MINNESOTA HOUSING

MEETINGS SCHEDULED FOR DECEMBER

Date: 12/18/25, 12 p.m.

HYBRID OPTION AVAILABLE:

In Person: Minnesota Housing, Lake Superior Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

Conference Call: Toll Free: 1.866.901.6455 Access Code: 262-130-810

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, December 18, 2025.

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

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

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Agenda: Minnesota Housing Board Meeting

Date: 12/18/2025, 12 p.m.

Our Mission and Vision

Mission: Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

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

1. Call to Order

2. Roll Call

3. Agenda Review

4. Approval of Minutes

a. (page 5) Regular meeting of November 20, 2025

5. Reports

- Chair
- Commissioner
- Committee

6. Consent Agenda

A. (page 9) Extension, Leech Lake Housing Authority, Stable Housing Organization Relief Program (SHORP) Grant

7. Action Items

A. (page 13) Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) — Hilltop Manor, D0501, Eveleth
B. (page 39) Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 A (Hilltop Manor)
C. (page 127) Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)
D. (page 267) Adoption, Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds (RHFB)
E. (page 357) Approval, Housing Tax Credit (HTC) Development Limit Waivers for Carryover Applications – Leech Lake Homes IX, D8773, Cass Lake, and Melrose Commons, D8514, Medina
F. (page 365) Approval, Housing Tax Credit (HTC) Apportionment of 2025 9% HTCs - Red Rock Square III, D8806, Newport
G. (page 371) Approval, Reallocation of Housing Tax Credits — Silverarrow Apartments, D8498, Sauk Centre
H. (page 379) Approval, Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan
I. (page 639) Approval, Amendment and Extension of the Direct Purchase Revolving Line of Credit Notes with Royal Bank of Canada
J. (page 647) Adoption, 12-month Extension of Investment Banking/Underwriting Team
K. (page 657) Approval, 2025 Single Family Request for Proposals (RFP) Selections
L. (page 709) Approval, 2025 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2026 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) Programs

8. Discussion Items

None.

9. Information Items

A. (page 785) 1st Quarter FY26 Financial Results

10. Other Business

None.

11. Adjournment

Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, November 20, 2025, at 1 p.m.

1. Call Attendance

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 hybrid: Chief Melanie Benjamin, Auditor Julie Blaha, Eric Cooperstein, Chair John DeCramer, Stephanie Klinzing, Stephen Spears, and Terri Thao.

Minnesota Housing staff present via hybrid: Ahmed Abdulahi, Tal Anderson, Abigail Behl, Ryan Baumtrog, Susan Bergmann, Judd Berthiaume, Scott Beutel, Stacie Brooks, Matt Carlquist, Nicole DeMario, Renee Dickinson, Matt Dieveney, Hannah Dressen, Sam Dyer, Peter Elwell, Jennifer Finnesgard, Shannon Fortune, Rachel Franco, Mark Freeman, Terese Fritchman, Emily Fulton-Foley, Dory Goebel, Sara Gomoll, Vanessa Haight, Amanda Hedlund, Anne Heitlinger, Kang Her, Jennifer Ho, Jon Holmseth, Will Jensen-Kowski, Dylan Johnson, Karen Johnson, Jen Judas, Anjanet Kalinowski, Irene Kao, Erin Karkula-Peterson, Katey Kinley, Dan Kitzberger, Debbie Krajsa, Greg Krenz, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee , Song Lee, James Lehnhoff, Ed LeTourneau, Sarah Matala, Dylan Mato, Don McCabe, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Jon Moler, Jennifer Nelson, Michael Nguyen, Andrew Orth, John Patterson, Andy Pratt, Melissa Pugh, Rinal Ray, Annie Reierson, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Rachel Robinson, Dani Salus, Kayla Schuchman, Katie Seipel-Anderson, J'onice Smith, Dez Sobiech, Lauren Stelter, Rachael Sterling, Meg Stinchcomb Sorenson, Tim Sullivan, Jodell Swenson, Susan Thompson, LeAnne Tomera, Monica Tucker, Nancy Urbanski, David Vang, Kayla Vang, Teresa Vaplon, Amanda Welliver, Bev Wilharm, and Laurie Zabel.

Others present via hybrid: Ramona Advani, Office of the State Auditor**;** Cristen Incitti, Habitat for Humanity Minnesota; Roxanne Kimball, Minnesota Homeownership Center; and Ellen Sahli, Family Housing Fund.

3. Agenda Review

None.

4. Approval

A. Regular Meeting Minutes of October 23, 2025

Motion: Chief Benjamin moved to approve the October 23, 2025, Regular Meeting Minutes. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0.

5. Reports

Chair

None.

Commissioner

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings
- Program Updates

Committee

None.

6. Consent Agenda

A. Approval, 2026 Minnesota Housing Board Meeting Schedule

B. Approval, Amendment to Homeownership Investment Grants Program Request for Proposals (RFP) Selections

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

7. Action Items

A. Approval, Impact Fund Program Manual Updates

Katie Seipel-Anderson presented to the board a request for approval of updates to the Community Homeownership Impact Fund Program Procedural Manual. The updates to the manual will improve clarity of program requirements and processes for both internal operations and external administrators. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Approval, Impact Fund Program Manual Updates. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

B. Commitment Extension, Low and Moderate Income Rental (LMIR) Loan and Housing Infrastructure Bond (HIB) - Rogers Main Street Senior, D8248, Rogers

Susan Thompson presented to the board a request for approval of a two-month loan commitment extension, extending the commitments for the LMIR and HIB loans from November 30, 2025, to January 31, 2026. The extension is subject to a 50 basis point rate lock extension fee (approximately $10,710). Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Terri Thao moved Commitment Extension, Low and Moderate Income Rental Loan and Housing Infrastructure Bond - Rogers Main Street Senior, D8248, Rogers. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

C. Funding Modification, Publicly Owned Housing Program (POHP) – The Blue Mound Tower, D5973, Luverne

Susan Bergmann presented to the board a request for adoption of a resolution to increase the loan amount for The Blue Mound Tower by $350,000, increasing the total POHP loan from $947,800 to $1,297,800. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Funding Modification, Publicly Owned Housing Program – The Blue Mound Tower, D5973, Luverne. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

D. Approval, Modifications, Deletions and Additions to Multifamily Division Board Delegations

James Lehnhoff presented to the board a request for the following: 1) adopting ten resolutions to modify existing Multifamily Division board delegations; 2) adopting one resolution to add a new Multifamily Division board delegation; and 3) rescinding three Multifamily Division board delegations. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved adopting Ten Resolutions to Modify Existing Multifamily Division Board Delegations, 4, 5, 7, 8, 9, 10, 22, 23, 34 and 35. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

Motion: Eric Cooperstein moved rescinding Three Multifamily Division Board Delegations 21, 28 and 30. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

Motion: Eric Cooperstein moved adopting the New Board Delegation, Servicing and Preservation of the Multifamily Deferred Loan Portfolio as amended "for a loan with an outstanding balance of less than $3 million or a loan that has been outstanding for 10 or more years." Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

8. Discussion Items

A. Fourth Quarter 2025 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

John Patterson provided a review of the Fourth Quarter 2025 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan.

9. Information Items

A. 2025 Cost Containment Report

B. Post Sale Report, State Appropriated Housing Infrastructure Bonds (HIB), Series 2025 AB

C. Post Sale Report, Residential Housing Finance Bonds, Series 2025 KLMN

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 3:08 p.m.

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John DeCramer, Chair

Item: Extension, Leech Lake Housing Authority, Stable Housing Organization Relief Program (SHORP) Grant

Information Item: 6.A
Date: 12/18/2025
Staff Contacts: James Lehnhoff, 651.558.8835, james.lehnhoff@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of a resolution to extend the grant period for the Leech Lake Housing Authority SHORP grant to December 31, 2026.

Fiscal Impact

None.

Agency Priorities

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

Attachments

- Background
- Resolution

Background

The Stable Housing Organization Relief Program (SHORP) is a one-time grant program that was funded with $50 million of state appropriations to support eligible organizations that own rental housing that experienced significant detrimental financial impacts due to economic and social conditions. SHORP was established in Minnesota Session Laws 2023, Regular Session, chapter 37, article 1, section 2, subdivision 33 and article 2, section 8. The board selected 43 grantees at their meeting on October 26, 2023, in Resolution No. MHFA 23-062.

Nearly all the grantees have closed out their grants. A few remaining grantees will finish by the end of 2025. Leech Lake Housing Authority requests a one-year extension due to significant, compounding operational challenges, including a leadership transition and a devastating severe storm. Most critically, Leech Lake Housing Authority lost their housing authority facility to a fire, which was declared a total loss.

Despite these setbacks, Leech Lake Housing Authority is moving their SHORP funded projects forward. A one-year extension will allow them to utilize the remaining funding, complete the reimbursement process and finalize their reporting.

Leech Lake Housing Authority's grant period in the original grant contact agreement was set to expire on March 28, 2025. Resolution No. MHFA 23-062 included a provision that allowed Agency staff to extend the grant period by up to one year. The grant period was extended twice and now expires on December 31, 2025. The proposed grant period extension is now beyond the one-year period allowed in the resolution. As a result, the proposed extension is subject to board approval. If approved, the grant period will be extended to December 31, 2026.

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

RESOLUTION NO. MHFA 25-XXXX
Modifying Resolution No. MHFA 23-062

RESOLUTION APPROVING EXTENSION OF THE STABLE HOUSING ORGANIZATION RELIEF PROGRAM GRANT FOR LEECH LAKE HOUSING AUTHORITY

WHEREAS, at their meeting on October 26, 2023, the board approved $1,094,877 to Leech Lake Housing Authority for a SHORP grant with an initial grant period expiration of January 31, 2025 by its Resolution No. MHFA 23-062; and

WHEREAS, Resolution No. MHFA 23-062 permitted Minnesota Housing Finance Agency (Agency) staff to extend the grant period in six month increments up to a maximum of one year;

WHEREAS, Agency staff approved two extensions of the grant period, which now expires on December 31, 2025;

WHEREAS, Agency staff have determined a need to amend the grant contract agreement to further extend the grant period; and

WHEREAS, Agency staff have determined that the grant term extension and additional commitment are in compliance with Agency's rules, regulations and policies and that the extension and additional commitment will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to extend the grant period to December 31, 2026; and

1. The grant contract agreement amendment shall occur no later than three months from the adoption date of this Resolution; and
2. The grantee and such other parties shall provide such information and execute all such documents relating to said grant contract agreement amendment, as Agency staff, in its sole discretion, deems necessary.

Adopted this 18th day of December 2025

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CHAIR

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Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - Hilltop Manor, D0501, Eveleth

Action Item: 7.A
Date: 12/18/2025
Staff Contacts: Sarah Foley, 651.297.5145, sarah.foley@state.mn.us
Request Type: Approval, Resolution

Request Summary:

At the December 19, 2024, meeting, the Minnesota Housing board approved the proposed development for financing under the LMIR program in the amount of up to $1,188,000 and a BL in an amount of up to $6,282,000 in Resolution No. MHFA 24-083. 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 $1,360,000;
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed $2,830,000; and

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

Fiscal Impact:

Minnesota Housing will earn interest rate spread income on the LMIR and the BL, as well as additional fee income.

Minnesota Housing will earn additional fee income from originating the loans for this project.

Agency Priorities:

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

Attachments:

- Development Summary
- Map and Picture
- Resolution
- Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Hilltop Manor		**D#0501**	**M#19801**
Address	100 McKinley Ave			
City	Eveleth	**County**	St. Louis	
Date of Selection	12/19/2024	**Region**	Northeast	

A. Project Description and Population Served

- The development is the acquisition and substantial rehabilitation of a 54-unit mixed-income development in Eveleth. It is a six-story elevator building with units ranging from one to two bedrooms.
- The development will provide general occupancy housing for seniors and people with disabilities as defined in the property's Section 8 contract. Seven units will serve households experiencing high priority homelessness (HPH).
- The development will serve households with incomes that range from 30% to 70% Multifamily Tax Subsidy Projects (MTSP).
- 54 units will benefit from Project-Based Section 8 Housing Assistance Payments (HAP) rental assistance.
- The project is anticipated to begin construction in spring 2026 and renovations are anticipated to be completed in fall 2026. The building will remain occupied during the rehabilitation period.

B. Mortgagor Information

Ownership Entity:	Hilltop Manor Limited Partnership
Sponsor:	Trellis Co.
General Partner/ Managing Member:	Trellis Hilltop Manor GP LLC
Guarantor:	Trellis Co.

C. Development Team Capacity Review

The sponsor, Trellis Co., has the experience and capacity to complete the project. The sponsor is working with a processing agent, Joy Development Company LLC. The developer has utilized similar types of financing and has a portfolio of affordable projects.

The property manager, Trellis Management Co., has the capacity to manage this development.

The service provider, Northland Counseling Center, Inc., is experienced in serving HPH residents.

LHB, Inc. is the architect and FRERICHS CONSTRUCTION COMPANY is the general contractor. Both have the capacity to effectively design and construct the project.

Trellis Co., the project Sponsor, is a non-profit Women-owned Business Enterprise. In addition, the management company, Trellis Management Co., is a Women-owned Business Enterprise, and the architect is partnering with a Women-owned Business Enterprise on a portion of the design scope of work.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing	LMIR	TEB*	$1,360,000	6.375% Max	0.125%	Approx 18 months const. + 35 years	35 years	Construction to Permanent
Bridge	BL	TEB*	$2,830,000	Bond Rate + 1.0%	NA	Approx 18 months	n/a	Construction

*Tax-exempt volume limited bonds.

- The tax-exempt volume limited bonds are sized at approximately 30% of aggregate costs to qualify the development for 4% Housing Tax Credits (HTCs).
- The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 6.375%. The rate is subject to being reset at the then market rates if the loan does not close by May 31, 2026.
- The LMIR loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program.

The development was also selected for deferred funding up to $3,290,000 under the Home Investment Partnerships Program (HOME), up to $2,830,000 under the National Housing Trust Fund (NHTF) program and up to $1,530,000 under the Preservation Affordable Rental

Investment Fund (PARIF) program under Resolution No. MHFA 24-082. There are no changes to the HOME loan amount. The PARIF loan amount was reduced by $379,000 from $1,530,000 to up to $1,151,000. On November 12, 2025, the Mortgage Credit Committee approved a NHTF loan increase of $350 from $2,830,000 to up to $2,830,350 under Board Delegation No. 005. The HOME, NHTF and PARIF loans do not require additional board action.

- The financing will include 4% HTCs from Minnesota Housing.

Amortizing Mortgage Loan to Cost: 9% **Amortizing Mortgage Loan to Value:** 27%

E. Significant Changes Since Date of Selection

- The proposed amendment to the 2024-2025 Qualified Action Plan, if approved, provides the ability to use the 25% test instead of the 50% bond test to size the tax-exempt volume limited bonds. This has a direct impact on conserving Agency volume cap and scarce Agency deferred funding while simultaneously saving the project considerable interest expense and bond fees. As selected, the project required approximately $7,470,000 in tax-exempt volume limited bonds. Whereas according to the proposed amendment, the tax-exempt volume limited bonds can be sized at approximately $4,190,000, for a total savings of $3,280,000. In addition, the deferred PARIF loan was reduced by $379,000.
- The recommended PARIF rent and income restrictions were changed. Ten units are recommended to have incomes not exceeding 70% MTSP and rents at 70% MTSP and 44 units are recommended to have incomes not exceeding 60% MTSP and rents at 60% MTSP. At selection, all 54 units were selected with incomes not exceeding 60% MTSP and rents at 60% MTSP.
    - A handful of existing households exceed the 60% MTSP income limit and additional units are recommended with 70% MTSP income and rent restrictions in the event additional household incomes change to become over income. This change will prevent displacement of existing households.
    - This change is allowable under the PARIF program limits and does not conflict with the rent and income restrictions of any other loan.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 3,380,000	$ 62,593
Construction Costs	$ 7,088,871	$ 131,275

Description	Amount	Per Unit
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 1,582,717	$ 29,310
Developer Fee	$ 1,915,000	$ 35,463
Financing Costs	$ 964,963	$ 17,870
Total Mortgageable Costs	$ 14,931,551	$ 276,510
Reserves	$ 224,160	$ 4,151
Total Development Cost	**$ 15,155,711**	**$ 280,661**

*Individual categories may not sum to exact total due to rounding.

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	$ 1,360,000	$ 25,185
General Partner Cash	$ 100	$ 2
HTC Equity Proceeds (Enterprise)	$ 4,663,000	$ 86,352
Agency Deferred Funding HOME	$ 3,290,000	$ 60,926
Agency Deferred Funding NHTF	$ 2,830,350	$ 52,414
Agency Deferred Funding PARIF	$ 1,151,000	$ 21,315
St. Louis County HOME American Rescue Plan	$ 846,030	$ 15,667
Iron Range Resources and Rehabilitation	$ 250,000	$ 4,630
Rebates	$ 168,659	$ 3,123
Interim Income	$ 42,009	$ 778
Deferred Developer Fee	$ 554,563	$ 10,270
Total Permanent Financing	**$ 15,155,711**	**$ 280,661**

*Individual categories may not sum to exact total due to rounding.

C. Financing Structure

- The development will qualify for approximately $538,920 of annual 4% HTCs allocated by Minnesota Housing, which will result in equity proceeds of approximately $4,663,000. The term of the Land Use Restrictive Agreement will be 50 years.
- HTC Equity will be bridged by the BL of $2,830,000, provided by Minnesota Housing.

D. Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 51% to 73% of the variation in historical costs, it cannot capture all components of every proposed project.

In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

- Currently, the TDC per unit is $280,661, which exceeds the predictive cost model estimate of $230,030 by 22%. The development costs do not require a board waiver.

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	17	$ 1,161	30%	30%	Section 8
1BR	7	$ 1,161	50%	50%	Section 8
1BR	20	$ 1,161	50%	50%	Section 8
1BR	9	$ 1,161	70%	70%	Section 8
2BR	1	$ 1,355	70%	70%	Section 8

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

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.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.16.
- The project was underwritten at 7% vacancy, with 1.5% income and 3% expense inflators.
- The existing Section 8 contract will be renewed for 24 years.
- A four-month operating reserve in the approximate amount of $199,860 will be capitalized and the replacement cost reserve will be capitalized in the amount of $24,300, which equals the equivalent of one year's worth of deposits.

Map of 100 McKinley Avenue, Eveleth MN 55734



Picture of 100 McKinley Avenue, Eveleth MN 55734



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

RESOLUTION NO. MHFA 25-xxx

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM
BRIDGE LOAN (BL) 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:	Hilltop Manor
Sponsors:	Trellis Co.
Guarantors:	Trellis Co.
Location of Development:	Eveleth
Number of Units:	54
Amount of LMIR Mortgage:	$1,360,000
(not to exceed)	
Amount of BL	$2,830,000
(not to exceed)	

WHEREAS, the Minnesota Housing Finance Agency board approved the proposed development for financing under the Low and Moderate Income Rental loan in the amount of up to $1,188,000 and Bridge Loan in the amount of $6,282,000 in Resolution No. MHFA 24-083; and

WHEREAS, Agency staff has determined the modified loan sizes are reasonable and justified; and

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 acquisition and rehabilitation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the proceeds of Rental Housing Bonds for the Bridge Loan and LMIR Loan (if authorized by the board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on May 31, 2026; and
2. The LMIR and the BL transactions 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
3. The amount of the LMIR amortizing loan shall not exceed $1,360,000; and
4. The interest rate on the LMIR loan shall be based on the interest rate on the Rental Housing Bonds issued to finance the loans plus a spread, not to exceed 6.375% (subject to change, as set forth in the attached Agency term letter dated November 19, 2025); and
5. Interest-only payments will be payable monthly during the approximately 18-month construction period, after which the loan will commence monthly principal and interest payments over the remaining 35-year term (based on a 35-year amortization), plus 0.125% per annum HUD Risk-Sharing Mortgage Insurance Premium; and
6. The amount of the BL shall not exceed $2,830,000; and
7. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus 1.00%, interest will be payable monthly, and the principal will be due in a balloon payment no more than 18 months after closing; and
8. The BL commitment shall be entered into on or before May 31, 2026, and shall have a six-month term; and
9. 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
10. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
11. The Guarantor(s) 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 actual revenue and underwritten expenses) for three consecutive months; and
12. The Guarantor(s) shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
13. 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 18th day of December 2025

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CHAIR

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

November 19, 2025

Hilltop Manor Limited Partnership
C/O Trellis Co.
614 North 1st Street, Suite 100
Minneapolis, MN 55401

RE: Term Letter
Hilltop Manor, Eveleth
Development #D0501, Project #M19801

Dear Elizabeth Flannery:

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: Hilltop Manor Limited Partnership
General Partner:	Trellis Hilltop Manor GP LLC
Development Description/Purpose:	Acquisition and rehabilitation of a 54-unit affordable housing development located in Eveleth, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) /Tax-exempt Bond Funded */ HUD Risk-Sharing	Bridge Loan / Tax-exempt Bond Funded*	HOME Investment Partnership Program (HOME)	National Housing Trust Fund (NHTF)	Preservation Affordable Rental Investment Fund (PARIF)
Loan Amount	$1,360,000	$2,830,000	$3,290,000	$2,830,350	$1,151,000
Interest Rate	6.375%**	Bond financing rate plus 1.0%	0%	0%	0%
Mortgage Insurance Premium (%)	.125% *(first year premium is paid in advance)*	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Term	Approx. 18 months (construction) + 35 years	Approximately 18 months	Approx. 18 months (construction) + 35 years	Approx. 18 months (construction) + 35 years	Approx. 18 months (construction) + 35 years
Amortization / Repayment	Interest only during construction based on the full amount of the loan; 35 years	Interest only during term based on the full amount of the loan	Deferred lump sum payment due in approx. 18 months (construction) + 35 years.	Deferred lump sum payment due in approx. 18 months (construction) + 35 years.	Deferred lump sum payment due in approx. 18 months (construction) + 35 years.
Prepayment Provision	No prepayment first 10 years from date of the Note.	No prepayment earlier than six months prior to Bond Maturity.	Prepay at any time without penalty.	Prepay at any time without penalty.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse	Nonrecourse	Nonrecourse
Construction to Permanent Loan, Construction Bridge Loan or End Loan	Construction to Permanent Loan or End Loan	Construction Bridge Loan	Construction to Permanent Loan	Construction to Permanent Loan	Construction to Permanent Loan
Lien Priority	First	Second during construction period	Third (4th during construction period)	Fourth (5th during construction period)	Second (3rd during construction period)

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

** The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 6.375% in consultation with the Finance Division. The rate is subject to being reset at the then market rates if the loan does not close by May 31, 2026.

Origination Fees:	• LMIR HUD Risk Share Loan: $27,200 • Bond-funded Bridge Loan: $14,150 (payable at the earlier of loan commitment or loan closing)
Bond Issuance Fee	• $134,825 (payable at loan closing)
LMIR Interest Rate Extension Fee	• Not applicable.
Construction Oversight Fee:	• $75,000 (payable at loan closing)
End Loan Commitment:	Not applicable.
Guarantee / Guarantor(s):	• Bridge Loan: Completion, Repayment and Operations Guarantee from Trellis Co. • LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from Trellis Co.
Operating Deficit Escrow Reserve Account:	$40,800 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 Cost Reserve Account:	Capitalized in the amount of $199,860 funded after construction completion, from the second equity installment. The account will be held by Minnesota Housing.
Replacement Reserve Cost Account:	Capitalized in the amount of $24,300 funded after construction completion from the second equity installment. Monthly deposits will be required in the amount of $2,025 starting after construction completion. The account will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established on the day of closing (outside of the development budget) and will be held by Minnesota Housing.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

Rent and Income Requirements:

LMIR:

- 22 units with rents and incomes not exceeding 60% MTSP
- 13 units may have unrestricted incomes.
- 19 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.
- Commitment to affordability in effect while the loan is outstanding.

PARIF:

- 44 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- 10 units with incomes not exceeding 70% MTSP and rents at 70% MTSP.
- Commitment to construction period plus 50 years of affordability from the date of loan closing.

HOME:

- 4 units at low HOME rents with very low-income limits at 50% area median income as published by HUD for the HOME program.
- 16 units at high HOME rents with low income limits at 80% area median income as published by HUD for the HOME program.
- Commitment to construction period plus 15 years of affordability from the date of loan closing.

NHTF:

- 17 units at 30% AMI rents as published by HUD for the NHTF program with extremely low-income limits at 30% AMI as published by HUD for the NHTF program.
- Commitment to construction period plus 30 years of affordability from the date of loan closing.

HAP or Other Subsidy Agreement:

Commitment to construction period plus 35 years of affordability from the date of loan closing under the Section 8 Program for 54 units.

Other Occupancy Requirements:

- None.

Other Requirements:	The HOME, NHTF and PARIF loans are subject to the terms in the attached Selection Criteria. The PARIF mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. § 462A.21 and the requirements and/or rider to the appropriation providing funds for the given year.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter and maximum LMIR interest rate will expire on the earlier of May 31, 2026, or loan closing/end loan commitment.
Additional Terms:	None.
Other Conditions:	NHTF Written Agreement must be signed no later than loan closing or September 4, 2026.
Board Approval:	Commitment of the loan under the LMIR program and the Bridge Loan 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 to Term Letter in the Pre-Construction Checklist in Portal on or before 10 business days from date of this letter.

If you have any questions related to this letter, please contact Sarah Foley by phone at 651.297.5145 or by e-mail at sarah.foley@state.mn.us.

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

Sincerely,

James Lehrhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

HILLTOP MANOR LIMITED PARTNERSHIP

By: Trellis Hilltop Manor GP LLC,
a Minnesota limited liability company
Its: General Partner

Elizabeth Flannery, Its President/Chief Manager

Date Accepted: 11/20/2025

MINNESOTA HOUSING

Selection Criteria Related to 2024 RFP/2025 HTC Round 1

Project Name: Hilltop Manor

Project City: Eveleth

Property Number (D#): D0501

Project Number: M19801

Deeper Rent Targeting A

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
Project excluded because 100% of units include project based rental assistance.	Project excluded because 100% of units include project based rental assistance.	

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or Declaration of Land Use Restrictive Covenants Agreement (LURA).

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

Deeper Rent Targeting B

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
Project excluded because 100% of units include project based rental assistance.	Project excluded because 100% of units include project based rental assistance.	

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

Permanent Supportive Housing for High Priority Homeless

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10% to 49.99% of the total units, but no fewer than 7 units	10	10% to 49.99% of the total units, but no fewer than 7 units	10	7

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required and performance requirements to meet this criterion for the term of the deferred loan Declaration/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and may 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). Minnesota Housing, at its sole discretion, in consultation with the owner and the local community, will consider requests for an alternative referral and prioritization process for populations that have a need for supportive housing but are not included in the Coordinated Entry System. Final approval must be in writing by Minnesota Housing.

The Owner agrees to pursue and continue renewal of rental assistance, operating subsidy, or service funding contracts for as long as the funding is available.

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units (Tier 1 or Tier 2) 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 deferred loan Declaration and/or LURA.

People with Disabilities – Tier 1

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
15% to 25% of the total units, but no fewer than 6 units	10		0	0

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and may be incorporated into the loan and/or HTC documents.

The Owner agrees units will be set aside and rented to households with a disability with income limits at 30% MTSP. The Owner also agrees that if units set aside for People with Disabilities 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/or HTC documents.

Units cannot be restricted to persons of a particular age group and must be provided in an integrated setting for the term of declaration

The units must be set aside and rented to persons with at least one of the following disabilities in a manner consistent with Minnesota Statutes, Section 462A.222, subdivision 3, subparagraph (d)(3):

a. A serious and persistent mental illness as defined in MN Statutes Section 245.462, Subdivision 20, Paragraph C; or

b. A developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended; or

c. Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.02, Subdivision 2; or

d. A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, Paragraph (a); or

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

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 deferred loan Declaration and/or LURA.

Preservation - Existing Federal Rental Assistance – Tier 1

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
100% of Units	40	100% of Units	40	54

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may require the Owner to continue renewals of existing project-based housing subsidy payment contracts(s) for as long as the assistance is available. Except for "good cause," the Owner must not evict existing subsidized residents and must continue to renew leases for those residents.

Preservation units cannot be used to satisfy the Rental Assistance criterion; units must be separate and distinct. Preservation Tier 1 units cannot be used to satisfy the Serves Lowest Income criterion; units must be separate and distinct.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Long Term Affordability

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Long-term affordability for a minimum of 50 years	9	Long-term affordability for a minimum of 50 years	9

Loan/HTC Commitment and Compliance Monitoring

Owner agrees to extend the term of the LURA and the Qualified Contract provision in Section 42 does not apply to the project for the applicable term, and/or the deferred loan project will extend the term of the deferred loan declaration beyond 30 years.

Need for More Affordable Housing Options

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 2 Tracts or Cities	8	Tier 2 Tracts or Cities	8

Loan/HTC Commitment and Compliance Monitoring

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

Workforce Housing Communities

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Top Job Center or Net Five Year Job Growth Community	6	Top Job Center or Net Five Year Job Growth Community	6

Loan/HTC Commitment and Compliance Monitoring

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

Transit and Walkability

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
One half mile of a designated transit stop, or served by demand response/dial-a-ride, or within one half mile of a commuter rail station; and is available daily, Monday through Friday, providing same day service.	7	One half mile of a designated transit stop, or served by demand response/dial-a-ride, or within one half mile of a commuter rail station; and is available daily, Monday through Friday, providing same day service.	7

Loan/HTC Commitment and Compliance Monitoring

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Walk Score of 50 or more	2	Walk Score of 50 or more	2

Loan/HTC Commitment and Compliance Monitoring

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

Community Development Initiative

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Contributes to active implementation of a Community Development Initiative	3		0

Loan/HTC Commitment and Compliance Monitoring

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

Equitable Development

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	3	Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	3

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and must be maintained through deferred loan post construction and/or 8609.

Rural/Tribal

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and has a population less than 5,000	6	Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and has a population less than 5,000	6

Loan/HTC Commitment and Compliance Monitoring

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

Multifamily Award History

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Communities that have not received an award or allocation for the last five years	4	Communities that have not received an award or allocation for the last five years	4

Loan/HTC Commitment and Compliance Monitoring

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

Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Ownership

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Owner non-profit Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	4	Owner non-profit Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	4

Loan/HTC Commitment and Compliance Monitoring

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

Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Development Team

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Two or more entities are Women-owned Business Enterprises or a combination of Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	4	One entity is a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise	1

Loan/HTC Commitment and Compliance Monitoring

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

Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Partnership

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Partnership with a Black-,	1	Partnership with a Black-,	1

Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity	Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity

Loan/HTC Commitment and Compliance Monitoring

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

Financial Readiness to Proceed/Leveraged Funds

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
4.51% to 6.0% of funding secured	8	4.51% to 6.0% of funding secured	8

Loan/HTC Commitment and Compliance Monitoring

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

Other Contributions

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
1.0 to 3.4%	2	1.0 to 3.4%	2

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection based on submitted commitments indicated in the project's application. The 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 Points	Agency Confirmed Criteria	Agency Awarded Points
25.1 to 30%	1	25.1 to 30%	1

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.

Smoke Free Building

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Smoke Free Buildings	1	Smoke Free Buildings	1

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may 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 deferred loan Declaration and/or LURA. The written policy will be validated during the due diligence process and must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Enhanced Sustainability - Optional Criteria Points

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	2	Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	2

Loan/HTC Commitment and Compliance Monitoring

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

Enhanced Sustainability - Performance Pathways

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 3: Project meets at least one alternative building performance pathways	3	Tier 3: Project meets at least one alternative building performance pathways	3

Loan/HTC Commitment and Compliance Monitoring

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

Total Developer Claimed: 134 **Total Agency Awarded:** 118

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MINNESOTA HOUSING

Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 A (Hilltop Manor)

Action Item: 7.B
Date: 12/18/2025
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff is requesting authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued in two series, to make a short-term bridge mortgage loan and a long-term, first-lien Low and Moderate Income Rental (LMIR) loan to finance a portion of the acquisition and substantial rehabilitation of Hilltop Manor, a 54-unit multifamily housing development in Eveleth, MN. The Agency anticipates to price and issue the bonds described in the attached Preliminary Official Statement in February 2026.

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 associated loans.

Agency Priorities

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

Attachments

- Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 25-089

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN EVELETH, 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 one or more series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one or more Mortgage Loans (together, the "Mortgage Loans") to a Mortgagor (the "Mortgagor") for the purposes of financing the acquisition and rehabilitation 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 Loans to the Mortgagor shall be evidenced by one or more Mortgage Notes to be executed by the Mortgagor to the Agency and one or more Mortgages to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgages (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 two series of Bonds pursuant to the Bond Resolution, which are designated as "Rental Housing Bonds, 2026 Series A-1," and "Rental Housing Bonds, 2026 Series A-2," in the aggregate principal amount to be determined pursuant to Section 2(F) (individually, the "Series 1 Bonds" and the "Series 2 Bonds" and collectively, the "Series Bonds"). The "2026" in the designation of the Bonds may be changed to "2027" and the "A" in the designation of the Bonds may be changed to "B" or such other uppercase letter, each as an Authorized Officer (as hereinafter defined) of the Agency shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loans 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 Executive Finance Officer, or the Executive Investment Officer (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

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 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 a 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) and Section 2(f) below.

(f) *Series Bond Parameters*. Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters (the "Series Bonds Parameters"):

(i) the principal amount of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of $4,190,000;

(ii) the maturity schedule of the Series Bonds; provided that the Series 1 Bonds mature at any time or times in such amount or amounts not later than 42 years from the Issue Date thereof and the Series 2 Bonds mature at any time or times in such amount or amounts not later than 3 years from the Issue Date thereof;

(iii) the interest rates borne by the Series Bonds; provided that the interest rate on the Series 1 Bonds shall not exceed 7.00% and the interest rate on the Series 2 Bonds shall not exceed 6.00%; and

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

Such approval shall be conclusively evidenced by the execution of the Bond Purchase Agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including any mandatory sinking fund provisions and the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

(g) *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 and C hereto (which are 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 1 Bonds or Series 2 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 of each series 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, 2026, 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 St. Paul, 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 of each series 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 Chair 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 1 Bonds and Series 2 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 1 Bond and one Series 2 Bond shall be issued in the principal amount of each stated maturity of the Series 1 Bonds and the Series 2 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 either or both of the Series 1 Bonds and the Series 2 Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of the Series 1 Bonds and/or the Series 2 Bonds, as applicable, in the form of certificates. In such event, the Series 1 Bonds and/or the Series 2 Bonds, as applicable, will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to either one or both of the Series 1 Bonds and the Series 2 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 1 Bonds and/or the Series 2 Bonds, as applicable, will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series 1 Bonds and Series 2 Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series 1 Bonds and the Series 2 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 the Series 1 Bonds and/or the Series 2 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 1 Bonds and/or the Series 2 Bonds, or another securities depository as registered owner of all the Series 1 Bonds and/or the Series 2 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 1 Bonds and/or Series 2 Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series 1 Bonds and/or Series 2 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 Debt Service Reserve Fund and 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 rehabilitated 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 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 through the Mortgage Loans 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) The Mortgagor will incur "rehabilitation expenditures" (as defined in Section 147(d)(3) of the Code) with respect to a portion of the Development in an amount not less than 15% of the acquisition cost of such portion of the Development funded with the net proceeds of the Series Bonds lent to the Mortgagor within the later of two years from (i) the date the Development is acquired by the Mortgagor or (ii) the date the Series Bonds are issued.

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 40 years.

(g) In order to qualify the Mortgage Notes and Mortgages 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 Notes and Mortgages 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 Notes and Mortgages.

(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 Loans 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. 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 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 Loans 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 Loans 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 Loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 12. Combined Offering. If an Authorized Officer determines it is in the best interest of the Agency, the Series Bonds may be offered for sale together with additional bonds ("Additional Bonds") intended to be issued under the Bond Resolution for which a related series resolution has been adopted by the Agency (a "Combined Offering"). The terms of any Combined Offering must comply with the Series Bonds Parameters set forth in subsections (i) through (iv) of Section 2(f) of this Series Resolution and any series bond parameters set forth in the series resolution(s) relating to any Additional Bonds. Additionally, an Authorized Officer is hereby authorized to make any necessary changes to the sale and offering documents approved in Section 2(e) hereof and in each of the series resolutions relating to the Additional Bonds, in order to effect the Combined Offering.

Section 13. Discretion of Authorized Officer. Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

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Adopted by the Minnesota Housing Finance Agency this 18th day of December, 2025.

By: _____
Chair

Attest: _____
Commissioner

[Signature page to Resolution No. MHFA 25-089]

EXHIBIT A

DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

Mortgagor	Name	Location	Number of Units
Hilltop Manor Limited Partnership	Hilltop Manor	Eveleth, MN	54

EXHIBIT B

FORM OF 2026 SERIES A-1 BONDS

No.___ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2026] SERIES [A]-1

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 [August 1, 2026], 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 A-1 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 St. Paul, 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 A-1 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 A-1 Bond is not a debt of the State.

This Series A-1 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [A]-1, issued in the original aggregate principal amount of $_____ (the "Series Bonds"), to provide funds needed to finance the acquisition and rehabilitation of a multifamily

housing development in Eveleth, Minnesota (the "Development"). The Series A-1 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 25-089, adopted December 18, 2025, 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 A-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series A-1 Bonds, and the terms upon which the Bonds, including the Series A-1 Bonds, are issued, delivered and secured. The Series A-1 Bonds are issued contemporaneously with the Agency's Rental Housing Bonds, 2026 Series A-2.

The Series A-1 Bonds are issuable only in fully registered form. The Series A-1 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 A-1 Bonds are subject to special, sinking fund and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Series Resolution.

Notice of any redemption of Series A-1 Bonds will be mailed to the registered Holders of the Series A-1 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 A-1 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series A-1 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 A-1 Bonds not affected by such failure or defect. Notice having been so mailed, the Series A-1 Bonds or portions of Series A-1 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 A-1 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 A-1 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 A-1 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 A-1 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 A-1 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 St. Paul, 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 A-1 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series A-1 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 A-1 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 A-1 Bond, so long as this Series A-1 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 A-1 Bond, and shall give all notices with respect to this Series A-1 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.

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Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series A-1 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 A-1 Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series A-1 Bond to be dated as of the date set forth below.

Date of Authentication: _____

Trustee's Certificate	MINNESOTA HOUSING FINANCE AGENCY
This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.	By: _____ Chair (Facsimile Signature)
COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, St. Paul, Minnesota, as successor trustee	
By: _____ Authorized Representative	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:

_____

EXHIBIT C

FORM OF 2026 SERIES A-2 BONDS

No.___ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2026] SERIES [A]-2

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 [August 1, 2026], 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 A-2 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 St. Paul, 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 A-2 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 A-2 Bond is not a debt of the State.

This Series A-2 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [A]-2, issued in the original aggregate principal amount of $_____ (the "Series Bonds"), to provide funds needed to finance the acquisition and rehabilitation of a multifamily

housing development in Eveleth, Minnesota (the "Development"). The Series A-2 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 [25-___] adopted December 18, 2025, 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 A-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series A-2 Bonds, and the terms upon which the Bonds, including the Series A-2 Bonds, are issued, delivered and secured. The Series A-2 Bonds are issued contemporaneously with the Agency's Rental Housing Bonds, 2026 Series A-1.

The Series A-2 Bonds are issuable only in fully registered form. The Series A-2 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 A-2 Bonds are subject to special and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Series Resolution.

Notice of any redemption of Series A-2 Bonds will be mailed to the registered Holders of the Series A-2 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 A-2 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series A-2 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 A-2 Bonds not affected by such failure or defect. Notice having been so mailed, the Series A-2 Bonds or portions of Series A-2 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 A-2 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 A-2 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 A-2 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 A-2 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 A-2 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 St. Paul, 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 A-2 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series A-2 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 A-2 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 A-2 Bond, so long as this Series A-2 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 A-2 Bond, and shall give all notices with respect to this Series A-2 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 A-2 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 A-2 Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series A-2 Bond to be dated as of the date set forth below.

