 7/1		3/1 and 9/1		10/1 and 4/1		12/1 and 6/1		11/1 and 5/1	
Call Provisions		11/1/30 at par		1/1/31 at par/101.504 PAC		1/1/31 at par		3/1/31 at par/101.139 PAC		4/1/31 at par/+adj PAC		6/1/31 at par		11/1/30 at par	
Mkt Index		BBI / RBI 2.25% / 2.16%		BBI / RBI 2.25% / 2.16%		BBI / RBI 2.25% / 2.16%		BBI / RBI 2.19% / 2.10%		BBI / RBI 2.19% / 2.10%		BBI / RBI 2.12% / 2.03%		BBI / RBI 2.12% / 2.03%	
Sr Manager		RBC Capital Markets		J.P. Morgan		RBC Capital Markets		RBC Capital Markets		J.P. Morgan		RBC Capital Markets		BofA	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		1/11/22		1/11/22		12/14/21		12/7/21		9/9/21		5/19/21		3/3/21	
Amount		$61,650,000		$70,490,000		$73,475,000		$127,310,000		$134,305,000		$154,145,000		$101,940,000	
Issuer		Iowa FA		Mississippi HC		Wisconsin HEDA		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2022 Series A		Series 2022A		2021 Series C		2021 Series H		2021 Series F		2021 Series D		2021 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / AAA / -		Aaa / - / -		Aa2 / AA / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year ('22 pricings)	Maturity	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2022														
1	2023	0.35 / 0.45	+2 / +7			0.25 / 0.30	+14 / +16	0.250	+12	0.1250	+6 / +6	0.15 / 0.20	+6 / +10	0.150	+5
2	2024	0.55 / 0.65*	+9 / +14	0.63* / 0.67*	+13 / +11	0.35 / 0.45	+15 / +21	0.350	+16						
3	2025	0.70* / 0.80*	+11 / +15	0.78* / 0.88*	+14 / +18	0.55 / 0.60	+25 / +25			0.300	+18				
4	2026	0.85* / 0.95*	+15 / +18	0.97* / 1.02*	+21 / +21	0.70 / 0.85	+31 / +40							0.600	+14
5	2027	1.00* / 1.10*	+19 / +20	1.12* / 1.22*	+23 / +27	0.95 / 1.05	+45 / +48	0.900	+35	0.625	+24			0.800	+27
6	2028	1.25* / 1.45	+30 / +44	1.35* / 1.40*	+35 / +37	1.15 / 1.25	+53 / +55	1.000	+40	0.900	+38	0.95 / 1.05	+39 / +41		
7	2029	1.55 / 1.65	+52 / +58	1.42* / 1.70	+36 / +60	1.40 / 1.50	+61 / +66			1.05 / 1.10	+45 / +46	1.20 / 1.30	+50 / +54		
8	2030	1.800	+68	1.80 / 1.85	+68 / +71	1.60 / 1.70	+72 / +77			1.25 / 1.35	+55 / +60	1.40 / 1.50	+59 / +64		
9	2031	1.90 / 1.95	+76 / +79	1.95 / 2.00	+79 / +82	1.75 / 1.85	+79 / +87			1.50 / 1.60	+69 / +75	1.60 / 1.65	+68 / +69	1.650	+57
10	2032	2.05 / 2.10	+86 / +90	2.050	+85 / +84	1.95 / 2.00	+95 / +98			1.65 / 1.70	+75 / +77	1.80 / 1.85	+82 / +83	1.80 / 1.85	+67 / +68
11	2033	2.150	+94 / +93	2.15 / 2.25	+93 / +102	2.05 / 2.10	+101 / +104			1.80 / 1.85	+82 / +86	1.95 / 2.00	+91 / +94	1.950	+76 / +73
12	2034	2.200	+96			2.150	+109 / +108			1.900	+87 / +86			2.00 / 2.05	+76 / +78
13	2035														
14	2036			2.300	+100										
15	2037	2.300	+97					2.150	+101	2.000	+84	2.019	+83	2.100	+70
16	2038														
17	2039														
18	2040	2.450	+103												
19	2041														
20	2042			2.550	+107			2.350	+106	2.250	+91	2.200	+81	2.300	+70
21	2043														
22	2044														
23	2045														
24	2046														
25	2047							2.550	+112	2.400	+91	2.375	+85	2.450	+70
26	2048														
27	2049														
28	2050														
29	2051														
30	2052													2.500	+70
31	2053											2.450	+87 to 30yr		
PAC		3.00C/1.55Y	+65 to 5.5yr	3.00C/1.43Y	+62 to 5yr	3.00C/1.30Y	+70 to 5yr	3.00C/1.29Y	+69 to 5yr	3.00C/0.90Y	+49 to 5yr	3.00C/0.95Y	+45 to 5yr	3.00C/1.04Y	+49 to 5yr