Date of Authentication: _____

Trustee's Certificate	MINNESOTA HOUSING FINANCE AGENCY
This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within. COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, St. Paul, Minnesota, as successor trustee	By: _____ Chair (Facsimile Signature)
By: _____ Authorized Representative	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:

_____

PRELIMINARY OFFICIAL STATEMENT DATED [_____], 2026

NEW ISSUE

Ratings: **Moody's: "[__]"**
S&P: "[__]"
(See "RATINGS" herein)

Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the 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.

$4,190,000*
MINNESOTA HOUSING FINANCE AGENCY
$1,360,000* Rental Housing Bonds, 2026 Series A-1 (Non-AMT)
$2,830,000* Rental Housing Bonds, 2026 Series A-2 (Non-AMT)

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

Tax Exemption	Interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series Bonds is excludable in 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 and, with respect to the 2026 Series A-1 Bonds, by sinking fund 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 [_____] 1, 2026.*
Denominations	$5,000 or any integral multiple thereof.
Closing/Settlement	On or about [_____], 2026* 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 St. Paul, 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

_____, 2026.

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The issuer has deemed this Preliminary Official Statement final, as of its date, except for information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES*

$,000 2026 Series A-1 Bonds

$___,000 ___% Series A-1 Term Bonds Due August 1, 2035 (CUSIP †)
$___,000 ___% Series A-1 Term Bonds Due August 1, 2045 (CUSIP †)
$___,000 ___% Series A-1 Term Bonds Due August 1, 2055 (CUSIP †)
$___,000 ___% Series A-1 Term Bonds Due August 1, 2066 (CUSIP †)

$2,830,000 2026 Series A-2 Bonds

Maturity Date	Principal Amount	Interest Rate	CUSIP†
August 1, 2026	$2,830,000	____%	

Price of all Series Bonds — _____%

*Preliminary, subject to change.

†CUSIP data used in this Official Statement is provided by FactSet Research Systems. CUSIP is a registered trademark of American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Agency nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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

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

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

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

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

TABLE OF CONTENTS

INTRODUCTION 4
THE AGENCY 5
THE DEVELOPMENT 13
THE SERIES BONDS 14
SECURITY FOR THE BONDS 17
THE RENTAL HOUSING PROGRAM 19
OTHER PROGRAMS 27
TAX EXEMPTION AND RELATED CONSIDERATIONS 27
LITIGATION 29
LEGAL MATTERS 29
FINANCIAL ADVISOR 29
RATINGS 29
TRUSTEE 29
UNDERWRITING 30
MISCELLANEOUS 30

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

APPENDIX B-1
AUDITED FINANCIAL STATEMENTS OF THE AGENCY AS OF JUNE 30, 2025 ..... B-1-1

APPENDIX B-2
FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF SEPTEMBER 30, 2025 AND FOR THE THREE MONTHS THEN ENDED (UNAUDITED) B-2-1

APPENDIX C
SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING C-1

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

APPENDIX E
BOOK-ENTRY-ONLY SYSTEM E-1

APPENDIX F
FORM OF OPINION OF BOND COUNSEL F-1

OFFICIAL STATEMENT

relating to
$4,190,000*
MINNESOTA HOUSING FINANCE AGENCY
$1,360,000* Rental Housing Bonds, 2026 Series A-1 (Non-AMT)
$2,830,000* Rental Housing Bonds, 2026 Series A-2 (Non-AMT)

This Official Statement (which includes the cover, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2026 Series A-1 in the principal amount of $1,360,000* (the "Series A-1 Bonds") and its Rental Housing Bonds, 2026 Series A-2 in the principal amount of $2,830,000* (the "Series A-2 Bonds" and together with the Series A-1 Bonds, 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 February 27, 2025 (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 $[199,560,000] as of September 30, 2025, 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 include definitions of capitalized terms used in this Official Statement, some of which are reproduced in this Official Statement. The summaries and references in this Official Statement to the Act, the Resolutions and other documents are only outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references in this Official Statement to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by the complete text of the Act and the Resolutions, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete forms thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota (the "State"). The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of 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 72 and 73 under the heading "Net Position — Restricted by Covenant."

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use of

*Preliminary, subject to change.

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 for the following purposes: (i) proceeds of the Series A-1 Bonds will be used primarily to fund a long-term first lien mortgage loan, and (ii) proceeds of the Series A-2 Bonds will be used to fund a short-term second lien mortgage loan, both to a private owner, that will finance a portion of the costs of acquisition and construction of a multifamily housing development in Eveleth, 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 those programs only to the extent of interest earnings on the appropriations or as otherwise permitted by the legislation establishing those programs. The appropriations are not available to pay debt service on the Bonds.

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

THE AGENCY

Purpose

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

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The 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 2028, Marshall, Minnesota – Magnetics Engineer

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

Melanie Benjamin, Member — Term expires January 2029, Onamia, Minnesota – Consultant

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

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

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

Terri Thao, Vice Chair — Term expires January 2028, St. Paul, Minnesota – Program Director

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*Continues to serve until a successor is appointed and qualified.

Staff

The staff of the Agency presently consists of approximately 315 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State provides certain legal services to the Agency.

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

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

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner 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.

Debbi Larson — Executive Finance Officer appointed effective November 2024. Ms. Larson was Director of Finance from December 2019 to November 2024 and Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to those positions, 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. Ms. Larson has announced her upcoming retirement, effective February 2026. The Agency is currently engaged in a search for her replacement.

Matthew Dieveney — Executive Investment Officer appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

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

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

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

Independent Auditors

The financial statements of the Agency as of and for the year ended June 30, 2025, included in this Official Statement as Appendix B-1, have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing herein. Eide Bailly LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2025. Eide Bailly 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, 2025 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board.

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages [74 through 77] under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2025, with respect to MSRS was $[6.694] million. The Agency's total net pension liability and post-employment benefits liability was $[8.963] million as of June 30, 2025.

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 three months ended September 30, 2025. 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, 2026, 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, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency's Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

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

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

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

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent available therein, those funds 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 $493.284 million, representing the combined net position of these funds so calculated as of June 30, 2025. 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, 2025 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages [72 and 73] under the heading "Net Position — Restricted by Covenant."

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 three-month period ended September 30, 2025 (unaudited) (in thousands): [TO BE UPDATED]

	Three months Ended September 30, 2024 (unaudited)	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024
Operating revenues			
Fees earned and other income[(1)]	$9,187	$16,673	$14,901
Administrative reimbursement[(2), (3)]	29,481	53,341	34,949
Total operating revenues	38,668	70,014	49,850
Operating expenses			
Salaries and benefits	20,808	40,708	29,219
Other general operating expenses	4,651	6,058	5,574
Total operating expenses	25,459	46,766	34,793
Operating income (loss)	13,209	23,248	15,057
Nonoperating revenues (expenses)			
Interest earned on investments other	567	1,219	823
Interest	(122)	(297)	(359)
Total nonoperating revenues (expenses)	445	922	464
Income (loss) before transfers and contributions	13,654	24,170	15,521
Non-operating transfer of assets and program contributions between funds[(4)]	(13,655)	(23,328)	(14,363)
Non-operating expenses	------	------	(599)
Change in net position	(1)	842	599
Net position beginning of period	10,332	9,490	8,891
Net position end of period	$10,331	$10,332	$9,490

(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, through June 30, 2025, the total appropriations to the Agency aggregated approximately $1.637 billion. For the biennial period ending June 30, 2027, the Legislature has appropriated approximately $183.9 million to the Agency.

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

Agency Indebtedness

The principal amount of general obligation 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 $9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of September 30, 2025: [TO BE UPDATED]

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	20	2066	$ 200,410	$ 199,560
Residential Housing Finance Bonds.....	107	2055	5,942,745	4,319,030
Homeownership Finance Bonds.....	59	2052	2,674,572	899,299
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	12,140
General Purpose Bonds……..	1	2039	60,000	58,605
Totals.....	188		$8,892,727	$5,488,634

*Does not include series of bonds or the original principal amount of any bonds that had been, as of February, 2025, 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.

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 $565,000,000. The Agency has issued 33 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2024 in an aggregate principal amount of $511,090,000 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 previously amended (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 26, 2026, 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 0.65%) and may not exceed $75,000,000 at any time, and the cumulative amount of the advances made may not exceed $2,000,000,000. 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. As of the date hereof, the Agency has requested advances in the aggregate principal amount of $[_____], $[_____] of which is outstanding.

Agency Continuity of Operations Plan

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

Cybersecurity

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

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

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

THE DEVELOPMENT

The Development

The Agency intends to use the proceeds of the Series A-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series A-2 Bonds to make a short-term second lien Mortgage Loan that will finance a portion of the costs of the acquisition and construction of a multifamily housing development. The Development, preliminarily known as Hilltop Manor, will be the acquisition and construction of a [__]-story [elevator] building, located in Eleveth, Minnesota. The Development will have 54 residential units. The total development cost is estimated to be approximately $15.116 million. The Development is expected to be completed by [_____]. The Development will be acquired and constructed by Trellis Hilltop Manor Developer LLC, a Minnesota limited liability company.

The Agency expects to use the proceeds of the Series A-1 Bonds to be deposited in the Mortgage Loan Account to make a first lien Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The first lien Mortgage Loan, in the principal amount of $1.360 million* will be amortized in level monthly payments of principal and interest, commencing on [August 1], 2026,* over a term of 40 years. The first lien Mortgage Loan has been established in an amount estimated to be supported by the net operating income of the Development. (See "The Rental Housing Program—Low and Moderate Income Rental Program.") The Agency expects to use the proceeds of the Series A-2 Bonds to be deposited in the Mortgage Loan Account to make a non-amortizing second lien bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. That bridge

*Preliminary, subject to change.

Mortgage Loan, in the total principal amount of $2.830 million,* will mature in full on [___], 2027.* The Mortgage Loans will not be insured but will be secured in part by completion, repayment and operations guaranties from Olmsted County Housing and Redevelopment Authority. The Agency will also make a zero percent deferred payment loan in the aggregate principal amount of $[___] million for the benefit of the Development. The bridge Mortgage Loan is expected to be repaid from a portion of that loan together with equity contributions from the tax credit investor.

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

[[All] of the units in the Development will be benefited from rental assistance with a 15 year term, provided by [_____].]

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	$____,000*
Funds Available to the Agency	_____
Total Sources of Funds	$_____.
Uses:	
Series F Mortgage Loan Account	$____,000*
Revenue Fund	
Debt Service Reserve 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, St. Paul, Minnesota, serves as successor Trustee under the Bond Resolution.

The Series A-1 Bonds will be issued as term bonds in the denominations of $5,000 or any integral multiple thereof each of a single stated maturity. The Series A-2 Bonds will be issued as bonds of a single stated maturity in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the dates and in the amounts set forth on the inside front cover hereof.

Each series of the Series Bonds bears interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2026,* at the respective rates set forth on the inside front cover hereof until payment of the principal or redemption price of those Series Bonds. As long as a series of the Series Bonds is in book-entry form, interest on those 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.")

*Preliminary, subject to change.

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.

Sinking Fund Redemption of Series A-1 Bonds*

The Series A-1 Term Bonds are subject to mandatory sinking fund redemption in part on each February 1 and August 1 in the applicable years at the principal amount to be redeemed plus accrued interest, without premium, from funds in the Sinking Fund Account, as set forth in the following tables:

Series A-1 Bonds Due August 1, 2035

Date	Principal Amount	Date	Principal Amount
February 1, 2027	$,000	August 1, 2031	$,000
August 1, 2027	,000	February 1, 2032	,000
February 1. 2028	,000	August 1, 2032	,000
August 1, 2028	,000	February 1, 2033	,000
February 1, 2029	,000	August 1, 2033	,000
August 1, 2029	,000	February 1, 2034	,000
February 1, 2030	,000	August 1, 2034	,000
August 1, 2030	,000	February 1, 2035	,000
February 1, 2031	,000	August 1, 2035 (maturity)	,000

Series A-1 Bonds Due August 1, 2045

Date	Principal Amount	Date	Principal Amount
February 1, 2036	$,000	February 1, 2041	$,000
August 1, 2036	,000	August 1, 2041	,000
February 1, 2037	,000	February 1, 2042	,000
August 1, 2037	,000	August 1, 2042	,000
February 1, 2038	,000	February 1, 2043	,000
August 1, 2038	,000	August 1, 2043	,000
February 1, 2039	,000	February 1, 2044	,000
August 1, 2039	,000	August 1, 2044	,000
February 1, 2040	,000	February 1, 2045	,000
August 1, 2040	,000	August 1, 2045 (maturity)	,000

Series A-1 Bonds Due August 1, 2055

Date	Principal Amount	Date	Principal Amount
February 1, 2046	$,000	February 1, 2051	$,000
August 1, 2046	,000	August 1, 2051	,000
February 1, 2047	,000	February 1, 2052	,000
August 1, 2047	,000	August 1, 2052	,000
February 1, 2048	,000	February 1, 2053	,000
August 1, 2048	,000	August 1, 2053	,000
February 1, 2049	,000	February 1, 2054	,000
August 1, 2049	,000	August 1, 2054	,000
February 1, 2050	,000	February 1, 2055	,000
August 1, 2050	,000	August 1, 2055 (maturity)	,000

*Preliminary, subject to change.

Series A-1 Bonds Due August 1, 2066

Date	Principal Amount	Date	Principal Amount
February 1, 2056	$,000	August 1, 2061	,000
August 1, 2056	,000	February 1, 2062	,000
February 1, 2057	,000	August 1, 2062	,000
August 1, 2057	,000	February 1, 2063	,000
February 1, 2058	,000	August 1, 2063	,000
August 1, 2058	,000	February 1, 2064	,000
February 1, 2059	,000	August 1, 2064	,000
August 1, 2059	,000	February 1, 2065	,000
February 1, 2060	,000	August 1, 2065	,000
August 1, 2060	,000	February 1, 2066	,000
February 1, 2061	,000	August 1, 2066 (maturity)	,000

Upon optional redemption of Series A-1 Bonds or any purchase and cancellation thereof by the Agency, the principal amount of such Series A-1 Bonds so redeemed or purchased may be credited toward one or more Sinking Fund Installments thereafter to become due on Series A-1 Bonds in the manner specified by the Agency. The portion of any Sinking Fund Installment remaining after the deductions credited to such payments is the unsatisfied balance of such Sinking Fund Installment with respect to the Series A-1 Bonds for the purpose of calculating the payment due on or scheduled for a future date.

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, together with amounts allocable to the Development on deposit in the Debt Service Reserve Fund; and (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, Recovery Payments or Prepayments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments or Prepayments 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 or Prepayments.

Optional Redemption*

The Agency may redeem the Series A-1 Bonds at its option, in whole or in part, on any date on or after [August 1, 2034], 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. The Agency may redeem the Series A-2 Bonds at its option, in whole or in part, on any date on or after [_____] 1, 2027, 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 other than upon mandatory sinking fund redemption will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the series and principal amount of the Series Bonds to be redeemed. If less than all Series Bonds of a series 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

*Preliminary, subject to change.

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 is not liable for the payment of the Bonds, including the Series Bonds, and the Series Bonds are not a debt of the State.

Mortgage Loans

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

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

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together

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

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of September 30, 2025 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[*]

The Debt Service Reserve Requirement for the Series A-1 Bonds is $[__,000]. Upon issuance of the Series A-1 Bonds, not less than $[__,000] will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series A-1 Bonds; such deposit may be made from proceeds of the Series A-1 Bonds, a contribution from the Agency, or a combination thereof.

No funds will be credited to the Debt Service Reserve Fund with respect to the Series A-2 Bonds (and the Debt Service Reserve Requirement in respect of the Series A-2 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 short-term portion of the Mortgage Loan funded by the Series A-2 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 $[8,305,473][*] 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

[*]Preliminary, subject to change.

> 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, under current law the State Legislature is legally authorized, *but is not legally obligated,* to appropriate those amounts.

Additional Bonds

The Bond Resolution permits the Agency to issue additional Bonds, upon the adoption of a series resolution, to provide funds for the purpose of financing the making of Mortgage Loans for Developments, or financing Mortgage Loans previously made from moneys in the Housing Investment Fund, 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 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 September 30, 2025 for the programs as listed above:

Rental Housing Program Mortgage Loan Program Summary as of September 30, 2025 [TO BE UPDATED]

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments/Asset Management Program*	10	853	$ 20,768,658	8.08%
Low and Moderate Income Rental Program**	107	5,856	235,115,705	91.47
Market Rate Mortgage Loan Program	2	163	1,159,073	0.45
	119	6,872	$257,043,436	100.00%

*Includes eight HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 742 aggregate units and an aggregate outstanding loan amount of $19,809,721.

**Includes 38 HUD Risk-Sharing loans for Developments with 2,577 aggregate units and an aggregate outstanding loan amount of $155,127,634, including one loan for a Development with 30 units and an aggregate outstanding loan amount of $1,742,784 that was a refinance of an existing third-party loan, and seven bridge loans for Developments with 482 units and an aggregate outstanding loan amount of $37,875,000.

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, 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, 2026. 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. 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 offers other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State. The assets devoted to these programs are briefly described in the Notes to the Financial Statements in Appendix B-1 to this Official Statement.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Series Bonds – Federal Tax Matters

General. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Code, and interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax

imposed on individuals. Interest on the Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series Bonds. Failure to comply with such requirements could cause interest on the Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series Bonds.

The accrual or receipt of interest on the Series Bonds may otherwise affect the federal income tax liability of the owners of the Series Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix F.

State Tax Matters

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.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding, or selling tax-exempt obligations.

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 or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinions expressed by Bond Counsel are based on 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.

PROSPECTIVE PURCHASERS OF THE SERIES BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES BONDS.

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.

RBC Capital Markets, LLC ("RBCCM") has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds.

The Underwriter is a subsidiary of Royal Bank of Canada.

MISCELLANEOUS

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

_____, 2026.

APPENDIX A

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

APPENDIX B-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX B-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF SEPTEMBER 30, 2025 AND FOR THE THREE MONTHS THEN ENDED (UNAUDITED)

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 "Annual Financial Information Disclosure" herein.

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

"*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, that Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and that person or entity provides to the Trustee evidence of 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 another address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of that information.

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

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

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2026, by one of the following methods: (i) the Agency may deliver that Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent that Official Statement includes that Annual Financial Information and Audited Financial Statements.

The Agency must deliver the information in Prescribed Form and by the time so that those entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency 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 that have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of such change in Prescribed Form.

Listed Events Disclosure

The Agency 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 that 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 will be terminated when the Agency no longer has any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if the Undertaking is terminated before the final stated maturity of the Series Bonds.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update that information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the 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 that disclosure, the names of the entities with whom such disclosure was filed and the date of filing that 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)).

Alternative Loan Fund: The fund so designated in the RHFB Resolution that is maintained pursuant to Section 4.12 of the RHFB Resolution.

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.

Housing Investment Fund: The portion of the Alternative Loan Fund, designated by the Net Asset Requirements Resolution as Pool 2 (Housing Investment Fund).

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) .

Net Asset Requirements Resolution: Resolution No. MHFA 07-16 entitled "Resolution Amending Resolution No. MHFA 88-7 Regarding Net Asset Requirements and Investment Guidelines for General Reserve Account Assets" adopted April 26, 2007, as subsequently amended by Resolution No. MHFA 09-55 adopted September 24, 2009.

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.

RHFB Resolution: Resolution No. MHFA 95 82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76 32, adopted July 27, 1976, as amended), together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein.

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, moneys in the Housing Investment Fund or moneys otherwise available to the Agency for purposes of making Mortgage Loans, (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 each series of 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 and series 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 another 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 of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the series 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 one or both series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, the Series Bonds of that series 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 one or both series of the Series Bonds. In that event, the Series Bonds of that series are to be delivered as described in the Resolutions.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

_____, 2026

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2026 Series A-1
2026 Series A-2

To Whom It May Concern:

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, 2026 Series A-1, in the aggregate principal amount of $_____ (the "2026 Series A-1 Bonds") and its Rental Housing Bonds, 2026 Series A-2, in the aggregate principal amount of $_____ (the "2026 Series A-2 Bonds" and, together with the 2026 Series A-1 Bonds, the "2026 Series A Bonds"), each series of which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2026 Series A Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2026 Series A Bonds are subject to optional, mandatory 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 2026 Series A Bonds adopted December 18, 2025 (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 2026 Series A 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 2026 Series A 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 2026 Series A 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 2026 Series A 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 2026 Series A 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 2026 Series A 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 2026 Series A 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 2026 Series A Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2026 Series A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2026 Series A 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 2026 Series A Bonds. All owners of 2026 Series A Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations 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 2026 Series A Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2026 Series A 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 2026 Series A Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2026 Series A 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,

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MINNESOTA HOUSING

Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)

Action Item: 7.C
Date: 12/18/2025
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Resolution

Request Summary

Agency staff are preparing to issue bonds under the Residential Housing Finance Bond (RHFB) Resolution to finance the acquisition of mortgage-backed securities that fund the origination of single-family mortgages, to potentially finance the origination of certain down payment and closing costs loans, as well as to periodically refund certain outstanding RHFB debt. This resolution authorizes additional fixed-rate RHFB bonds in an amount up to $600 million through December 31, 2027. The initial bond offering utilizing a portion of this authority will likely be designated 2026 Series D. The RHFB 2026 Series DE bond issue is expected to be sized at approximately $75 million and to price in February 2026 and close in March 2026. The attached Preliminary Official Statement describes the next anticipated RHFB transaction, RHFB 2026 Series ABC.

Fiscal Impact

The upcoming transactions will enable the Agency to put interest-earning mortgage assets on the balance sheet at a profitable spread such that the Agency builds the sustainability of future income.

Agency Priorities

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

Attachments

- Series Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 25-090

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE BONDS, 2026/2027 SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

(A) General Provisions. By Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Residential Housing Finance Bonds to be issued for the purposes of its Program of facilitating the purchase, development or rehabilitation of residential housing in the State of Minnesota at prices that persons and families of low and moderate income can afford. Terms used but not defined in this resolution will have the meanings given those terms in the Bond Resolution.

This resolution (the "Series Resolution") is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of one or more Series of Bonds of the Agency to be sold on one or more dates prior to December 31, 2027, the first Series of which may be designated as "Residential Housing Finance Bonds, 2026 Series D", in the aggregate principal amount to be determined pursuant to the terms of Section 2(E) of the Series Resolution, with additional Series of Bonds designated as "Residential Housing Finance Bonds, [2026][2027] Series __," with the blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of Series; any Series issued pursuant to this Series Resolution may additionally be designated with "(Mortgage-Backed Securities Pass-Through Program)". The maximum aggregate principal amount of all Series of Bonds issued pursuant to the Series Resolution must not exceed $600,000,000; the number of Series of the Series Bonds and their corresponding principal amounts will be as determined by an Authorized Officer pursuant to Section 2(E) of the Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of the Series Resolution. All the Series of Bonds issued pursuant to the Series Resolution are the "Series Bonds."

(B) Appointment of Trustee. Pursuant to Section 8.1 of the Bond Resolution, Computershare Trust Company, National Association has been appointed as successor Trustee under the Bond Resolution and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Bond Resolution, in trust for the Owners of Bonds issued and to be issued thereunder.

Section 2. Authorization of Series Bonds.

(A) Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds for the purpose of providing funding for the Program, and in particular for the making and purchase of DPA Loans, and Program Securities backed by pools of Program Loans,

that constitute qualified Program Loans in accordance with the provisions of Section 143 of the Code and Sections 10 and 11 of the Series Resolution and the Series Program Determinations made for the Series Bonds in Section 7 of the Series Resolution. This funding will be provided by:

(i) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount to be determined by an Authorized Officer pursuant to Section 2(E) of the Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution and deposit the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 8(A) of the Series Resolution to be expended for the Program; and/or

(ii) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount determined by an Authorized Officer pursuant to Section 2(E) of the Series Resolution and to be set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution to the refunding, on the date or dates to be determined by the Agency, of certain outstanding obligations of the Agency to be listed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the "Refunded Bonds"), and the deposit of certain transferred assets together with transferred loans and securities, if any (as hereinafter defined, the "Transferred Program Obligations"), and certain "transferred," "replacement" and sale proceeds that will become allocable to the Series Bonds upon the refunding of certain series of the Refunded Bonds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 9 of the Series Resolution to be expended for the Program.

(B) Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency intends to treat all Tax-Exempt Series Bonds (as defined herein) sold on the same date as a single issue of bonds.

(C) Pledge. The pledge made and security interests granted in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the Series Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and resolved herein, except as otherwise expressly provided therein or in a Series Resolution as permitted thereby.

(D) Approval of Contract of Purchase. The Agency will negotiate for the sale of the Series Bonds issued pursuant to this Series Resolution to RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co., Wells Fargo Bank, National Association, and Northland Securities, Inc., or any other investment bank(s) approved by adoption of a resolution of the Agency.

(E) Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds, subject to the following parameters (the "Series Bonds Parameters"):

(i) the principal amount of each Series of the Series Bonds; provided that the aggregate principal amount of all Series of the Series Bonds is not in excess of $600,000,000;

(ii) the maturity schedule of each Series of the Series Bonds (including any mandatory sinking fund schedule); provided that the Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof;

(iii) the interest rates borne by each Series of the Series Bonds; provided that the combined yield on the Series Bonds issued on a particular Issue Date does not exceed 9.00% per annum; and

(iv) the fee or other compensation payable to the Underwriters of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase (each a "Purchase Contract") with the Underwriters by an Authorized Officer. The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the related Series Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute Purchase Contracts on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The final terms of the Series Bonds, including any mandatory sinking fund provisions for the Series Bonds, other redemption provisions and the purchase price of the Series Bonds, will be set forth in the Agency Certificate(s) to be delivered pursuant to Section 8(A)(5) of the Series Resolution.

(F) Official Statement. The Agency has examined a draft of the form of the Preliminary Official Statement of the Agency, to be dated the date of distribution thereof, containing information relating to the Agency and the Series C Bonds; the form of the Preliminary Official Statement with respect to subsequent Series of the Series Bonds will be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether the Series is intended to be bonds the interest on which is excludable from gross income for federal income tax purposes ("Tax-Exempt Series Bonds"), all as approved by an Authorized Officer and subject to the limitations of Section 2(E) of the Series Resolution. An Authorized Officer is hereby authorized to (i) approve a final version of the Preliminary Official Statement describing the proposed terms of, and number of Series of, the Series Bonds to be issued and the use thereof by the Underwriters in the public offering of the Series C Bonds, and (ii) approve any Preliminary Official Statements in substantially similar form to be used by the Underwriters in connection with any additional Series of the Series Bonds authorized by the Series Resolution. Final Official Statements, substantially in the form of the related Preliminary

Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the related Series Bonds as provided in the related Purchase Contract, are approved and authorized to be signed by an Authorized Officer, and furnished to the Underwriters for distribution to investors.

(G) Approval of Continuing Disclosure Undertaking. The Agency has received and examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of Series Bonds, with the revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

Section 3. Forms of Series Bonds. Each of the Series Bonds will be prepared in substantially the form appearing as Exhibits A (which is hereby incorporated herein and made a part hereof), with the additions, deletions or modifications as are permitted or required by the Bond Resolution or the Series Resolution.

Section 4. Terms.

(A) Issue and Interest Payment Dates; Denominations; Manner of Payment; Execution and Delivery. The Issue Date of the Series Bonds will be the date of original delivery thereof. The Series Bonds of each Series will be issued as fully registered Bonds in denominations as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution. Interest will accrue on the outstanding principal amount of the Series Bonds in the manner as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution, and be paid on the dates as set forth in that Agency Certificate (the Interest Payment Dates for those Series Bonds). Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series Bonds will be paid by check or draft mailed to the Owner as shown on the registration books of the Agency maintained by the Trustee on the 15th day of the calendar month immediately preceding the Interest Payment Date (the "Record Date") or, upon the written request of an Owner of Series Bonds of a Series in an aggregate principal amount of at least $100,000, in form satisfactory to the Trustee, by wire transfer on each Interest Payment Date from the Trustee to a domestic bank or trust company designated by the Owner; provided, however, that so long as all of the outstanding Series Bonds of a Series are registered in the name of The Depository Trust Company ("DTC") or its designee, or other securities depository, payment will be made in accordance with the operational arrangements of DTC or its designee, or other securities depository, as agreed to by the Agency. The principal of and any redemption premium on the Series Bonds of a Series will be payable at the designated corporate trust office of the Trustee upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption thereof; provided, however, that so long as all outstanding Series Bonds of a Series are registered in the name of DTC or its designee, or other securities depository, DTC or any other securities depository may, in its discretion, make a notation on any Series Bond of the Series indicating the date and amount of any reduction of principal except in the case of final maturity or payment in full, in which case the Series Bonds

of the Series will be surrendered to the Trustee for payment. The Series Bonds will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each Series Bond will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each Series Bond, attesting that it is delivered pursuant to the Bond Resolution and the Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 8 of the Series Resolution.

(B) Maturities, Interest Rates and Redemption. The Series Bonds will mature on the date or dates and in the principal amounts, will bear interest at the rate or rates per annum, and will be subject to redemption as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of the Series Resolution, all subject to the limitations of the Series Bonds Parameters set forth in Section 2(E) of the Series Resolution.

(C) Manner of Redemption.

(i) Mandatory Redemption. Notice of the date or amount of any mandatory redemption of any Series Bond redemption (other than through mandatory sinking fund installments, if any) will be given to any Bondowner as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

If Series Bonds are to be redeemed in part upon any mandatory redemption, each of the Series Bonds then outstanding will be redeemed as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(ii) Optional Redemption. Notice of any optional redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the Owners of those Series Bonds, or, if all Outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, the Trustee must give notice to the Bond Depository in accordance with its operational arrangements, in each case not less than 30 days before the optional redemption date. Upon an optional redemption of the Series Bonds, the principal amount of the Series Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and this Series Resolution. Upon redemption of any of the Series Bonds that are Term Bonds (other than through sinking fund installments), an Authorized Officer will also determine and certify to the Trustee the years in which and the amounts by which the Sinking Fund Installments, if any, referred to in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution are to be reduced, in the manner that the aggregate reduction equals the aggregate principal amount of the Series Bonds so redeemed.

If less than all Series Bonds are to be optionally redeemed, the Series Bonds to be optionally redeemed will be selected (i) as DTC determines under

DTC's current operational arrangements, or (ii) if the Series Bonds are held under the name of another Bond Depository, under the operational arrangements of that Bond Depository. All actions of the Agency and the Trustee in the redemption of Series Bonds must conform to the provisions of Article V of the Bond Resolution and this Series Resolution.

Section 5. [Reserved]

Section 6. Securities Depository.

(A) Definitions. For purposes of this Section 6, the following terms have the following meanings:

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

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

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

(B) General Provisions. The Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one Series Bond will be issued in the principal amount of each Series and stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds will be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series Bonds under the Bond Resolution or the Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an Owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal or purchase price of, premium, if any, and interest on the Series Bonds, with respect to any notice that is permitted or required to be given to owners of Series Bonds under the Bond Resolution or the Series Resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption or mandatory tender of the Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee will pay all principal and purchase price of, premium, if any, and interest on the Series Bond, and will give all notices with respect to the Series Bond, only to Cede & Co. in

accordance with DTC's Operational Arrangements, and all the payments must be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to the new nominee in accordance with Subsection (D) of this Section 6.

(C) Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the Series Bonds or any Series thereof, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series Bonds of the Series in the form of certificates. In that event, the Series Bonds of the Series will be transferable in accordance with Subsection (D) of this Section 6. DTC may determine to discontinue providing its services with respect to the Series Bonds or one or more Series at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In that event the Series Bonds of that Series will be transferable in accordance with Subsection (D) of this Section 6.

(D) Transfer and Exchange. In the event that any transfer or exchange of Series Bonds is permitted under Subsection (B) or (C) of this Section 6, the transfer or exchange will be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and the Series Resolution. In the event Series Bonds of a Series in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series Bonds, or another securities depository as Owner of all the Series Bonds, the provisions of the Bond Resolution and the Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the Series Bonds in the form of bond certificates, the method of payment of principal and purchase price of, redemption premium, if any, and interest on the Series Bonds and the method of giving notice of redemption and other events.

Section 7. Series Program Determinations for the Series Bonds; Covenants.

(A) Definitions. As used in this Section 7 and in Sections 9 and 11 of the Series Resolution, the following terms have the following respective meanings:

2026/2027 Series Program Loan: A DPA Loan, a Transferred Program Loan, or a Pooled 2026/2027 Series Program Loan.

2026/2027 Series Program Security: A Program Security financed in whole or in part with amounts on deposit in the 2026/2027 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2026/2027 Series Program Loans less the applicable servicing fee and guaranty fee.

Conventional Mortgage Loan: A 2026/2027 Series Program Loan other than a DPA Loan, an FHA Insured Program Loan, a VA Guaranteed Program Loan or a USDA Rural Development Guaranteed Program Loan, satisfying the requirements of Fannie Mae or Freddie Mac, as applicable.

Defaulted DPA Loan: A DPA Loan on which (a) payments are 60 days in arrears, in the case of interest-bearing DPA Loans, and/or (b) payment is not made on the sale or transfer of the property, or when the property is no longer occupied by the Mortgagor; a Defaulted DPA Loan does not include a DPA Loan as to which all defaults have been cured to the satisfaction of the Agency.

Defaulted Transferred Mortgage Loan: A Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

Delivery Period: If all Program Securities allocable to a Series of Bonds will not be purchased on the date of issuance of that Series of Bonds, the period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period will be as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, unless extended by the Agency pursuant to Section 7(E) of the Series Resolution; provided the Delivery Period may not be extended beyond the Final Delivery Period Extension Date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the Issue Date of any related Tax-Exempt Series Bonds.

DPA Loan: Junior lien Program Loans which are either (a) interest-free, deferred payment loans or (b) interest-bearing, amortizing ten year term loans, and in each case, made by the Agency for down payment and closing cost assistance in connection with a first lien Program Loan purchased or financed by the Agency; each interest-bearing DPA Loan shall have an interest rate equal to the interest rate of the applicable first lien Program Loan.

Fannie Mae: The Federal National Mortgage Association, or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae program security or UMBS, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

FHA Insurance: FHA mortgage insurance issued under one of the FHA Insurance programs pursuant to the National Housing Act, including but not limited to: (a) FHA §203(b), Home Unsubsidized; (b) FHA §234(c), Condominiums; (c) FHA §203(b)(2), Veteran's Status, or (d) FHA Section 184, Indian Housing Loans.

FHA Insured: Insured by FHA Insurance.

Final Delivery Period Extension Date: The date as set forth in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that

the Final Delivery Period Extension Date may not be greater than 42 months from the Issue Date of the related Tax-Exempt Series Bonds.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security or UMBS, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

GNMA: The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq*.).

GNMA Security: A GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Master Servicer in the name of the Trustee in exchange for Program Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and backed by FHA Insured Program Loans, USDA Rural Development Guaranteed Program Loans or VA Guaranteed Program Loans in the related pool.

Home: Real property and improvements in the State, comprising not more than four dwelling units, occupied or to be occupied by one or more persons or families.

Lender: Any of the following institutions making or holding a 2026/2027 Series Program Loan: (i) any bank, savings bank, credit union, mortgage company or nonprofit corporation organized or licensed under the laws of the State or the United States, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) any agency or instrumentality of the United States or the State, or a political subdivision of the State.

Master Servicer: The Person designated as servicer under the Participation Agreements and the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

Master Servicing Agreement: The Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing that agreement.

Mortgage: A mortgage deed, deed of trust, or other instrument securing a 2026/2027 Series Program Loan and constituting a lien on a Home.

Mortgagor: The obligor or joint obligors on a 2026/2027 Series Program Loan.

Participation Agreements: One or more of the Participation Agreements, as amended from time to time, relating to the origination of Program Loans under the Program, either (i) between the Agency, the Master Servicer (with respect to a Participation Agreement relating to Program Loans to be pooled to back Program Securities), and a Lender, or (ii) between the Agency and a Lender (together with a separate participation agreement between the Master Servicer and a Lender with respect to a participation agreement relating to Program Loans to be pooled to back Program Securities).

Pool Purchase Contract: (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer of Pooled 2026/2027 Series Program Loans to Fannie Mae and the servicing thereof, or (ii) any Fannie Mae Pool Purchase Contract between the Agency and Fannie Mae relating to the sale by the Agency of Pooled 2026/2027 Series Program Loans to Fannie Mae and the servicing thereof, or (iii) any Freddie Mac Pool Purchase Contract between the Master Servicer and Freddie Mac relating to the sale by the Master Servicer of 2026/2027 Series Program Loans to Freddie Mac and the servicing thereof.

Pooled 2026/2027 Series Program Loan: A loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note, or a security payable from or evidencing an interest in Program Loans, and financed in whole or in part with amounts on deposit in the 2026/2027 Series Acquisition Account, acquired by the Master Servicer pursuant to Subsection (F) of this Section 7.

Servicer: The Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

Servicing Agreement: A contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

Transferred Program Loans: The Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities, if any.

Transferred Mortgage Loan: The Program Loans allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

Transferred Program Obligations: Collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

Transferred Program Securities: The Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

UMBS: The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019, by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

USDA Rural Development: Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

USDA Rural Development Guaranteed: Guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

VA: The Veterans Administration, an agency of the United States of America, or any successor to its functions.

VA Guaranteed: Guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended.

(B) Debt Service Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Debt Service Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Debt Service Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Insurance Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Insurance Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Insurance Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(D) Requirements for 2026/2027 Series Program Securities. The Agency will designate in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution whether or not the Series Bonds are intended to be Tax-Exempt Bonds. A portion of the sale proceeds of Series Bonds may be used for the purchase of DPA Loans which were made by the Agency in connection with Program Loans backed by Mortgages that are in compliance with the Act and the Program. The sale proceeds of Series Bonds not used to purchase DPA Loans, or to refund certain obligations of the Agency, will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Program Loans were made in accordance with the applicable provisions of the Bond Resolution and the Agency's Mortgage Program Procedural Manual as in effect at the time the

Transferred Program Loans were purchased by the Agency, those provisions will constitute the Series Program Determinations with respect to the Transferred Program Loans, and those Transferred Program Loans will be Program Loans within the meaning of the Bond Resolution and the Series Resolution. Except as expressly provided, the provisions of Subsection (E) of this Section 7 will not apply to the Transferred Program Loans. The provisions of the Agency's Start Up Procedural Manual or its Step Up Procedural Manual, as applicable, and the Master Servicer's lending guide, each as most recently revised and as revised from time to time, the applicable Participation Agreements and the Master Servicing Agreement will be used to administer the financing of the Pooled 2026/2027 Series Program Loans.

(E) Acquisition of 2026/2027 Series Program Securities and DPA Loans. For any Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, prior to and/or during the Delivery Period for each issuance of a Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2026/2027 Series Bond Program Securities as provided in the Master Servicing Agreement. For any Series Bonds not designated as Mortgage-Backed Securities Pass-Through Program, during the Delivery Period for each issuance of a Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2026/2027 Series Program Securities as provided in the Master Servicing Agreement. In each case, the Trustee will disburse moneys from the 2026/2027 Series Acquisition Account related to the Series for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this Subsection (E). The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as approved by an Authorized Officer, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

The Trustee will disburse moneys from the 2026/2027 Series Acquisition Account related to the Series for the acquisition of DPA Loans as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of the Series Resolution.

For any Series Bonds with a Delivery Period, the Agency may at any time transfer any proceeds of a Series of the Series Bonds in a 2026/2027 Series Acquisition Account related to the Series to the 2026/2027 Series Account related to the Series in the Bond Redemption Fund to be applied to the redemption of the Series Bonds. In addition, at the end the Delivery Period related to the Series of Series Bonds, the Agency must transfer from the 2026/2027 Series Acquisition Account related to the Series any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of Series Bonds within 41 days thereafter; provided, however, that (i) for any Delivery Period ending prior to the Final Delivery Period Extension Date, no such redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $500,000, (ii) for any Delivery Period ending on the Final Delivery Period Extension Date, no such redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $250,000, and (iii) the Agency may (instead of redeeming those Series Bonds from unexpended proceeds) extend the related Delivery Period with respect to all or any portion of the unexpended amounts remaining in a 2026/2027 Series Acquisition Account related to the Series, for the period as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the Delivery Period

designated in the related Agency Certificate a Certificate (i) designating the new ending date for that Delivery Period, (ii) certifying that the Agency has delivered a Cash Flow Certificate and a Parity Certificate, prepared by or confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash flow analysis of qualified mortgage bonds, that Cash Flow Certificate and Parity Certificate will accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and the guidelines for the cash flow projections as disclosed by each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2026/2027 Series Acquisition Account related to the Series to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits, if any, required by the Cash Flow Certificate, the Parity Certificate and the guidelines for the cash flow projections of each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with the extension, those deposits must be made on or before the date of expiration of that Delivery Period and must be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received confirmation from each of the Rating Agencies then rating the Bonds that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the 2026/2027 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2026/2027 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2026/2027 Series Account related to those Series Bonds in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of the Series Resolution. At the end of each Delivery Period for a Series of Bonds, including any extension thereof as provided in this Subsection (E), the Trustee must transfer from the 2026/2027 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2026/2027 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2026/2027 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2026/2027 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 4(C) of the Series Resolution; provided, however, as set forth above, provided, however, that (i) for any Delivery Period ending prior to the Final Delivery Period Extension Date, no such transfer and redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $500,000, and (ii) for any Delivery Period ending on the Final Delivery Period Extension Date, no such transfer and redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $250,000. The Delivery Period may not be extended pursuant to this Subsection (E) beyond the Final Delivery Period Extension Date as set forth in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the Final Delivery Period Extension Date may not be greater than 42 months from the Issue Date of the related Tax-Exempt Series Bonds. Notwithstanding any provision in this Subsection (E) to the contrary, the

Trustee must apply amounts in a 2026/2027 Series Acquisition Account related to the Series to the redemption of the Series Bonds in accordance with Section 4(C) of the Series Resolution.

The Agency may participate each 2026/2027 Series Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the 2026/2027 Series Program Security secured, but those interests need not be equal as to interest rate.

(F) Enforcement of Transferred Mortgage Loans and DPA Loans.

(1) Subject to the right of the Agency to modify the Transferred Mortgage Loans and DPA Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan or the Defaulted DPA Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan or the Defaulted DPA Loan. All collection recoveries for Defaulted DPA Loans are subject to any collection recoveries applicable to the related first lien Program Loan.

(2) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan and any Defaulted DPA Loan, or from operation of the Home subject to that Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

(G) Enforcement of 2026/2027 Series Program Securities.

(1) The 2026/2027 Series Program Securities acquired by the Trustee on behalf of the Agency, and the Transferred Program Securities, if any, will be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee will immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee will immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business (a) for Freddie Mac Securities which are not UMBS, on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day) or (b) for Freddie Mac Securities which are UMBS, on the 25th day of each month (or the next Business Day if the 25th day is not a Business Day), the Trustee will immediately demand payment from Freddie Mac.

(2) The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all

obligations of a Master Servicer under and pursuant to a Master Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or the Series Resolution has occurred or is continuing. The Agency will supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Master Servicing Agreement is cancelled or terminated for any reason, the Agency will proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Master Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Master Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Master Servicing Agreement.

(H) [Reserved].

(I) [Reserved].

(J) Information to be Furnished. The Trustee will furnish information concerning the Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

(K) Amendments. This Section 7 of the Series Resolution may be amended subsequent to the issuance of the Series Bonds to reflect changes in requirements applicable to the 2026/2027 Series Program Securities, DPA Loans, or the Transferred Program Obligations; provided that the amendment will become effective only if Bond Counsel renders an opinion to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds from gross income of the owners thereof for federal income tax purposes and if the Agency delivers an Agency Certificate to the Trustee to the effect that the amendment will not impair the Ratings on the Series Bonds by each Rating Agency.

Section 8. Conditions Precedent to Issuance.

(A) Documents Furnished to Trustee. Prior to the delivery of each Series of the Series Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(1) Certified copies of the Bond Resolution and the Series Resolution.

(2) An opinion of counsel to the Agency that the Bond Resolution and the Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge that it purports to create, and that the principal amount of the Series Bonds and other obligations heretofore issued by the Agency does not exceed any legal limitation.

(3) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(4) A Counsel's Opinion that the Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that the Series Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.

(5) An Agency Certificate (i) requesting the Trustee to authenticate the Series Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the related Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into those deposits should be made, (iv) certifying that upon the issuance and delivery of the Series Bonds, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement and the amount on deposit in the Insurance Reserve Fund will be at least equal to the Insurance Reserve Requirement, (v) stating that the issuance of the Series Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding, (vi) stating whether or not the Series of Series Bonds are intended to be Tax-Exempt Bonds, (viii) setting forth whether any of the funds deposited to the related 2026/2027 Acquisition Account may be used for purchase of DPA Loans as provided in Section 7(E) of the Series Resolution, and (viii) setting forth the terms of the Series Bonds to be specified as provided in Section 2(E) and Section 4(C) of the Series Resolution.

(6) An Agency Certificate as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution. A Cash Flow Certificate need not be filed with the Trustee in connection with the issuance of any Series of the Series Bonds.

(7) Written confirmation from each Rating Agency that issuance of the Series Bonds will not impair then existing Rating on the Bonds.

(8) If applicable, evidence that the Agency has given irrevocable instructions of the redemption of all the related Refunded Bonds, if any, and the redemption dates, if any, upon which the related Refunded Bonds are to be redeemed, to the Trustee or to the owners of the related Refunded Bonds or the trustee for those owners, as applicable.

(9) Evidence that money or Government Obligations in an amount sufficient to effect payment of the applicable redemption price, or amount payable on maturity, of the related Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the related Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the related Refunded Bonds were issued, as applicable.

(10) If applicable, an Opinion of Bond Counsel to the effect that issuance of the Series Bonds will not result in interest on the related Refunded Bonds being included in gross income for federal income tax purposes.

(B) Acceptance and Certification by Trustee. Prior to the delivery of any Series of the Series Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A); and that the amounts to be deposited in the Debt Service Reserve Fund and Insurance Reserve Fund, if any, are sufficient to increase the amount in those Funds to the Debt Service Reserve Requirement and Insurance Reserve Requirement effective after the issuance of the Series Bonds as computed by the Trustee. The Trustee will administer and observe on behalf of the Agency all applicable requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of the Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

(C) Program Securities. Prior to each delivery of Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, Transferred Program Securities and/or Series Bond Program Securities in an aggregate principal amount equal to or greater than the aggregate principal amount of those Series Bonds and to constitute the Transferred Program Securities or Series Bond Program Securities, as applicable, for those Series of Bonds must be identified by the Agency in a manner acceptable to the Trustee.

(D) Documents Required by the Purchase Contract. Prior to delivery of a Series of the Series Bonds, an Authorized Officer will also cause to be furnished to the Underwriters each of the certificates, opinions and other documents required by the related Purchase Contract.

(E) Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed, on the date of delivery of a Series of the Series Bonds that are intended to be Tax-Exempt Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of the Series Bonds will be used in a manner that would not cause the Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which the Series Bonds will be "qualified mortgage bonds" under the provisions of applicable federal tax law.

(F) Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the related Series Bonds as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under the Purchase Contract.

Section 9. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

(A) 2026/2027 Series Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund (but only if the Debt Service Reserve Requirement with respect to the Series Bonds is greater than zero), the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and, as applicable, the Bond Redemption

Fund and the Alternative Loan Fund, the Trustee may maintain a combined 2026/2027 Series Account designated for each Series of Series Bonds issued on the same Issue Date, as directed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, for the purpose of recording the proceeds of the related Series Bonds and other amounts directed by the Series Resolution to be deposited therein and the Transferred Program Obligations, other transferred proceeds, 2026/2027 Series Program Securities, DPA Loans, and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the 2026/2027 Series Program Securities, the DPA Loans, and Investment Obligations, and the Revenues received with respect to the related Series of Series Bonds. In addition, the Trustee will establish a separate Cost of Issuance Account for the Series of Series Bonds issued on the same Issue Date.

(B) Deposits of Funds. The proceeds of each Series of the Series Bonds, the DPA Loans acquired with, or reimbursed from the proceeds of a Series of the Series Bonds, the Transferred Program Obligations, other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the Accounts established pursuant to Section 9(A), as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds and other funds of the Agency related thereto.

Section 10. Tax Covenant and Restrictions. The below covenants relate to all Series Bonds intended to be Tax-Exempt Bonds ("Tax-Exempt Series Bonds"):

(A) General Tax Covenant. The Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on Tax-Exempt Series Bonds will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Tax-Exempt Series Bonds will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Tax-Exempt Series Bond, would have caused the Tax-Exempt Series Bonds to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Tax-Exempt Series Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest on the Tax-Exempt Series Bonds will be excludable from gross income for federal income tax purposes.

(B) Qualified Program Loans. The covenants and restrictions set forth in Section 11 of the Series Resolution will apply to each Program Loan, including Program Loans purchased by the Master Servicer to be pooled in a Program Security from the sale proceeds of any Tax-Exempt Series of Series Bonds. The Agency retains the right to impose covenants with respect to Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(C) Amendments. Any particular covenant or restriction set forth in Sections 10 and 11 of the Series Resolution, other than the covenant in Subsection (A) of this Section 10, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 10 and 11 of the Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 11. Compliance with Applicable Federal Tax Law.

(A) Code Provisions. Unless otherwise determined in the Agency Certificate to be delivered pursuant to Section 8(A) of the Series Resolution, the Agency determines that Section 143 of the Code is applicable to the Tax-Exempt Series Bonds as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

(B) Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of applicable federal tax law as applicable to Tax-Exempt Series Bonds are set forth in Subsections (C) through (L) of this Section 11. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95% or more of the proceeds of the Tax-Exempt Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Program Loans, certifications and warranties of Mortgagors, Lenders and the Servicers and provisions of the Mortgages and related promissory notes designed for this purpose were set forth in the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Program Loans were executed. With respect to the Pooled 2026/2027 Series Program Loans, certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all the requirements and will take all reasonable steps to avoid failure due to inadvertent error.

(C) Residence. Each Program Loan purchased in whole or in part by the Master Servicer to be pooled in a Program Security to be financed in whole or in part from the proceeds

of, or allocated to, the Tax-Exempt Series Bonds, will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, that is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two- to four-family Home) that would cause any Tax-Exempt Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

(D) Three-Year Prior Ownership. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three-year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a "targeted area," as defined in Section 143(h) of the Code and Section 6a.103A-2(b)(3) of the Regulations, or the Program Loan is made to a "veteran" borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas, or to "veteran" borrowers, the Lender must secure, or have secured, from the Mortgagor either (i) copies of the Mortgagor's federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), or (ii) credit reports from a reputable credit reporting agency (if such credit reports will provide information to the Agency which is at least as reliable with respect to first-time homebuyer status as the review of income tax returns), in order to ascertain and certify to the Agency whether the Mortgagor has either claimed a deduction for taxes on property that was the Mortgagor's principal residence or for interest on a mortgage secured by that property, or, in the case of receipt and review of a credit report, whether the Mortgagor had a mortgage on property which was the residence of the Mortgagor. The Program Loan must not be purchased if either the Lender or the Master Servicer, as applicable, has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Subsection (D) of Section 11, a Program Loan may be purchased by the Master Servicer to be pooled in a Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the Program Loan is or has been provided in connection with a "qualified rehabilitation" as defined in Section 143(k)(5) of the Code.

(E) Purchase Price. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, if the acquisition cost of the Home for which it is made exceeds 90%, or 110% if located in a targeted area as defined in Subsection (D) above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area where the Home is located, or as established by the Agency pursuant to more accurate and comprehensive

data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A-2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

(F) Income Requirements. All Program Loans to be financed in whole or in part from the proceeds of the Tax-Exempt Series Bonds, including Program Loans purchased by the Master Servicer to be pooled in a Program Security, must be made, or have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or have secured, and retain, or file with the Master Servicer, income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

(G) Limitation of Amount. Certain Series of the Tax-Exempt Series Bonds will be, for federal tax purposes, current refunding bonds issued pursuant to either the provisions of Section 1313(a) of the Tax Reform Act of 1986 or Section 146(i) of the Code and the Agency will not be required to apply the principal amount of the Tax-Exempt Series Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2026 or 2027, as applicable, as provided pursuant to Section 146 of the Code and applicable state law.

The unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2026 or 2027, as applicable, including the amount carried forward from calendar years 2023, 2024, 2025, and 2026, as applicable, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the amount of the Tax-Exempt Series Bonds. The Agency must apply the portion of the principal amount of the Tax-Exempt Series Bonds against the unused volume cap as required for the allocation of volume cap pursuant to Section 146 of the Code as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(H) Placement in Targeted Areas. To the extent the Tax-Exempt Series Bonds are, for federal tax purposes, issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency will not be required to make available any amount of the proceeds of the Tax-Exempt Series Bonds for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

With respect to any portion of the Tax-Exempt Series Bonds that are not issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency must make available an amount equal to twenty percent (20%) of the proceeds of the Tax-Exempt Series Bonds deposited into the 2026/2027 Series Acquisition Account for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

(I) Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Revenue Ruling 91-3 and Revenue Procedure 91-8.

(J) Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service applicable to the Tax-Exempt Series Bonds to assure that the Tax-Exempt Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to-wit:

(1) The effective rate of interest on the Transferred Program Loans and the portions of 2026/2027 Series Program Loans purchased with, or allocated to, the proceeds of the Tax-Exempt Series Bonds may not exceed the yield of the Tax-Exempt Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one-eighth percentage points.

(2) The Agency must pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of the Tax-Exempt Series Bonds.

(K) Special Requirements Relating to Use of Certain Amounts on Deposit in the 2026/2027 Series Account in the Revenue Fund. The Agency must take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Mortgage Loans and 2026/2027 Series Program Securities are used to pay and redeem Tax-Exempt Series Bonds in the amounts and within the time periods mandated by that Section 143(a)(2)(A); provided that the provisions of this Subsection (K) will be not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Tax-Exempt Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will not adversely affect the exclusion from federal gross income of interest on the Tax-Exempt Series Bonds. Notwithstanding any contrary provisions of this Subsection (K), the Agency agrees that, so long as Tax-Exempt Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the "Specified Bonds") remain Outstanding, the provisions of Section 143(a)(2), as existing on the date of issue of the Tax-Exempt Series Bonds, will be considered as being in full force and effect (notwithstanding any subsequent change in law or regulation) and the Agency, to the full extent permitted by law, must comply with the provisions of the Agency's final Official Statement furnished to the Underwriters pursuant to Section 2(G) of the Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Mortgage Loans and the portion of 2026/2027 Series Program Loans allocable to the Tax-Exempt Series Bonds.

(L) New Mortgage and Assumption Requirements. None of the proceeds of the Tax-Exempt Series Bonds will be used, and none of the proceeds of any of the Refunded Bonds,

if any, were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of the Tax-Exempt Series Bonds will be used, and all of the lendable proceeds of any Refunded Bonds were used, to purchase Program Loans, or Program Securities backed by Program Loans, made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each 2026/2027 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of the Tax-Exempt Series Bonds will contain a clause to the effect that the 2026/2027 Series Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Subsections (C), (D), (E) and (F) of this Section 11 are met with respect to that assumption for any 2026/2027 Series Program Loan funded with proceeds of Tax-Exempt Series Bonds. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Subsection (B) of this Section 11.

Section 12. Discretion of Authorized Officer. An Authorized Officer will determine the number and aggregate principal amount of each Series of the Series Bonds, subject to the Series Bonds Parameters set forth in Section 2(E) of the Series Resolution. Notwithstanding anything contained in the foregoing sections of the Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any Series thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed), then the Series Bonds will not be issued or sold in accordance with the Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing
Finance Agency this 18th day of December, 2025.

By:_____
Chair

Attest: _____
Commissioner

EXHIBIT A

[Form of Series Bond]

No. $

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2026][2027] SERIES [_] [(TAXABLE)]

[(MORTGAGE-BACKED SECURITIES PASS-THROUGH PROGRAM)]

Rate	Maturity Date	Date of Original Issue	CUSIP

_____, [2026][2027]

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

CEDE & CO.

or registered assigns, the principal sum of

DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above at the annual rate specified above, computed on the basis of a 360-day year composed of twelve 30-day months, payable on each January 1 and July 1, commencing _____, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined) on the fifteenth (15th) day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States by check or draft, or other agreed means of payment, by Computershare Trust Company, National Association, in Minneapolis, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, or state or federal laws appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized Series of Residential Housing Finance Bonds, [2026][2027] Series [_] [(Mortgage-Backed Securities Pass-Through Program)], in the original principal amount of $_____ (the "Series Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Obligations to facilitate the purchase, development or rehabilitation of a sufficient supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The Series Bonds are issued under and pursuant to the Agency's Amended and Restated Residential Housing Finance Bond Resolution, adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and the Agency's series resolution[s], adopted [January 23, 2025 and] December 18, 2025 ([together,] the "Series Resolution"), to which resolutions, including all supplemental resolutions that may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series Bonds, and the terms upon which the Series Bonds are issued, delivered and secured. [The Series Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, [2026][2027] Series [__][_____][(Mortgage-Backed Securities Pass-Through Program)].]

The Series Bonds are issuable in fully registered form. The Series Bonds are issued in denominations of $[____] principal amount or integral multiples thereof of a single stated maturity.

The Series Bonds are subject to special, sinking fund and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Series Resolution.

Upon redemption of any of the Series Bonds, the maturities and amounts of the Series Bonds to be redeemed will be selected by the Agency in a manner determined to have no material adverse effect on its ability to pay when due the Principal Installments of and interest on all Bonds Outstanding under the Bond Resolution after the redemption.

If less than all Series Bonds of a maturity are to be redeemed, the Trustee will select them at random. Upon partial redemption of a Series Bond, a new Series Bond or Series Bonds will be delivered to the Owner without charge, representing the remaining amount Outstanding.

Notice of any redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any Series Bond, not less than 30 days before the redemption date. Notice having been given, the Series Bonds or portions of Series Bonds specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those Series Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any Series Bond not affected by that defect or failure.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively with the Series Bonds, the "Bonds"), all of which are secured by the pledge made and security interest granted therein, regardless of the

times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Debt Service Reserve Fund and Insurance Reserve Fund will be increased to an amount not less than their respective requirements effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of a Series of Bonds will not impair then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. Any resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it, or for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Owner of any Series Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any Series Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series Bonds.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of the Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; that the issuance of the Series Bonds does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a full and correct copy of the legal opinion given by Bond Counsel with reference to the Series Bonds, dated the date of original issuance and delivery of the Series Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Agency at the designated corporate trust office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney and may also be surrendered in exchange for Series Bonds of other authorized denominations. Upon the transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new Series Bond or Series Bonds of the same aggregate principal amount, maturity, interest rate and terms as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to the transfer.

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

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

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____

Trustee's Certificate

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

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION,
as successor Trustee

By_____
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

_____
By: (Facsimile Signature)
Chairperson

_____
Attest: (Facsimile signature)
Commissioner

ASSIGNMENT

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

_____

(please print or type name and address of transferee)

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

Dated: _____

_____

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

Signature Guaranteed:

_____

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

Please insert social security or other identifying number of assignee:

_____

NEW ISSUE

RATINGS: Moody's: 2026 Series AB: "___" 2026 Series C: "_____"
S&P: 2026 Series AB: "___" 2026 Series C: "_____"
(See "Ratings" herein.)

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

$[_____]*
Minnesota Housing Finance Agency
$[_____]* Residential Housing Finance Bonds, 2026 Series A (Non-AMT)
$[_____]* Residential Housing Finance Bonds, 2026 Series B (Taxable)
$[_____]* Residential Housing Finance Bonds, 2026 Series C (Taxable)[1]
(Social Bonds)

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

Tax Exemption	In the opinion of Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2026 Series A Bonds (the "Tax-Exempt Series Bonds") is excludable from gross income for federal income tax purposes and is not includible in taxable net income of individuals, trusts and estates for State of Minnesota (the "State") income tax purposes. Interest on the Tax-Exempt Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Tax-Exempt Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the 2026 Series B Bonds and the 2026 Series C Bonds is includable in gross income for purposes of federal income taxation and is includable in the taxable net income of individuals, trusts and estates for State income tax purposes. For additional information, see "Tax Exemption and Related Considerations" herein.
Redemption and Tender	The Agency may redeem all or a portion of the Series Bonds by optional or special redemption, and must redeem a portion of the Series Bonds by mandatory sinking fund redemption, as described under "The Series Bonds" herein**.** Owners of the 2026 Series C Bonds will have the option, and may be required, to tender their Series Bonds at par, as described under "The Series Bonds" herein.
Security	Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by the Agency's pledge of all Bond proceeds, Program Obligations, Investment Obligations, Revenues and other assets held under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. *The Agency has no taxing power. The State is not liable for the payment of the Series Bonds and the Series Bonds are not a debt of the State.* (See "Security for the Bonds" herein.) Liquidity support for the purchase of any 2026 Series C Bonds tendered will, subject to the terms and conditions of that support, initially be provided by [Federal Home Loan Bank of Des Moines]. See "Liquidity Facility" and "Security for the Bonds" herein.
Interest Payment Dates	January 1 and July 1, commencing July 1, 2026*, and, in respect of a Series Bond to be redeemed, the redemption date.
Denominations	$5,000 or any integral multiple thereof for the Tax-Exempt Series Bonds and the 2026 Series B Bonds, and $100,000 or any integral multiple of $5,000 in excess thereof for the 2026 Series C Bonds.
Closing/Settlement	February 26, 2026* through the facilities of DTC in New York, New York.
Bond Counsel	Kutak Rock LLP.
Underwriters' Counsel	Dorsey & Whitney LLP.
Trustee	Computershare Trust Company, National Association, in St. Paul, Minnesota.
Book-Entry-Only System	The Depository Trust Company. See Appendix E hereto.

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

RBC Capital Markets

J.P. Morgan **Morgan Stanley** **Piper Sandler & Co.** **Wells Fargo Securities**

The date of this Official Statement is February __, 2026.

RBC Capital Markets, LLC is the initial Remarketing Agent for the 2026 Series C Bonds.

[1] Long-term variable rate.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES*

2026 Series A Bonds (Non-AMT) (Social Bonds)

$[_____] 2026 Series A Serial Bonds

Due	Principal Amount	Interest Rate	CUSIP†	Due	Principal Amount	Interest Rate	CUSIP†
July 1, 2026	$	%		January 1, 2030	$	%	
January 1, 2027				July 1, 2035			
July 1, 2027				January 1, 2036			
January 1, 2028				July 1, 2036			
July 1, 2028				January 1, 2037			
January 1, 2029				July 1, 2037			
July 1, 2029							

Price of 2026 Series A Serial Bonds – _____%

$[_____] ____% 2026 Series A Term Bonds Due [July 1, 2040], at _____% (CUSIP _____†)
$[_____] ____% 2026 Series A Term Bonds Due [July 1, 2045], at _____% (CUSIP _____†)
$[_____] ____% 2026 Series A Term Bonds Due [January 1, 2050], at _____% (CUSIP _____†)
$[_____] ____% PAC Term Bonds Due [July 1, 2056], at _____% (CUSIP _____†)

2026 Series B Bonds (Taxable) (Social Bonds)

$[_____] 2026 Series B Serial Bonds

Due	Principal Amount	Interest Rate	CUSIP†	Due	Principal Amount	Interest Rate	CUSIP†
January 1, 2027	$	%		July 1, 2032	$	%	
July 1, 2027				January 1, 2033			
January 1, 2028				July 1, 2033			
July 1, 2028				January 1, 2034			
January 1, 2029				July 1, 2034			
July 1, 2029				January 1, 2035			
January 1, 2030				July 1, 2035			
July 1, 2030				January 1, 2036			
January 1, 2031				July 1, 2036			
July 1, 2031				January 1, 2037			
January 1, 2032				July 1, 2037			

Price of 2026 Series B Serial Bonds – _____%

$[_____] ____% 2026 Series B Term Bonds Due [July 1, 2040], at _____% (CUSIP _____†)
$[_____] ____% 2026 Series B Term Bonds Due [July 1, 2045], at _____% (CUSIP _____†)
$[_____] ____% 2026 Series B Term Bonds Due [January 1, 2050], at _____% (CUSIP _____†)

2026 Series C Bonds (Taxable) (Social Bonds)

$[_____] Variable Rate Demand Term Bonds Due [July 1, 2056] (CUSIP _____†)
(The initial interest rate on the 2026 Series C Bonds will be set forth in a certificate of RBC Capital Markets, LLC delivered to the Trustee at closing.)
Price of 2026 Series C Bonds — _____%

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† CUSIP data used in this Official Statement is provided by FactSet Research Systems. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of

* Preliminary, subject to change.

reference only. Neither the Agency nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

None of Minnesota Housing Finance Agency, [Federal Home Loan Bank of Des Moines] (the "Initial Liquidity Provider"), or any of the Underwriters has authorized any dealer, broker, salesperson or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of this Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency or the Initial Liquidity Provider since the date of this Official Statement.

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

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

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

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

TABLE OF CONTENTS

	Page
INTRODUCTION	5
DESIGNATION OF THE SERIES BONDS AS SOCIAL BONDS	8
THE AGENCY	9
ESTIMATED SOURCES AND USES OF FUNDS	18
THE SERIES BONDS	18
LIQUIDITY FACILITY	30
SECURITY FOR THE BONDS	31
THE RESIDENTIAL HOUSING FINANCE PROGRAM	34
OTHER PROGRAMS	40
TAX EXEMPTION AND RELATED CONSIDERATIONS	41
LITIGATION	47
LEGAL MATTERS	47
RATINGS	47
TRUSTEE	47
FINANCIAL ADVISOR	47
UNDERWRITING	48
MISCELLANEOUS	49

APPENDIX A-1	AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2025
APPENDIX A-2	FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF MARCH 31, 2025, AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED)
APPENDIX B	SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING
APPENDIX C	SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION
APPENDIX D	MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES
APPENDIX E	BOOK-ENTRY-ONLY SYSTEM
APPENDIX F	FORM OF OPINION OF BOND COUNSEL
APPENDIX G	CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO
APPENDIX H	CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR CERTAIN OUTSTANDING BONDS
APPENDIX I	CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER
APPENDIX J	CERTAIN DEFINITIONS WITH RESPECT TO THE 2026 SERIES C BONDS
APPENDIX K	SUMMARY OF CERTAIN PROVISIONS OF AND RELATING TO THE STANDBY BOND PURCHASE AGREEMENT
APPENDIX L	CERTAIN INFORMATION REGARDING THE INITIAL LIQUIDITY PROVIDER
APPENDIX M	USE OF PROCEEDS REPORT
APPENDIX N	KESTREL'S SECOND PARTY OPINION

OFFICIAL STATEMENT
relating to
$[_____]*
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS,
2026 SERIES A, 2026 SERIES B (TAXABLE)
AND 2026 SERIES C (TAXABLE)
(SOCIAL BONDS)

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency"), and its Residential Housing Finance Bonds, 2026 Series A (the "Tax-Exempt Series Bonds"), its 2026 Series B (Taxable) (the "2026 Series B Bonds," and collectively with the Tax-Exempt Series Bonds, the "Fixed Rate Series Bonds"), and its 2026 Series C (Taxable) (the "2026 Series C Bonds," and together with the 2026 Series B Bonds, the "Taxable Series Bonds"). The Tax-Exempt Series Bonds and the Taxable Series Bonds are herein referred to collectively as 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 as amended and restated on August 24, 1995, and as further amended and supplemented in accordance with its terms (the "Bond Resolution"), a series resolution of the Agency adopted on January 23, 2025, with respect to the Fixed Rate Series Bonds (the "2026 Series AB Resolution") and a series resolution of the Agency adopted on January 23, 2025, with respect to the 2026 Series C Bonds (the "2026 Series C Resolution" and, collectively with the 2026 Series AB Resolution, the "Series Resolutions"). (The Bond Resolution and the Series Resolutions are herein sometimes referred to as the "Resolutions.")

The Residential Housing Finance Bonds Outstanding in the aggregate principal amount of $[4,584,990,000] as of March 31, 2025, under the Bond Resolution, and any additional Residential Housing Finance Bonds hereafter issued pursuant to the Bond Resolution, including the Series Bonds (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution). Information regarding additional Bonds issued after March 31, 2025 is set forth under "THE AGENCY—Agency Indebtedness" herein.

The Resolutions include definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix C and Appendix J. The summaries and references in this Official Statement to the Act, the Resolutions, the Standby Bond Purchase Agreement and other documents are only outlines of certain provisions and do not summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Resolutions are qualified in their entirety by the complete text of the Act and the Resolutions, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete form thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the state of Minnesota (the "State"). The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of purchasing, making or otherwise participating in the making of long-term mortgage loans to persons and families of low and moderate income for the purchase of residential housing upon the determination by the Agency that those loans are not otherwise available from private lenders upon equivalent terms and conditions.

* Preliminary, subject to change.

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 Bond Resolution. Please refer to the information in the notes to the financial statements included in Appendix A-1 to this Official Statement under the heading "Net Position — Restricted by Covenant."

Prior to the fall of 2009, the Agency implemented its single-family mortgage lending program by purchasing "whole loans" from lenders and financing purchases of the loans with proceeds of its bonds. In September 2009, the Agency began acquiring mortgage-backed securities guaranteed as to timely payment of principal and interest by a Federal Mortgage Agency (as defined in the Resolutions, "Program Securities") instead of directly acquiring mortgage loans from lenders. (See "The Residential Housing Finance Program—'MBS' Model.")

The Agency is issuing the Series Bonds to provide money, from proceeds of the Series Bonds and from available funds associated with certain other outstanding single family mortgage bonds to be refunded by the Series Bonds, to be used, along with certain contributed funds of the Agency, to continue its Program by purchasing Program Securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA Securities"), the Federal National Mortgage Association ("Fannie Mae Securities") or the Federal Home Loan Mortgage Corporation ("Freddie Mac Securities") and backed by pools of mortgage loans ("Program Loans"), that certain mortgage lending institutions (the "Lenders") have made to qualified persons or families of low and moderate income to finance the purchase of single-family residences in Minnesota. Program Securities guaranteed by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") may also include Uniform Mortgage-Backed Securities ("UMBS"). (See "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities.") Each Program Loan must be (i) insured by the Federal Housing Administration (the "FHA") of the United States Department of Housing and Urban Development ("HUD") pursuant to the National Housing Act of 1934, as amended (the "Housing Act"), (ii) guaranteed by the Veterans Administration ("VA") pursuant to the Servicemen's Readjustment Act of 1944, as amended, (iii) guaranteed by USDA Rural Development (formerly Rural Economic and Community Development) ("USDA Rural Development"), under its Guaranteed Rural Housing Loan Program, or (iv) insured by private mortgage insurance issued by an entity acceptable to Fannie Mae or Freddie Mac or have certain loan-to-value ratios or other characteristics acceptable to Fannie Mae or Freddie Mac.

The 2026 Series C Bonds will bear interest at a rate determined weekly (the "Weekly Mode"), unless the Agency converts the 2026 Series C Bonds to a different interest-rate-setting mode (a "Mode") as described herein. Except as otherwise provided herein, so long as the 2026 Series C Bonds are in the Weekly Mode, the owners of any 2026 Series C Bonds are entitled to demand purchase of their 2026 Series C Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon satisfaction of the terms and conditions described herein. Owners also will be required to tender their 2026 Series C Bonds for purchase under certain circumstances. RBC Capital Markets, LLC, will act as the initial remarketing agent for the 2026 Series C Bonds (the "Remarketing Agent"). (See "Description of the Series Bonds – Remarketing of 2026 Series C Bonds.")

The Agency will provide a liquidity facility (the "Liquidity Facility") to be in effect for the period from the date of delivery of the 2026 Series C Bonds until the date, if any, when the Agency has converted all 2026 Series C Bonds from a Weekly Mode to another mode not requiring a Liquidity Facility, subject to terms and conditions described herein. The initial Liquidity Facility with respect to the 2026 Series C Bonds will be a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement" or the "Initial Liquidity Facility"), between the Agency, the Trustee, the Tender Agent and [_____] (the "Initial Liquidity Provider"). The Initial Liquidity Facility has a stated expiration date of [_____ __, 20__][*], subject to earlier termination or suspension as hereinafter described. The Standby Bond Purchase Agreement will be executed as of the date of delivery of the 2026 Series C Bonds and will provide for the purchase by the Initial Liquidity Provider on the terms and conditions specified therein of tendered 2026 Series C Bonds that cannot be remarketed. If the Standby Bond Purchase Agreement is to expire or terminate according to its terms (other than as a result of a Termination Event thereunder) or is to be replaced with another Liquidity Facility, the 2026 Series C Bonds are subject to mandatory tender. If a Termination Event or Suspension Event (each as defined in the Standby Bond Purchase Agreement) has occurred under the Standby Bond

[*] Preliminary, subject to change.

Purchase Agreement, the Initial Liquidity Provider will have no obligation to purchase the 2026 Series C Bonds and the Remarketing Agent will be entitled to suspend its efforts to remarket 2026 Series C Bonds. (See "Description of the Series Bonds—Optional and Mandatory Tender of Certain 2026 Series C Bonds—Agency Not Responsible to Owners for Initial Liquidity Provider's Failure to Purchase 2026 Series C Bonds" herein, and "Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement" hereto.)

THIS OFFICIAL STATEMENT PROVIDES INFORMATION TO PROSPECTIVE INVESTORS OF 2026 SERIES C BONDS WHILE THOSE 2026 SERIES C BONDS ARE IN THE WEEKLY MODE AND WHILE THE INITIAL LIQUIDITY FACILITY REMAINS IN EFFECT. PROSPECTIVE INVESTORS OF 2026 SERIES C BONDS IN THE EVENT OF A MODE CHANGE, IF A CONVERSION DATE OR FLOATING RATE CHANGE DATE HAS OCCURRED OR WHILE AN ALTERNATE LIQUIDITY FACILITY IS IN EFFECT SHOULD NOT RELY ON THIS OFFICIAL STATEMENT. THE AGENCY MUST DELIVER AN UPDATED DISCLOSURE DOCUMENT IN THE EVENT OF A MODE CHANGE, FLOATING RATE CHANGE OR CONVERSION AND THE RELATED REMARKETING OF 2026 SERIES C BONDS.

On April 24, 2003, the Members of the Agency adopted a resolution authorizing the Agency to enter into interest rate exchange agreements in respect of Bonds Outstanding or proposed to be issued. The Swap Agreement (as hereinafter defined) is expected to be executed with Royal Bank of Canada, as counterparty, in connection with the issuance of the 2026 Series C Bonds, effective on the anticipated date of delivery of the 2026 Series C Bonds and with an initial notional amount equal to all or a portion of the principal amount of the 2026 Series C Bonds. (See "The Series Bonds — Interest on the 2026 Series C Bonds – Swap Agreement" herein.)

Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution), by the Agency's pledge of all Program Obligations, Investment Obligations, Revenues and other assets held and received by the Agency pursuant to the Bond Resolution. Under the Bond Resolution, the Agency is authorized to acquire Program Obligations in connection with Housing, which is defined to include single family loans, home improvement loans, multifamily loans and other housing related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. The Program Obligations acquired with the proceeds of Bonds have primarily consisted of Program Loans comprising single family housing loans secured by first or subordinate mortgages. In addition, the Agency has financed certain home improvement loans as Program Obligations by a single Series of Bonds issued under the Bond Resolution. The Agency also intends to apply a portion of the proceeds of the Series Bonds to acquire Deferred Payment Loans and Deferred Payment Loans Plus (each a "Deferred Payment Loan"). (See "Estimated Sources and Uses of Funds" and "Other Programs—Deferred Payment Loans.") The mortgagor must repay the Agency for each Deferred Payment Loan on sale or transfer of the property. The Agency has pledged, and will apply repayments of, the Deferred Payment Loans to pay or redeem the Series Bonds. The Agency does not currently anticipate that future Series of Bonds issued under the Bond Resolution will finance Program Obligations other than Program Securities backed by single family loans, Deferred Payment Loans, Monthly Payment Loans or certain home improvement loans. (See "Security for the Bonds," "Appendix C – Summary of Certain Provisions of the Bond Resolution," "Other Programs—Deferred Payment Loans" and "Other Programs—Monthly Payment Loans")

The Series Bonds are also general obligations of the Agency payable from any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that provide that particular funds must be applied for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund is legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (See "The Agency—Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund.") (For purposes of the Resolutions, the General Reserve is designated as the "General Reserve Account.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency —State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest

earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering those programs from those appropriations only to the extent of interest earnings on the appropriations, although certain of the programs allow the Agency to use a portion of the appropriations for administrative costs. The appropriations are not available to pay debt service on the Bonds.

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

DESIGNATION OF THE SERIES BONDS AS SOCIAL BONDS

General

The Agency has designated the Series Bonds as "Social Bonds." The information under the headings "Social Bonds Designation" and "Independent Second Party Opinion on Social Bonds Designation and Disclaimer" below has been provided by Kestrel ("Kestrel"). None of the Agency, any of the Underwriters, CSG Advisors Incorporated, Kutak Rock LLP or Dorsey & Whitney LLP has independently confirmed or verified the information below or assumed any obligation to ensure that the Series Bonds comply with any legal or other standards or principles that may be related to Social Bonds. The Agency has designated the Series Bonds as Social Bonds based solely on the Social Bonds Second Party Opinion provided by Kestrel, which describes the conformance of the Series Bonds with the ICMA Social Bond Principles. The designation of the Series Bonds as Social Bonds does not entitle the Owner of any Series Bond to any benefit under the Code. Owners of the Series Bonds do not have any security other than as described under "Security for the Bonds."

Social Bonds Designation

Per the International Capital Market Association ("ICMA"), Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the Series Bonds are in conformance with the four core components of the ICMA Social Bond Principles, as described in Kestrel's 'Second Party Opinion', which is attached hereto as Appendix N.

Independent Second Party Opinion on Social Bonds Designation and Disclaimer

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and a market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the Series Bonds and designations do not address the market price or suitability of the Series Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Agency or that was otherwise made available to Kestrel.

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Use of Proceeds Report

Upon the expenditure of the proceeds of the Series Bonds deposited in the 2026 Series A-B-C Acquisition Account, the Agency will prepare a report regarding the Program Loans backing the Program Securities financed with the proceeds of the Series Bonds consisting of the information set forth in Appendix M.

THE AGENCY

Purpose

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

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The 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 2028, Marshall, Minnesota – Magnetics Engineer

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

Melanie Benjamin, Member — Term expires January 2029, Onamia, Minnesota – Consultant

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

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

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

Terri Thao, Vice Chair — Term expires January 2028, St. Paul, Minnesota – Program Director

Staff

The staff of the Agency presently consists of approximately [315] persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State provides certain legal services to the Agency.

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

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

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner may be confirmed or rejected by the advice and consent of the 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.

Debbi Larson — Executive Finance Officer appointed effective November 2024. Ms. Larson was Director of Finance of the Agency from December 2019 to November 2024 and Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to those positions, 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. Ms. Larson has announced her upcoming retirement, effective February 2026. The Agency is currently engaged in a search for her replacement.

Matthew Dieveney — Executive Investment Officer appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

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

Kayla Schuchman — Assistant Commissioner, Single Family, appointed effective January 2022. Prior to Ms. Schuchman's appointment to this role she was the Housing Director for the City of Saint Paul, and prior to that worked as a Project Manager at CommonBond Communities. Her previous experience includes nine years with the Agency, including as Multifamily Programs Middle Manager from December 2014 to December 2016, Low Income Housing Tax Credit Program Manager and RFP Coordinator from 2012 to 2014 and Multifamily Housing Development Officer from 2007 to 2012. Prior to that, Ms. Schuchman held positions as a Senior Financial Analyst and Budget Analyst at the Minneapolis Public Housing Authority. She holds a Master's degree in Public Policy from the University of Minnesota's Humphrey School and a Bachelor of Arts Degree in Economics from Macalester College, Saint Paul, Minnesota. Ms. Schuchman holds a Housing Development Finance Professional certification through the National Development Council, has served as a director on several nonprofit boards and was named a 40 under 40 honoree by the Minneapolis/Saint Paul Business Journal in February 2021.