Notes		* 7/24-1/28 are 5% cpns not subject to redempt (lock out); 1/52 PAC is 3% cpn at 107.501 to yield 1.55% w/5.5 yr avg life 100-500% PSA		* 6/24-6/29 are 5% cpns not subject to redempt (lock out); 6/50 PAC is 3% cpn at 107.492 to yield 1.43% w/5 yr avg life 100-500% PSA		9/1/52 PAC bond has 3% coupon priced at 108.137 to yield 1.30% and has an average life of 5 years from 100-500% PSA		7/1/52 PAC bond has 3% coupon priced at 108.197 to yield 1.29% and has an average life of 5 years from 100-500% PSA		7/1/52 PAC bond has 3% coupon priced at 110.186 to yield 0.90% and has an average life of 5.0 years from 100-500% PSA		7/1/36 is 2% coupon; 1/1/52 PAC is 3% coupon at 109.938 to yield 0.95% with 5 year avg. life 100-500% PSA		7/1/51 PAC bond has 3% coupon priced at 109.469 to yield 1.04% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		1/1 and 7/1		6/1 and 12/1		3/1 and 9/1		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1		1/1 and 7/1	
Call Provisions		1/1/31 at par		12/1/30 at par		9/1/30 at par		1/1/31 at par		1/1/31 at par		7/1/30 at par		7/1/30 at par	
Mkt Index		BBI / RBI 2.12% / 2.03%		BBI / RBI 2.12% / 2.03%		BBI / RBI 2.05% / 2.41%		BBI / RBI 2.05% / 2.41%		BBI / RBI 2.15% / 2.50%		BBI / RBI 2.28% / 2.64%		BBI / RBI 2.44% / 2.80%	
Sr Manager		RBC Capital Markets		Wells Fargo		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		12/9/20		9/15/20		6/9/20		1/23/20	
Amount		$108,475,000		$109,370,000		$130,700,000		$149,150,000	
Issuer		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2020 Series I		2020 Series G		2020 Series E		2020 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year ('22 pricings)	Maturity	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2022							0.950	
1	2023	0.150	+2	0.250	+13	0.30 / 0.35	+14 / +17	0.950	+11
2	2024	0.200	+7			0.400	+22		
3	2025			0.450	+32				
4	2026								
5	2027					1.200	+82		
6	2028					1.40 / 1.45	+93 / +92	1.450	+51
7	2029					1.55 / 1.60	+94 / +96	1.55 / 1.60	+55 / +58
8	2030	1.150	+65	1.450	+84	1.750	+105 / +102	1.65 / 1.70	+56 / +58
9	2031	1.30 / 1.35	+74 / +74	1.50 / 1.55	+78 / +82	1.85 / 1.90	+107 / +111	1.75 / 1.80	+58 / +61
10	2032	1.45 / 1.55	+81 / +86	1.70 / 1.75	+89 / +92	1.95 / 2.00	+109 / +112	1.85 / 1.90	+60 / +62
11	2033	1.700	+97 / +92	1.80 / 1.85	+93 / +94	2.050	+112 / +108	2.000	+68 / +66
12	2034	1.75 / 1.80	+95 / +96	1.950	+100 / +96	2.15 / 2.20	+112 / +113	2.100	+74 / +72
13	2035								
14	2036								
15	2037	1.875	+90	2.100	+93	2.250	+99	2.400	+88
16	2038								
17	2039								
18	2040								
19	2041								
20	2042	2.000	+82	2.300	+92	2.500	+103	2.625	+92
21	2043								
22	2044								
23	2045								
24	2046					2.700	+109	2.800	+97
25	2047	2.150	+80	2.450	+92				
26	2048								
27	2049								
28	2050								
29	2051								
30	2052								
31	2053	2.200	+85 to 30yr	2.550	+97 to 30yr				
PAC		3.00C/0.84Y	+61 to 5yr	3.00C/0.98Y	+74 to 5yr	3.50C/1.43Y	+105 to 5yr	3.50C/1.46Y	+60 to 5yr
Notes		1/1/51 PAC bond has 3% coupon priced at 110.52 to yield 0.84% and has an average life of 5 years from 100-500% PSA		1/1/51 PAC bond has 3.00% coupon priced at 109.905 to yield 0.98% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.871 to yield 1.43% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.724 to yield 1.46% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1		7/1 and 1/1	
Call Provisions		1/1/30 at par		1/1/30 at par		7/1/29 at par		7/1/29 at par	
Mkt Index		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.16% / 2.58%		BBI / RBI 2.54% / 3.04%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