The Agency's offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102 and its general telephone number is (651) 296-7608. The Agency's website address is https://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, 2025, included in this Official Statement as Appendix A-1, have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing herein. Eide Bailly LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2025. Eide Bailly LLP also has not performed any procedures relating to this Official Statement.

Financial Statements of the Agency

The Agency financial statements included in this Official Statement as Appendix A-1 as of and for the fiscal year ended June 30, 2025, are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board.

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix A-1 in the Notes to Financial Statements under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2025, with respect to MSRS was $[6.694] million. The Agency's total net pension liability and post-employment benefits liability was $[8.963] million as of June 30, 2025.

In Appendix A-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the nine months ended [March 31, 2025]. The Agency has prepared the information in Appendix A-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 A-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 B 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, 2025, 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 B — Summary of Continuing Disclosure Undertaking.")

During the prior five years, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency's Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

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 B — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

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

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

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

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

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

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market

investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $[493.284] million, representing the combined net position of these funds so calculated as of June 30, 2025. 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, 2025 appears in the Notes to Financial Statements of the Agency included in Appendix A-1 to this Official Statement under the heading “Net Position — Restricted by Covenant.”

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The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the nine-month period ended March 31, 2025 (unaudited) (in thousands): **[UPDATE]**

	Nine months Ended March 31, 2025 (unaudited)	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
Operating revenues			
Fees earned and other income[1]	$ 14,553	$16,673	$14,901
Administrative reimbursement[2], [3]	45,063	53,341	34,949
Total operating revenues	59,616	70,014	49,850
Operating expenses			
Salaries and benefits	32,096	40,708	29,219
Other general operating expenses	7,486	6,058	5,574
Total operating expenses	39,582	46,766	34,793
Operating income (loss)	20,034	23,248	15,057
Nonoperating revenues (expenses)			
Interest earned on investments other	892	1,219	823
Interest	(175)	(297)	(359)
Total nonoperating revenues (expenses)	717	922	464
Income (loss) before transfers and contributions	20,751	24,170	15,521
Non-operating transfer of assets and program contributions between funds[4]	(20,259)	(23,328)	(14,363)
Non-operating expenses	------	------	(599)
Change in net position	492	842	599
Net position beginning of period	10,332	9,490	8,891
Net position end of period	$10,824	$10,332	$9,490

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

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

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

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix A-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, through June 30, 2025, the total appropriations to the Agency aggregated approximately $1.637 billion. For the biennial period ending June 30, 2027, the Legislature has appropriated approximately $183.9 million to the Agency. *[Agency: any updates here?]*

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

Agency Indebtedness

The principal amount of general obligation 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 $9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of March 31, 2025: [UPDATE]

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	18	2067	$ 179,360	$ 178,455
Residential Housing Finance Bonds.....	111	2055	6,184,675	4,584,990
Homeownership Finance Bonds.....	59	2052	2,674,572	888,783
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	12,100
General Purpose Bonds……..	1	2039	60,000	58,605
Totals.....	190		$9,113,607	$5,722,933

*Does not include series of bonds or the original principal amount of any bonds that had been, as of March 31, 2025, defeased or paid in full, whether at maturity or earlier redemption.

[On April 17, 2025, the Agency issued $7,600,000 in aggregate principal amount of its Rental Housing Bonds, 2025 Series C. On April 30, 2025, the Agency issued $7,715,000 in aggregate principal amount of its Rental Housing Bonds, 2025 Series E. On May 8, 2025, the Agency issued its Rental Housing Bonds, 2025 Series D-1 and 2025 Series D-2 in the respective aggregate principal amounts of $1,020,000 and $8,845,000. On May 15, 2025, the Agency issued its Rental Housing Bonds, 2025 Series F-1 and 2025 Series F-2 in the respective aggregate principal amounts of $1,170,000 and $4,665,000. On May 21, 2025, the Agency issued its Residential Housing Finance Bonds, 2025 Series E, 2025 Series F, and 2025 Series G in the respective aggregate principal amounts of $87,560,000, $52,440,000, and $35,000,000. On July 17, 2025, the Agency issued its Residential Housing Finance Bonds, 2025 Series I and 2025 Series J in the respective aggregate principal amounts of $60,000,000 and $25,000,000.] [UPDATE]

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 Bonds that bear interest at a variable rate and are subject to optional and mandatory tender. Certain information related to those liquidity facilities is included in Appendix H – Certain Information Relating to Liquidity Facilities for Bonds Outstanding and certain other information related to variable rate bonds and swap agreements is included in the notes to the audited financial statements contained in Appendix A-1 to this Official Statement and in the unaudited financial

statements contained in Appendix A-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.

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. As of March 31, 2025, the aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $565,000,000. Additionally, on May 23, 2025, the Governor of the State of Minnesota signed a Session Law (S.F. No. 2298) that, in part, authorized the Agency to issue an additional $50,000,000 in Housing Infrastructure Bonds. The Agency has issued 35 series of its State Appropriation Bonds (Housing Infrastructure) from 2013 through 2025 in an aggregate principal amount of $[561,090,000] under a separate indenture of trust.

On December [__], 2025, the Agency issued its Fourth 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 previously amended (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 Bonds and Homeownership 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 24, 2026], 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 0.65%) and may not exceed $75,000,000 at any time, and the cumulative amount of the advances made may not exceed $2,000,000,000. 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. A portion of the proceeds of the Tax-Exempt Series Bonds will be used to repay a portion of the Amended Bank Note and the equivalent amount released from the cash collateral fund under the 2018 Revolving Credit Indenture will be deposited in the 2026 Series A-B-C Acquisition Account. The Agency has requested advances under the Amended Revolving Credit Agreement in the aggregate principal amount of $[1,374,658,434], $[48,600,786] 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.

Single Family Mortgage Production Funding Considerations

As a state housing finance agency, the Agency relies on municipal bond markets operating efficiently to fund its Program. While these markets did not perform well, based on historical market relationships, the Agency could not fully realize the benefit of tax-exempt bond financing using traditional bond structures to finance single family mortgage loans at competitive interest rates. The Agency successfully combined traditional bond structures with economic refunding bonds and bonds secured by excess collateral under the Bond Resolution, and bonds structured with monthly principal pass-through payments from an identified portfolio of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities under the Homeownership Finance Bond Resolution, to fund single family mortgage production by purchasing Program Securities.

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In addition to funding its single family mortgage production by issuing bonds, the Agency from time to time sells Program Securities in the secondary market, including selling Program Securities and later repurchasing an interest-only strip in those Program Securities. Since 2009 the Agency has sold approximately $[2.476] billion of Program Securities, including Program Securities sold with the later repurchase of an interest-only strip, in the open market as of September [2], 2025, $[566] million of which would have been eligible to be financed with tax-exempt bonds. In 2013, the Agency also issued and sold three series of its Home Ownership Mortgage-Backed Exempt Securities Certificates in the aggregate principal amount of $32.5 million, each of which is a special, limited obligation of the Agency payable from, and secured solely by, all principal and interest payments made on a single Program Security. Based on market conditions and the availability of economic refunding opportunities, the Agency determines whether to issue Additional Bonds under the Bond Resolution or under its Homeownership Finance Bond Resolution or to sell Program Securities in the secondary market.

ESTIMATED SOURCES AND USES OF FUNDS*

The estimated sources and uses of funds related to the Series Bonds are as follows:

Sources

Principal amount of Series Bonds	$
Net original issue premium	
Agency funds	
Total Sources of Funds	$

Uses

Deposit to 2026 Series A-B-C Acquisition Account	$
Deposit to Costs of Issuance Account	
Underwriters' Compensation	
Total Uses of Funds	$

The Agency expects to apply and disburse approximately $[___] million of proceeds of the Series Bonds deposited in the 2026 Series A-B-C Acquisition Account to purchase Program Securities backed by Program Loans with a principal amount of approximately $[___] million, which Program Securities are estimated to have pass-through interest rates ranging from [6.375] percent to [7.000] percent, on or before [_____ 1, 2026], and to purchase Deferred Payment Loans with a principal amount of approximately $[___] million on or before [_____ 1, 2026]. Program Securities and Deferred Payment Loans previously purchased by the Agency to be reimbursed from proceeds of the Series Bonds (if any) will be credited to the 2026 Series A-B-C Acquisition Account and pledged to the payment of Outstanding Bonds. (See "The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds.")

THE SERIES BONDS

General

The Fixed Rate Series Bonds will be fully registered bonds issued in the denominations of $5,000 or any integral multiple thereof of single maturities. The 2026 Series C Bonds will be fully registered bonds issued in the denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The Series Bonds of each Series will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for each Series of the Series Bonds. Computershare Trust Company, National Association, St. Paul, Minnesota, serves as successor Trustee under the Bond Resolution. (See "Trustee.") Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will

* Preliminary, subject to change.

be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (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. The Series Bonds mature on the dates and in the amounts set forth on the inside front cover hereof, subject to prior redemption and tender as hereinafter described.

Interest on the Fixed Rate Series Bonds

Interest on the Fixed Rate Series Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2026*, and, in respect of any Fixed Rate Series Bond then to be redeemed, on any redemption date. The Fixed Rate Series Bonds will bear interest from their dated date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal of or redemption price on those Fixed Rate Series Bonds. Interest on the Fixed Rate Series Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and will be paid to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the regularly scheduled interest payment date, whether or not a business day (the "Record Date" for the Fixed Rate Series Bonds).

Interest on the 2026 Series C Bonds

The 2026 Series C Bonds will bear interest from their dated date and will be dated as of the date of their authentication and delivery. The Record Date for 2026 Series C Bonds in the Weekly Mode (described below) is the last Business Day preceding each Interest Payment Date.

Weekly Mode. Interest on the 2026 Series C Bonds in a Weekly Mode will accrue from their date of delivery and will be payable in arrears, on the basis of a 365/366-day year for the number of days actually elapsed. Interest is payable on January 1 and July 1 of each year, commencing July 1, 2026*, and on any redemption date or Conversion Date; for the initial Interest Payment Date, from the date of delivery of the 2026 Series C Bonds, and for subsequent Interest Payment Dates, from the preceding Interest Payment Date (i.e., January 1 or July 1), to, but not including, that Interest Payment Date.

The 2026 Series C Bonds will bear interest on the date of delivery at the rate set forth in a certificate delivered by RBC Capital Markets, LLC on the date of delivery of the 2026 Series C Bonds. Thereafter, the 2026 Series C Bonds in the Weekly Mode (other than Bank Bonds) will bear interest at the Weekly Rate that will take effect each Thursday, beginning [March 5, 2026]* (the "Effective Rate Date"), following a Rate Determination Date and remain in effect until the day before the next Effective Rate Date. The Weekly Rate will be determined by the Remarketing Agent by 4:00 p.m. New York time on the first Business Day preceding the applicable Effective Rate Date (each a "Rate Determination Date"). In no event will the 2026 Series C Bonds (other than Bank Bonds) bear interest at an annual rate in excess of the lesser of 12 percent or the maximum rate permitted by law (the "Maximum Rate").

The Weekly Rate applicable to the 2026 Series C Bonds will be the rate that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2026 Series C Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. In determining the Weekly Rate for any 2026 Series C Bonds, the Remarketing Agent will take into account to the extent applicable (1) market interest rates for comparable securities held by open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to those 2026 Series C Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as those 2026 Series C Bonds; (2) other financial market rates and indices that may have a bearing on the Weekly Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates,

* Preliminary, subject to change.

federal fund rates, the SOFR Index, indices maintained by *The Bond Buyer*, and other publicly available interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and the 2026 Series C Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2026 Series C Bonds (other than Bank Bonds) will be conclusive and binding on the Owners of those 2026 Series C Bonds. If the Remarketing Agent or the Trustee fails to give any notice required under the 2026 Series C Resolution, or there is any defect in a notice, it will not affect the interest rate on any 2026 Series C Bonds or the rights of the Owners thereof.

If for any reason the position of Remarketing Agent is vacant or a Remarketing Agent fails to establish the interest rate, the 2026 Series C Bonds (other than Bank Bonds) will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SOFR Index plus 0.60 percent or (ii) the Maximum Rate.

Mode and Interest Rate Changes. The Agency may elect (1) to change the intervals at which the interest rate is calculated with respect to all or part of the 2026 Series C Bonds (each change is a "Mode Change" with respect to the 2026 Series C Bonds to which that Mode Change applies, and the date on which each Mode Change is effective is a "Mode Change Date"), (2) to change all or part of the 2026 Series C Bonds to become variable rate bonds not required to be covered by a Liquidity Facility (each change an "Unenhanced Variable Rate Change" with respect to the 2026 Series C Bonds to which it applies, and the date of each change an "Unenhanced Variable Rate Change Date"), (3) to change all or a portion of the 2026 Series C Bonds to become FRNs (a "Floating Rate Change" with respect to the 2026 Series C Bonds to which it applies, and the date of each change a "Floating Rate Change Date") or (4) to convert all or part of the 2026 Series C Bonds to bear interest at fixed rates to their maturity or to bear interest at an index rate (with respect to the 2026 Series C Bonds to which that conversion applies, a "Conversion," and the date on which that a Conversion is effective a "Conversion Date"). The Agency is to provide notice of a Mode Change, an Unenhanced Variable Rate Change, Floating Rate Change or a Conversion to the Remarketing Agent, the Trustee, the Liquidity Provider, and the Tender Agent not less than 20 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date. The Trustee is to provide notice of a Mode Change, an Unenhanced Variable Rate Change, Floating Rate Change or a Conversion to DTC not less than 15 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date. On each Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date, the 2026 Series C Bonds to which that Mode Change, Unenhanced Variable Rate Change, Floating Rate Change or Conversion applies will be subject to mandatory tender for purchase. **This Official Statement does not describe the 2026 Series C Bonds in any Mode other than a Weekly Mode or while an Alternate Liquidity Facility is in effect**.

For additional information with respect to the 2026 Series C Bonds, see also "Optional Redemption of 2026 Series C Bonds" below, "Appendix J – Certain Definitions With Respect to the 2026 Series C Bonds" and "Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement."

Swap Agreement. The Agency expects to enter into an interest rate swap agreement (the "Swap Agreement") with _____ (the "Swap Counterparty") effective on the anticipated date of issuance of the 2026 Series C Bonds. The purpose of the Swap Agreement is to place all or a portion of the aggregate net obligation of the Agency with respect to the 2026 Series C Bonds on an approximately fixed-rate basis. Payments made to the Swap Counterparty by the Agency under the Swap Agreement are to be made semiannually on the basis of a notional principal amount, initially $[2026C PAR]*, and the relationship between an agreed-upon fixed rate and a variable rate calculated by reference to the SOFR Index. Payments the Agency makes to the Swap Counterparty, including any applicable termination amount referenced below, will be paid from Revenues on deposit in the Revenue Fund under the Bond Resolution on a basis subordinate to the payment of the interest on and principal of the Bonds and the funding of the Debt Service Reserve Fund and the Insurance Reserve Fund. Payments the Swap Counterparty makes to the Agency under the Swap Agreement (which would result if the variable rate payable by the Swap Counterparty under the Swap Agreement exceeds the fixed interest rate payable by the Agency under the Swap Agreement) are pledged as Revenues

* Preliminary, subject to change.

under the Resolutions. Unless earlier terminated in whole (in which case a termination amount may be payable by one party to the other party), the Swap Agreement will expire on _____.

Sinking Fund Redemption*

The Series Bonds are subject to mandatory sinking fund redemption in part on each January 1 and July 1 in the applicable years at the principal amount to be redeemed plus accrued interest, without premium, as set forth in the following tables:

2026 Series A Bonds Due July 1, 2040

Date	Principal Amount	Date	Principal Amount
January 1, 2038	$,000	July 1, 2039	$,000
July 1, 2038	,000	January 1, 2040	,000
January 1, 2039	,000	July 1, 2040 (maturity)	,000

2026 Series A Bonds Due July 1, 2045

Date	Principal Amount	Date	Principal Amount
January 1, 2041	$,000	July 1, 2043	$,000
July 1, 2041	,000	January 1, 2044	,000
January 1, 2042	,000	July 1, 2044	,000
July 1, 2042	,000	January 1, 2045	,000
January 1, 2043	,000	July 1, 2045 (maturity)	,000

2026 Series A Bonds Due January 1, 2050

Date	Principal Amount	Date	Principal Amount
January 1, 2046	$,000	July 1, 2048	$,000
July 1, 2046	,000	January 1, 2049	,000
January 1, 2047	,000	July 1, 2049	,000
July 1, 2047	,000	January 1, 2050 (maturity)	,000
January 1, 2048	,000		

2026 Series A Bonds Due July 1, 2056 (PAC)

Date	Principal Amount	Date	Principal Amount
January 1, 2050	$,000	July 1, 2053	$,000
July 1, 2050	,000	January 1, 2054	,000
January 1, 2051	,000	July 1, 2054	,000
July 1, 2051	,000	January 1, 2055	,000
January 1, 2052	,000	July 1, 2055	,000
July 1, 2052	,000	January 1, 2056	,000
January 1, 2053	,000	July 1, 2056 (maturity)	,000

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* Preliminary, subject to change.

2026 Series B Bonds Due July 1, 2040

Date	Principal Amount	Date	Principal Amount
January 1, 2038	$,000	July 1, 2039	$,000
July 1, 2038	,000	January 1, 2040	,000
January 1, 2039	,000	July 1, 2040 (maturity)	,000

2026 Series B Bonds Due July 1, 2045

Date	Principal Amount	Date	Principal Amount
January 1, 2041	$,000	July 1, 2043	$,000
July 1, 2041	,000	January 1, 2044	,000
January 1, 2042	,000	July 1, 2044	,000
July 1, 2042	,000	January 1, 2045	,000
January 1, 2043	,000	July 1, 2045 (maturity)	,000

2026 Series B Bonds Due January 1, 2050

Date	Principal Amount	Date	Principal Amount
January 1, 2046	$,000	July 1, 2048	$,000
July 1, 2046	,000	January 1, 2049	,000
January 1, 2047	,000	July 1, 2049	,000
July 1, 2047	,000	January 1, 2050 (maturity)	,000
January 1, 2048	,000		

2026 Series C Bonds Due July 1, 2056

Date	Principal Amount	Date	Principal Amount
January 1, 2050	$,000	July 1, 2053	$,000
July 1, 2050	,000	January 1, 2054	,000
January 1, 2051	,000	July 1, 2054	,000
July 1, 2051	,000	January 1, 2055	,000
January 1, 2052	,000	July 1, 2055	,000
July 1, 2052	,000	January 1, 2056	,000
January 1, 2053	,000	July 1, 2056 (maturity)	,000

Upon redemption of Series Bonds of a Series and maturity for which sinking fund installments have been established or any purchase and cancellation in lieu of redemption, the principal amount of that Series and maturity of the Series Bonds redeemed or purchased may be credited toward one or more sinking fund installments for that Series and maturity thereafter coming due in the manner the Agency specifies. The portion of any sinking fund installment remaining after the deductions credited to those payments is the unsatisfied balance of that sinking fund installment with respect to that Series and maturity of the Series Bonds for the purpose of calculating the payment due on or scheduled for a future date.

Special Redemption[*]

Unexpended Proceeds. At its option, the Agency may redeem the Series Bonds prior to maturity, at any time, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium (except that any PAC Term Bonds are to be redeemed at a redemption price

[*] Preliminary, subject to change.

equal to the principal amount thereof to be redeemed plus accrued interest, plus the unamortized premium thereon as the Agency determines by straight-line amortization of the original issue premium set forth on the inside front cover of this Official Statement between the date of issue and [July 1, 2034] (as of which date the premium would reduce to $0)), from moneys representing Series Bond proceeds not used to purchase Program Securities and transferred to the Bond Redemption Fund from the 2026 Series A-B-C Acquisition Account and any allocable amounts held in the Debt Service Reserve Fund. In the event the Agency determines to redeem any Series Bonds from unexpended proceeds, the Agency will select the Series, maturities and amounts of the Series Bonds to be redeemed and the Trustee will select the Series Bonds at random within each Series and maturity.

If the Agency has not expended all proceeds of the Series Bonds credited to the 2026 Series A-B-C Acquisition Account and the Delivery Period has not been extended (see "The Residential Housing Finance Program—Acquisition of Program Securities"), then the Agency must redeem the Series Bonds from those unexpended proceeds upon the expiration of the Delivery Period at the redemption price specified above.

The Agency expects to apply and disburse all of the proceeds of the Series Bonds credited to the 2026 Series A-B-C Acquisition Account to purchase Program Securities with a principal amount of approximately $[___] million, on or before [_____] 1, 2026, and to purchase Deferred Payment Loans with a principal amount of approximately $[___] million on or before [_____] 1, 2026. (See "The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds.")

Excess Revenues. In the Agency's discretion and subject to the requirements of the Resolutions, the Agency may apply moneys on deposit in the Revenue Fund attributable to Excess Revenues to redeem Outstanding Bonds under the Bond Resolution (including the Series Bonds, but with respect to the PAC Term Bonds not in excess of the maximum cumulative redemption amounts shown below), at any time; subject, however, to any provisions to the contrary in any Series Resolution relating to a Series of Bonds. The redemption price of redeemed Bonds will be the principal amount of those Bonds plus accrued interest thereon, without premium. The Agency will select the Series, maturities and sinking fund installments of the Bonds to be redeemed.

As used herein, "Excess Revenues" means the Revenues, including prepayments (except as described below under "Repayments and Prepayments"), on deposit in the Revenue Fund received in excess of (i) the maturing principal and sinking fund installments and any required mandatory redemptions, together with interest from time to time payable, on Bonds Outstanding under the Bond Resolution, (ii) amounts needed to maintain the Debt Service Reserve Fund and the Insurance Reserve Fund at their respective Requirements, and (iii) amounts required by the Agency to pay fees and other costs in connection with the Bonds associated with maintaining the Program, including amounts to be paid under swap agreements, liquidity facilities, remarketing agreements and other similar instruments.

10-Year Rule Requirements. To comply with certain provisions of federal tax law, the Agency must apply all available prepayments and regularly scheduled repayments of mortgage principal from the Deferred Payment Loans and Program Securities allocable to the Tax-Exempt Series Bonds and (i) with respect to proceeds of the Tax-Exempt Series Bonds allocated to the refunding of outstanding bonds of the Agency, received 10 years after the original issue date of the bonds refunded, or (ii) with respect to the remaining proceeds of the Tax-Exempt Series Bonds, received 10 years or more after the issue date of the Tax-Exempt Series Bonds (collectively, the "Tax-Restricted Receipts"), to pay at maturity or redeem Tax-Exempt Series Bonds. This redemption must occur no later than the close of the first semiannual period beginning after the date of receipt, but no redemption is required if the amount available and required to be used to redeem the Tax-Exempt Series Bonds is less than $250,000. Prepayments and scheduled repayments of mortgage principal from Program Securities and Deferred Payment Loans allocable to the Tax-Exempt Series Bonds (collectively, the "Tax-Exempt Receipts") received on or after the following dates in the following approximate percentages constitute the "Tax-Restricted Receipts:"

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Dates	Percentages
February 26, 2025, to June 30, 2026	%
July 1, 2026, to June 30, 2027	
July 1, 2027, to June 30, 2028	
July 1, 2028, to June 30, 2029	
July 1, 2029, to June 30, 2030	
July 1, 2030, to June 30, 2031	
July 1, 2031, to June 30, 2032	
July 1, 2032, to June 30, 2033	
July 1, 2033, to June 30, 2034	
July 1, 2034 to June 30, 2035	
July 1, 2035, and thereafter	100.00

Repayments and Prepayments. To the extent not needed to make regularly scheduled principal payments on the Taxable Series Bonds, either at maturity or pursuant to sinking fund installments, all prepayments and scheduled repayments of mortgage principal from Program Securities allocable to the Taxable Series Bonds will be applied (a) first, in the event that the Tax-Exempt Receipts available and applied to the redemption of the PAC Bonds were insufficient to redeem the PAC Bonds on a cumulative basis up to the Maximum Cumulative Amounts set forth in the table below, to redeem the PAC Bonds up to those amounts, (b) second, to redeem Taxable Series Bonds of the Series and maturities selected by the Agency at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium and (c) then, if no Taxable Series Bonds are Outstanding, to redeem any Outstanding Bonds (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), including any Tax-Exempt Series Bonds other than PAC Term Bonds in excess of the Maximum Cumulative Amounts shown in the table below, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, or for any other purpose authorized under the Resolutions.

To the extent not needed to make regularly scheduled principal payments on the Tax-Exempt Series Bonds, either at maturity or pursuant to sinking fund installments, the Tax-Restricted Receipts will be applied to redeem the Tax-Exempt Series Bonds at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; provided, however, that those redemptions will not be required: (1) if there is a change in the Code or any temporary, proposed or final Treasury Regulations, or notices or similar announcements from time to time, that have the effect of removing or reducing the requirement of such redemptions of Tax-Exempt Series Bonds; and (2) if there shall be delivered to the Trustee an opinion of Bond Counsel that those changes in these redemption provisions will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Series Bonds.

To the extent not needed to make regularly scheduled principal payments on the Series Bonds, either at maturity or pursuant to sinking fund installments, all Tax-Exempt Receipts received by or on behalf of the Agency must first be applied to redeem the PAC Term Bonds on a cumulative basis up to the Maximum Cumulative Amounts during each Redemption Period ending on the date therefor set forth in the following table:

[The remainder of this page is intentionally left blank]

Redemption Period	Maximum Cumulative Amounts†	Redemption Period	Maximum Cumulative Amounts†
July 1, 2026	$,000	January 1, 2031	$,000
January 1, 2027	,000	July 1, 2031	,000
July 1, 2027	,000	January 1, 2032	,000
January 1, 2028	,000	July 1, 2032	,000
July 1, 2028	,000	January 1, 2033	,000
January 1, 2029	,000	July 1, 2033	,000
July 1, 2029	,000	January 1, 2034	,000
January 1, 2030	,000	July 1, 2034	,000
July 1, 2030	,000		

†Based on an approximation of 75 percent PSA prepayment speed on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds. (See "Projected Weighted Average Lives of the PAC Term Bonds" below for a discussion of the PSA Prepayment Model.) Amounts actually to be redeemed pursuant to this provision will be reduced proportionately to the extent any of the PAC Term Bonds are redeemed from unexpended proceeds of the Series Bonds.

To the extent the Agency redeems PAC Term Bonds more than once in a semiannual period or on a date that is not a regularly scheduled interest payment date, the Agency will not redeem PAC Term Bonds on a cumulative basis as of any date in an aggregate principal amount greater than the sum of (i) the Maximum Cumulative Amount in the table above for the immediately preceding regularly scheduled interest payment date and (ii) the proportionate amount (based on the number of days elapsed since the immediately preceding regularly scheduled interest payment date and the total number of days in the period (calculated on the basis of a 360-day year of twelve 30-day months)) of the difference between the Maximum Cumulative Amount set forth in the table above for the next succeeding regularly scheduled interest payment date and the Maximum Cumulative Amount for the immediately preceding regularly scheduled interest payment date.

If the Agency receives Tax-Exempt Receipts sufficient to redeem PAC Term Bonds up to the Maximum Cumulative Amounts in accordance with the table above, (1) to the extent required by applicable federal tax law, the Agency must use any excess Tax-Exempt Receipts (a) to redeem Outstanding Tax-Exempt Series Bonds (other than PAC Term Bonds) from the maturities the Agency selects, or (b) if no Tax-Exempt Series Bonds are Outstanding other than PAC Term Bonds, to redeem Outstanding PAC Term Bonds, in each case on any date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; and (2) to the extent not required by applicable federal tax law to redeem Tax-Exempt Series Bonds, the Agency, at its option, may use any excess Tax-Exempt Receipts to redeem any Outstanding Bonds, including the Series Bonds (other than the PAC Term Bonds), at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), or for any other purpose authorized under the Resolutions.

Projected Weighted Average Lives of the PAC Term Bonds. The following information is provided to allow prospective investors to evaluate the PAC Term Bonds that are the subject of the special redemption provisions described above.

The weighted average life of a bond refers to the average length of time that will elapse from the date of issuance of the bond to the date each installment of principal is paid weighted by the principal amount of that installment. The weighted average life of the PAC Term Bonds will be influenced by, among other things, the rate at which Program Securities are purchased and the rate at which principal payments (including scheduled payments and principal prepayments) are made on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds (collectively, the "Series Bond Program Loans"). An Owner owning less than all of the PAC Term Bonds may experience redemption at a rate that varies from the average life of the PAC Term Bonds.

Levels of prepayment on mortgage loans are commonly measured by a prepayment standard or model. The standard used in this Official Statement is The Standard Prepayment Model of The Securities Industry and Financial

Markets Association, formerly The Bond Market Association and formerly the Public Securities Association (the "PSA Prepayment Model"). The PSA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of mortgage loans. The PSA Prepayment Model does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Series Bond Program Loans. "100% PSA" assumes prepayment rates of 0.2 percent per year of the then-unpaid balance of the pool of mortgage loans in the first month of the life of the pool of mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the thirtieth month. Beginning in the thirtieth month and in each month thereafter during the life of the pool of mortgage loans, "100% PSA" assumes a constant prepayment rate of 6 percent per year. Multiples will be calculated from this prepayment rate standard, e.g. "200% PSA" assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month thirty and remaining constant at 12 percent per year thereafter. "0% PSA" assumes no prepayments of principal of a pool of mortgage loans will occur for the life of the pool of mortgage loans.

The information in the following table, entitled "Projected Weighted Average Lives for the PAC Term Bonds" is based on the assumptions, among other things, that (i) the Series Bond Program Loans prepay at the indicated percentages of the PSA Prepayment Model and Deferred Payment Loans are repaid in full upon the prepayment of the associated Program Loans, (ii) $[___] million of the proceeds of the Series Bonds in the 2026 Series A-B-C Acquisition Account are used to purchase Program Securities and $[___] million are used to purchase Deferred Payment Loans, (iii) the Program Securities financed with the proceeds of the Series Bonds will have a weighted average pass-through rate of not less than [6.57] percent and will be acquired by [____] 1, 2026, (iv) the Deferred Payment Loans will be acquired by [____] 1, 2026, (v) all scheduled principal and interest payments or prepayments on Series Bond Program Loans are received thirty days after the date on which due or assumed to be made and there are no foreclosures or repurchases of those Program Loans, (vi) the PAC Term Bonds are redeemed only on regularly scheduled interest payment dates, and (vii) the Series Bonds, including the PAC Term Bonds, are not redeemed pursuant to optional redemption or from Excess Revenues. Based solely on the assumptions, some or all of which are unlikely to reflect actual experience, the following table provides projected weighted average life information for the PAC Term Bonds.

Projected Weighted Average Lives for the PAC Term Bonds

PSA Prepayment	PAC Term Bonds Weighted Average Life†
0%	years
50	
75	
100	
200	
300	
400	
500	
600	
700	

†The weighted average life may be affected if, among other things, the Series Bonds, including the PAC Term Bonds, are redeemed with Excess Revenues, or from unexpended proceeds of the Series Bonds, as described above, or if PAC Term Bonds are redeemed on a date other than a regularly scheduled interest payment date.

The Agency cannot give any assurance that prepayments of principal of the Series Bond Program Loans will conform to any level of a particular prepayment projection, schedule or model or that prepayments will be available to be applied to redemptions of any of the Series Bonds, including the PAC Term Bonds. The rates of principal prepayments on mortgage loans are generally influenced by a variety of economic, geographical, social and other factors, including servicing decisions, changing property values, prevailing interest rates and the time within which mortgage loans are originated. In general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, those mortgage loans may be likely to prepay

at higher rates than if prevailing interest rates remain at or above the interest rates on those mortgage loans. Conversely, if prevailing interest rates increase above the interest rates on the mortgage loans, the rate of prepayments might be expected to decrease. Foreclosures or repurchases of Series Bond Program Loans will also affect the expected special redemption schedules. The Agency cannot predict the number of Series Bond Program Loans that may become delinquent, repurchased or foreclosed. For these reasons, the Agency cannot offer any assurances as to the rate at which the Series Bond Program Loans will prepay and offers no assurance that the scheduled amounts will, in fact, be available to effect any redemptions described herein.

Optional Redemption of the Fixed Rate Series Bonds*

The Agency may redeem Fixed Rate Series Bonds with stated maturities on or after [January 1, 2034] prior to their stated maturity dates, at its option, in whole or in part, from the Series and in the amounts and from the stated maturities that the Agency designates, on [July 1, 2033] or any date thereafter, from any amounts available to the Agency for that purpose, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

General Provisions as to Fixed Rate Series Bonds

Except as otherwise provided in the 2026 Series AB Resolution, any Fixed Rate Series Bonds to be redeemed other than upon mandatory sinking fund redemption will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency and stating (a) the Fixed Rate Series Bonds to be redeemed and (b) the maturities and amounts from which Fixed Rate Series Bonds are to be redeemed. If less than all Fixed Rate Series Bonds of a maturity are to be redeemed, the Fixed Rate Series Bonds of that maturity to be redeemed will be selected at random by a method determined by the Trustee. The Agency will not at any time cause Fixed Rate Series Bonds to be redeemed (other than pursuant to mandatory redemption) if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after that redemption.

The Trustee must mail a copy of the notice of redemption, by first class mail, to the registered owner of any Fixed Rate Series Bond called for redemption at least 30 days prior to the redemption date; that registered owner to be determined from the registry books as of the 15th day preceding the date that notice is mailed. (See "Appendix E — Book-Entry-Only System.")

Optional Redemption of 2026 Series C Bonds

Optional Redemption. The Agency may redeem 2026 Series C Bonds in the Weekly Mode at its option, in whole or in part on any Business Day (including any optional or mandatory tender date), from any money made available for that purpose, at a Redemption Price equal to 100 percent of the principal amount thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date.

Notice of Redemption. While 2026 Series C Bonds are in the Weekly Mode, the Trustee must give a copy of the notice of redemption identifying 2026 Series C Bonds to be redeemed by Immediate Notice not less than 20 days prior to the date fixed for redemption to the Owners of 2026 Series C Bonds to be redeemed at their addresses as shown on the bond register. "Immediate Notice" means notice by telephone, telex or telecopier to the address as the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid. Notwithstanding the foregoing, the Trustee need not give a separate notice of redemption in addition to the notice of tender the Owner or the Trustee, as applicable, must give for 2026 Series C Bonds to be redeemed on an optional or mandatory tender date.

Subject to the terms of the 2026 Series C Resolution, any 2026 Series C Bonds to be optionally redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency stating (1) the principal amount of the 2026 Series C Bonds to be redeemed, and (2) the years in which and the amounts by which the applicable sinking fund installments, if any, are to be reduced. Upon any redemption of 2026 Series C Bonds, the Trustee is to select those to be redeemed by lot or another method of selection as it deems proper in its

* Preliminary, subject to change.

discretion; provided that the 2026 Series C Bonds that are Bank Bonds must be selected for redemption before other 2026 Series C Bonds.

Optional and Mandatory Tender of 2026 Series C Bonds

Optional Tender. Owners of 2026 Series C Bonds in the Weekly Mode may elect to tender their 2026 Series C Bonds for purchase, by providing notice to the Remarketing Agent and the Tender Agent not later than 5:00 p.m. (New York City time) on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in the notice. Those 2026 Series C Bonds are to be purchased on the purchase date specified in the notice at a price equal to 100 percent of the principal amount thereof plus accrued interest to but not including the purchase date (the "Purchase Price"). The notice of optional tender for purchase of 2026 Series C Bonds by the Owners or beneficial owners thereof will be irrevocable once that notice is given to the Remarketing Agent and the Tender Agent.

Mandatory Tender. The 2026 Series C Bonds or any portion thereof are subject to mandatory tender for purchase (with no right to retain) at the Purchase Price (i) on any Mode Change Date and each Unenhanced Variable Rate Change Date for those 2026 Series C Bonds, (ii) upon scheduled expiration or termination by the Agency of the Initial Liquidity Facility or an Alternate Liquidity Facility (defined below) (a "Liquidity Expiration Event") for those 2026 Series C Bonds, on a date not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) the effective date of an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity, if a mandatory tender has not already occurred pursuant to the Liquidity Expiration Event, (iv) on any Conversion Date for those 2026 Series C Bonds, (v) on any Floating Rate Change Date and (vi) upon receipt of a Notice of Termination Date (as described in any Liquidity Facility) by the Trustee following the occurrence of certain Events of Default under that Liquidity Facility, on a date not less than five days prior to the date on which the Liquidity Facility will terminate (each a "Mandatory Tender Date"). If any of the listed events occur, the Trustee must deliver a notice of mandatory tender to the Owners, at least 15 days prior to the Mandatory Tender Date, stating the reason for the mandatory tender, the date of mandatory tender, and that all Owners of 2026 Series C Bonds subject to that mandatory tender are deemed to have tendered their 2026 Series C Bonds upon that date.

This paragraph is applicable to the 2026 Series C Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2026 Series C Bonds not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those 2026 Series C Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Resolutions, except for the purpose of payment of the Purchase Price. Replacement 2026 Series C Bonds will be issued in place of those untendered 2026 Series C Bonds pursuant to the 2026 Series C Resolution, and, after the issuance of the replacement 2026 Series C Bonds, the untendered 2026 Series C Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

Remarketing of 2026 Series C Bonds

General. On each date on which 2026 Series C Bonds are required to be purchased, the Remarketing Agent must use its best efforts to sell those 2026 Series C Bonds at a Weekly Rate (or, in the case of purchase upon a Mode Change, an interest rate corresponding to the appropriate mode) that results as nearly as practicable in the price being 100 percent of the principal amount thereof. In the event the Remarketing Agent is unable to remarket the 2026 Series C Bonds so tendered while the Initial Liquidity Facility is in effect, the Initial Liquidity Provider has agreed to purchase those 2026 Series C Bonds in accordance with the Initial Liquidity Facility. The Remarketing Agent is not required to remarket the 2026 Series C Bonds (i) after the occurrence of an Event of Default under the Resolution; (ii) after the occurrence of a Termination Event under the Initial Liquidity Facility and the Initial Liquidity Provider's termination of its commitment to purchase 2026 Series C Bonds thereunder; (iii) during a Suspension Event under the Initial Liquidity Facility and the Initial Liquidity Provider's suspension of its commitment to purchase the 2026 Series C Bonds thereunder (unless there is reinstatement of the Initial Liquidity Facility; provided that if no reinstatement occurs within specific time periods, termination will occur without mandatory tender); or (iv) if the Initial Liquidity

Provider breaches its obligation to purchase 2026 Series C Bonds tendered and not remarketed. The Agency will enter into a Remarketing Agreement with the Remarketing Agent pursuant to which the Remarketing Agent will undertake the duties of Remarketing Agent in the 2026 Series C Resolution, including remarketing of tendered 2026 Series C Bonds and determination of interest rates. The Remarketing Agreement provides that the Remarketing Agent may suspend its activities under certain circumstances, that the Remarketing Agent may resign its duties by giving 30 days' written notice to the Agency, and that the Agency may remove the Remarketing Agent upon 30 days' written notice.

Remarketing Agent Is Paid by the Agency. The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket the 2026 Series C Bonds that are tendered by the Owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Official Statement. The Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of the Remarketing Agent may differ from those of Owners and potential purchasers of 2026 Series C Bonds.

Remarketing Agent May Purchase Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase those obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2026 Series C Bonds for its own account and, in its sole discretion, may acquire tendered 2026 Series C Bonds in order to achieve a successful remarketing of the 2026 Series C Bonds (i.e., because there otherwise are not enough buyers to purchase the 2026 Series C Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2026 Series C Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2026 Series C Bonds by purchasing and selling 2026 Series C Bonds other than in connection with an optional or mandatory tender and remarketing. Those purchases and sales may be at or below the principal amount thereof. However, the Remarketing Agent is not required to make a market in the 2026 Series C Bonds. The purchase of 2026 Series C Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2026 Series C Bonds in the market than is the case. The Remarketing Agent may also sell any 2026 Series C Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2026 Series C Bonds. The practices described above also may result in fewer 2026 Series C Bonds being tendered for purchase pursuant to the 2026 Series C Resolution.