MINNESOTA HOUSING

Board Agenda Item: 9.C
Date: 3/24/2022

Item: Annual Report of Actions Taken Under Delegated Authority – Single Family Division

Staff Contact(s):
Jennifer Leimaile Ho, 651.271.1362, jennifer.ho@state.mn.us
Tal Anderson, 651.296.2198, tal.anderson@state.mn.us
Kimberly Stuart, 651.296.9959, kim.stuart@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
The attached report for calendar year (“CY”) 2021 describes actions taken under certain Board Delegations related to the Single Family Division. The delegations included in the report contemplate that the Commissioner will make a written report to the Board annually describing the actions taken using the delegated authority.

Fiscal Impact:
The potential fiscal impact of each action taken under delegated authority is considered at time of approval.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☒ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Single Family Delegated Authority CY 2021 Report

The Board has delegated certain authority to the Commissioner pursuant to a series of delegations. The delegations include a determination by the Board that providing authority to the Commissioner improves the efficiency of the Agency's loan and grant programs. Each delegation includes an allowable scope as well as parameters and limitations by which it may be used and how actions may be approved. A number of delegations provide for an annual report to the Board of actions taken pursuant to that authority.

This report includes actions taken under delegated authority that requires annual reporting, related to the Agency's Single Family division, in calendar year 2021.

The following actions were taken under each of the delegations listed below during calendar year 2021.

Resolution No. MHFA 18-016, Delegation No. 003: To authorize the Commissioner to grant program and servicing waivers to certain Single Family loan requirements

Program Pre-Funding Actions Taken:

Program	**Reason for Action**	**Number**
Homeownership-First Mortgage	Program guideline/manual waivers	36
	Interest rate/fee waivers	9
	Document deficiency waivers	2
Homeownership-Downpayment and Closing Cost Loans	Program guideline/manual waivers	54
Home Improvement	Program guideline/manual waiver	11
	Interest Rate	8
Total		**120**

Post-Closing Program Actions Taken:

Program	**Reason for Action**	**Number**
Homeownership	Program guideline/manual waivers	19
Home Improvement	Program guideline/manual waiver	2
	Interest Rate	21
Quality Control	**Reason for Action**	**Number**
Homeownership	Program guideline/manual waivers	38
Total		**80**

Resolution No. MHFA 18-036, Delegation No. 017: To authorize the Commissioner to make certain funding modifications, herein called "Incentive Fund Awards," under the Community Homeownership Impact Fund ("Impact Fund").

Actions taken:
The Agency made no Incentive Fund Awards in 2021.

Resolution No. MHFA 18-033, Delegation No. 024: To authorize the Commissioner to approve grant extensions for all Single Family grants.

Actions taken:
68 extensions approved.

24% (16) of the awards specifically mentioned COVID-19 as reason for delay. Common reasons for delays include contractor availability, product/material shortages and price increases.

Resolution No. MHFA 18-035, Delegation No. 026: To authorize the Commissioner to grant waivers to certain visitability requirements for single family program related transactions authorized by Minn. Stat. § 462A.34, as it may be subsequently amended or revised.

Actions taken:
Total number of visitability waivers 0.

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MINNESOTA HOUSING

Board Agenda Item: 9.D
Date: 3/24/2022

Item: Annual Report of Actions Taken Under Delegated Authority – Multifamily Division

Staff Contact(s):
Jennifer Leimaile Ho, 651.271.1362, jennifer.ho@state.mn.us
James Lehnhoff, 651.296.3028, james.lehnhoff@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution

☒ No Action Needed
☐ Discussion
☒ Information

Summary of Request:
The attached report for calendar year ("CY") 2021 describes actions taken under certain Board Delegations related to the Multifamily Division. The delegations included in the report contemplate that the Commissioner will make a written report to the Board annually describing the actions taken using the delegated authority.