2026 Series C Bonds May Be Offered at Different Prices on Any Date, Including a Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2026 Series C Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. The interest rate will reflect, among other factors, the level of market demand for the 2026 Series C Bonds (including whether the Remarketing Agent is willing to purchase 2026 Series C Bonds for its own account). There may or may not be 2026 Series C Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2026 Series C Bonds tendered for purchase on that date at the principal amount thereof and the Remarketing Agent may sell 2026 Series C Bonds at varying prices to different investors on that date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2026 Series C Bonds at the remarketing price. In the event the Remarketing Agent owns any 2026 Series C Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer those 2026 Series C Bonds on any date, including the Rate Determination Date, at a discount to the principal amount thereof to some investors.

Ability to Sell the 2026 Series C Bonds Other Than Through Tender Process May Be Limited. The Remarketing Agent may buy and sell 2026 Series C Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender their 2026 Series C Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2026 Series C Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2026 Series C Bonds other than by tendering the 2026 Series C Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2026 Series C Bonds, Without a Successor Being Named. Under certain circumstances, the Remarketing Agent may

be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee will establish the applicable rate of interest on the 2026 Series C Bonds as described in the 2026 Series C Resolution.

Agency Not Responsible to Owners for Initial Liquidity Provider's Failure To Purchase 2026 Series C Bonds. Under the terms and provisions of the Remarketing Agreement and the Initial Liquidity Facility, the Purchase Price of 2026 Series C Bonds is payable from moneys furnished in connection with the remarketing of the 2026 Series C Bonds or from the Initial Liquidity Facility. Upon the occurrence of certain Termination Events or Suspension Events under the Initial Liquidity Facility, the Initial Liquidity Provider's obligation to purchase 2026 Series C Bonds under the Initial Liquidity Facility will immediately terminate or suspend without notice or other action on the part of the Initial Liquidity Provider. (See "Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement.") **The Agency is not responsible to Owners if the Initial Liquidity Provider fails to purchase 2026 Series C Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to the 2026 Series C Resolution or upon the occurrence of a Termination Event or a Suspension Event unless the Termination Event arises solely from the long term credit rating of the 2026 Series C Bonds being withdrawn or suspended or reduced below "Baa3" or "BBB- " by Moody's or S&P, respectively.**

If a Termination Event or Suspension Event has occurred resulting in the termination or suspension of the Initial Liquidity Facility or if the Initial Liquidity Provider does not purchase any 2026 Series C Bonds tendered or deemed tendered for purchase by the owners thereof and not remarketed, those Bonds will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SOFR Index plus 1.60 percent or (ii) the Maximum Rate. Owners will not have the right to tender their 2026 Series C Bonds during that period and may be required to hold their 2026 Series C Bonds to maturity or prior redemption.

LIQUIDITY FACILITY

General Provisions

The Agency has agreed in the 2026 Series C Resolution to maintain a Liquidity Facility in effect at all times when any 2026 Series C Bonds are in a Weekly Mode, or other Mode requiring a Liquidity Facility, except as otherwise provided below, in an amount not less than the potential Purchase Price of the outstanding 2026 Series C Bonds in the Weekly Mode or other Mode requiring a Liquidity Facility.

The Agency may elect to replace any Liquidity Facility (including but not limited to the Initial Liquidity Facility) for the 2026 Series C Bonds, with another liquidity facility meeting the requirements of the 2026 Series C Resolution (an "Alternate Liquidity Facility," and, together with the Initial Liquidity Facility, a "Liquidity Facility"). The Agency will notify the Trustee, the Remarketing Agent and the Tender Agent of the Agency's intention to deliver an Alternate Liquidity Facility at least 45 days prior to that delivery. Upon receipt of that notice, the Trustee will mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of that Alternate Liquidity Facility, to each Owner of the 2026 Series C Bonds at that Owner's registered address not less than 15 days prior to the date the 2026 Series C Bonds are subject to mandatory tender. If the Agency elects to replace the Liquidity Facility, the 2026 Series C Bonds will be subject to mandatory tender not less than five days prior to the termination of the existing Liquidity Facility. This Official Statement does not describe the 2026 Series C Bonds when an Alternate Liquidity Facility in respect thereof is in place.

The Agency may also elect to provide liquidity support for any 2026 Series C Bonds from its own funds or by delivering a liquidity facility that does not meet the requirements of an Alternate Liquidity Facility. If the Agency makes an election, those 2026 Series C Bonds will be subject to mandatory tender prior to the expiration of the Liquidity Facility then in effect.

The Standby Bond Purchase Agreement

The Initial Liquidity Facility will be the Standby Bond Purchase Agreement. Appendix K to this Official Statement summarizes certain provisions of the Standby Bond Purchase Agreement, to which Appendix reference is made for the detailed provisions thereof. Certain information regarding the Initial Liquidity Provider appears in

Appendix L to this Official Statement. **The Initial Liquidity Provider has no responsibility for the form and content of this Official Statement, other than solely with respect to the information describing itself set forth in "APPENDIX L – Certain Information Regarding the Initial Liquidity Provider", and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, other than solely with respect to the information describing itself set forth in "APPENDIX L – Certain Information Regarding the Initial Liquidity Provider", or omitted herefrom.**

SECURITY FOR THE BONDS

The Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge of (a) all proceeds of the sale of the Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds, notes or other obligations), (b) all Program Obligations and Investment Obligations made or purchased from those proceeds, (c) all Revenues, (d) any other loans, funds, securities, Cash Equivalents or other property of the Agency otherwise pledged as security for Outstanding Bonds pursuant to a Series Resolution; and (e) all money, Investment Obligations, and other assets and income held in and receivables of Funds (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that particular funds be applied for a specified purpose. The pledge granted by the Bond Resolution is for the equal benefit, protection and security of Owners of all Outstanding Bonds, except as otherwise expressly provided therein or in a Series Resolution.

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

Cash Flow Certificate

The Bond Resolution requires that the Agency file a Cash Flow Certificate with the Trustee (i) at least once within a 12-month period and as otherwise required under the Bond Resolution or a Series Resolution, (ii) upon the proposed application of funds in the Revenue Fund to acquire Program Obligations or to pay Program Expenses, if not contemplated by a prior Cash Flow Certificate, or (iii) to release funds to the Agency from the Revenue Fund or to transfer funds to the Alternative Loan Fund. The Bond Resolution also permits a revised Cash Flow Certificate to be filed at any time directed by the Agency. The Cash Flow Certificate is to give effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established under the Bond Resolution or any Series Resolution (excluding the Insurance Reserve Fund, and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) will not be taken into account when preparing the Cash Flow Certificate. The Cash Flow Certificate is to set forth the assumptions upon which the estimates therein are based, which assumptions will be based upon the Agency's reasonable expectations at the time the Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of that Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, in respect of Outstanding Bonds of that Series. As set forth more fully in "Appendix C — Summary of Certain Provisions of the Bond Resolution — Revenue Fund," the Agency may withdraw from the Revenue Fund funds to be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, in each case upon the filing with the Trustee a Cash Flow Certificate and a Parity Certificate.

Program Obligations

General information concerning the Agency's Residential Housing Finance Program and the types of Program Obligations that have been and are expected to be financed with the proceeds of the Series Bonds is provided below under the heading "The Residential Housing Finance Program." The Agency expects that approximately $[____] million* in aggregate principal amount of Program Securities and approximately $[___] million* in Deferred Payment Loans will be acquired with proceeds of the Series Bonds. (See "Estimated Sources and Uses of Funds.") Additional information regarding GNMA, Fannie Mae and Freddie Mac and Program Securities and the current Master Servicer is contained in Appendix I to this Official Statement.

Investment Obligations

Bond proceeds and other funds held in the Acquisition Account, the Debt Service Reserve Fund, the Insurance Reserve Fund, the Revenue Fund, the Bond Fund, and the Redemption Fund under the Bond Resolution may be invested in Investment Obligations as defined in the Bond Resolution (see "Appendix C – Summary of Certain Provisions of the Bond Resolution – Certain Defined Terms").

Under the Bond Resolution, the Agency may direct the Trustee to invest funds held thereunder in investment agreements (sometimes referred to as "guaranteed investment contracts"), if that investment agreement does not adversely affect any ratings of the Bonds at the time of execution thereof. As of March 31, 2025, $[222,300] on deposit in the Debt Service Reserve Fund held in respect of Bonds under the Bond Resolution is invested in an investment agreement with Transamerica Life Insurance Co.

There is no assurance that the providers of Investment Obligations held under the Bond Resolution will be able to pay principal of and interest on those Investment Obligations as provided therein. No representation is made as to the creditworthiness of any provider.

The failure of a provider to pay principal and interest when due under an Investment Obligation pertaining to the Acquisition Account could result in the Agency's inability to acquire Program Obligations in an amount necessary to fully secure the Bonds. A failure by a provider to pay amounts due under an Investment Obligation pertaining to the other Funds could result in the Agency's inability to pay debt service on the Bonds. All of the Agency's investment agreements contain "downgrade" provisions giving the Agency the right to withdraw all invested funds early if the provider's credit ratings are downgraded below specified levels and remedial action is not taken by the provider. Funds withdrawn from investment agreements under those circumstances will be invested in alternate Investment Obligations at the direction of the Agency.

Revenues

When Revenues are greater than the amount necessary to pay maturing principal of and interest on the Bonds, the Agency may use the excess, to the extent permitted by applicable federal tax law, to make or purchase additional Program Obligations or to redeem Bonds. If Revenues are less than the amount necessary to pay maturing principal of the Bonds, then either the Agency, at its option, may provide the amount necessary for that payment from any of (a) the General Reserve Account of the Agency, (b) the Alternative Loan Fund, or (c) any other lawful source other than funds and accounts pledged pursuant to the Bond Resolution, or the Trustee must withdraw the necessary amount from the following funds in order of priority: (i) the Bond Redemption Fund, but only to the extent that amounts therein are in excess of amounts required for the redemption of Bonds for which the notice of redemption has been given, (ii) the Revenue Fund, (iii) the Debt Service Reserve Fund, and (iv) the Insurance Reserve Fund.

Debt Service Reserve Fund

The Bond Resolution creates and establishes a Debt Service Reserve Fund and provides that the Debt Service Reserve Requirement as of any date will be the sum of amounts established for each Series of Bonds by each Series Resolution. The aggregate Debt Service Reserve Requirement with respect to the Series Bonds is equal to $[0]. The

* Preliminary, subject to change.

balance in the Debt Service Reserve Fund on [September 2], 2025, was $[4,548,788], which was at least equal to the Debt Service Reserve Requirement for all Series of Bonds then Outstanding.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The moneys held in or credited to a debt service reserve fund are to be used solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when those bonds are redeemed before maturity, provided that the moneys in that fund are not to be withdrawn therefrom at any time in an amount that would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency is not to issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of issuance does not equal or exceed the minimum amount required by the resolution creating the fund unless the Agency deposits in each debt service reserve fund at the time of issuance, from the proceeds of the bonds or otherwise, an amount that, together with the amount then in the fund, is not less than the minimum amount required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency ….

In the opinion of Bond Counsel and counsel to the Agency, under current law the State Legislature is legally authorized *but is not legally obligated* to appropriate those amounts.

Insurance Reserve Fund

The Bond Resolution creates and establishes an Insurance Reserve Fund to be used for the purpose of paying that portion of the claim for loss with respect to any defaulted Program Obligation that is not paid by a public or private insuring agency. As of any particular date of calculation, the Insurance Reserve Requirement is the sum of amounts, if any, established for each Series of Bonds by the applicable Series Resolution. The Insurance Reserve Requirement with respect to the Series Bonds is $0. Currently, there is no balance in the Insurance Reserve Fund, as there is no Insurance Reserve Requirement for any Series of Bonds Outstanding.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a Series Resolution, without limitation as to amount, to provide funds for the purpose of financing Program Obligations and, in addition, to refund outstanding Bonds or other obligations of the Agency. No additional Series of Bonds may be issued except upon receipt by the Trustee of (i) an Agency Certificate (in which the Agency may make certain assumptions permitted in a Cash Flow Certificate) certifying (a) that an amount equal to the Debt Service Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Debt Service Reserve Fund and an amount equal to the Insurance Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Insurance Reserve Fund, and (b) that estimated Revenues are in excess of required fund transfers and debt service on the Bonds in each Fiscal Year, and (ii) written confirmation that the then existing ratings of the Bonds will not be impaired. A Cash Flow Certificate need not be filed in connection with the issuance of additional Bonds unless the Series Resolution authorizing Bonds of the Series so provides.

Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and all other Outstanding Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Bond Resolution, except as otherwise expressly provided therein or in a Series Resolution.

State Pledge Against Impairment of Contracts

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

THE RESIDENTIAL HOUSING FINANCE PROGRAM

General

Under the Bond Resolution, the Agency may issue Bonds to finance Program Obligations in order to provide financing for housing for low and moderate income persons, including single family loans, home improvement loans, multifamily loans and other housing-related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. All Outstanding Bonds issued under the Bond Resolution are secured on an equal basis, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. Certain proceeds of the Series Bonds will be used to purchase Program Securities backed by single family mortgage loans.

The following provides a general description of the Agency's Program in respect of the Program Securities backed by single family mortgage loans to be purchased with proceeds of the Series Bonds. *The Series Program Determinations governing the Program Obligations to be financed with proceeds of the Series Bonds may be revised by the Agency from time to time as provided in the Series Resolutions and, consequently, the following general description is subject to change*.

"MBS" Model

Effective for commitments made on or after September 1, 2009, the Agency changed its single-family mortgage lending program from a "whole loan" model to an "MBS" (mortgage-backed securities) model. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights). Pursuant to the Servicing Agreement, the Master Servicer is to acquire single family mortgage loans meeting Program requirements and pool those Program Loans into Program Securities to be purchased by the Trustee on behalf of the Agency. (See "Procedures for Origination, Purchase and Pooling -- Program Securities" below.) For additional information regarding the Master Servicer, see Appendix I to this Official Statement.

Prior to the transition to the "MBS" model, the Agency's Program provided funds for the purchase by the Agency of newly originated Program Loans at a price and bearing interest at rates established from time to time on the basis of the interest cost of the Bonds and local mortgage market conditions. Generally, outstanding Program Loans purchased by the Agency with the proceeds of Bonds have 30-year terms except for some outstanding Program Loans purchased during a short period beginning in 2006 until October 2008 that have 40-year terms.

Outstanding Bonds have financed both Program Loans and Program Securities.

Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds

The Agency does not anticipate that it will use proceeds of the Series Bonds to purchase Program Securities that are eligible to be financed with Bonds acquired prior to the date of issuance of the Series Bonds with its own funds. The Agency expects that all funds credited to the 2026 Series A-B-C Acquisition Account will be disbursed on or before [____] 1, 2026, to purchase, or reimburse the Agency for the purchase of, Program Securities and Deferred Payment Loans.

Procedures for Origination, Purchase and Pooling

Application

The Agency has published, and revises from time to time, its Start Up Program Procedural Manual (the "Manual") which sets forth the guidelines and procedures for participation in the Program and certain requirements for origination of mortgage loans, including provisions for compliance with the requirements of applicable federal tax law. The Master Servicer has also published its lending manual for the Program establishing additional origination, documentation and processing requirements. The Agency responds to inquiries by interested lenders by directing them to the Master Servicer and the appropriate page on the Master Servicer's website delineating information regarding the requirements a lender must satisfy to be eligible to participate in the Program. Lenders must complete an application process with the Master Servicer, including the payment of an application fee. Each Lender that satisfies the requirements of the Master Servicer and participates in the Program must execute a participation agreement with the Agency, which incorporates the Manual, and a participating lender agreement with the Master Servicer, which incorporates the Master Servicer's lending manual by reference. Generally, Lenders that participate in the Program receive no advance commitment of funds. Rather, Lenders may request an individual commitment of loan funds via the internet by entering loan information in the Agency's online loan purchase approval system (the "Commitment System"). Each commitment request is subject to a review of the Agency's eligibility rules that are a part of the Commitment System. If the information entered by the Lender meets the eligibility rules, the loan funds are then committed for each specific loan for a specific period. Should a specific loan ultimately be rejected or cancelled, the funds are available for use by another eligible borrower and Lender. There is no prescribed limit on the amount of funds that may be used by an individual participating Lender, subject to availability of funds.

Lenders are not required to pay a reservation fee upon obtaining a commitment of funds through the Commitment System. If the Master Servicer has not received a loan package pursuant to an individual commitment after 60 days, the Agency, at its option, may charge and, if so charged, the Lender must agree to pay an extension fee to maintain the individual commitment for a specified, extended period of time. Extension fees, if charged and not refunded, are deposited into the funds from which the loans or the Program Securities are purchased, either the Alternative Loan Fund or the Revenue Fund under the Bond Resolution.

Qualified Borrowers

The Agency has established the maximum gross income for eligible borrowers under the Program based upon applicable federal law and Agency policy objectives. The maximum gross income of an eligible borrower under the Program is currently as follows:

Household Size	11-County Twin Cities Metropolitan Area*	Dodge and Olmsted Counties	Balance of State
1 or 2 Persons	$132,400	$125,600	$116,900
3 or more Persons	$152,200	$144,400	$134,400

*As used in this table, the "Twin Cities Metropolitan Area" comprises the following 11 counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties.

The Agency will apply the income limitations set forth in Section 143(f) of the Code to applicants for loans financed with proceeds of the Series Bonds. The Agency may revise the income limits for the loans from time to time to conform to State and federal law and Agency policy objectives.

At the time a loan is made, the borrower must certify his or her intention to occupy the mortgaged property as his or her principal residence.

Lenders must underwrite the borrower's credit in compliance with the underwriting standards of FHA, VA, USDA Rural Development (formerly the Rural Housing and Community Development Service), Fannie Mae, Freddie Mac or the insuring private mortgage insurance company, as applicable, and of the Master Servicer.

Certain borrowers may be eligible for down payment and closing cost assistance if needed for borrower qualification. (See "Deferred Payment Loans" and "Monthly Payment Loans" under "Other Programs" below.)

Certain Fannie Mae Loan Product

In May 2012, the Agency began offering the Fannie Mae HFA Preferred Risk Sharing™ loan product for borrowers who meet the qualifying guidelines. The HFA Preferred Risk Sharing™ loan product enabled eligible state housing finance agencies to deliver loans with up to 97 percent loan-to-value ratios without mortgage insurance. The loan product carried a higher Fannie Mae guarantee fee and the Agency had to agree to repurchase the loan if it becomes delinquent in the first 12 months and remains delinquent for four consecutive months thereafter, or if the loan is delinquent at the 12th month, does not become current and remains delinquent for four consecutive months thereafter. From May 2012 to date, Fannie Mae has requested the repurchase of, and the Agency has repurchased, [34] loans. Other than the loans described in the next sentences of this paragraph, no loans of this loan product are still subject to repurchase. Fannie Mae and the Agency entered into a variance with respect to 25 loans to borrowers who requested forbearance during the period permitted by the CARES Act, including the period for which forbearance could be requested as was subsequently extended by FHFA. Under the terms of that variance, Fannie Mae extended the term of the repurchase obligation with respect to those 25 loans to 48 months after resolution of the forbearance by the borrower either making the missed payments or accepting one of Fannie Mae's home retention workout options. Five of those 25 loans are included in the 34 loans which the Agency has repurchased. If those loans are Program Loans pooled into Program Securities, those Program Securities have the same Fannie Mae guaranty as other Fannie Mae Securities.

Effective for loans with application dates in Fannie Mae's underwriting system on and after September 5, 2019, Fannie Mae only made the HFA Preferred Risk Sharing™ loan product available to borrowers whose qualifying income, as calculated pursuant to Fannie Mae's underwriting standards, was not greater than 80 percent of area median income. E**ffective July 1, 2020, Fannie Mae no longer offers the HFA Preferred Risk Sharing™ loan product; the Agency ceased taking commitments for those loans on April 1, 2020.**

Uniform Mortgage-Backed Securities

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security ("UMBS"). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities issued before that date and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Securities that are not UMBS and Freddie Mac is offering investors the opportunity to exchange existing Freddie Mac Securities for "mirror" UMBS backed by the same loans as the existing securities. Proceeds of the Series Bonds will be used to purchase Program Securities, which include UMBS. For purposes of this Official Statement, the term "Program Securities" includes UMBS.

Program Loans

Under the "whole loan" model utilized by the Agency until 2009, Program Loans were purchased from (1) Lenders including any bank, savings bank, credit union or mortgage company organized under the laws of Minnesota or the United States or nonprofit licensed by the State of Minnesota, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veterans Affairs, or (2) any agency or instrumentality of the United States or the State.

Subject to the right of the Agency to modify the terms of Program Loans (see Appendix C – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms) under applicable Series Resolutions, the Agency must take or require a Servicer to take all measures, actions and proceedings reasonably necessary and deemed by it to be most effective to recover the balance due on a Defaulted Program Loan, including

the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Mortgage, renting or selling the Home, collection of any applicable mortgage insurance or guaranty, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Program Loan. (See "State Laws Affecting Foreclosures" in Appendix D to this Official Statement.)

Acquisition of Program Securities

Under the "MBS" model, the Trustee, on behalf of the Agency, is to purchase mortgage-backed GNMA I and GNMA II-Custom Pool securities, guaranteed as to timely payment of principal of and interest by GNMA, mortgage-backed Fannie Mae Securities, guaranteed as to payment of principal and interest by Fannie Mae, and mortgage-backed Freddie Mac Securities, guaranteed as to payment by Freddie Mac (each a Program Security), each of which is backed by pools of mortgage loans that have been made by Lenders to qualified borrowers to finance the purchase of single family residential housing located in the State, in accordance with the Servicing Agreement, the Participation Agreements, the Manual and other Program documents. For additional information regarding GNMA, Fannie Mae, Freddie Mac, Program Securities and the Master Servicer, see Appendix I to this Official Statement.

During the Delivery Period, the Master Servicer is to acquire Program Loans from Lenders and pool the Program Loans into Program Securities as provided in the Servicing Agreement. The Trustee is to disburse moneys from the 2026 Series A-B-C Acquisition Account for the acquisition of Program Securities pursuant to the Servicing Agreement. The Trustee is to pay the Master Servicer an amount equal to between 101.5 percent and 103.5 percent of the principal amount of each Program Security acquired from the Master Servicer, plus accrued interest, if any, and any applicable fees or charges payable to a Federal Mortgage Agency and not paid by the mortgagor.

The Agency may at any time transfer any proceeds of the Series Bonds in the 2026 Series A-B-C Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. In addition, the Agency will transfer any remaining proceeds of the Series Bonds in the 2026 Series A-B-C Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds at the end of the Delivery Period; provided that the Agency may (instead of redeeming Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in the 2026 Series A-B-C Acquisition Account, for the period or periods as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the then-current Delivery Period an Agency Certificate (i) designating the new ending date for the Delivery Period, (ii) certifying that the Agency has received a Cash Flow Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash-flow analysis of qualified mortgage bonds, that shows that the extension will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the Outstanding Bonds in the current and each subsequent Fiscal Year, and that at all times the assets of the Program will equal or exceed the liabilities of the Program, which Cash Flow Certificate and Parity Certificate must accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2026 Series A-B-C Acquisition Account to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolutions in connection with that extension, which deposits must be made on or before the date of expiration of the then-current Origination Period and only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date or dates subsequent to any extension of the Delivery Period, the Agency may transfer any unexpended proceeds relating to the Series Bonds remaining in the 2026 Series A-B-C Acquisition Account to the Bond Redemption Fund to be applied to redemption of Series Bonds. At the end of the Delivery Period, including any extension thereof, the Trustee is to transfer all amounts relating to the Series Bonds remaining in the 2026 Series A-B-C Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. The Delivery Period may not be extended beyond the date set forth in the definition under "Certain Defined Terms" in Appendix C to this Official Statement.

The Agency may participate each Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Program Security secured, but those interests need not be equal as to interest rate.

Qualified Real Property

Program Loans may finance the purchase of residential property in Minnesota on which is located an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.

The Agency has established maximum purchase prices under the Program pursuant to the requirements of applicable federal law. The maximum purchase prices for each of one and two-family homes currently are as follows:

If the property to be mortgaged is located in:	Maximum Purchase Price One-Family	Maximum Purchase Price Two-Family
Twin Cities Metropolitan Area	$515,200	$659,550
Balance of State	$472,030	$604,400

The Agency may revise the maximum purchase prices from time to time to conform to applicable State and federal law and Agency policy objectives.

Targeted Areas

Pursuant to applicable federal tax law, targeted areas have been established for the Program. Targeted areas consist of certain census tracts in the State in which 70 percent of the families have an annual income of 80 percent or less of the statewide median income or areas determined by the State and approved by the Secretary of the Treasury of the United States and the Secretary of the United States Department of Housing and Urban Development to be areas of chronic economic distress (the "Targeted Areas"). The Agency will make available the required amount of the proceeds of the Series Bonds for the financing of loans for the purchase of residences located in Targeted Areas and will advertise the availability of those funds for loans in Targeted Areas. The Agency is also required to exercise reasonable diligence in seeking to finance residences in Targeted Areas. Absent any determination by the Agency that further availability of the proceeds of the Series Bonds is required by federal law, any moneys remaining unused may be made available to finance the purchase of residences located anywhere within the State, or may be used to redeem Bonds.

Servicing of Program Loans

Under the Program, the Agency has set forth requirements for the servicing and accounting of Program Loans in a Servicing Manual. Each Servicer must maintain at all times a fidelity bond and an errors and omissions policy issued by a company having a current rating in Best's Insurance Reports of A/AAA or better. Servicers are required to ensure that mortgagors maintain on each home a hazard insurance policy providing fire and extended coverage equal to or greater than that customary in the geographic area in which the home is located. Servicers are required to advise the Agency if a home is exposed to a risk not otherwise covered by the hazard insurance policy and the Agency may require additional coverage.

The Agency requires its Servicers to supply reports and other data sufficient to reconcile the transactions within its loan portfolio. Servicers remit mortgage collections daily to the Trustee. The Agency may, at any time, terminate a servicing agreement and re-assign servicing. Under the Program, Servicers will receive as compensation a monthly servicing fee not to exceed 0.375 percent/12 of the outstanding principal amount of Program Loans they service.

The Agency has established specific requirements for Servicers regarding the procedures to be followed in cases involving delinquencies. In addition to a monthly report requirement, Servicers are required, by following the

Agency's procedures, to bring a delinquency current in the shortest practicable time. Servicers use the following tools in an effort to bring delinquencies current: borrowers may be referred to foreclosure prevention counselors, Servicers may, in some cases, accept partial payments, set up repayment plans with borrowers, enter into forbearance agreements, modify the delinquent loan, approve a short sale and accept a deed-in-lieu of foreclosure. The Agency has significant flexibility under the Bond Resolution to modify the terms of a loan, including interest rate reductions, extension of loan term and principal forgiveness. (See Appendix C – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms.)

Servicing of Program Securities

A servicer of mortgage loans backing a Program Security must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Program Securities. For additional information regarding the Master Servicer, see Appendix I to this Official Statement. The Series Resolutions provide that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency must proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Resolutions or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

Applicable Federal Law Mortgage Eligibility Requirements

Applicable federal law imposes significant limitations on the financing of mortgage loans on owner occupied one- to four-family residences with the proceeds of a qualified mortgage bond issue, such as the Tax-Exempt Series Bonds. (See "Tax Exemption and Related Considerations.").

Mortgage Loan Portfolio and Acquired Program Securities

As of March 31, 2025, the Agency had outstanding Program Loans receivable of $[223,909,000] gross, including outstanding Deferred Payment Loans receivable of $[59,470,000] gross and Monthly Payment Loans receivable of $[14,567,000] gross, which were financed from the proceeds of Bonds. As of [September 2, 2025, there were approximately $99,100,000 aggregate amount of proceeds from previous bond sales under the Bond Resolution available for commitment]. [There are no uncommitted proceeds from previous bond sales under the Bond Resolution available for commitment.]. Certain information relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds is contained in Appendix G to this Official Statement.

In addition, as of March 31, 2025, the following Program Securities (comprised of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities) were pledged to secure Outstanding Bonds under the Bond Resolution: [UPDATE]

	Principal Amount Outstanding	Percentage
GNMA II	$1,795,073,000	42.35%
GNMA I	33,470,000	0.79
FNMA	1,612,986,000	38.05
FHLMC	797,327,000	18.81
Total	$4,238,856,000	100.00%

OTHER PROGRAMS

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

For example, as of March 31, 2025, the Homeownership Finance Bond Fund had $[887,360,000] in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of March 31, 2025, the Agency had outstanding home improvement loans receivable of $[131,577,000] gross. *None of these loans secure or are available for the payment of principal of or interest on the Bonds*.

Step Up Program

The Agency has initiated its Step Up Program in 2012 under which the Agency purchases mortgage loans made to mortgagors who do not qualify for its Start Up Program, including in connection with refinancing of an existing mortgage loan. Down payment and closing cost assistance is available under the Step Up Program as described under "Monthly Payment Loans" below. The Agency causes Step Up mortgage loans to be securitized and either financed with Bonds (not including the Series Bonds) or sold on the secondary market, financed with Bonds or retained in the Agency's portfolio.

Deferred Payment Loans

The Agency has established The Deferred Payment Loan Program, a Homeownership Assistance Fund program funded by State appropriations. The Alternative Loan Fund within the Bond Resolution and Outstanding Bonds are also a source of funding for these loans. (See "Estimated Sources and Uses of Funds" and "The Residential Housing Finance Program— Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds.") Under The Deferred Payment Loan Program there are two options: the Deferred Payment Loan and the Deferred Payment Loan Plus. A Deferred Payment Loan originated under either of these options is a junior lien loan from the Agency to the mortgagor that is interest-free, with repayment due on sale or transfer of the property or when the property is no longer occupied by the mortgagor.

Mortgagors who meet program income and liquid asset limits, and who do not have sufficient cash for down payment and closing costs, are eligible for a Deferred Payment Loan in an amount of up to $14,000.

Mortgagors who meet the requirements for a Deferred Payment Loan and additional targeting criteria are eligible for a Deferred Payment Loan Plus in an amount of up to $18,000. In addition to down payments and closing costs, mortgagors may use the funds to write down the senior lien loan principal.

Program Loans backing Program Securities made or purchased from the proceeds of a Series of Bonds may or may not be accompanied by either of The Deferred Payment Loan Program options. The Agency has not pledged the Homeownership Assistance Fund to the payment of principal or interest on Outstanding Bonds and it is not available for that purpose. Amounts on deposit in the Alternative Loan Fund are available for the payment of principal of or interest on the Bonds and other debt of the Agency but are not pledged to payment of Outstanding Bonds or other debt. Deferred Payment Loans financed with proceeds of the Bonds, including the Series Bonds, are pledged to payment of Outstanding Bonds. (See "Security for the Bonds.")

Monthly Payment Loans

In connection with both the Start Up Program and the Step Up Program, the Agency added another down payment and closing cost loan option, the Monthly Payment Loan. A Monthly Payment Loan is a junior lien loan made by the Agency. The interest-bearing, amortizing loan has a ten-year term with an interest rate equal to the interest rate of the applicable first mortgage loan. Borrowers can receive a Monthly Payment Loan in an amount up to $14,000.

Monthly Payment Loans financed with proceeds of the Bonds are pledged to payment of Outstanding Bonds. (See "Security for the Bonds.")

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Tax Matters - The Tax-Exempt Series Bonds

General. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Tax-Exempt Series Bonds is excludable from gross income for federal income tax purposes. Interest on the Tax-Exempt Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Tax-Exempt Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Agency with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt Series Bonds. Failure to comply with those requirements could cause interest on the Tax-Exempt Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Agency has covenanted to comply with these requirements. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Series Bonds.

Section 103(a) and Section 141(e)(1)(B) of the Code provide that gross income for federal income tax purposes does not include interest on a "qualified mortgage bond." Under Section 143 of the Code, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, targeted areas, yield restrictions and other matters.

The mortgage loan eligibility requirements of Section 143 of the Code generally applicable to the Tax-Exempt Series Bonds are that (a) the residence with respect to which the mortgage loan is made is a single-family residence which is located in the State and can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the mortgage loan is made; (b) except in certain limited circumstances, no part of the proceeds are to be used to acquire or replace any existing mortgage; (c) the acquisition cost of the completed residence meets certain limits; (d) with certain exceptions, most notably targeted areas and for certain mortgagors who are qualified veterans, the mortgagor will not have had a present ownership interest in its principal residence during the preceding three years; (e) with certain exceptions, the family income of the mortgagor will not exceed 100%, in the case of a household of less than three persons, and 115%, in the case of a household of three or more persons, of median gross income for the area in which the residence is located or the State, whichever is greater; and (f) the loan will not be assumable unless the requirements of (a), (c), (d) and (e) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (a) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (b) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all those requirements at the time the loans were executed; and (c) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after that failure is first discovered.

The Code imposes additional nonmortgage loan eligibility requirements relating to the Tax-Exempt Series Bonds to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Series Bonds. For example, the Code limits the amount of the costs of issuance which may be paid from the proceeds of the Tax-Exempt Series Bonds, limits the size of reserve funds established with the proceeds of the Tax-Exempt Series Bonds and can require earnings on nonmortgage investments in excess of the yield on the Tax-Exempt Series Bonds to be rebated to the United States. Of the mortgage loans originally funded with proceeds of the Tax-Exempt Series Bonds, the mortgage loan principal prepayments and repayments that are received more than 10 years after the date of issuance of the Tax-Exempt Series Bonds or more than 10 years after the issuance of any prior bonds that are refunded from proceeds of the Tax-Exempt Series Bonds (or the earliest date in a chain of refundings) must be used to redeem or retire the Tax-Exempt Series Bonds, and those amounts may not be recycled into new mortgage loan originations. Any original proceeds of the Tax-Exempt Series Bonds (or transferred original proceeds of a prior bond refunded by the Tax-Exempt Series Bonds) that are deposited into the 2026 Series A-B-C Acquisition Account must either be used to: (a) acquire mortgage loans within 42 months of the date of issuance of the Tax-Exempt Series Bonds (or, as applicable, the date of issuance of the refunded prior bond); or (b) be used to redeem the Tax-Exempt Series

Bonds by that applicable date. The Code also imposes limitations on the yield of the mortgage loans allocable to the Tax-Exempt Series Bonds. The Agency will covenant to take those actions as are necessary to comply with those requirements unless, in the opinion of nationally recognized bond counsel, it is not necessary to comply with those requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Series Bonds.

Original Issue Premium. Any Tax-Exempt Series Bonds sold at initial public offering prices which are greater than the stated amounts to be paid at maturity constitute "Premium Bonds." An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on that Premium Bond. A purchaser of a Premium Bond must amortize any premium over the term of the Premium Bond using constant yield principles, based on the purchaser's yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in the Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of that Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning a Premium Bond.

Original Issue Discount. Any Tax-Exempt Series Bonds that have an original yield above their respective interest rates (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of those Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of that Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of a Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of that Discount Bond. The amount treated as original issue discount on the Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for that Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of the Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for the Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on the Discount Bond the sum of the amounts that have been treated as original issue discount for those purposes during all prior periods. If the Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts between the days in that compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase those bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Other Tax Consequences. The accrual or receipt of interest on the Tax-Exempt Series Bonds may otherwise affect a bondholder's federal income tax liability. The extent of these other tax consequences will depend upon the bondholder's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any of those consequences.

Purchasers of the Tax-Exempt Series Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and corporations subject to the alternative minimum tax), property and casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Tax-Exempt Series Bonds.

Federal Tax Matters - The Taxable Series Bonds

General. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Taxable Series Bonds is included in gross income for federal income tax purposes. The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership, and disposition of the Taxable Series Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Taxable Series Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Taxable Series Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Taxable Series Bonds, Bond Counsel has advised the Agency that the Taxable Series Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Agency and not as an ownership interest in the trust estate securing the Taxable Series Bonds or as an equity interest in the Agency or any other party, or in a separate association taxable as a corporation. Interest on the Taxable Series Bonds will be fully subject to federal income taxation. In general, interest paid on the Taxable Series Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments will be treated as a return of capital. The Code contains special federal income tax rules for "real estate mortgage investment conduits." The Agency does not intend to treat the arrangement by which the trust estate secures the Taxable Series Bonds as a "real estate mortgage investment conduit."

Bond Premium. An investor that acquires a Taxable Series Bond for a cost greater than its remaining stated redemption price at maturity and holds that bond as a capital asset will be considered to have purchased that bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize that premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated between, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Taxable Series Bonds purchased with a bond premium should consult their own tax advisors as to the effect of that bond premium with respect to their own tax situation and as to the treatment of bond premium for state or local tax purposes.

Market Discount; Original Issue Discount. An investor that acquires a Taxable Series Bond for a price less than the adjusted issue price of that bond (or an investor who purchases a Taxable Series Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Taxable Series Bond originally issued at a discount, the amount by which the issue price of that bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Taxable Series Bond not originally issued at a discount, the amount by which the stated redemption price of that bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Taxable Series Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on that sale or disposition as ordinary income to the extent of the cumulative amount of accrued market discount as of the date of

sale or other disposition of such a bond or (ii) to elect to include that market discount in income currently as it accrues on all market discount instruments acquired by that owner on or after the first day of the taxable year to which that election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Taxable Series Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Taxable Series Bond that acquired that bond at a market discount also may be required to defer, until the maturity date of that bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry the bond in excess of the aggregate amount of interest (including original issue discount) includable in that owner's gross income for the taxable year with respect to that bond. The amount of the net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Series Bond for the days during the taxable year on which the owner held the bond and, in general, would be deductible when the market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Series Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include the market discount in income currently as it accrues on all market discount obligations acquired by that owner in that taxable year or thereafter.

Attention is called to the fact that regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Taxable Series Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Taxable Series Bonds and to gain on the sale of a Taxable Series Bond.

Sales or Other Dispositions. If an owner of a Taxable Series Bond sells the bond, the owner will recognize gain or loss equal to the difference between the amount realized on the sale and the owner's basis in that bond. Ordinarily, that gain or loss will be treated as a capital gain or loss. If the terms of a Taxable Series Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Taxable Series Bond should consult its own tax advisor concerning the circumstances in which that bond would be deemed reissued and the likely effects, if any, of that reissuance.

Defeasance. The legal defeasance of the Taxable Series Bonds may result in a deemed sale or exchange of those bonds under certain circumstances. Owners of Taxable Series Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Foreign Investors. An owner of a Taxable Series Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Taxable Series Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Taxable Series Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that the owner is not a United States person and providing the name and address of that owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America

is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Taxable Series Bonds owned by foreign investors. In those instances in which payments of interest on the Taxable Series Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Taxable Series Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Taxable Series Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for that entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to that interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Taxable Series Bond incurs acquisition indebtedness with respect to that bond, interest paid or accrued with respect to that owner may be excluded by that tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Taxable Series Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA)), such as collective investment funds and separate accounts whose underlying assets include the assets of those plans (collectively, "ERISA Plans," and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, "Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Taxable Series Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, those plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Taxable Series Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any dealer of the Taxable Series Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Taxable Series Bonds are acquired by those plans or arrangements with respect to which the Agency or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Series Bonds. The sale of the Taxable Series Bonds to a Plan is in no respect a representation by the Agency or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any ERISA Plan proposing to invest in the Taxable Series Bonds should consult

with its counsel to confirm that that investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the Agency nor any of the Underwriters is acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to any purchaser or transferee with respect to the decision to purchase or hold the Taxable Series Bonds or an interest in the Taxable Series Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Taxable Series Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to that investment and whether an exemption would be applicable to the purchase and holding of the Taxable Series Bonds.

State Tax Matters

In the opinion of Bond Counsel, interest on the Tax-Exempt Series Bonds is not includable in the taxable net income of individuals, trusts and estates for State income tax purposes. Interest on the Tax-Exempt Series Bonds is includable in the income of corporations and financial institutions for purposes of the State franchise tax. Interest on the Tax-Exempt Series Bonds is not includable in the State alternative minimum taxable income of individuals, estates, and trusts. Interest on the Taxable Series Bonds is includable in the taxable net income of individuals, trusts and estates for State income tax purposes, and that interest is also includable in the income of corporations and financial institutions for purposes of the State franchise tax.