Fiscal Impact:
The potential fiscal impact of each action taken under delegated authority is considered at the time of approval.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☒ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Multifamily Delegated Authority CY 2021 Report

The Board has delegated certain authority to the Commissioner pursuant to a series of delegations. The delegations include a determination by the Board that providing authority to the Commissioner improves the efficiency of the Agency's loan and grant programs. Each delegation includes an allowable scope as well as parameters and limitations by which it may be used and how actions may be approved. A number of delegations provide for an annual report to the Board of actions taken pursuant to that authority.

This report includes actions taken under delegated authority that requires annual reporting, related to the Agency's Multifamily Division, in calendar year 2021. The following table is a summary of actions by Delegated Authority number.

Summary of Multifamily Delegations			
Resolution No.	**Delegated Authority #**	**Description**	**Number of Actions in 2021**
18-018	005	Deferred Loan Funding Modifications	9
18-019	007	Deferred Loan Debt Forgiveness	1
18-020	008	Deferred Loan Assumptions	5
18-021	009	Loan Commitment Extensions	52
18-022	010	Amortizing Loan Prepayment Prohibition Waivers	1
18-026	015	Grant Funding Modifications	7
18-029	020	Grant Agreement Extensions	10
20-017	029	Extensions of Deadline and Authorization of use as Emergency Housing for Federal Low-income Housing Tax Credit Developments Located in a Major Disaster Area	1
19-012	032	Joint Powers Agreements with Suballocating Jurisdictions to Administer Federal Low-income Housing Tax Credits	3

Summary of General Delegations			
Resolution No.	**Delegated Authority #**	**Description**	**Number of Actions in 2021**
18-024	013	Changes to Programs and Guides Due to Federal Changes	1

MULTIFAMILY DELEGATIONS

Resolution No MHFA 18-018, Delegation No. 005: Deferred Loan Funding Modifications: To authorize the Commissioner to make certain funding modifications under the Multifamily deferred loan programs.

Actions Taken:

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Original Selection Amount	Increase	Modified Amount
D8224	Pine Bend/Rice Lake Rehabilitation Project	Bagley	1/20/2021	Preservation Affordable Rental Investment Fund	$ 2,529,000	$200,000	$ 2,729,000
D5976	Pine Mill Court	Virginia	4/14/2021	Publicly Owned Housing Program	$ 615,000	$ 792,705	$ 1,407,705
D8228	East Conifer Estates	Bemidji	5/19/2021	National Housing Trust Fund*	$ 0	$ 800,000	$ 800,000
D0141	Ridgeway Court IV	Bemidji	12/1/2021	Rental Rehabilitation Deferred Loan	$ 500,000	$ 27,616	$ 527,616
D0140	Ridgeway Court III	Bemidji	12/1/2021	Rental Rehabilitation Deferred Loan	$ 500,000	$ 34,056	$ 534,056
D3192	American House	St. Paul	12/01/2021	Preservation Affordable Rental Investment Fund*	$0	$ 100,000	$100,000
D7619	Lyndale Manor	Minneapolis	12/22/2021	Publicly Owned Housing Program	$ 955,763	$ 59,282	$ 1,015,045
D8401	Cedar High Apartments (630 Cedar Avenue)	Minneapolis	12/22/2021	Publicly Owned Housing Program	$ 578,770	$ 80,627	$ 659,397

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Original Selection Amount	Increase	Modified Amount
D8402	James R. Heltzer Manor	Minneapolis	12/22/2021	Publicly Owned Housing Program	$ 296,230	$ 69,591	$ 365,821

For these two projects, the modification represents a corresponding reduction in Housing Infrastructure Bond usage as permitted by Delegated Authority #005.

Resolution No MHFA 18-019, Delegation No. 007: Multifamily Deferred Loan Debt Forgiveness: To authorize the Commissioner to forgive the principal and/or interest on a deferred loan up to $250,000.

Actions Taken:

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Original Loan Amount	Accrued Interest Forgiven	Remaining Principal Loan Amount
D0722	Cherry Ridge Apartments	Mankato	6/2/2021	HOME Investment Partnership	$ 734,000	$ 25,078	$ 734,000

Resolution No MHFA 18-020 Delegation No. 008: Multifamily Deferred Loan Assumptions: To authorize the Commissioner to approve the assumption of Multifamily deferred loans.