Backup Withholding

An owner of a Series Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series Bonds if the owner fails to provide to any person required to collect that information pursuant to Section 6049 of the Code with the owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide those persons with a certified statement, under penalty of perjury, that the owner is not subject to backup withholding.

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 or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinion expressed by Bond Counsel is 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 not expressed any opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES BONDS.

LITIGATION

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

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

LEGAL MATTERS

The validity of the Series Bonds, and the tax exemption of interest on the Tax-Exempt Series Bonds, is subject to the opinion of Kutak Rock LLP, Bond Counsel. The opinion of Bond Counsel will be provided in substantially the form set forth in Appendix F attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Dorsey & Whitney LLP.

RATINGS

The Fixed Rate Series Bonds are rated "___" by Moody's Investors Service, Inc. ("Moody's"), and "___" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), and the 2026 Series C Bonds are rated "_____" by Moody's and "_____" by S&P. The short-term ratings assigned to the 2026 Series C Bonds are conditioned upon the issuance by the Initial Liquidity Provider of the Standby Bond Purchase Agreement. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix B 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.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. The Financial Advisor does not underwrite or trade bonds and will not engage

in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

UNDERWRITING

RBC Capital Markets, LLC, Piper Sandler & Co., Wells Fargo Bank, National Association, Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC (collectively, the "Underwriters") will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds for the public offering prices stated on the inside front cover of this Official Statement. The Agency will pay the Underwriters a fee of $_____ with respect to their purchase of the Series Bonds. The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than those public offering prices.

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

RBC Capital Markets, LLC ("RBCCM"), one of the underwriters of the Series Bonds and the initial Remarketing Agent for the 2026 Series C Bonds, is a subsidiary of the Royal Bank of Canada. RBCCM serves as remarketing agent on separate Agency transactions. Royal Bank of Canada has provided standby bond purchase agreements for separate Agency transactions and revolving credit agreements to the Agency, and also serves as a swap counterparty for the Agency. RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds.

Wells Fargo Bank, National Association ("WFBNA"), acting through its Municipal Finance Group, one of the Underwriters of the Series Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing compensation, as applicable with respect to the Series Bonds with WFA. WFBNA also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company ("WFC").

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of WFC and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the WFBNA Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Bonds that such firm sells.

MISCELLANEOUS

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

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

MINNESOTA HOUSING FINANCE AGENCY

By _____
Commissioner

Dated: _____, 2026.

APPENDIX A-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX A-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY

(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)

AS OF [MARCH 31, 2025]

AND FOR THE [NINE] MONTHS THEN ENDED (UNAUDITED)

APPENDIX B

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

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

Purpose

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

Definitions

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

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the outstanding principal amounts and types of Program Securities pledged to the payment of Bonds outstanding under the Bond Resolution as the end of that fiscal year of a type substantially similar to that under the heading "The Residential Housing Finance Program—Mortgage Loan Portfolio and Acquired Program Securities" in the Official Statement; information of the type set forth in Appendix G to the Official Statement relating to mortgage insurance and delinquency and foreclosure statistics; information of the type set forth in Appendix H to the Official Statement relating to liquidity facilities for outstanding Bonds; and information under the heading "Security for the Bonds – Investment Obligations" in the Official Statement concerning funds held in respect of Bonds under the Bond Resolution in investment agreements.

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

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

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

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

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

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

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

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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

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

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

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

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or another address or addresses as the MSRB may from time to time specify), the electronic format, accompanied by

the identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of that information.

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

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

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, 2026, by one of the following methods: (i) the Agency may deliver that Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent that Official Statement includes that Annual Financial Information and Audited Financial Statements.

The Agency shall deliver the information in Prescribed Form and by the time so that those entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency shall disseminate a statement to that effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents that have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of that change in Prescribed Form.

Listed Events Disclosure

The Agency shall disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of that redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolutions. In addition, notice of the mandatory sinking fund redemption of certain of the Series Bonds is not required to be given as a Listed Event.

Consequences of Failure of the Agency To Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondowner or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolutions or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolutions at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

This Disclosure Undertaking shall terminate when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if the Undertaking is so terminated before the final stated maturity of the Series Bonds.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update that information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondowners and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of that disclosure, the names of the entities with whom that disclosure was filed and the date of filing that disclosure.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution. Terms defined herein are identical in all material respects with the definitions in the Bond Resolution or the Series Resolutions.

Certain Defined Terms

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Bond Resolution or (iii) requesting or directing the Trustee or other party to take action pursuant to the Bond Resolution.

Agency Swap Payment: A payment due to a Swap Counterparty from the Agency pursuant to the applicable Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement).

Authorized Officer: The Chairperson, Vice Chairperson, Commissioner or Deputy Commissioner of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bondowner or *Owner*: The registered owner of any outstanding Bond or Bonds which at the time is registered on the registration books maintained by the Trustee.

Cash Flow Certificate: A certificate from an Authorized Officer giving effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established hereunder or under any Series Resolution (excluding the Insurance Reserve Fund and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) shall not be taken into account when preparing such Cash Flow Certificate. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund or, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of such Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, with respect to Outstanding Bonds of such Series.

Code: The Internal Revenue Code of 1986, as amended, and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Counterparty Swap Payment: A payment due to or received by the Agency from a Swap Counterparty pursuant to a Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement) and amounts received by the Agency under any related Swap Counterparty Guarantee.

Debt Service Reserve Requirement: As of any particular date of computation, the sum of amounts established for each Series of Bonds by each Series Resolution.

Defaulted Program Loan: A Program Loan on which payments are 60 days in arrears (but not a Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

Delivery Period: For the Series Bonds, the period of time for the purchase of Program Securities from the Master Servicer; the Delivery Period shall end on [February 1, 2028], unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond [August 1, 2029].

Fannie Mae: The Federal National Mortgage Association or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

Federal Mortgage Agency: The Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farmers Home Mortgage Corporation and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

Finance or finance: When used with reference to a Program Obligation, shall be construed to include (i) the making or purchase of such Program Obligation, (ii) the participation by the Agency, either with itself or with others, in the making or purchase thereof, or (iii) the permanent financing of a Program Obligation which has been temporarily financed by the Agency through the issuance of notes or other obligations or otherwise.

Fiscal Year: The period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by Agency Certificate delivered to the Trustee.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

GNMA: The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within HUD, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

Insurance Reserve Requirement: As of any particular date of computation, the sum of amounts, if any, established for each Series of Bonds by the Series Resolution.

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America;

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of

at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such Depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a) or (b) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a) or (b) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Bonds.

Lender: To the extent permitted in the Act, any bank or trust company, savings and loan association, savings bank, credit union, insurance company or other financial intermediary (whether or not organized for profit) approved by the Agency or mortgage banker or mortgage broker authorized to deal in mortgage loans insured or guaranteed by an agency of the United States government. Such Lender shall be authorized to do business in the State, and shall have such qualifications as may be established from time to time by rules and regulations of the Agency. For purposes of the Bond Resolution, Lender shall also be deemed to include any federal or state agency, including the Agency, or any political subdivision of the State or agency thereof.

Parity Certificate: An Agency Certificate, giving effect to the action proposed to be taken in connection with the filing thereof, showing that (A) the sum of (i) the moneys, Investment Obligations and Cash Equivalents then credited to the Acquisition Accounts, the Revenue Fund, the Bond Fund Principal Account, the Bond Fund Interest Account and the Debt Service Reserve Fund, (ii) the unpaid principal amount of all Program Obligations credited to the Acquisition Accounts (other than any Acquisition Account funded with moneys transferred from the Alternative Loan Fund), and (iii) any other moneys, Investment Obligations and Cash Equivalents and the unpaid principal amount of all Program Obligations otherwise specifically pledged to the payment of Outstanding Bonds by a Series Resolution, exceeds (B) an amount equal to 103% of the principal amount of Outstanding Bonds of all Series.

Principal Requirement: As of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due plus the Principal Installment to become due on each Series of Bonds on the next respective Principal Installment Date within the next succeeding six months.

Private Mortgage Insurer: Any private mortgage insurance company approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

Program: The program for the financing of Program Obligations for Housing established by the Agency pursuant to the Act, as the same may be amended from time to time, and the Bond Resolution and for financing Other Obligations.

Program Loan: A loan for Housing secured in such manner as the Agency may specify in the applicable Series Resolution for Program Loans to be made from the proceeds of a Series of Bonds.

Program Obligation: Any Program Loan or Program Security acquired by the Agency by the expenditure of amounts in an Acquisition Account.

Program Security: An obligation representing an undivided interest in a pool of Program Loans, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

Rating: With respect to any Series of Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Bond Resolution, and an action which does not "impair" the Rating with respect to any Series of Bonds shall be an action which will not cause the Rating Agency to lower or withdraw the rating it has assigned to the Series of Bonds.

Rating Agency: Any nationally recognized entity which, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued pursuant to the Bond Resolution.

Revenues: With respect to the Outstanding Bonds, all payments, proceeds, rents, premiums, penalties, charges and other cash income received by the Agency from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) (exclusive, however, of Program Obligations, if any, credited to the Alternative Loan Fund), any Counterparty Swap Payments received from any Swap Counterparty pursuant to a Swap Agreement, any amounts deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution, and all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), but excludes (i) any amount retained by a servicer (including the Agency) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by or in connection with any Program Obligation, (iv) amounts payable with respect to a Program Obligation which represent a return on amounts financed by the Agency or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held hereunder and (v) to the extent such items do not exceed the income derived therefrom, payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Loan.

Series: All Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Bond Resolution.

Series Resolution: A resolution of the Agency authorizing the issuance and delivery of Bonds pursuant to the Bond Resolution.

Swap Agreement: With respect to any Bonds, an interest rate exchange agreement between the Agency and a Swap Counterparty, as amended or supplemented, or other interest rate hedge agreement between the Agency and a Swap Counterparty, as amended or supplemented, for the purpose of converting, in whole or in part, (i) the Agency's fixed interest rate liability on all or a portion of any Bonds to a variable rate liability, (ii) the Agency's variable rate liability on all or a portion of any Bonds to a fixed rate liability or (iii) the Agency's variable rate liability on all or a portion of any Bonds to a different variable rate liability.

Swap Counterparty: Any Person with whom the Agency shall from time to time enter into a Swap Agreement, as specified in a Series Resolution.

Swap Counterparty Guarantee: A guarantee in favor of the Agency given in connection with the execution and delivery of a Swap Agreement, as specified in a Series Resolution.

UMBS: The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

Series Accounts

Unless otherwise provided in a Series Resolution, the Trustee shall establish within each Fund under the Bond Resolution (other than the Alternative Loan Fund), a separate Series Account for each Series of Bonds. The proceeds of a particular Series of Bonds, other amounts made available by the Agency in the Series Resolution or otherwise relating to a particular Series of Bonds and the Revenues relating to a particular Series of Bonds (including the payments on Program Obligations acquired with the proceeds of a particular Series of Bonds or the payments on any other collateral pledged to a particular Series of Bonds and the earnings on investments of any of said proceeds, funds and amounts) shall be deposited or credited to the separate Series Accounts established for that particular Series of Bonds. Where required to assure compliance with the covenants of the Bond Resolution and any Series Resolution, withdrawals from Series Accounts established in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds. For purposes of investment, the Trustee, may, or shall at the direction of the Agency, consolidate the Series Accounts required to be established in a particular Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds. In addition to the Funds and Accounts established under the Bond Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such accounts and subaccounts as may be requested by the Agency for convenience of administration of the Program and as shall not be inconsistent with the provisions of the Bond Resolution.

Cost of Issuance Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Cost of Issuance Account to be held by the Trustee. Moneys in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment. Any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for such Series of Bonds shall (i) if not proceeds of Bonds, be transferred to the Revenue Fund and (ii) if sale proceeds, investment proceeds or transferred proceeds of Bonds, be transferred to any one or more of the Acquisition Accounts or the Bond Redemption Fund, upon receipt by the Trustee of a Certificate of the Agency stating that such moneys are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Acquisition Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds shall, unless such Bonds are Refunding Bonds for which no such account is necessary, establish a separate Acquisition Account to be held by the Trustee. There shall be deposited from time to time in each Acquisition Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the Bond Resolution or the applicable Series Resolution and (ii) any other amounts determined by the Agency to be deposited therein from time to time.

Except as otherwise permitted or required to be transferred to other Funds and Accounts, amounts in an Acquisition Account shall be expended only to Finance Program Obligations. All Program Obligations Financed by application of amounts in an Acquisition Account shall be credited to such Acquisition Account or, if a Series Resolution so provides, to the Alternative Loan Fund. No Program Loan shall be Financed unless the requirements of the applicable Series Resolution have been met, and no Program Security shall be Financed unless the Program Security is registered in the name of the Trustee or is registered in the name of the Agency and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is Financed hereunder. In addition, no Program Security shall be Financed unless such Program Security represents a pass through or participation interest in a pool of Program Loans and provides for a guaranty of all payments to be made to the Agency thereunder by a Federal Mortgage Agency.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in any Acquisition Account at any time for the purpose of making payments pursuant to the Bond Resolution, but only upon receipt of the following documents prior to any proposed withdrawal:

(1) an Agency Certificate setting forth the amount to be paid, the person persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) an Agency Certificate stating that the amount to be withdrawn from such Acquisition Account pursuant to such requisition is a proper charge thereon and, if such requisition is made to Finance the acquisition of Program Obligations, that (i) the terms of such Program Obligations conform to the description of the Program Obligations to be Financed from such amount as provided to the Trustee pursuant to the terms of the Bond Resolution, and (ii) such Program Obligations otherwise comply with the provisions of the Bond Resolution.

At any time the Agency, by Agency Certificate, may direct the Trustee to transfer amounts in an Acquisition Account into the Bond Fund Principal Account or Bond Fund Interest Account, as appropriate, to pay principal or sinking fund installments of and interest on the related Series of Bonds, or into the appropriate account in the Debt Service Reserve Fund or Insurance Reserve Fund, which Request shall state that such transfer is appropriate to meet the requirements of said Fund.

The interest earned and other income derived from the investment or deposit of each Acquisition Account may be transferred to the appropriate account in the Revenue Fund for the related Series of Bonds by the Trustee upon receipt thereof to the extent that such amounts exceed any losses realized by investment of deposits in such Acquisition Account or may be retained in the Acquisition Account for the Financing of additional Program Obligations, as directed by Agency Certificate.

All amounts deposited into an Acquisition Account shall be disbursed in the manner provided in the Bond Resolution or the Agency may, by Agency Certificate, direct the Trustee to transfer any amounts from the Acquisition Account to the Bond Redemption Fund to be used for the redemption of Bonds of the related Series; provided, however, that (i) the Agency Certificate shall specify the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, the Agency shall file an updated Cash Flow Certificate with the Trustee.

The Agency may establish temporary subaccounts within an Acquisition Account for the collection and custody of fees paid by Lenders or other persons in connection with the reservation of funds in the Acquisition Account for use in Financing Program Obligations to be originated by such Lenders or other persons. To the extent that the Agency's agreements with such Lenders or other persons provide for the refund of any such fees (or portions thereof), amounts may be withdrawn from any such subaccount or the Acquisition Account in accordance with such agreements, and any amounts not required to be so applied may, pursuant to an Agency Certificate, be applied to any other purpose of the Acquisition Account as provided in the Bond Resolution.

Revenue Fund

The Agency shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee. Unless otherwise provided in the Bond Resolution, all such amounts shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or the Series Resolution or other resolution of the Agency.

The Trustee shall withdraw from any money in the Revenue Fund and credit to each of the following Funds and Accounts, or pay to the Person specified, the amount indicated in the following tabulation, at the times indicated in the following tabulation:

(1) on or before the applicable Interest Payment Date, to the Bond Fund Interest Account the amount needed, taking into account any balance then on deposit therein, to increase the balance therein to the Interest Requirement;

(2) on or before the applicable Principal Installment Date, to the Bond Fund Principal Account the amount, needed, taking into account any balance then on deposit therein, to increase the amount therein to the Principal Requirement;

(3) on any date, assuming any prior transfers required pursuant to subsections (1) and (2) above have been made, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount therein to the Debt Service Reserve Requirement;

(4) on any date, assuming any prior transfers required pursuant to subsections (1), (2) and (3) above have been made, to the Insurance Reserve Fund, the amount, if any, needed to increase the amount therein to the Insurance Reserve Requirement;

(5) unless otherwise expressly provided in the Series Resolution in respect of a Series of Bonds to which the Swap Agreement relates in whole or in part, on or before the applicable due dates, assuming any prior transfers required pursuant to subsections (1), (2), (3) and (4) above have been made, to any Swap Counterparty, the Agency Swap Payments due from time to time pursuant to a Swap Agreement; and

(6) to the extent not transferred pursuant to the preceding subsections, the balance shall be held in the Revenue Fund until and unless directed by Agency Certificate to be transferred and utilized as set forth elsewhere in this section.

At such periodic intervals as the Agency, by Agency Certificate, shall direct, the Trustee shall withdraw from the Revenue Fund and transfer to the United States of America such amounts as are necessary to comply with the Code, including particularly the arbitrage rebate requirements of Section 148 thereof.

Amounts credited to the Revenue Fund shall be transferred to the Bond Redemption Fund on or before the designated Redemption Date to be used for the purchase or redemption of Bonds pursuant to the Bond Resolution and the terms of any related Series Resolution upon the filing with the Trustee of (i) an Agency Certificate specifying the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, a Cash Flow Certificate.

Amounts credited to the Revenue Fund may be transferred to an existing Acquisition Account or a new Acquisition Account to be established to be used to acquire Program Obligations upon filing with the Trustee of (i) an Agency Certificate specifying the amount to be so transferred and either specifying the existing Acquisition Account to which the funds are to be deposited or directing the establishment of a new Acquisition Account for the deposit of the funds and providing the information relating to the new Acquisition Account required by the Bond Resolution and (ii) a Cash Flow Certificate.

Amounts credited to the Revenue Fund, as directed by an Agency Certificate, shall be released to the Agency for the payment of Program Expenses or the establishment of reserves therefor in an amount needed or required to pay reasonable and necessary Program Expenses; provided that if the amount to be released exceeds the amount assumed in the most recently filed Cash Flow Certificate, the Agency shall file a new Cash Flow Certificate with the Trustee.

Amounts credited to the Revenue Fund, except Program Expenses, may be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, upon the filing with the Trustee of (i) an Agency Certificate directing the same, (ii) a Cash Flow Certificate and (iii) a Parity Certificate.

Any investment earnings on moneys held in the Revenue Fund shall be retained therein.

Bond Fund Interest Account and Bond Fund Principal Account

The Trustee shall withdraw from the Bond Fund Interest Account, on or immediately prior to each Interest Payment Date of the Bonds, an amount equal to the unpaid interest due on the Bonds on such Interest Payment Date,

and shall cause the same to be applied to the payment of said interest when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

If the withdrawals required with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Fund Principal Account, on or immediately prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, maturing on or before said Principal Installment Date and shall cause the same to be applied to the payment of the principal amount of said Bonds when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

Any amount at any time held in the Bond Fund Interest Account or Bond Fund Principal Account in excess of the Interest Requirement or Principal Requirement may be transferred by the Trustee to the Revenue Fund, if so directed by Agency Certificate, and otherwise shall be retained in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be.

The interest earned or other income derived from the investment of moneys in the Bond Fund Interest Account and Bond Fund Principal Account shall be transferred by the Trustee to the Revenue Fund (unless the Trustee is directed by Agency Certificate to retain such amounts in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be).

Bond Redemption Fund

Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Series Resolutions authorizing the issuance thereof, all amounts deposited in the Bond Redemption Fund shall be applied to the purchase or redemption of Bonds, including payment of any redemption premium, on the applicable Redemption Date; provided, however, that in the event the Agency has issued refunding obligations for the purpose of redeeming Bonds of a Series in accordance with the Bond Resolution, upon receipt of an Agency Certificate directing such transfer and confirmation by the Trustee that provisions have been made for wiring proceeds of such refunding obligations to the Trustee, the Trustee, immediately on the date of such confirmation, shall transfer moneys in the Bond Redemption Fund in an amount equal to the amount of refunding proceeds received by the Trustee to the funds or accounts specified in the refunding resolution as specified in the Agency Certificate. The Redemption Price of Bonds subject to redemption by operation of the Bond Redemption Fund in the Bond Fund shall be the price set forth in the applicable Series Resolution. Upon receipt of an Agency Certificate directing the same, the Trustee shall transfer at the time of purchase or no more than 45 calendar days prior to such redemption to the Bond Redemption Fund in the Bond Fund from the Debt Service Reserve Fund or Insurance Reserve Fund the amount stated in such Request, which amount shall be no greater than the amount by which the Debt Service Reserve Requirement or Insurance Reserve Requirement will decrease due to the purchase or redemption of Bonds. Subject to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds, requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Bond Redemption Fund to the purchase or redemption of Bonds at the times and in the manner provided in the Bond Resolution. Amounts on deposit in the Bond Redemption Fund for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Series Resolution authorizing the issuance of Refunding Bonds shall be segregated and shall be identified as such on the records of the Trustee.

Any earnings derived from the investment of amounts deposited in the Bond Redemption Fund pursuant to the issuance and delivery of Refunding Bonds, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in the Resolution, be deposited in the Bond Redemption Fund. All other interest earned or other income derived from the investment or deposit or moneys in each Bond Redemption Fund in the Bond Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Debt Service Reserve Fund

There shall be deposited in the Debt Service Reserve Fund all amounts required to be deposited therein by the Bond Resolution or any Series Resolution and any other amounts available therefor and determined by the Agency to be deposited therein.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Debt Service Reserve Fund shall be in excess of the Debt Service Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Debt Service Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Debt Service Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Debt Service Reserve Fund shall, to the extent the balance therein is less than the Debt Service Reserve Requirement, be retained in the Debt Service Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

In order better to secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 3 of the Act, the Agency shall cause the Chair annually, on or before December 1 of each year, to make and deliver to the Governor of the State the Chair's certificate stating the sum, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. All money received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 3 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund.

Notwithstanding the provisions of the foregoing paragraph, prior to causing the Chair to execute and deliver the certificate specified therein, the Agency shall first transfer to the Debt Service Reserve Fund from the Alternative Loan Fund such amount as may be available therein to reduce or eliminate, if possible, the deficiency in the Debt Service Reserve Fund.

Insurance Reserve Fund

The Insurance Reserve Requirement, if any, received by the Trustee upon the issuance of a Series of Bonds shall be held in the Insurance Reserve Fund and used for the purpose of paying that portion of the claim for loss with respect to any Program Loan in default, made or purchased from an Acquisition Account, which is not paid by any public or private insuring agency. The Agency shall promptly furnish to the Trustee an Agency Certificate stating the amount of the loss, when determinable, and the Trustee shall forthwith transfer this amount to the extent available from the Insurance Reserve Fund to the Revenue Fund.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Insurance Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Insurance Reserve Fund shall be in excess of the Insurance Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the

Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Insurance Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Insurance Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Insurance Reserve Fund shall, to the extent the balance therein is less than the Insurance Reserve Requirement, be retained in the Insurance Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Alternative Loan Fund

The Trustee shall maintain the Alternative Loan Fund created within the Bond Resolution and shall deposit therein any amounts authorized by an Agency Certificate to be withdrawn from the Revenue Fund in accordance with the Resolution and any other amounts provided by the Agency for deposit therein. Amounts on deposit in the Alternative Loan Fund shall be free and clear of any lien or pledge created by the Bond Resolution, and free and clear of any restrictions on the investment of funds set forth in the Bond Resolution. Amounts deposited into the Alternative Loan Fund may be used for any lawful purpose for which the Agency may from time to time use funds on deposit in its General Reserve Account and, pending such use, may be invested in any securities or investments permissible generally for the investment of funds of the Agency as specified by Agency Certificate. By Agency Certificate furnished to the Trustee, the Agency may at any time appropriate any funds and investments on deposit in the Alternative Loan Fund to any Account or Fund created pursuant to the Bond Resolution (in which case such funds and investments shall become subject to the lien and pledge thereof) or may direct that such funds and investments be transferred to the Agency's General Reserve Account or to any other fund or account established pursuant to resolution of the Agency.

The Agency, by Agency Certificate, may request the Trustee to establish one or more subaccounts in the Alternative Loan Fund to be restricted to such uses, and used in accordance with such terms, as are specified in the Agency Certificate.

Any earnings derived from the investment of amounts deposited in the Alternative Loan Fund shall be retained therein unless otherwise directed by Agency Certificate.

Investment of Moneys Held by the Trustee

Moneys held by the Trustee for the credit of any Account or Fund established under the Bond Resolution shall be invested by the Trustee as directed by the Agency to the fullest extent practicable and reasonable in Investment Obligations which shall mature or be redeemable at the option of the Owner prior to the respective dates when the moneys held for the credit of such Fund or Account will be required for the purposes intended. Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Agency shall be deemed written confirmation by the Agency that investment transactions identified therein accurately reflect the investment directions given to the Trustee pursuant to the terms of the Bond Resolution, unless the Agency notifies the Trustee in writing to the contrary within 45 days of the date of such settlement.

The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or combination thereof, and the Trustee shall inform the Agency of the detail of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary to provide moneys to meet any payment from a Fund or Account. The Trustee shall not be liable for any depreciation of the value of any investment on the redemption, sale and maturity thereof, and in the absence of any direction from the Agency, the Trustee shall not be required to invest such funds.

The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, any Investment Obligations. The Trustee shall advise the Agency in writing monthly, unless otherwise directed by Agency Certificate,

of all investments held for the credit of each Fund and Account in its custody under the provisions of the Bond Resolution as of the end of the preceding month.

In computing the amount in any Fund or Account, Investment Obligations shall be valued at par or, if purchased at a price other than par, at their Amortized Value, in either event exclusive of accrued interest purchased.

Except as otherwise specifically provided in the Bond Resolution or in a Series Resolution, the income or interest earned, or gain, shall be transferred by the Trustee upon receipt thereof to the appropriate Revenue Account.

The Trustee shall not be liable or responsible for the making of any investment authorized by the Bond Resolution in the manner provided in the Bond Resolution or for any loss resulting from any such investment so made, except for its own negligence.

Program Loans; Modification of Terms

The Agency may consent to the modification of the security for, or any terms or provisions of, one or more Program Loans but only if (1) the Agency reasonably determines that the modification will not be materially adverse to the security or other interests of Owners of Outstanding Bonds, and (2) the modification does not impair any contract of insurance or guaranty of the Program Loan.

Any such modifications shall be reflected in the next Cash Flow Certificate which the Agency is required to prepare and provide to the Trustee pursuant to the provisions of the Bond Resolution; provided, however, that if the cumulative effect of such modifications not reflected in a Cash Flow Certificate previously delivered to the Trustee would reduce estimated Revenues from the Program Loans so modified by more than $500,000 in the current or any future Fiscal Year, then the Agency may not consent to such modifications until it has delivered a Cash Flow Certificate to the Trustee reflecting such modifications.

Sale of Program Obligations

The Agency may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation is related):

(i) in the event that payment under such Program Loan is delinquent more than 90 calendar days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;

(ii) in order to obtain funds to provide for the redemption (whether optional or special, to the extent permitted by the terms of any applicable Series Resolution) or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation as reasonably estimated by the Agency; or

(iii) in the event that a Certificate of the Agency shall be filed with the Trustee, and each Rating Agency, which gives effect to the proposed sale thereof and states that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Agency to pay the Debt Service on the Outstanding Bonds when and as due and payable and reasonable and necessary Program Expenses.

Cash Flow Certificates

The Agency is required to file a Cash Flow Certificate (i) at least once within any 12-month period and (ii) at such other times as may be required pursuant to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds of a Series then Outstanding.

Creation of Liens

The Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Bond Resolution and shall not create or cause to be created any lien or charge on any pledged Revenues or such moneys, securities, rights or interests: provided, however, that nothing in the Bond Resolution shall prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues to

be derived after any pledge of Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) notes or bonds of the Agency not secured under the Bond Resolution; and provided, further, that, to secure its obligation to make Agency Swap Payments to a Swap Counterparty pursuant to a Swap Agreement, the Agency may grant to the Swap Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondowners) in all or any of the collateral pledged to the payment of the Bonds under the Bond Resolution.

Defeasance of Bonds

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Resolution. All Outstanding Bonds of any Series shall be deemed prior to the maturity or Redemption Date thereof to have been paid within the meaning and with the effect expressed in the Bond Resolution if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds.

Events of Default

Each of the following events shall constitute an event of default under the Bond Resolution: (1) the Agency shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or shall fail to pay the purchase price of any Bond tendered or deemed tendered for purchase on the date established therefor; or (2) the Agency shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable; or (3) the Agency shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Bond Resolution or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than a majority in principal amount of the Bonds Outstanding; or (4) the Agency shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or (5) the State limits or alters the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Bond Resolution, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Acceleration; Annulment of Acceleration

Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, give 30 days' notice in writing to the Agency of its intention to declare all Bonds Outstanding immediately due and payable; provided, however, that the Trustee may not make any such declaration with respect to an Event of Default under item (3) above unless (1) the Trustee has received a written request to do so from 100% of the Owners of all Outstanding Bonds or (2) there are sufficient moneys available in the Funds and Accounts to pay the principal and interest on the Bonds upon such declaration. At the end of such 30-day period the Trustee may, and upon such written request of Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the Agency, declare all Bonds Outstanding immediately due and payable and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (1) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal or Redemption Price or purchase price (other than principal then due only because of such declaration) of all Outstanding Bonds; (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (3) all other amounts then payable by the Agency under the Bond Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (4) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

If the Agency shall fail to pay any Principal Installment, the Redemption Price, the purchase price or any installment of interest on any Bond when and as the same shall become due and payable, the Trustee shall, within 30 days, give written notice thereof by first class mail to the Bondowners, shown by the registry of Bondowners required to be maintained at the office of the Trustee.

Additional Remedies and Enforcement of Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to: (1) suit upon all or any part of the Bonds; (2) suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners; (3) suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners; (4) enforcement of any other right of the Bondowners conferred by law or by the Bond Resolution; and (5) in the event that all Bonds are declared due and payable, by selling Program Obligations.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Resolution by any acts which may be unlawful or in violation of the Bond Resolution, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution.

Amendments

Amendments of the Resolutions may be made by a Supplemental Resolution.

Supplemental Resolutions may become effective upon filing with the Trustee if they add limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution or Series Resolution, add covenants and agreements of the Agency in the Bond Resolution or Series Resolution that are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution in effect at the time, add limitations and restrictions to be observed by the Agency, surrender any right, power or privilege reserved to or conferred upon the Agency or are reasonably necessary to preserve the tax exemption of Outstanding Bonds or permit the issuance of additional tax exempt Bonds.

Supplemental Resolutions become effective upon consent of the Trustee for the following purposes:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution or any Series Resolution;

(2) To insert such provisions clarifying matters or questions arising under the Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution theretofore in effect;

(3) To waive any right reserved to the Agency, provided that the loss of such right shall not adversely impair any Revenues available to pay the Outstanding Bonds of any Series; and

(4) To make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

Other Supplemental Resolutions may become effective only with consent (i) of the Bondowners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondowners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given.

However, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price or purchase price thereof or in the rate of interest thereon (except as otherwise provided in a Series Resolution) without the consent of the Bondowners of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Bondowners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Any amendment may be made with unanimous consent of the Bondowners, except that no amendment shall change any of the rights or obligations of any fiduciary without the consent of the Fiduciary.

APPENDIX D

MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES

The following description of certain mortgage insurance programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in regulations of the Federal Housing Administration ("FHA"), Rural Development ("RD") and the Veterans Administration ("VA"), respectively, and of the regulations, master insurance contracts and other information of the various private mortgage insurers. Program Loans purchased by the Agency are not limited by the Resolutions to the foregoing programs and it is possible that insurance benefits under other federal or private programs in which the Agency may participate could be more or less favorable.

While all Program Loans are subject to the applicable mortgage insurance programs, Program Loans that back Program Securities are further guaranteed by GNMA, Fannie Mae or Freddie Mac as further described in Appendix I to this Official Statement.

Federal Housing Administration Single-Family Mortgage Insurance Programs

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the mortgaged premises contain five or more dwelling units or less than five units.

The regulations governing all of the FHA programs under which the mortgage loans may be insured provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to the Department of Housing and Urban Development ("HUD").

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash, unless the mortgage holder specifically requests payment in debentures issued by HUD. Under others, HUD has the option, at its discretion, to pay insurance claims in cash or in those debentures. The current HUD policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash, with respect to all programs covering those units as to which it has discretion to determine the form of insurance payment.

HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher. The HUD debenture interest rates applicable to the FHA insured mortgages that the Agency has acquired or committed to acquire are in most cases lower than the interest rates of those mortgages.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of institution of foreclosure proceedings or acquisition of the property. The mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under those circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed 2/3 of the mortgagee's foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default, to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property to be conveyed to HUD has been damaged by fire, earthquake, flood or tornado, or, if the property has suffered damage because of failure of the mortgage holder to take action to inspect and preserve the property, it is generally required, as a condition to payment of an insurance claim, that the property be repaired by the

mortgage holder prior to the conveyance or assignment. For mortgages insured on or after April 19, 1992, if the property has been damaged during the mortgage holder's possession by events other than fire, flood, earthquake or tornado notwithstanding reasonable action by the mortgage holder, HUD may require the mortgage holder to repair the property prior to conveyance to HUD as a condition to payment of an insurance claim.

Veterans Administration Guaranty Program

The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or, in certain instances, his or her spouse) to obtain a mortgage loan guaranteed by the VA covering mortgage financing of the purchase of a one to four family dwelling unit at interest rates agreed upon by the purchaser and the mortgagee, as the VA may elect. The program has no mortgage loan limits (other than that the amount may not exceed the property's reasonable value as determined by the VA), requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms of up to 30 years. The guaranty provisions for mortgage loans are as follows: (a) for home and condominium loans of $45,000 or less, 50 percent of the loan is guaranteed (for loans with an original principal balance of $45,000 and not more than $56,250, the guaranty will not exceed $22,500); (b) for home and condominium loans of more than $56,250 but less than or equal to $144,000, 40 percent of the loan is guaranteed subject to a maximum guaranty of $36,000; (c) for home and condominium loans of more than $144,000, 25 percent of the principal amount of the loan is guaranteed subject to a maximum guarantee amount hereinafter described; and (d) for loans for manufactured homes, 40 percent of the loan is guaranteed (with a maximum guaranty of $20,000). The maximum guaranty amount for loans greater than $144,000 is generally 25 percent of the Freddie Mac conforming loan limit (currently $417,000); however, pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the maximum guaranty amount for loans originated in 2009 through 2011 is 25 percent of the greater of (i) the Freddie Mac conforming loan limit or (ii) 125 percent of the area median price for a single family residence in the county in which the property securing the loan is located. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of mortgaged premises is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

Rural Development (RD) Insured Program

Loans insured by RD may be made to purchase new or existing homes in designated rural areas. Eligible rural areas have a population not in excess of 10,000 persons or if located outside a Metropolitan Statistical Area, not in excess of 25,000. Loans may be made up to 100 percent of the market value of the property or 100 percent of the acquisition cost, whichever is less. The maximum loan amount is the applicable FHA maximum loan amount. The interest rate of these 30 year mortgages may not exceed the higher of the current VA rate or the Fannie Mae required net yield for 90 day commitments on a 30 year fixed rate mortgage with actual/actual remittance plus 60 basis points. RD covers all losses on foreclosed loans up to 35 percent of the original principal. Any loss in excess of this amount carries an 85 percent guarantee. It is the present administrative policy of the Agency to tender a claim to RD by the earlier of (a) six months after the date of acquisition of the property through foreclosure or (b) 30 days after the sale of the property. The Agency retains title to the property and may apply the insurance proceeds and any sale proceeds to the outstanding debt.

Private Mortgage Insurance Programs

Under outstanding Series Resolutions, all Program Loans insured by a private mortgage insurance company are to be in any amount not exceeding the Market Value of the Home, provided that the Agency is issued a mortgage insurance policy under which the minimum insured percentage of any claim filed is at least equal to that percentage of the Market Value or sale price of the Home, whichever is less, by which the original principal amount of the mortgage exceeds 80 percent of that Market Value. Each private mortgage insurer insuring those Program Loans must be a company (a) that is licensed to do business in Minnesota; (b) that has ratings not less than "A2" from Moody's Investors Service, Inc., and "AA" from S&P Global Ratings, Inc., or that is approved to insure mortgages purchased by Fannie Mae and Freddie Mac, or any other agency or instrumentality of the United States to which the powers of either of them have been transferred or which has similar powers to purchase Program Loans; and (c) that, by insuring Program Loans financed by the Agency, does not cause the Rating on the Bonds to be adversely affected. Both Fannie

Mae and Freddie Mac require approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by them.

Among the considerations taken into account by Fannie Mae in determining whether to approve a private mortgage insurer currently are the following: (a) experienced mortgage insurers are expected to have policyholders' surplus of not less than $5 million; (b) it is preferred that an insurer's principal insurance activity relate to loss resulting from nonpayment of mortgages and deeds of trust on residential structures, with total liability not in excess of 25 times its policyholders' surplus; (c) a private mortgage insurer must demonstrate that it possesses the technical expertise necessary to properly evaluate property and credit; and (d) an insurer must expressly consent to and comply with Fannie Mae's requirements for audit and reports concerning changes in personnel, financial structure, qualifications, and rates.

Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that (a) not more than 10 percent of an insurer's mortgage insurance risk may be represented by mortgage insurance covering property other than real property improved by a building or buildings designed for occupancy by one to four families; (b) an insurer shall not insure mortgages secured by properties in a single housing tract or contiguous tracts where the insurance risk applicable thereto is in excess of 10 percent of its policyholders' surplus (net of reinsurance); (c) no insurer shall have more than 20 percent of its total insurance in force in any one Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 60 percent of its total insurance in force; and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted under state law.

Freddie Mac also requires the private mortgage insurer to meet the following financial requirements: (a) policyholders' surplus must be maintained at not less than $5 million; (b) an insurer shall maintain an unearned premium reserve computed on a monthly pro rata basis; if a greater unearned premium reserve is required by the state where the insurer is licensed, then that greater requirement shall be met; (c) an insurer shall establish and maintain a contingency reserve in an amount equal to 50 percent of earned premiums; (d) an insurer shall maintain a loss reserve for claims incurred but not reported, including estimated losses on insured mortgages that have resulted in the conveyance of property that remains unsold, mortgages in the process of foreclosure or mortgages in default for four or more months; (e) an insurer shall maintain no less than 85 percent of its total admitted assets in the form of marketable securities or other highly liquid investments that qualify as insurance company investments under the laws and regulations of the state of its domicile and the standards of the National Association of Insurance Commissioners; and (f) an insurer shall not at any time have total insurance risk outstanding in excess of 25 times its policyholders' surplus. Approved private mortgage insurers must file quarterly and annual reports with the Freddie Mac.

It has been the administrative policy of the Agency to require that any private mortgage insurance policy with respect to a Program Loan to be purchased with the proceeds of Bonds contain provisions substantially as follows: (a) the private mortgage insurer must pay a claim, including unpaid principal, accrued interest and certain expenses, within sixty days of presentation of the claim by the mortgage lender; (b) for a mortgage lender to present a claim, the mortgage lender must have acquired, and tendered to the insurer, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor; (c) when a claim is presented, the insurer will have the option of paying the claim in full, taking title to the property and arranging for its sale, or of paying the insured percentage of the claim (the Agency's exposure is to be limited to 70 percent or 75 percent, depending on the initial loan-to-value ratio of the mortgage loan) and allowing the insured lender to retain title to the property.

The private mortgage insurance companies providing mortgage insurance on outstanding Program Loans under the Bond Resolution are identified in Appendix G to this Official Statement. There is no assurance that any private mortgage insurance company will be able or willing to honor its obligations under the mortgage insurance policy as provided therein. In particular, certain private mortgage insurance companies have recently experienced substantial financial difficulties and ratings downgrades, and some are in receivership and are paying claims at the rate of 50 cents on the dollar. No representation is made as to the creditworthiness of any private mortgage insurance company.

State Laws Affecting Foreclosures

Mortgage foreclosures in Minnesota are governed by statute and permit two alternative methods, "by action" or "by advertisement." The latter is normally utilized since it is slightly faster, less expensive, and does not have the same tendency to invite contest as does foreclosure by action. The process is normally initiated by the publication,

recordation and service of a notice of foreclosure. This notice must include all relevant information on the mortgage loan and the secured premises as well as a statement of the time and place of sale and the time allowed by law for redemption by the mortgagor. This notice must then be published in a legal newspaper each week for six consecutive weeks. Service of the notice on the mortgagor and any other affected party must be completed at least four weeks prior to the designated date of the foreclosure sale. Compliance with the above publication and service of notice requirements within the prescribed time limitations is essential to the validity of the mortgage foreclosure sale.

Prior to the foreclosure sale, the mortgagor has the right to reinstate the mortgage and prevent foreclosure by curing all defaults on a current basis and by paying attorneys' fees and out-of-pocket disbursements to the extent permitted by statute. If the mortgage is not reinstated, the foreclosure sale is held in the sheriff's office in the county in which the real estate being foreclosed is located. Although anyone can bid at a foreclosure sale, the normal result of the foreclosure sale is that the lien holder bids in the debt without competing bidders (and under the Bond Resolution, the Agency is required to do so), and purchases the mortgaged property from the defaulting borrower through the sheriff, subject to the rights of the borrower and subsequent creditors to redeem.

The holding of the foreclosure sale starts the period of redemption. The period of redemption will normally be six months but can be as long as twelve months. During the period of redemption the mortgagor normally retains the right to remain in possession of the mortgaged property without making mortgage payments or paying real estate taxes. During the period of redemption, the mortgagor has the right to pay off the entire indebtedness, including full principal, accrued interest, any amounts reasonably paid by the mortgagee to preserve the security, and attorneys' fees and disbursements to the extent allowed by statute.

After the period of redemption expires, the mortgagee is entitled to possession of the premises, but may have to bring an unlawful detainer proceeding to enforce its possessory rights, and a proceeding subsequent in the case of Torrens property to perfect its title to the mortgaged property.

It is not unusual, therefore, for a mortgagee to be delayed 10 months or more from the date of initiation of the mortgage foreclosure proceeding until it realizes its possessory rights.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for each Series of the Series Bonds. The ownership of one fully registered Series Bond of each Series for each maturity in the aggregate principal amount of that maturity, will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds of a Series, references herein to the Bondowners, Owners or registered owners of those Series Bonds means Cede & Co. or any other nominee and not the Beneficial Owners(as hereinafter defined) of those Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Beneficial Owner (as defined in Appendix B) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for the Series Bonds of the Series is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or any other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or that other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts those Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds of a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal, redemption price and purchase price of, and interest on, the Series Bonds will be made to Cede & Co., or any other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of that Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, purchase price and interest to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of those payments to Direct Participants will be the responsibility of DTC, and disbursement of those payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Under the Series Resolutions, payments made by or on behalf of the Agency to DTC or its nominee shall satisfy the Agency's obligations to the extent of the payments so made.

A Beneficial Owner must give notice to elect to have its Series Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and must effect delivery of such Series Bonds by causing the Direct Participant to transfer the Participant's interest in the Series Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Tender Agent's DTC account.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the Underwriters nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal, redemption price or purchase price of, or interest on, the Series Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Owners of Series Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (5) any consent given or other action taken by DTC as a Bondowner.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to all or any Series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, that Series of the Series Bonds are required to be delivered as described in the Series Resolutions. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, shall become the Bondowner.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for all or any Series of the Series Bonds. In that event, the Series Bonds of that Series are to be delivered as described in the Series Resolutions.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[to be dated the date of issuance of the Series Bonds]

_____, 2026

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2026 Series A
2026 Series B (Taxable)
2026 Series C (Taxable)

To Whom It May Concern:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its Residential Housing Finance Bonds, 2026 Series A, in the aggregate principal amount of $[_____]* (the "2026 Series A Bonds"), its Residential Housing Finance Bonds, 2026 Series B (Taxable), in the aggregate principal amount of $[_____]* (the "2026 Series B Bonds"), and its Residential Housing Finance Bonds, 2026 Series C (Taxable), in the aggregate principal amount of $[_____]* (the "2026 Series C Bonds" and, together with the 2026 Series A Bonds, and the 2026 Series B Bonds, the "2026 Series Bonds") each series of which is issuable only as fully registered bonds of single maturities in denominations as are provided in the Series Resolutions referenced below.

The 2026 Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolutions referenced below. The 2026 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2026 Series C Bonds are subject to optional and mandatory tender, all as provided in the Series Resolutions referenced below.

As bond counsel, we have examined certificates as to facts, estimates and circumstances and certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Amended and Restated Bond Resolution adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and a Series Resolution of the Agency relating to the 2026 Series A Bonds, and the 2026 Series B Bonds adopted January 23, 2025, and a Series Resolution of the Agency relating to the 2026 Series C Bonds adopted January 23, 2025 (together, the "Series Resolutions"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Applicable federal tax law, including certain provisions of Sections 143 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the delivery of the 2026 Series A Bonds (the "2026 Series Tax-Exempt Bonds") in order that interest on the 2026 Series Tax-Exempt Bonds may be excluded from gross income for federal income tax purposes. The Agency has covenanted in the Bond Resolution and Series Resolutions to comply with the requirements of applicable federal tax law and for such purpose to adopt and maintain appropriate procedures. In rendering this opinion, we have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Bond Resolution and Series Resolutions.

From such examination it is our opinion that, under state and federal laws, regulations, rulings and decisions in effect on the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolutions have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Program Obligations, Investment Obligations, Revenues, moneys and other assets held and to be set aside under the Bond

* Preliminary, subject to change.

Resolution and Series Resolutions; (3) the 2026 Series Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolutions, and are further secured by the pledge of the full faith and credit of the Agency, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, or state laws appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2026 Series Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2026 Series Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to the Fund; (5) the interest payable on the 2026 Series Tax-Exempt Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; (6) the interest payable on 2026 Series B Bonds and the 2026 Series C Bonds (together, the "2026 Series Taxable Bonds") is includable in gross income of owners thereof for federal income tax purposes, in taxable net income of individuals, trusts and estates for state of Minnesota income tax purposes and in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; and (7) the 2026 Series Taxable Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Interest on the 2026 Series A Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2026 Series A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2026 Series A 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 2026 Series Bonds. All owners of 2026 Series Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2026 Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2026 Series Bonds and the Bond Resolution and Series Resolutions is subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

APPENDIX G

CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO

Mortgage Insurance for RHFB Whole Loan Mortgage Portfolio as of March 31, 2025 [UPDATE]

Series	FHA	VA	Rural Development	MGIC	Genworth	Other Private Mortgage Insurers*	Uninsured	Total
Retired	$ 7,994,793	$ 292,527	$ 2,865,812	$ -	$ 9,616	$ 4,766	$ 2,961,630	$ 14,129,144
07M	446,851	55,635	444,607	358,733	51,415	51,236	1,589,985	2,998,462
07M-40 Year	-	-	-	517,504	-	301,816	599,293	1,418,613
13ABC	1,654,208	53,050	1,225,722	86,970	-	-	2,482,519	5,502,469
14B	1,313,820	4,429	410,387	12,998	-	-	462,542	2,204,176
14CDE	6,423,032	468,041	5,943,400	446,796	-	442,929	13,819,371	27,543,569
15ABCD	2,408,104	58,280	1,235,731	61,451	125,926	-	4,783,824	8,673,316
15ABCD-40 Year	-	-	-	-	-	598,934	262,458	861,392
15EFG	3,408,242	181,582	3,835,382	540,584	177,827	282,660	7,987,130	16,413,407
15EFG-40 Year	-	-	-	279,608		974,316	1,960,247	3,214,171
16ABC	964,801	176,307	1,910,173	946,725	258,877	403,912	6,690,092	11,350,887
16ABC-40 Year	-	-	-	1,203,377	584,182	650,631	2,053,572	4,491,762
16DEF	1,040,056	109,243	809,141	536,901	76,585	76,343	2,476,282	5,124,551
16DEF-40 Year	-	-	-	770,845	-	449,569	892,673	2,113,087
17ABC	5,510,212	21,449	2,609,992	448,683	153,720	-	3,770,719	12,514,775
17ABC-40 Year	-	-	-	1,498,404	417,524	557,308	2,162,051	4,635,287
17DEF	3,268,125	-	598,951	-	29,845	-	1,832,768	5,729,689
17DEF-40 Year	-	-	-	539,464	-	279,593	1,401,180	2,220,237
18ABCD	3,133,541	-	1,612,580	-	6,780	-	1,467,740	6,220,641
19ABCD	9,310,113	35,782	1,462,587	51,265	9,078	15,845	1,628,287	12,512,957
Total Bond Financed	$ 46,875,898	$ 1,456,325	$ 24,964,465	$ 8,300,308	$ 1,901,375	$ 5,089,858	$ 61,284,363	$ 149,872,592
	31.28%	0.97%	16.66%	5.54%	1.27%	3.40%	40.89%	100.00%

RMIC 1.378%, United 1.105%, PMI 0.443%, Radian Guarantee Fund 0.266%, Commonwealth 0.011%, Triad 0.194%, Amerin 0.000%

RHFB Whole Loan Mortgage Portfolio

Delinquency and Foreclosure Statistics as of March 31, 2025 [UPDATE]

			Payments Past Due as a Percentage of the Number of Loans Outstanding								
			30-59 Days		60-89 Days		90-119 Days		120 Days and Greater (1)		Total (2)
Bond Financed:	Number of Loans	Balance Outstanding	#	%	#	%	#	%	#	%	%
Retired	470.5	$14,129,144	23.0	4.89	5.0	1.06	2.0	0.43	9.0	1.91	3.40
07M	44.6	2,998,462	2.2	4.93	0.4	0.90	0.2	0.45	1.2	2.69	4.04
07M-40 Yr	10.6	1,418,613	0.4	3.77	-	-	-	-	-	-	-
13ABC	113.5	5,502,469	2.0	1.76	1.0	0.88	2.0	1.76	6.0	5.29	7.93
14B	86.0	2,204,176	-	-	1.0	1.16	-	-	-	-	1.16
14CDE	442.5	27,543,569	13.0	2.94	8.0	1.81	4.0	0.90	8.0	1.81	4.52
15ABCD	125.0	8,673,316	7.0	5.60	3.0	2.40	-	-	8.0	6.40	8.80
15ABCD-40 Year	6.0	861,392	-	-	1.0	16.67	-	-	-	-	16.67
15EFG	274.5	16,413,407	8.5	3.10	3.0	1.09	4.0	1.46	5.0	1.82	4.37
15EFG-40 Year	24.0	3,214,171	1.0	4.17	-	-	-	-	-	-	-
16ABC	163.5	11,350,887	13.0	7.95	4.0	2.45	0.5	0.31	4.0	2.45	5.20
16ABC-40 Year	36.0	4,491,762	-	-	-	-	-	-	1.0	2.78	2.78
16DEF	109.9	5,124,551	5.3	4.82	1.6	1.46	0.3	0.27	1.8	1.64	3.37
16DEF-40 Year	15.4	2,113,087	0.6	3.90	-	-	-	-	-	-	-
17ABC	202.5	12,514,775	7.5	3.70	2.0	0.99	2.0	0.99	5.5	2.72	4.69
17ABC-40 Year	45.0	4,635,287	1.0	2.22	-	-	-	-	1.0	2.22	2.22
17DEF	83.0	5,729,689	2.0	2.41	-	-	-	-	3.0	3.61	3.61
17DEF-40 Year	22.0	2,220,237	1.0	4.55	-	-	-	-	-	-	-
18ABCD	156.5	6,220,641	5.0	3.19	5.0	3.19	1.0	0.64	3.0	1.92	5.75
19ABCD	297.0	12,512,957	15.5	5.22	4.0	1.35	2.0	0.67	10.5	3.54	5.56
Total Bond Financed	2,728.0	$149,872,592	108.0	3.96	39.0	1.43	18.0	0.66	67.0	2.46	4.55

All Loans are serviced by US Bank Home Mortgage.

If the number of properties allocated to a series of Bonds in the table is expressed in an increment of 0.5, the allocation reflects the fact that proceeds of Bonds of the series were used, with an equal amount of funds from another source (which may be another series of Bonds) to purchase the mortgage loan that financed the property. In such cases, while principal repayments and prepayments are allocated equally to each funding source, interest payments on the mortgage loan are not allocated pro rata. However, mortgage loans that were originated with 07LM Bonds were funded with proceeds of 07L (and series of Bonds that refunded 07L) and 07M in the fractions of 0.6 and 0.4, respectively. Currently, allocation of repayments and prepayments to each funding source may be expressed in multiples of 0.1.

(1) Included in "Foreclosures" are loans for which the sheriff's sale has been held and the redemption period (generally six months) has not yet elapsed in addition to those customarily included in delinquency statistics.

(2) 30-59 days not included in total.

See page G-3 for comparative delinquency and foreclosure statistics.

continued from page G-2.

Comparative 60+ Day Delinquency Statistics[1]	12/31/2024	3/31/2025
Residential Housing Finance Bond Resolution Loan Portfolio	3.94%	3.09%
Mortgage Bankers Association of America, Minnesota[2]	3.12%	2.77%
Mortgage Bankers Association of America, National[2]	3.31%	2.88%

Comparative Foreclosure Statistics[3]	12/31/2024	3/31/2025
Residential Housing Finance Bond Resolution Loan Portfolio	1.15%	1.21%
Mortgage Bankers Association of America, Minnesota[2]	0.61%	0.69%
Mortgage Bankers Association of America, National[2]	0.57%	0.68%

(1) This table compares 60+ day delinquency statistics. The delinquency rates do not include those delinquent loans referred to an attorney, where the first legal documents have been filed, or where any further foreclosure proceedings have occurred. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio differs from that in the table on page G-1.

(2) Mortgage Bankers Association of America average of 60+ days delinquency and foreclosure statistics adjusted by the Agency to reflect the proportions of insurance types in the Residential Housing Finance Bond Resolution loan portfolio. The unadjusted 3/31/25 Mortgage Bankers Association of America average 60+ days delinquency rate is 1.69% Minnesota and 2.26% national. The unadjusted 3/31/25 Mortgage Bankers Association of America foreclosure rate is 0.34% Minnesota and 0.47% national. None of the delinquency and foreclosure rates presented are seasonally adjusted. Reprinted by permission of the Mortgage Bankers Association. For more information, contact the Mortgage Bankers Association, 1331 L Street NW, Washington D.C. 20005, (202) 557-2700 http://www.mortgagebankers.org

(3) This table compares foreclosure statistics, where "foreclosures" include only those loans referred to an attorney and with the first legal documents filed, but not loans for which a foreclosure sale has been held. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio is not directly comparable to the table on page G-1.

APPENDIX H

CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR BONDS OUTSTANDING

as of March 31, 2025 [UPDATE]

(unaudited)

Liquidity Provider	Related Bond Series	Bonds Outstanding	Expiration Date
Royal Bank of Canada	2015 Series D	$ 13,460,000	08/11/2027
	2015 Series G	27,710,000	11/17/2027
	2017 Series F	31,860,000	11/17/2027
	2019 Series D	32,425,000	06/29/2029
	2022 Series D	48,945,000	03/16/2027
	2022 Series F	50,000,000	05/12/2027
	2018 Series D	19,625,000	06/30/2028
	2018 Series H	28,820,000	06/30/2028
	2023 Series K	20,000,000	08/24/2028
		$272,845,000	
Federal Home Loan Bank of Des Moines	2016 Series F	$ 34,640,000	01/02/2027
	2017 Series C	29,395,000	07/19/2029
	2022 Series H	50,000,000	07/08/2030
	2022 Series K	25,000,000	09/30/2030
	2023 Series I	30,000,000	07/27/2026
	2023 Series T	43,625,000	11/30/2026
	2023 Series V	26,175,000	12/14/2026
	2025 Series B	15,000,000	02/30/2030
	2025 Series E	40,000,000	03/19/2030
		$293,835,000	
TD Bank, N.A.	2019 Series H	$ 38,175,000	07/11/2029
	2023 Series M	29,530,000	09/14/2028
	2023 Series Q	29,890,000	10/12/2028
	2024 Series C	19,980,000	02/08/2027
	2024 Series E	19,950,000	03/26/2027
		$137,525,000	
State Street Bank and Trust Company	2024 Series I	$ 24,975,000	05/01/2028
	2024 Series K	14,970,000	05/30/2028
	2024 Series N	39,995,000	07/02/2028
	2024 Series Q	40,000,000	08/29/2028
	2024 Series S	15,000,000	09/18/2028
	2024 Series W	60,000,000	12/12/2028
		$194,940,000	

APPENDIX I

CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov.

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of $25,000 and multiples of $1 in excess of $25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and the Central Paying and Transfer Agent is required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less the Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives those installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for the commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (the origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as that ability may be affected by the Master Servicer's

bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all the requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

GNMA Security

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States, states that guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

Government National Mortgage Association Borrowing Authority

In order to meet its obligations under the guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make the payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of each GNMA Security outstanding on the last day of the month preceding the calculation. Each GNMA Security carries an interest rate that is fixed below the lowest interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before the payments are forwarded to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of money for payments on the GNMA Securities. If those payments are less than the amount then due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. The Government National Mortgage Association guarantees the

timely payment in the event of the failure of the Master Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors).

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue the payments as scheduled on the third business day after the twentieth day of each month. However, if the payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on that GNMA Security (the "GNMA Guaranty Agreement"), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the mortgage loans, and the mortgage loans will thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In that event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs a letter of extinguishment to the Master Servicer, the Government National Mortgage Association will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Master Servicer's indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no agreement is to detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the twentieth day (in the case of a GNMA II-Custom Pool Security) (or in each case if that day is not a business day then the next business day), of the first month following the date of issuance of the GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

FANNIE MAE MORTGAGE-BACKED SECURITIES

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752-7115. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Fannie Mae

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

The terms of the MBS Program are governed by the Fannie Mae Single Family Selling and Servicing Guides (the "Fannie Mae Guides"), as modified by a pool purchase contract, and, in the case of mortgage loans such as the Program Loans exchanged with Fannie Mae, a single family master trust agreement (the "Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the "Fannie Mae Prospectus"). The Fannie Mae Prospectus is updated from time to time.

Fannie Mae Securities

Fannie Mae Securities are mortgage-backed pass-through securities issued and guaranteed by Fannie Mae under its MBS Program. As of June 3, 2019, each Fannie Mae Security will be a Uniform Mortgage-Backed Security ("UMBS") (see "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities"). Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Security be in a minimum amount of $250,000 (or, in each case, the lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer's servicing fee and Fannie Mae's guaranty fee.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by the Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not that principal balance is actually received. **The obligations of Fannie Mae under these guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy these obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Bonds would be affected by delinquent payments and defaults on those mortgage loans**.

Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month the Fannie Mae Security is issued), or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying the Fannie Mae Security during the period beginning on the second day of the month prior to the month of the distribution and ending on the first day of the month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of the distribution (including as prepaid for this purpose at Fannie Mae's election any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase that mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of that mortgage loan has been received, whether or not that full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

FREDDIE MAC MORTGAGE-BACKED SECURITIES

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement

Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at http://www.sec.gov. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Freddie Mac

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by those mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as

financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Securities

Freddie Mac Securities will be mortgage-backed pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. As of June 3, 2019, each Freddie Mac Security will be a Uniform Mortgage-Backed Security ("UMBS") (see "The Residential Housing Finance Program—Uniform Mortgage-Backed Securities"). Freddie Mac Securities are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Security represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Securities representing interests in that pool.

Payments on Freddie Mac Securities that are not UMBS begin on or about the 15th day of the first month following issuance. Payments on Freddie Mac Securities that are UMBS begin on the 25th day of the first month following issuance, or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. Each month Freddie Mac passes through to record holders of Freddie Mac Securities their proportionate share of principal payments on the mortgage loans in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Security is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Securities plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Security the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Security. Freddie Mac also guarantees to each holder of a Freddie Mac Security (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Security is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Securities are obligations of Freddie Mac only. The Freddie Mac Securities, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Securities would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Securities and could adversely affect payments on Outstanding Bonds.

Mortgage Purchase and Servicing Standards

All mortgage loans purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage loan and the creditworthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgage loans, the loan-to-value ratio and age of the mortgage loans, the type of property securing the mortgage loans and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgage loans it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgage loans in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage loan, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage loan and when to initiate those measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage loan that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

THE MASTER SERVICER

U.S. Bank National Association currently serves as Master Servicer for the Agency's MBS Program, including the Program Securities to be financed with proceeds of the Series Bonds. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights), which replaces the previous servicing agreement executed by the Agency and the Master Servicer. The Program Securities acquired with proceeds of the Series Bonds are expected to be serviced by the Master Servicer.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. NONE OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL HAS VERIFIED THIS INFORMATION OR GUARANTEES IT AS TO COMPLETENESS OR ACCURACY. POTENTIAL INVESTORS SHOULD NOT CONSTRUE THIS INFORMATION AS A REPRESENTATION OF ANY OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of [March 31, 2025], the Servicer serviced [1,319,605] single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately $[216.4] billion. The Servicer currently services single-family mortgage loans for state and local housing finance authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of [March 31, 2025], according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately $[676.5] billion and a net worth of $[60.1] billion. For the three months ended [March 31, 2025], the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately $[6.6] billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing. (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of Outstanding Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

APPENDIX J

CERTAIN DEFINITIONS WITH RESPECT TO THE 2026 SERIES C BONDS

"*Alternate Liquidity Facility*" means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change to a Mode Period or in substitution for an existing Liquidity Facility pursuant to the terms of the 2026 Series C Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Bank*" means (i) with respect to the Initial Liquidity Facility for the 2026 Series C Bonds, [Federal Home Loan Bank of Des Moines], together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self-Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means 2026 Series C Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility, other than Self Liquidity.

"*Bank Interest Rate*" means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

"*Bank Purchase Date*" means any Purchase Date on which the Bank purchases 2026 Series C Bonds.

"*Business Day*" means any day other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, New York are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed or (d) a day on which the principal office of the Trustee is authorized to be closed for regular business.

"*Conversion Date*" means the Business Day on which the interest rate on any of the 2026 Series C Bonds is Converted to a Fixed Interest Rate or an Indexed Rate.

"*Convert*," "*Converted*" or "*Conversion*," as appropriate, means the conversion of the interest rate on any of the 2026 Series C Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to the 2026 Series C Resolution.

"*Floating Rate Change*" means a change to all or a portion of the Variable Rate Bonds, FRNs or Index Bonds to bear interest at a New Floating Rate.

"*Floating Rate Change Date*" means the date on which a Floating Rate Change is effective (inclusive of a FRN Rate Change Date).

"*Liquidity Expiration Event*" means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

"*Liquidity Facility*" means any instrument delivered pursuant to the terms of the 2026 Series C Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of the 2026 Series C Resolution, including the Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Maximum Rate*" means (i) with respect to the 2026 Series C Bonds (other than Bank Bonds) 12 percent per annum, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (a) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2026 Series C Bonds by each Rating Agency; and (b) a certified copy of a resolution adopted by the Agency approving that increase in the Maximum Rate; and (ii) with respect to Bank Bonds, the meaning ascribed to that term in the Liquidity Facility;

provided, however, that in no event may the Maximum Rate, as described in (i) above, exceed the lesser of (a) 12 percent or a higher rate as approved by the Agency's governing body or specified for the Bank Bonds, or (b) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the 2026 Series C Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, or Semiannual Rate.

"*Mode Change*" means a change in Mode Period.

"*Mode Change Date*" means the date of effectiveness of a Mode Change.

"*Mode Period*" means each period beginning on the first Effective Rate Date for any of the 2026 Series C Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next change in Mode with respect to those 2026 Series C Bonds.

"*Non-Conforming Liquidity Facility*" means a liquidity facility delivered by the Agency pursuant to the 2026 Series C Resolution that does not meet the requirements for an Alternate Liquidity Facility.

"*Purchase Date*" means any date that 2026 Series C Bonds are to be purchased pursuant to the 2026 Series C Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2026 Series C Bond tendered or deemed tendered for purchase as provided herein, plus, if the Purchase Date is not an Interest Payment Date, accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

"Qualified Index" means one of the following indices: (i) SIFMA Swap Index, (ii) SOFR Index, (iii) BSBY Index, or (iv) such other variable rate index selected by the Agency as a commercially reasonable index.

"*Record Date*" means, with respect to Variable Rate Bonds, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the 15th day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and RBC Capital Markets, LLC, with respect to the 2026 Series C Bonds, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of those 2026 Series C Bonds.

"Replacement Index" means on any Floating Rate Change Date or Conversion Date, or on or after such date or after such period as an originally designated index pursuant to the 2026 Series C Resolution ceases to be available or ceases to be a reliable market indicator, such Qualified Index as shall be designated by the Agency in writing provided to the Calculation Agent via Electronic Means, together with the Effective Date of the substitute or replacement index.

"*Self-Liquidity*" means a liquidity facility provided by the Agency's own funds pursuant to the 2026 Series C Resolution, other than a Non-Conforming Liquidity Facility.

"SOFR Index" means the Secured Overnight Financing Rate ("SOFR"), as published on or about 8:00 a.m. (New York time) on the Federal Reserve's Website (or any successor publisher website) for each SOFR Published Date, representing the SOFR Index as of the SOFR Lookback Date. For any date that the SOFR does not so appear by 5:00 p.m. (New York time) on such date or if such date is not a U.S. Government Securities Business Day, the rate shall be the SOFR published on the Federal Reserve's Website on the first preceding U.S. Government Securities Business Day for which SOFR was published on the Federal Reserve's Website. On any date that a SOFR Index determination is necessary, if (1) the relevant rate is not available for any reason or (2) the Agency in its sole but commercially reasonable discretion determines that SOFR is no longer a reliable market indicator, then a comparable Replacement Index will be determined by such alternate method as reasonably selected and designated in writing by the Agency to the Calculation Agent and shall be used in place of the SOFR Index. "SOFR Published Date" means

the second U.S. Government Securities Business Day immediately preceding each Effective Rate Date. "SOFR Lookback Date" means the third U.S. Government Securities Business Day immediately preceding an Effective Rate Date. "U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor entity) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities. "Federal Reserve's Website" means the website of the Federal Reserve Bank of New York, or the website of any successor publisher of SOFR. Notwithstanding the foregoing, the Agency may choose to modify the description set forth above to a description that is commercially reasonable.

"*Tender Agent*" means the Trustee appointed pursuant to the Bond Resolution.

"*Variable Rate Bonds*" means 2026 Series C Bonds (or portion thereof) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period, or a Semiannual Mode Period (whether or not in each case those 2026 Series C Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

APPENDIX K

SUMMARY OF CERTAIN PROVISIONS OF AND RELATING TO THE STANDBY BOND PURCHASE AGREEMENT

General

[to be determined and updated] The following description is a summary of certain provisions of the Initial Liquidity Facility. This summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. Investors should obtain and review a copy of the Initial Liquidity Facility in order to understand all of the terms of that document.

The Initial Liquidity Facility is in the form of a Standby Bond Purchase Agreement to be entered into with [Federal Home Loan Bank of Des Moines] (the "Initial Liquidity Provider") (copies of which are on file with the Trustee, the Tender Agent and the Agency). Any Alternate Liquidity Facility may have terms substantially different from those of the Initial Liquidity Facility. Various words or terms used in the following summary are defined in this Official Statement, the Initial Liquidity Facility or the Resolution and reference thereto is made for full understanding of their import. For further information regarding the Initial Liquidity Provider, the obligor under the Initial Liquidity Facility, see "APPENDIX L – CERTAIN INFORMATION RELATING TO THE LIQUIDITY PROVIDER." See also "DESCRIPTION OF THE SERIES BONDS" in this Official Statement and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

"Affiliate" means, with respect to a Person (as defined in the Initial Liquidity Facility), any Person (whether for-profit or not-for-profit), which "controls," or is "controlled" by, or is under common "control" with such Person. For purposes of this definition, a Person "controls" another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

"Available Commitment" means on any day the sum of the Available Interest Commitment and the Available Principal Commitment on such day, initially $[_____]* for the 2026 Series C Bonds.

"Available Interest Commitment" initially means $[_____]* for the 2026 Series C Bonds in a Covered Mode which initial amount equals 187 days' interest on the initial amount of the Available Principal Commitment based upon an assumed rate of interest of 12% per annum computed on the basis of a year of 365 days, and actual days elapsed, and thereafter means each such initial amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a), (b) or (c) of the definition in the Initial Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (d) of the definition in the Initial Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment. Any adjustments to the Available Interest Commitment pursuant to clauses (a) or (b) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

"Available Principal Commitment" means, initially, the aggregate principal amount of the 2026 Series C Bonds Outstanding, $[_____]*, and thereafter means each such initial amount adjusted from time to time as follows: (a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to the Initial Liquidity Facility (other than with respect to clause (c) of this definition); (b) downward by the principal amount of any 2026 Series C Bonds for the purchase of which funds are made available by the Initial Liquidity Provider to purchase 2026 Series C Bonds pursuant to the Initial Liquidity Facility; (c) downward by the principal amount of any 2026 Series C Bonds of which the interest rate borne by such 2026 Series C Bonds has been converted or changed to a Fixed Interest Rate (as defined in the 2026 Series C Resolution) or an Indexed Rate (as defined in the 2026 Series C Resolution) or has been changed to a mode other than a Covered Mode or for which an Alternate Liquidity Facility (as defined in the 2026 Series C Resolution), a Non-Conforming Liquidity Facility (as defined in the 2026 Series C Resolution), or Self Liquidity (as defined in the 2026 Series C Resolution) has become effective; and (d) upward by the principal amount of any 2026 Series C Bonds theretofore purchased by the Initial Liquidity Provider pursuant to the Initial Liquidity Facility which are remarketed by the Remarketing Agent and for which the Initial Liquidity Provider has received immediately available funds equal to the principal amount thereof and accrued

* Preliminary, subject to change.

interest thereon (or deemed to be remarketed pursuant to the Initial Liquidity Facility); provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed $[_____]*, for the 2026 Series C Bonds. Any adjustments to the Available Principal Commitment pursuant to clause (a), (b) or (d) hereof shall occur simultaneously with the occurrence of the events described in such clauses. Any adjustments to the Available Principal Commitment pursuant to clause (c) hereof shall occur at 5:00 p.m. Des Moines, Iowa time on the Business Day immediately following the occurrence of the events described in such clause.

"Covered Mode" means 2026 Series C Bonds while in a Weekly Mode Period.

"Default" means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an event of default under the Initial Liquidity Facility.

"Eligible Bonds" means 2026 Series C Bonds that bear interest in a Covered Mode, and which are not Bank Bonds or 2026 Series C Bonds owned by or held on behalf of, for the benefit of, or for the account of, the Agency or any Affiliate of the Agency and which are supported by the Initial Liquidity Facility.

"Investment Grade" means, with respect to a rating by Moody's, a rating of "Baa3" (or its equivalent) or better, and, with respect to a rating by S&P, a rating of "BBB-" (or its equivalent) or better.

"Parity Debt" means bonds (excluding the 2026 Series C Bonds) that are now or hereafter Outstanding under the General Bond Resolution and any other obligations of the Agency secured by the lien granted under the General Bond Resolution which is on a parity with the lien which secures the 2026 Series C Bonds.

"Related Documents" means the Initial Liquidity Facility, the 2026 Series C Bonds, the 2026 Series C Resolution, the General Bond Resolution, the Official Statement (as defined in the Initial Liquidity Facility), the Purchase Contract (as defined in the Initial Liquidity Facility) and the Remarketing Agreement (as defined in the 2026 Series C Resolution), as the same may be amended or modified from time to time in accordance with their respective terms and the terms of the Initial Liquidity Facility.

"Resolution" means, collectively, the General Bond Resolution and the 2026 Series C Resolution.

The Initial Liquidity Facility

General. The Agency will execute the Initial Liquidity Facility with the Initial Liquidity Provider, the Trustee and the Tender Agent (the "Tender Agent") on the date of delivery of the 2026 Series C Bonds. The Initial Liquidity Facility requires the Initial Liquidity Provider to provide funds for the purchase of the 2026 Series C Bonds outstanding as Eligible Bonds that have been tendered for purchase and not remarketed, subject to certain conditions described below. Any 2026 Series C Bonds so purchased shall constitute Bank Bonds under the terms of the Initial Liquidity Facility and the Resolution. Bank Bonds will bear interest at the Bank Rate, in accordance with the Initial Liquidity Facility, payable as set forth in the Initial Liquidity Facility.

Expiration of the Initial Liquidity Facility. The Initial Liquidity Provider is obligated to purchase the 2026 Series C Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility from the date of issuance of the 2026 Series C Bonds until the earliest to occur of the following dates and events (the "Commitment Period"): (1) the later of 5:00 p.m. Des Moines, Iowa time on [_____ __, 20__], and 5:00 p.m. Des Moines, Iowa time on the last day of any extension of such date pursuant to the Initial Liquidity Facility (or if such date is not a Business Day, the Business Day next preceding such day) (the "Expiration Date"); (2) the first date on which no Eligible Bonds are Outstanding; (3) 5:00 p.m. Des Moines, Iowa time on the Business Day immediately following (i) the first date on which the interest rate borne by all of the 2026 Series C Bonds has been converted or changed to an Indexed Rate or a Fixed Interest Rate or a mode other than a Covered Mode or (ii) the date of occurrence of an Unenhanced Variable Rate Bonds Change Date (as defined in the 2026 Series C Resolution) with respect to such Series; (4) 5:00 p.m. Des Moines, Iowa time on the 30th day following the date on which a "Notice of Termination Date" (defined below in paragraph (3) of "Remedies Upon Occurrence of an Event of Default") is received by the Agency, the Trustee and the Tender Agent or, if such 30th day is not a Business Day, the next succeeding Business Day; (5) 5:00 p.m. Des Moines, Iowa time

* Preliminary, subject to change.

on the Business Day immediately following the date on which an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self-Liquidity (as defined in the 2026 Series C Resolution) has become effective with respect to all outstanding 2026 Series C Bonds; (6) 30 days after the Agency delivers a notice of voluntary termination of the Initial Liquidity Facility (or immediately upon delivery of such notice if the Initial Liquidity Provider has defaulted on any payment obligations under the Initial Liquidity Facility), provided that the Agency has made payment of all amounts owing to the Initial Liquidity Provider under the Initial Liquidity Facility; and (7) the occurrence of an event of default described under "Remedies Upon Occurrence of an Event of Default" that allows the Initial Liquidity Provider to terminate its obligations under the Initial Liquidity Facility.

In the event there is an occurrence of a "Termination Event" or "Suspension Event" as described below, the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds immediately terminates or suspends without notice or demand to any person. In such event, holders of 2026 Series C Bonds will have no right to optionally tender the 2026 Series C Bonds and may be required to hold such 2026 Series C Bonds until the earlier of the redemption or maturity thereof.

Purchase of Eligible Bonds. On each Purchase Date on which the 2026 Series C Bonds which are Eligible Bonds are to be purchased by the Tender Agent, by no later than 11 a.m., Des Moines, Iowa time, the Tender Agent shall give the Initial Liquidity Provider notice by telecopier and in writing of the aggregate Purchase Price of the tendered 2026 Series C Bonds which are Eligible Bonds required to be purchased by the Initial Liquidity Provider pursuant to the Initial Liquidity Facility, and the amount of principal and interest constituting such Purchase Price. Upon receipt of the notice set forth above, the Initial Liquidity Provider, unless it determines that its obligation to purchase pursuant to the Initial Liquidity Facility has been suspended or terminated in accordance therewith, shall, by no later than 1 p.m., Des Moines, Iowa time, on the same day (or not later than 1 p.m., Des Moines, Iowa time, on the next Business Day if the Initial Liquidity Provider receives such notice after 11 a.m. Des Moines, Iowa time), make available to the Tender Agent, in immediately available funds, such Purchase Price, to be deposited in accordance with the Resolution. As soon as such funds become available, the Tender Agent is required to purchase therewith, for the account of the Initial Liquidity Provider, that portion of the tendered 2026 Series C Bonds which are Eligible Bonds for the purchase of which immediately available funds are not otherwise then available for such purposes under the Resolution. Under the Initial Liquidity Facility, the Initial Liquidity Provider is obligated, with respect to the 2026 Series C Bonds which are Eligible Bonds and are Outstanding, to make available to the Tender Agent an amount equal to the Available Commitment.

Events of Default Under the Initial Liquidity Facility. The following events constitute events of default under the Initial Liquidity Facility.

1. Any principal of, or interest on, any 2026 Series C Bond (including any Bank Bond), shall not be paid when due; or

2. The Agency shall fail to pay any commitment fee to the Initial Liquidity Provider due under the Initial Liquidity Facility within 15 days after the same shall become due; or

3. Any representation or warranty made or deemed to be made to the Initial Liquidity Provider by or on behalf of the Agency in the Initial Liquidity Facility or in any Related Document or in any certificate or statement delivered under the Initial Liquidity Facility or under a Related Document shall be incorrect or untrue in any material respect when made or deemed to have been made; or

4. The Agency shall fail to observe or perform certain enumerated covenants, which shall constitute an event of default and without regard to any grace period; or

5. (a) The Agency shall default in the due performance or observance of any other term, covenant or agreement contained (or incorporated by reference) in the Initial Liquidity Facility or there is any Default in the Initial Liquidity Facility (other than those referred to in paragraphs (1) through (4) above) or (b) an event of default shall occur under any Related Documents (other than the Official Statement) and in each case (a) and (b) such default shall remain unremedied for a period of 30 days after the Initial Liquidity Provider shall have given written notice thereof to the Agency; or

6. (a) The Agency shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors

seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Agency shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Agency any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official or (ii) remains undismissed, undischarged or unbonded for a period of 60 days; or (c) there shall be commenced against the Agency any case, proceeding or other action seeking issuance of a warrant of attachment, execution, rehabilitation, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or (d) the Agency shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Agency shall become "insolvent" as defined under 11 U.S.C. Section 101(32)(C) or so admit in writing its inability to pay its debts; or (f) a debt moratorium, restructuring, adjustment or comparable extraordinary restriction shall have been declared or imposed upon (whether or not in writing) the Bonds or Parity Debt of the Agency by either (i) the Agency or (ii) pursuant to a ruling or finding by the State of Minnesota (including, without limitation, any of the executive, legislative or judicial branches of government thereof) or any federal government agency or authority having jurisdiction over the Agency; or

7. (a) Any material provision of the Act, the Initial Liquidity Facility, the Resolution, the 2026 Series C Bonds, or any Parity Debt relating to the payment of the principal of or interest on the 2026 Series C Bonds (including any Bank Bonds) or any Parity Debt or the security therefor shall at any time and for any reason cease to be valid and binding on the Agency as a result of (i) a finding or ruling, (ii) enactment or adoption of legislation, (iii) issuance of an executive order or (iv) entry of a judgment or decree, in each instance, by a governmental agency having appropriate jurisdiction over the Agency that such provision is null and void, invalid or unenforceable; or (b) the Agency shall have taken or permitted to be taken any official action which would adversely affect the enforceability of the Initial Liquidity Facility, the 2026 Series C Bonds, the Act, the Resolution or any Parity Debt relating to the payment of the principal of or interest on the 2026 Series C Bonds (including any Bank Bonds), or any Parity Debt or the security therefor or results in a repudiation of its obligation to pay the 2026 Series C Bonds (including any Bank Bonds); or (c) the Agency (i) challenges the validity or enforceability of any provision of the Initial Liquidity Facility, the 2026 Series C Bonds, the Act, the Resolution or any Parity Debt relating to or otherwise affecting (A) the ability or obligation to pay the principal of or interest on the 2026 Series C Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the 2026 Series C Bonds, the Bank Bonds or any Parity Debt or (ii) seeks an adjudication that any provision of the Initial Liquidity Facility, the Act, the Resolution, the 2026 Series C Bonds or any Parity Debt relating to or otherwise affecting (A) the Agency's obligation to pay the principal of or interest on the 2026 Series C Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the 2026 Series C Bonds the Bank Bonds or any Parity Debt is not valid and binding on the Agency; or

8. Each of Moody's and S&P shall have (a) reduced the long-term credit rating of the 2026 Series C Bonds or any unenhanced Parity Debt below Investment Grade; (b) withdrawn their long-term ratings of the 2026 Series C Bonds or any unenhanced Parity Debt for any credit-related reasons; or (c) suspended their long-term ratings of the 2026 Series C Bonds or any unenhanced Parity Debt for any credit-related reasons; or

9. The Agency shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Parity Debt, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity Debt, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt shall have been, or may be, as a result of a payment default of any nature accelerated, or shall have been, or may be, as a result of a payment default of any nature, required to be repaid prior to the stated maturity thereof; provided there shall not be a default if the failure to pay principal or interest on the Parity Debt is due solely to an acceleration of Parity Debt for any reason other than the failure to pay principal or interest on the Parity Debt; or

10. A final nonappealable judgment or order for the payment of money that exceeds $5,000,000 in aggregate shall have been rendered against the Agency and shall be payable from or attach to the revenues or other monies pledged to the payment of the 2026 Series C Bonds under the Resolution, and such judgment or order shall not have been satisfied within 60 days from the date on which such judgment was rendered; or

11. The Agency's long-term rating shall be less than "BBB+" by S&P and "Baal" by Moody's, for a period of more than 30 days after the Liquidity Provider shall have given written notice thereof to the Agency.