Actions Taken:

Dev ID # Project #	Development Name	City	Modification Date	Funding Source	Assumed Loan Amount
D3660	Prairie Crossing Family Townhomes	Lakeville	1/20/2021	Economic Development Housing Challenge Program	$ 802,181
D2827	Maple Court Townhomes	Moorhead	4/28/2021	Minnesota Families Affordable Rental Investment Fund Program	$ 446,374
D1654	Southwood Park Townhomes	Thief River Falls	7/7/2021	Affordable Rental Investment Fund	$ 310,041

Dev ID # Project #	Development Name	City	Modification Date	Funding Source	Assumed Loan Amount
D2586	Sherwood Park Townhomes	Thief River Falls	7/7/2021	Affordable Rental Investment Fund	$ 435,000
D2872	Feronia Apartments	St. Paul	12/22/2021	Asset Management	$ 384,328

Resolution No MHFA 18-021, Delegation No. 009: Multifamily Loan Commitment Extensions: To authorize the Commissioner to approve Multifamily loan commitment extensions for Multifamily deferred loans and first mortgage loans for up to 24 months, but any one extension cannot exceed twelve months.

Please note that a single project may be listed more than once because the project may involve more than one loan type and may receive more than one extension.

Actions Taken:

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Selected Loan Amount
D8128 M17969	Harvestview Place II	Rochester	2/10/2021	Low and Moderate Income Rental Program	$ 6,080,000
D2391 M17670	West Birch Estates	Princeton	3/24/2021	Low and Moderate Income Rental Program	$ 1,636,000
D7969 M17499	Glen at Valley Creek	Woodbury	4/7/2021	Economic Development Housing Challenge Program - Senior Pilot Loan	$ 500,000
D8170 M18095	City Centre (RD Portfolio)	Pine Island	4/28/2021	Housing Infrastructure Bonds	$ 900,000
D8169 M18089	Heather Court (RD Portfolio)	Owatonna	4/28/2021	Housing Infrastructure Bonds	$ 2,450,000
D5824 M18091	Malmquist Estates (RD Portfolio)	Red Wing	4/28/2021	Housing Infrastructure Bonds	$ 1,625,000
D6106 M18090	North State & BR Properties (RD Portfolio)	Waseca	4/28/2021	Housing Infrastructure Bonds	$ 1,955,000
D8173 M18093	Pine West & Spring Haven (RD Portfolio)	Cold Spring	4/28/2021	Housing Infrastructure Bonds	$ 3,050,000

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Selected Loan Amount
D8191 M18092	Riverside & Hillside (RD Portfolio)	Watertown	4/28/2021	Housing Infrastructure Bonds	$ 1,370,000
D8172 M18094	Town Edge (RD Portfolio)	Gaylord	4/28/2021	Housing Infrastructure Bonds	$ 750,000
D8122 M17958	White Oak Estates	Baxter	5/12/2021	Low and Moderate Income Rental Program	$ 1,714,000
D8122 M17958	White Oak Estates	Baxter	5/12/2021	Flexible Funding for Capital Costs	$ 1,050,340
D5780 M18056	Westfield Apartments	Brooten	5/19/2021	Preservation Affordable Rental Investment Fund	$ 1,300,000
D6379 M20067	Dow Towers	Minneapolis	6/2/2021	Publicly Owned Housing Program	$ 393,005
D8050 M20093	Cedar High	Minneapolis	6/2/2021	Publicly Owned Housing Program	$ 1,811,509
D0800 M18278	Stonehouse Square Apartments	Minneapolis	7/7/2021	Preservation Affordable Rental Investment Fund	$ 2,086,673
D3353 M18110	Maplewood Gardens	Maplewood	7/7/2021	Preservation Affordable Rental Investment Fund	$ 1,739,679
D3353 M18110	Maplewood Gardens	Maplewood	7/7/2021	Housing Infrastructure Bonds	$ 3,623,293
D3419 M18114	Parkview Heights	Owatonna	7/7/2021	Preservation Affordable Rental Investment Fund	$ 1,350,000
D3419 M18114	Parkview Heights	Owatonna	7/7/2021	Housing Infrastructure Bonds	$ 5,361,000
D8103 M18081	Spring Creek II	Northfield	7/7/2021	HOME Investment Partnership	$ 6,478,877
D8103 M18081	Spring Creek II	Northfield	7/7/2021	Economic Development Housing Challenge Program	$ 313,338
D3192 M18161	American House	St. Paul	7/7/2021	Housing Infrastructure Bonds	$ 2,486,915
D7955 M18193	Bloom Lake Flats	Minneapolis	7/7/2021	Housing Infrastructure Bonds	$ 10,744,000

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Selected Loan Amount
D8228 M18252	East Conifer	Bemidji	7/7/2021	Housing Infrastructure Bonds	$ 5,754,000
D8102 M18128	Snelling Yards Senior Housing	Minneapolis	7/7/2021	Housing Infrastructure Bonds	$ 5,615,000
D8203 M18163	Stryker Senior Housing	St. Paul	7/7/2021	Housing Infrastructure Bonds	$ 9,450,000
D8235 M18237	Bimosedaa	Minneapolis	7/7/2021	Housing Infrastructure Bonds	$ 5,557,000
D8214 M18180	Gwayako Bimaadizi	Mahnomen	7/7/2021	Housing Infrastructure Bonds	$ 3,525,000
D7801	Lakeview Highrise	Willmar	8/11/2021	Publicly Owned Housing Program	$ 397,000
D7618	Maple Grove Apartments Bldg B	Wabasha	8/11/2021	Publicly Owned Housing Program	$ 103,950
D3326 M18345	Ridgely Park Apartments	Kasota	8/13/2021	Preservation Affordable Rental Investment Fund	$ 840,000
D0140	Ridgeway Court III	Bemidji	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0141	Ridgeway Court IV	Bemidji	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0211	Oak Crest Manor II	Brainerd	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0222	Ridgeview I	Brainerd	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0223	Ridgeview II	Brainerd	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0386	Prairieland Duplexes	Crookston	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0387	Greentree Square II	Crookston	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D1364	Southside Square	Roseau	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000

Dev ID # Project #	Development Name	City	Approval Date	Funding Source	Selected Loan Amount
D8068	Excelsior Court	Baxter	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D8276	Mountain Manor Apartments	Mountain Iron	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D8279	Oak Crest Manor I	Brainerd	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D3007	School Square Apartments and Townhomes	Albany	9/8/2021	Rental Rehabilitation Deferred Loan	$ 217,800
D8277	Winsted Park Apartments	Winsted	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D8269	Sunrise Apartments	St. Martin	9/8/2021	Rental Rehabilitation Deferred Loan	$ 490,000
D2791	Peace Villa Apartments	Norwood Young America	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D0573	Ghent Housing	Ghent	9/8/2021	Rental Rehabilitation Deferred Loan	$ 420,000
D8281	Gra-Mar Court Apartments	Kerkhoven	9/8/2021	Rental Rehabilitation Deferred Loan	$ 500,000
D8275	Bertha Manor	Bertha	9/8/2021	Rental Rehabilitation Deferred Loan	$ 337,300
D8278	Belle Haven & Britland Apts	Belle Plain and Jordan	9/8/2021	Rental Rehabilitation Deferred Loan	$ 423,200
D5780 M18056	Westfield Apartments	Brooten	11/3/2021	Preservation Affordable Rental Investment Fund	$ 1,300,000

Resolution No MHFA 18-022, Delegation No. 010: Amortizing Loan Prepayment Prohibition Waivers: To authorize the Commissioner to waive the prohibition against amortizing loan prepayments.

Actions Taken:

Dev ID # Project #	Development Name	City	Approval Date	Description
D3110	The Crest Apartments	Brooklyn Center	8/25/2021	The prepayment prohibition period was set to expire on March 1, 2025. The owner is refinancing the project and paid an early termination fee of approximately $25,000.

Resolution No MHFA 18-026 Delegation No. 015: Multifamily Grant Funding Modifications: To authorize the Commissioner to make certain funding modifications of multifamily grants.

Actions Taken:

Program	Grantee	Approval Date	Original Selection Amount	Increase	Modified Amount
Bridges	Bemidji HRA	5/12/2021	$ 89,846	$ 5,500	$ 95,346
Bridges Regional Treatment Center (RTC)	Carver County CDA	6/2/2021	$ 46,988	$ 4,100	$ 51,088
Bridges	Metropolitan Council HRA	6/23/2021	$ 3,075,588	$ 254,172	$ 3,329,760
Bridges	Mora HRA	6/23/2021	$ 310,190	$ 25,564	$ 335,754
Bridges	Cass County HRA	6/23/2021	$ 52,416	$ 4,206	$ 56,622
Workforce Housing Development Program	City of Roseau, D8373	7/28/2021	$ 1,441,000	$ 141,571	$ 1,582,571
Housing Trust Fund	Lutheran Social Services	8/11/2021	$ 702,000	$ 9,000	$ 711,000

Resolution No MHFA 18-029, Delegation No. 020: Multifamily Grant Agreement Extensions: To authorize the Commissioner to approve grant agreement extensions for Multifamily Grants.

Action Taken:

Grantee	Extension Approval Date	Funding Source	Existing Grant Agreement Expiration	Extension Length	New Grant Agreement Expiration	Grant Amount
Clay County Housing and Redevelopment Authority	5/19/2021	Homework Starts with Home	9/30/2021	6 months	3/1/2022	$ 982,785
Bi-County Community Action Programs, Inc.	5/19/2021	Homework Starts with Home	9/30/2021	6 months	3/1/2022	$ 654,153
Project for Pride in Living	5/19/2021	Homework Starts with Home	9/30/2021	6 months	3/1/2022	$ 646,771
Solid Ground	5/19/2021	Homework Starts with Home	9/30/2021	6 months	3/1/2022	$ 811,365
Amherst H. Wilder Foundation	5/19/2021	Homework Starts with Home	9/30/2021	6 months	3/1/2022	$ 804,926
Metropolitan Council HRA	6/23/2021	Bridges	6/30/2021	2 months	8/30/2021	$ 3,329,760
Mora HRA	6/23/2021	Bridges	6/30/2021	2 months	8/30/2021	$ 335,754
Cass County HRA	6/23/2021	Bridges	6/30/2021	2 months	8/30/2021	$ 56,622
White Earth Band of Ojibwe	8/11/2021	Family Homeless Prevention and Assistance Program	9/30/2021	6 months	3/1/2022	$ 674,437
Leech Lake Reservation Housing Authority	9/15/2021	Housing Trust Fund	9/30/2021	6 months	3/1/2022	$ 183,896

Resolution No. MHFA 20-017, Delegation No. 029: Extensions of Deadline and Authorization of use as Emergency Housing for Federal Low-income Housing Tax Credit Developments Located in a Major Disaster Area: To authorize the Commissioner to approve extensions to Internal Revenue Service (IRS) deadlines under the federal HTC program and to authorize use of HTC developments as Emergency Housing Assistance as permitted by IRS guidance and procedures. This delegation is in effect only in the event that an HTC development is located in a federally declared disaster area.

Action Taken:

Dev ID # Project #	Development Name	City	Approval Date	Description
D8124	Leech Lake Homes VIII	Cass Lake	5/26/2021	Approval of the Federal Low-income Housing Tax Credit placed-in-service deadline to 12/31/2022 for COVID-19 reasons in accordance with the federal disaster COVID-19 declaration.

Resolution no. MHFA 19-012, Delegation No. 032: Joint Powers Agreements with Suballocating Jurisdictions to Administer Federal Low-income Housing Tax Credits: To authorize the Commissioner to enter into Joint Powers Agreements with cities or counties deemed allocation agencies (also known as suballocators) to administer the Housing Tax Credit (HTC) program for the suballocator in its jurisdiction.

Actions Taken:

Jurisdiction	Approval Date	Purpose
City of Saint Cloud	6/9/2021	Housing Tax Credit Joint Powers Agreement with suballocators who agree to transfer its entire HTC Annual Tax Credit distribution to Minnesota Housing, which become part of the Minnesota Housing 2021 HTC ceiling.
City of Duluth	6/9/2021	Housing Tax Credit Joint Powers Agreement with suballocators who agree to transfer its entire HTC Annual Tax Credit distribution to Minnesota Housing, which become part of the Minnesota Housing 2021 HTC ceiling.
City of Rochester	6/9/2021	Housing Tax Credit Joint Powers Agreement with suballocators who agree to transfer its entire HTC Annual Tax Credit distribution to Minnesota Housing, which become part of the Minnesota Housing 2021 HTC ceiling.

GENERAL DELEGATIONS

Resolution No MHFA 18-024, Delegation No. 013: Changes to Programs and Guides Due to Federal Changes: To authorize the Commissioner to make changes to programs and guides due to federal changes.

Program	Approval Date	Purpose
Federal Low-income Housing Tax Credits	10/19/2021	Added language to the Housing Tax Credit Compliance Guide to clarify existing federal requirements and agency policy. No material changes.