Remedies Upon Occurrence of an Event of Default. Following the occurrence of the above-referenced events of default, the Initial Liquidity Provider may take any one or more of the following actions.

1. In the case of the occurrence of an event of default specified in paragraphs (1), (6)(a), (c), (d), (e) or (f), (7), (8), (9), or (10) above (each, a "Termination Event"), the Initial Liquidity Provider's Available Commitment and the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility to purchase the 2026 Series C Bonds which are Eligible Bonds shall immediately terminate without notice or demand to any Person and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase the 2026 Series C Bonds which are Eligible Bonds, provided that an Event of Default described in paragraph (1) above will not qualify as a Termination Event if the failure to pay the principal of, or interest due on, a Bank Bond is due solely to an acceleration of all Bank Bonds for any reason other than as described in paragraph (1) above. Promptly upon such event of default, the Initial Liquidity Provider shall give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent, provided that the Initial Liquidity Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Initial Liquidity Provider's Available Commitment and the termination of the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility. The Tender Agent shall notify all Bondowners of the termination of the Initial Liquidity Provider's Available Commitment and of the termination of the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds.

2. In the case of the occurrence of a Default as specified in paragraph (6), clause (b)(i) or (b)(ii) above (each, a "Suspension Event"), the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds under the Initial Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2026 Series C Bonds which are Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Initial Liquidity Provider shall give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent, provided that the Initial Liquidity Provider shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or the suspension of its obligation to purchase 2026 Series C Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility.

Upon the commencement against the Agency of any involuntary case, proceeding or other action which has not yet resulted in an order for relief or in the appointment of a receiver or similar official as described in paragraph 6, clause (b)(i) above, the Initial Liquidity Provider's obligations to purchase 2026 Series C Bonds which are Eligible Bonds under the Initial Liquidity Facility shall immediately be suspended without notice or demand to any person and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2026 Series C Bonds which are Eligible Bonds until such case, proceeding or other action referred to therein is terminated. In the event such case, proceeding or action is terminated, then the Initial Liquidity Provider's obligations to purchase 2026 Series C Bonds which are Eligible Bonds under the Initial Liquidity Facility shall be reinstated and the terms of such Initial Liquidity Facility shall continue in full force and effect (unless the Initial Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. Notwithstanding the foregoing, if three (3) years after the effective date of the suspension of the obligations of the Initial Liquidity Provider as described in this paragraph, no order for relief has been issued or no receiver or similar official has been appointed, in either case, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2026 Series C Bonds which are Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraph 6, clause (b)(ii) above, the Initial Liquidity Provider's obligations to purchase 2026 Series C Bonds which are Eligible Bonds shall remain suspended until the case, proceeding or other action referred to therein is either (i) terminated or (ii) 60 days shall have elapsed from the commencement of such case, proceeding or action, whichever is the first to occur. In the event that said Suspension Event shall have been terminated within the 60 day period described therein, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds shall be reinstated and the terms of the Initial Liquidity Facility shall continue in full force and effect (unless the Initial Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there

had been no such suspension. In the event that said Suspension Event shall not have been terminated within such 60 day period, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2026 Series C Bonds which are Eligible Bonds.

In the case of each Suspension Event, the Tender Agent shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds. The Tender Agent shall notify all Bondholders of the suspension and/or termination of the Available Commitment and of the suspension and/or termination of the obligation of the Initial Liquidity Provider to purchase 2026 Series C Bonds which are Eligible Bonds.

(3) In the case of the occurrence of any event of default described above (other than as specified in subsections (1) and (2) of this section entitled "Remedies Upon Occurrence of an Event of Default" above), the Initial Liquidity Provider may give written notice of such event of default and termination of the Initial Liquidity Facility (a "Notice of Termination Date") to the Trustee, the Tender Agent, the Agency, and the Remarketing Agent requesting a mandatory tender of the 2026 Series C Bonds which are Eligible Bonds. The obligation of the Initial Liquidity Provider to purchase the 2026 Series C Bonds which are Eligible Bonds shall terminate on the (30th day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Tender Agent and on such date the Available Commitment shall terminate and the Initial Liquidity Provider shall be under no obligation under the Initial Liquidity Facility to purchase 2026 Series C Bonds which are Eligible Bonds.

(4) Upon the occurrence of any event of default, the Initial Liquidity Provider may declare all accrued and unpaid amounts payable to it under the Initial Liquidity Facility immediately due and payable (other than payments of principal of and interest on Bank Bonds, acceleration rights which are governed by the Resolution), and the Initial Liquidity Provider shall have all remedies provided at law or equity, including, without limitation, specific performance; provided, however, the Initial Liquidity Provider agrees to purchase the 2026 Series C Bonds which are Eligible Bonds on the terms and conditions of the Initial Liquidity Facility notwithstanding the occurrence of an event of default which does not terminate or suspend its obligation to purchase 2026 Series C Bonds which are Eligible Bonds under paragraphs (1), (2) or (3) above.

(5) The remedies described under paragraphs (1), (2), (3) and (4) above shall only be exclusive with respect to such events of default to the extent they are obtained by the Initial Liquidity Provider. If, for any reason whatsoever, the Initial Liquidity Provider is not able to obtain all such remedies, then the Initial Liquidity Provider reserves the right and shall have the right to pursue any other available remedies, whether provided by law, equity or in the Initial Liquidity Facility.

Extension of Commitment Period. Upon written request of the Agency to the Initial Liquidity Provider, made not less than 90 days nor more than 120 days prior to the then current Expiration Date of an Initial Liquidity Facility or at such other time as is acceptable to the Initial Liquidity Provider, the then current Expiration Date of an Initial Liquidity Facility may be extended from time to time by agreement in writing between the Initial Liquidity Provider and the Agency (the period from the preceding Expiration Date to such new Expiration Date being herein sometimes called the "Extended Commitment Period"). The Extended Commitment Period may itself be extended in a like manner. The Initial Liquidity Provider has no obligation to agree to any Extended Commitment Period. If the Initial Liquidity Provider, in its sole discretion following such request by the Agency, agrees to extend any such period, the Initial Liquidity Provider shall give written notice of the election to extend to the Agency, the Tender Agent and the Remarketing Agent within 30 days of such request. If the Initial Liquidity Provider does not so notify the Agency, the Expiration Date for such Initial Liquidity Facility shall not be extended.

APPENDIX L

CERTAIN INFORMATION REGARDING THE INITIAL LIQUIDITY PROVIDER

Certain Information Regarding [Federal Home Loan Bank of Des Moines]

[To be updated and determined] The following information has been obtained from the [Federal Home Loan Bank of Des Moines] (the "Bank") for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Issuer or the Remarketing Agent and is not to be construed as a representation by the Issuer or the Remarketing Agent. Neither the Issuer nor the Remarketing Agent have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes is such information subsequent to its date or the date hereof.

The Bank is a federally chartered corporation with its headquarters located in Des Moines, Iowa, and is one of 11 district Federal Home Loan Banks.

The Bank serves the public by enhancing the availability of funds for residential mortgages and targeted community development. The Bank provides a readily available, low cost source of funds to its members and eligible housing associates in, Alaska, Hawaii, Idaho, Iowa, Minnesota, Missouri, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming and the U.S. Pacific Territories of American Samoa and Guam and the Commonwealth of the Northern Mariana Islands. State and local housing authorities that meet certain statutory criteria may borrow from the Bank; while eligible to borrow, housing associates are not members of the Bank and, as such, are not required to hold capital stock.

The Bank is a cooperative. This means the Bank is owned by its customers, whom the Bank calls members. All members must purchase and maintain membership capital stock based on the amount of their total assets as a condition of membership in the Bank. Each member is also required to purchase and maintain activity-based capital stock to support certain business activities with the Bank. The Bank conducts business with its stockholders in the normal course of business.

The Bank's current members own nearly all of the outstanding capital stock of the Bank. Former members own the remaining capital stock to support business transactions still carried on the Bank's statements of condition. All stockholders, including current members and former members, may receive dividends on their investments. As of June 30, 2025, the Bank had total assets of $190.0 billion.

As of August 25, 2025, Moody's rates the Bank's long-term bank deposits as "Aa1" and short-term bank deposits as "P-1", both with stable outlook; S&P Global Ratings (S&P), rates the Bank's long-term counterparty credit as "AA+" and its short-term counterparty credit as "A-1+", both with a stable outlook: Fitch Ratings, Inc. ("Fitch") rates the Banks's long-term Issuer Default Rating ("IDR") of "AA+" and its short-term IDR "F1+", both with a stable outlook. Further information with respect to such ratings may be obtained from Moody's, S&P, and Fitch respectively. No assurances can be given that the stated ratings of the Bank and its instruments will be maintained.

The Bank is a reporting company under the Securities Exchange Act of 1934, as amended. Bank reports filed with or submitted to the Securities and Exchange Commission ("SEC") may be Viewed by accessing the following website: http://www.sec.gov/edgar/searchedgar/companysearch.html. The Bank will provide without charge a copy of its most recent publicly available annual report. Written request should be directed to: [Federal Home Loan Bank of Des Moines, 909 Locust Street, Des Moines, Iowa 50309, Attention: Legal Department]. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

PAYMENTS OF THE PURCHASE PRICE OF THE 2026 SERIES C BONDS WILL BE MADE PURSUANT TO THE INITIAL 2026 SERIES C LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE INITIAL 2026 SERIES C LIQUIDITY FACILITY IS A BINDING OBLIGATION OF THE BANK, THE 2026 SERIES C BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE [FEDERAL HOME LOAN BANK OF DES MOINES] AND ARE NOT GUARANTEED BY SUCH BANK. THE 2026 SERIES C BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The inclusion of the information herein shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

APPENDIX M

USE OF PROCEEDS REPORT*

Series Bond Proceeds Summary

Total Proceeds Deposited in 2026 Series A-B-C Acquisition Account	Proceeds Spent to Acquire Program Securities	Proceeds Spent to Acquire Deferred Payment Loans	Proceeds Remaining

Program Loans backing Program Securities Acquired with Series Bonds Originated by Borrower Income as a Percent of Area Median Income ("AMI")**				
AMI Band	$ of Loans	# of Loans	% of Proceeds Allocated to Acquire Program Loans pooled into Program Securities	% of Proceeds Allocated to Acquire Program Loans to BIPOC Households pooled into Program Securities
<50%				
50% - 59%				
60% - 69%				
70% - 79%				
80% - 89%				
90% - 99%				
100%+				
Total				

Down Payment Assistance Provided in Conjunction with Program Loans pooled into Program Securities Acquired with the Series Bonds	
Total DPA Provided ($)	
Total DPA Provided (#)	
Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower ($)	
Average DPA Provided (% of Purchase Price)	

*As of the date hereof, the Agency has not yet pooled all Program Loans that are expected to be Program Loans backing the Program Securities to be acquired with the Series Bonds. When all proceeds of the Series Bonds deposited in the 2026 Series A-B-C Acquisition Account have been spent, the Agency will provide this information on EMMA with respect to all Program Loans pooled into Program Securities financed with proceeds of the Series Bonds.

**Reported income is based on borrower income at time of loan origination.

APPENDIX N

KESTREL'S SECOND PARTY OPINION

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MINNESOTA HOUSING

Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds (RHFB)

Action Item: 7.D
Date: 12/18/2025
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Resolution

Request Summary

Agency staff are preparing to issue bonds under the Residential Housing Finance Bond (RHFB) Resolution to finance the acquisition of mortgage-backed securities that fund the origination of single-family mortgages, to potentially finance the origination of certain down payment and closing costs loans, as well as to periodically refund certain outstanding RHFB debt. This resolution authorizes additional variable-rate Residential Housing Finance Bonds in an amount up to $150 million through December 31, 2027.

The initial bond offering using a portion of this authority will likely be designated 2026 Series E. The RHFB 2026 Series E variable-rate bond issue is expected to price in February 2026 and close in March 2026. The attached Preliminary Official Statement describes the next anticipated transaction, RHFB 2026 Series ABC.

This variable-rate series resolution authorizes an Authorized Officer to select a liquidity provider and interest-rate swap counterparty for each Series of bonds to be made based on current market conditions from a pool of providers determined by a competitive process conducted in consultation with the Agency's financial advisor, and for the remarketing agent to be designated by an Authorized Officer of the Agency. The eligible pool of liquidity providers currently includes the Federal Home Loan Bank of Des Moines, Royal Bank of Canada, State Street Bank and TD Bank. The eligible pool of swap counterparties currently includes Bank of America, Bank of New York Mellon, Royal Bank of Canada and Wells Fargo Bank. The liquidity provider and interest-rate swap counterparty will be selected closer to the time of pricing the bonds.

Fiscal Impact

The upcoming transactions will enable the Agency to put interest earning mortgage assets on the balance sheet at a profitable spread such that the Agency builds the sustainability of future income.

Including a variable-rate component in the upcoming issuance (and using an interest-rate swap to convert a portion of the payment obligation into a largely fixed payment) enables the Agency to lower its overall borrowing cost.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments:

- Series Resolution
- Preliminary Official Statement (see 7C)

RESOLUTION NO. MHFA 25-091

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2026/2027 SERIES (VARIABLE RATE)

Adopted December 18, 2025

SECTION 1.
AUTHORIZATION

1.01. General Provisions 1
1.02. Appointment of Trustee 1

SECTION 2.
AUTHORIZATION OF 2026/2027 SERIES BONDS

2.01. Purposes 2
2.02. Single Issue 2
2.03. Pledge 2
2.04. Approval of Contract of Purchase 3
2.05. Official Statement 3
2.06. Approval of Continuing Disclosure Undertaking 4
2.07. Approval of Remarketing Agreement 4
2.08. Liquidity Facilities 4
2.09. 2026/2027 Series Swap Agreements 5

SECTION 3.
DEFINITIONS AND RULES OF INTERPRETATION

3.01. Incorporated Definitions 5
3.02. Definitions 5
3.03. Rules of Interpretation 21

SECTION 4.
SECURITIES DEPOSITORY

4.01. General Provisions 21
4.02. Discontinuation of Book-Entry System 23
4.03. Transfer and Exchange 23

SECTION 5.
SERIES PROGRAM DETERMINATIONS FOR THE 2026/2027 SERIES BONDS

5.01. Debt Service Reserve Requirement 23
5.02. Insurance Reserve Requirement 23
5.03. Requirements for 2026/2027 Series Program Securities 23
5.04. Acquisition of 2026/2027 Series Program Securities 24
5.05. Enforcement of Transferred Mortgage Loans 25

5.06. Enforcement of 2026/2027 Series Program Securities and the Transferred Program Securities 26
5.07. Program Expenses 27
5.08. Information to be Furnished 27
5.09. Amendments 27

SECTION 6.
CONDITIONS PRECEDENT TO ISSUANCE

6.01. Documents Furnished to Trustee 27
6.02. Acceptance and Certification by Trustee 28
6.03. Documents Required by the Purchase Contract and Initial Liquidity Facility 29
6.04. Certification Under Applicable Federal Tax Law 29
6.05. Delivery 29

SECTION 7.
DEPOSIT OF BOND PROCEEDS AND OTHER FUNDS; INVESTMENT OBLIGATIONS

7.01. 2026/2027 Series Accounts 29
7.02. Deposits of Funds 30
7.03. Investment Agreements 30
7.04. Bond Purchase Account 30

SECTION 8.
TAX COVENANT AND RESTRICTIONS RELATING TO ALL 2026/2027 SERIES BONDS INTENDED TO BE TAX-EXEMPT SERIES BONDS

8.01. General Tax Covenant 31
8.02. Qualified Program Loans 32
8.03. Amendments 32

SECTION 9.
COMPLIANCE WITH APPLICABLE FEDERAL TAX LAW

9.01. Code Provisions 32
9.02. Mortgage Eligibility Requirements; Good Faith and Corrective Action 32
9.03. Residence 33
9.04. Three-Year Prior Ownership 33
9.05. Purchase Price 33
9.06. Income Requirements 34

9.07. Limitation of Amount 34
9.08. Placement in Targeted Areas 34
9.09. Recapture of Federal Subsidy 35
9.10. Arbitrage 35
9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2026/2027 Series Account in the Revenue Fund 35
9.12. New Mortgage and Assumption Requirements 36

SECTION 10.
FORM OF 2026/2027 SERIES BONDS

10.01. Form of 2026/2027 Series Bonds 36

SECTION 11.
TERMS OF 2026/2027 SERIES BONDS

11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent 36
11.02. Interest Rates and Effective Rates; Mode Period 37
11.03. Special Redemption 45
11.04. Optional Redemption 45
11.05. Mandatory Sinking Fund Redemption 47
11.06. Special Redemption of Bank Bonds 47
11.07. Manner of Redemption 47
11.08. Conversion to Fixed Interest Rate or Indexed Rate 47
11.09. Owners' Election to Tender 50
11.10. Mandatory Tender of 2026/2027 Series Bonds 50
11.11. Limitation Upon Defeasance FRNs and Variable Rate Bonds 54
11.12. Agency Not Responsible to Bondowners for Bank's Failure to Purchase 2026/2027 Series Bonds 54
11.13. General Provisions Regarding Optional and Extraordinary Optional Redemptions 55
11.14. Notice of Redemption 55
11.15. Selection of 2026/2027 Series Bonds to Be Redeemed 56
11.16. Notices to Rating Agencies 57

SECTION 12.
PAYMENT OF TENDERED 2026/2027 SERIES BONDS

12.01. Payment of Tendered FRNs and Variable Rate Bonds 57
12.02. Liquidity Facility 58
12.03. Requirements for Delivery of an Alternate Liquidity Facility 59
12.04. Self Liquidity; Non-Conforming Liquidity Facility 61

SECTION 13.
THE TENDER AGENT; THE REMARKETING AGENT; THE CALCULATION AGENT

13.01. Acceptance and Successors 63
13.02. General Responsibilities of Tender Agent 63
13.03. Sources of Funds for the Purchase of Tendered Bonds 65
13.04. Appointment of Remarketing Agent; Acceptance and Successors 66
13.05. General Responsibilities of Remarketing Agent 67
13.06. Remarketing and Sale of Tendered Bonds 68
13.07. Application of Proceeds From Sale of Tendered Bonds 69
13.08. Determination and Notice of Interest Rate 69
13.09. Appointment of Calculation Agent; Acceptances and Successors 69
13.10. General Responsibilities of Calculation Agent 69

SECTION 14.
DISCRETION OF AUTHORIZED OFFICER

14.01. Discretion of Authorized Officer 70

EXHIBIT A — FORM OF 2026/2027 SERIES BONDS

RESOLUTION NO. MHFA 25-091

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MINNESOTA HOUSING FINANCE AGENCY
RESIDENTIAL HOUSING FINANCE BONDS, 2026/2027 SERIES (VARIABLE RATE)

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

1.01. General Provisions. By Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Residential Housing Finance Bonds to be issued for the purposes of its Program of facilitating the purchase, development or rehabilitation of residential housing in the State of Minnesota at prices that persons and families of low and moderate income can afford. Terms used but not defined in this resolution will have the meanings given those terms in the Bond Resolution.

This resolution (the "2026/2027 Variable Rate Series Resolution") is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of one or more Series of Bonds of the Agency to be sold on one or more dates prior to December 31, 2027, the first series of which may be designated as "Residential Housing Finance Bonds, 2026 Series E (Taxable)," in the aggregate principal amount to be determined pursuant to Section 2.04 of this 2026/2027 Variable Rate Series Resolution. Each Series of Bonds will be designated as "Residential Housing Finance Bonds, [2026][2027] Series __ [(Taxable)]," each with the blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of the Series. The number of Series of the 2026/2027 Series Bonds and their corresponding principal amounts shall be as determined by an Authorized Officer pursuant to Section 2.04(i) of this 2026/2027 Variable Rate Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution. All such Series of Bonds issued pursuant to this 2026/2027 Variable Rate Series Resolution are the "2026/2027 Series Bonds." The Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution will set forth all appropriate revisions to the defined terms in this 2026/2027 Variable Rate Series Resolution necessitated by any re-designation of any series of the Series Bonds.

1.02. Appointment of Trustee. Pursuant to Section 8.1 of the Bond Resolution, Computershare Trust Company, National Association has been appointed as successor Trustee under the Bond Resolution and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Bond Resolution, in trust for the Owners of Bonds issued and to be issued thereunder.

Section 2. Authorization of 2026/2027 Series Bonds.

2.01. Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds, including the 2026/2027 Series Bonds, for the purpose of providing funding for the Program, and in particular for the making and purchase of DPA Loans and Program Securities backed by pools of Program Loans, that constitute qualified Program Loans in accordance with the provisions of Section 143 of the Code (in the case of Program Loans intended to be funded with the proceeds of Tax-Exempt Series Bonds, as identified pursuant to Section 5.03 hereof), Sections 8 and 9 of this 2026/2027 Variable Rate Series Resolution and Section 10 and 11 of the 2026/2027 Fixed Rate Series Resolution and the Series Program Determinations made for the 2026/2027 Series Bonds in Section 5 of this 2026/2027 Variable Rate Series Resolution and Section 7 of the 2026/2027 Fixed Rate Series Resolution. With respect to the 2026/2027 Series Bonds, this funding will be provided by either or both of:

(i) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2026/2027 Series Bonds in the respective amounts to be determined by an Authorized Officer pursuant to Section 2.04(i) of the 2026/2027 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of the 2026/2027 Variable Rate Series Resolution and the deposit of the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 7.02 of the 2026/2027 Variable Rate Series Resolution to be expended for the Program; and

(ii) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2026/2027 Series Bonds in the respective amounts determined by an Authorized Officer pursuant to Section 2.04(i) of the 2026/2027 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution, to the refunding, on the date or dates to be determined by the Agency, of the related Refunded Bonds, and the deposit of certain transferred assets, together with transferred loans and securities (as hereinafter defined, the "Transferred Program Obligations"), and certain "transferred," "replacement" and sale proceeds that will become allocated to the 2026/2027 Series Bonds upon the refunding of the related Refunded Bonds, together with certain contributed funds of the Agency, into the Funds and Accounts set forth in Section 7.02 of this 2026/2027 Variable Rate Series Resolution to be expended for the Program.

2.02. Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency intends to treat all Tax-Exempt Series Bonds sold on the same date as a single issue of bonds.

2.03. Pledge. The pledge made and security interests granted in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the 2026/2027 Series Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and

resolved herein, except as otherwise expressly provided therein or in a Series Resolution as permitted thereby.

2.04. Approval of Contract of Purchase. The Agency will negotiate for the sale of each Series of the 2026/2027 Series Bonds to the Underwriters.

Any Authorized Officer is hereby authorized to approve the final terms of the 2026/2027 Series Bonds, subject to the following parameters (the "Series Bonds Parameters"):

(i) the principal amount of each Series of the 2026/2027 Series Bonds; provided that the principal amount of all Series of the 2026/2027 Series Bonds is not in excess of $150,000,000;

(ii) the maturity schedule of each Series of the 2026/2027 Series Bonds (including any mandatory sinking fund schedule); provided that each Series of the 2026/2027 Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof; and

(iii) the fee or other compensation payable to the Underwriters of the 2026/2027 Series Bonds; provided that the fee or other compensation payable to the purchasers of the 2026/2027 Series Bonds does not exceed 1.00 percent of the principal amount of the 2026/2027 Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase with the Underwriters by an Authorized Officer (each a "Purchase Contract"). The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the related 2026/2027 Series Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute the Purchase Contracts on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same. The final terms of each Series of the 2026/2027 Series Bonds, including any mandatory sinking fund provisions for those 2026/2027 Series Bonds, other redemption provisions and the purchase price of that Series of 2026/2027 Series Bonds, will be set forth in the final Official Statement of the Agency, furnished to the Underwriters as provided in the following paragraph of this 2026/2027 Variable Rate Series Resolution, or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution, as the case may be.

2.05. Official Statement. The Agency has examined the form of the form of the Preliminary Official Statement of the Agency to be dated the date of distribution thereof, containing information relating to the Agency and the initial Series of the 2026/2027 Series Bonds; the form of the Preliminary Official Statement with respect to subsequent Series of the 2026/2027 Series Bonds shall be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether such Series is intended to be bonds the interest on which is excludable from gross income for federal income tax purposes ("Tax-Exempt Series Bonds"), all as approved by an Authorized Officer and subject to the Series Bonds Parameters

set forth in Section 2.04 of this Series Resolution. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and establish the date of sale of each Series of the Series Bonds. An Authorized Officer is hereby authorized to (i) approve a final version of the Preliminary Official Statement describing the proposed terms of, and number of Series of the 2026/2027 Series Bonds to be issued and the use thereof by the Underwriters in the public offering of those 2026/2027 Series Bonds, and (ii) approve any Preliminary Official Statements in substantially similar form to be used by the Underwriters in connection with any additional Series of the 2026/2027 Series Bonds authorized by this Series Resolution. Final Official Statements, substantially in the form of the related Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the 2026/2027 Series Bonds as provided in the related Purchase Contract, are approved and authorized to be signed by an Authorized Officer and furnished to the Underwriters for distribution to investors.

2.06. Approval of Continuing Disclosure Undertaking. The Agency has also received and examined the form of a Continuing Disclosure Undertaking relating to the initial Series of the 2026/2027 Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of 2026/2027 Series Bonds, with such revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

2.07. Approval of Remarketing Agreement. The Agency has also received and examined the form of the Remarketing Agreement relating to the 2026/2027 Series Bonds, to be entered into between the Agency and the Remarketing Agent, as such Remarketing Agent is designated by Authorized Officer of the Agency. The Remarketing Agreement is approved substantially in the form submitted and is authorized to be signed for each Series of the 2026/2027 Series Bonds on behalf of the Agency by an Authorized Officer, with any Remarketing Agent change and agreement revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same.

2.08. Liquidity Facilities. An Authorized Officer is hereby authorized to negotiate the terms of, approve and execute (i) any Initial Liquidity Facility and related fee letter (if any) provided by a Bank, as such Bank is designated in an Agency Certificate, and (ii) any Alternate Liquidity Facility, provided those agreements are consistent with the terms of this 2026/2027 Variable Rate Series Resolution. Each such Initial Liquidity Facility shall initially provide liquidity support for the entire principal amount of the related Series of 2026/2027 Series Bonds bearing interest at a Variable Rate, is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The execution and delivery by the Authorized Officer of the agreements will constitute conclusive evidence of both the Agency's and the Authorized Officer's approval of all changes, modifications, amendments, revisions and alterations made therein and will conclusively establish the Authorized Officer's absolute, unconditional and

irrevocable authority with respect thereto from the Agency and the authorization, approval and ratification by the Agency of the agreements so executed.

2.09. 2026/2027 Series Swap Agreements. An Authorized Officer is hereby authorized to enter into in the name and on behalf of the Agency the 2026/2027 Series Swap Agreements, including any amendments thereto and/or partial or full terminations thereof, in respect of the interest payments payable on all or a portion of a Series of the 2026/2027 Series Bonds during the term of the related 2026/2027 Series Swap Agreement, in substantially the form which an Authorized Officer and counsel to the Agency approves, which approval will be conclusively evidenced by the execution and delivery of that 2026/2027 Series Swap Agreement by an Authorized Officer; provided, however, that (i) any 2026/2027 Series Swap Agreement will provide that the Agency must pay a fixed rate to the 2026/2027 Series Swap Counterparty not exceeding 7.75 percent per annum, and the 2026/2027 Series Swap Counterparty must pay a variable rate based on an index approved by the Authorized Officer, (ii) the original notional amount of any 2026/2027 Series Swap Agreement will not exceed the aggregate original principal amount of the related Series of 2026/2027 Series Bonds, and (iii) the stated term of that 2026/2027 Series Swap Agreement will not extend beyond the final stated maturity of the related Series of 2026/2027 Series Bonds. If any 2026/2027 Series Swap Agreement, including any amendments thereto and/or partial or full terminations thereof, is entered into by the Agency as so authorized, the Trustee is authorized and directed to pay to the 2026/2027 Series Swap Counterparty, from the Revenue Fund, the amounts due from time to time pursuant to any 2026/2027 Series Swap Agreement, as provided in Section 4.5 of the Bond Resolution. The Agency agrees that for purposes of Section 7.4 of the Bond Resolution, all obligations of the Agency due under any 2026/2027 Series Swap Agreement, including any amendments thereto and/or partial or full terminations thereof, will be Program Expenses.

An Authorized Officer may decline to enter into a 2026/2027 Series Swap Agreement, notwithstanding the authorization contained in this Section 2.09, if, in his or her judgment, following consultation with the Chair or Vice Chair, the execution and delivery of a 2026/2027 Series Swap Agreement is not in the best interests of the Agency because it is not necessary to achieve the interest rate or rates on the 2026/2027 Series Program Loans required for purposes of the Program or because the risks inherent in that 2026/2027 Series Swap Agreement as proposed to achieve the necessary interest rates are unduly detrimental to the interests of the Agency.

Section 3. Definitions and Rules of Interpretation.

3.01. Incorporated Definitions. Except as provided in Section 3.02, all defined terms contained in the Bond Resolution when used in this 2026/2027 Variable Rate Series Resolution will have the same meanings as set forth in the Bond Resolution.

3.02. Definitions. As used in this 2026/2027 Variable Rate Series Resolution, unless the context otherwise requires, the following terms will have the following respective meanings:

"*2026/2027 Fixed Rate Series Resolution*" means Resolution No. MHFA 25-090, adopted December 18, 2025, as hereafter amended and supplemented from time to time as permitted therein and in the Bond Resolution, or any subsequent fixed rate series

resolution adopted by the Agency and set forth in an Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

"*2026/2027 Fixed Rate Series Bonds*" means any Bonds issued pursuant to the 2026/2027 Fixed Rate Series Resolution.

"*2026/2027 Series Bonds*" means each Series of the Residential Housing Finance Bonds, 2026/2027 Series, issued by the Agency pursuant to the Bond Resolution and this 2026/2027 Variable Rate Series Resolution, in an aggregate principal amount to be determined pursuant to Section 2.04 of this 2026/2027 Variable Rate Series Resolution.

"*2026/2027 Series Program Loan*" means a DPA Loan, Transferred Program Loan or a Pooled 2026/2027 Series Program Loan.

"*2026/2027 Series Program Security*" means a Program Security financed in whole or in part with amounts on deposit in the 2026/2027 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2026/2027 Series Program Loans less the applicable servicing fee and guaranty fee.

"*2026/2027 Series Swap Agreement*" means, collectively, the ISDA Master Agreement, the Schedule to the ISDA Master Agreement, the ISDA Credit Support Annex to the Schedule, and the related Confirmation in respect of all or a portion of a Series of the 2026/2027 Series Bonds, and any amendments thereto, all between the Agency and the 2026/2027 Series Swap Counterparty.

"*2026/2027 Series Swap Counterparty*" means the interest rate swap counterparty selected and designated by an Authorized Officer for each Series of 2026/2027 Series Bonds, with such counterparty to be selected based on current market conditions from a pool of providers determined by a competitive process conducted by the Agency in consultation with its financial advisor. As of the date hereof, the pool of eligible swap counterparties includes Bank of America, N.A., Royal Bank of Canada, The Bank of New York Mellon, and Wells Fargo Bank, National Association, and permitted successors and assigns thereof, provided that such counterparties meet the counterparty qualifications outlined in the Debt and Balance Sheet Management Policy of the Minnesota Housing Board Policies as of April 2023 or such other debt management policy adopted by the Board as then in effect.

"*2026/2027 Variable Rate Series Resolution*" means this Resolution No. MHFA 25-091, adopted December 18, 2025, as hereafter amended and supplemented from time to time as permitted herein and in the Bond Resolution.

"*Adjusted Rate*" means the interest rate on any FRNs determined by the Calculation Agent on each Rate Determination Date as the sum of (a) for any Tax-Exempt Series Bonds, the SIFMA Swap Index, and (b) for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, the SOFR Index, in each case plus the FRN Adjustment Factor applicable on that Rate Determination Date; provided that the Adjusted Rate will not exceed the Maximum Rate. All percentages resulting from any calculation of the Adjusted Rate will be rounded, if necessary, to the nearest one-hundred

thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards, and all dollar amounts used in or resulting from the calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

"*Agency Bonds*" means any tendered 2026/2027 Series Bonds registered in the name of the Agency and not pledged to the Bank.

"*Alternate Liquidity Facility*" means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for any Series of the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change or in substitution for an existing Liquidity Facility pursuant to the terms of this 2026/2027 Variable Rate Series Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

"*Applicable Percentage*" means, with respect to any Unenhanced Variable Rate Bonds on any date of determination, the percentage set forth below based on the Prevailing Rating of the applicable Unenhanced Variable Rate Bonds in effect on the close of business on the Business Day immediately preceding that date of determination:

Prevailing Rating	Applicable Percentage
Aaa/AAA	150 percent
Aa/AA	200
A/A	250
Baa/BBB	350
Below Baa/BBB	400

"*Authorized Denominations*" means (i) for any FRNs, $5,000 or integral multiples thereof, (ii) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, or a Quarterly Mode Period, $100,000 or integral multiples of $5,000 in excess of $100,000, (iii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, $25,000 or integral multiples thereof, and (iv) during a Semiannual Mode Period, $5,000 or any integral multiples thereof; and from and after a Conversion Date, $5,000 or any integral multiple thereof.

"*Bank*" means (a) with respect to any Initial Liquidity Facility for a Series of the 2026/2027 Series Bonds, the provider set forth in an Agency Certificate delivered pursuant to Section 2.08 of this 2026/2027 Variable Rate Series Resolution, with such provider to be selected by an Authorized Officer of the Agency based on current market conditions from a pool of providers determined by a competitive process conducted by the Agency in consultation with the Agency's financial advisor (as of the date hereof, such pool of providers consists of the Federal Home Loan Bank of Des Moines, Royal Bank of Canada, State Street Bank, and TD Bank, N.A.); (b) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (c) with respect to Self Liquidity, the Agency, together with its successors and assigns.

"*Bank Bonds*" means 2026/2027 Series Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility (other than Self Liquidity).

"*Bank Interest Rate*" means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

"*Bank Purchase Date*" means any Purchase Date on which the Bank purchases 2026/2027 Series Bonds.

"*Beneficial Owner*" means, whenever used with respect to a 2026/2027 Series Bond, the Person in whose name the 2026/2027 Series Bond is recorded as the beneficial owner of that 2026/2027 Series Bond by a Participant on the records of the Participant, or that Person's subrogee.

"*Bond Counsel*" means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Agency.

"*Bond Purchase Account*" means the 2026/2027 Series Bond Purchase Account established pursuant to Sections 7.01 and 7.04 of this 2026/2027 Variable Rate Series Resolution for any Series of the 2026/2027 Series Bonds.

"*Bond Resolution*" means Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976), as heretofore or hereafter amended and supplemented from time to time as permitted therein.

"*Business Day*" means any day other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, New York are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed or (d) a day on which the principal office of the Trustee is authorized to be closed for regular business.

"*Calculation Agent*" means Computershare Trust Company, National Association or any successor appointed by the Agency, acting as calculation agent.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the 2026/2027 Series Bonds.

"*Change to FRN Rate*" means a change to all or a portion of any 2026/2027 Series Bonds to a FRN Rate.

"*Change to Variable Rate*" means a change to all or a portion of any 2026/2027 Series Bonds to Variable Rate Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

"*Conventional Mortgage Loan*" means a 2026/2027 Series Program Loan other than a DPA Loan, an FHA Insured Program Loan, a VA Guaranteed Program Loan or a USDA Rural Development Guaranteed Program Loan, satisfying the requirements of Fannie Mae or Freddie Mac, as applicable.

"*Conversion Date*" means the Business Day on which the interest rate on any of the 2026/2027 Series Bonds is Converted to a Fixed Interest Rate or an Indexed Rate.

"*Convert*," "*Converted*" or "*Conversion*," as appropriate, means the conversion of the interest rate on any of the 2026/2027 Series Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 11.08 of this 2026/2027 Variable Rate Series Resolution.

"*Daily Mode Period*" means the period of time during which any of the 2026/2027 Series Bonds bear interest at a Daily Rate.

"*Daily Rate*" means the rate of interest to be borne by the 2026/2027 Series Bonds as described in Section 11.02(b) of this 2026/2027 Variable Rate Series Resolution.

"*Defaulted DPA Loan*" means a DPA Loan on which (a) payments are 60 days in arrears, in the case of interest-bearing DPA Loans, and/or (b) payment is not made on the sale or transfer of the property, or when the property is no longer occupied by the Mortgagor; a Defaulted DPA Loan does not include a DPA Loan as to which all defaults have been cured to the satisfaction of the Agency.

"*Defaulted Transferred Mortgage Loan*" means a Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

"*Delayed Remarketing Period*" means a period commencing on a FRN Mandatory Tender Date to but not including the date that all FRNs subject to that remarketing are successfully remarketed.

"*Delivery Period*" means the period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period for each Series of the 2026/2027 Series Bonds will be as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution, unless such Delivery Period is extended by the Agency pursuant to Section 5.04 of this 2026/2027 Variable Rate Series Resolution; provided that Delivery Period may not be extended beyond the Final Delivery Period Extension Date as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

"*DPA Loan*" means a Junior lien Program Loan which is either (a) an interest-free, deferred payment loan, or (b) an interest-bearing, amortizing ten-year term loan, and in each case, made by the Agency for down payment and closing cost assistance in connection with a first lien Program Loan purchased or financed by the Agency; each interest-bearing DPA Loan shall have an interest rate equal to the interest rate of the applicable first lien Program Loan.

"*DTC*" means The Depository Trust Company.

"*Early Mandatory Tender Date*" means, after a remarketing of any Series or Subseries of FRNs or Variable Rate Bonds to FRNs, the date determined to be the Early Mandatory Tender Date (if any) by the Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate delivered in connection with that remarketing and any Business Day thereafter to but not including the related Final Mandatory Tender Date.

"*Effective Rate*" means the rate of interest (which rate must be less than or equal to the Maximum Rate) payable on any of the 2026/2027 Series Bonds that are Variable Rate Bonds or FRNs prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this 2026/2027 Variable Rate Series Resolution.

"*Effective Rate Date*" means each date on which any of the Variable Rate Bonds begin to bear interest at the applicable Effective Rate described in the Mode Period Chart and, with respect to FRNs, the Thursday following the Rate Determination Date (or the Wednesday that would have been the applicable Rate Determination Date had that Wednesday been a Business Day) and, after a Floating Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

"*Effective Rate Period*" means, with respect to any Variable Rate Bonds, each period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date with respect to that Variable Rate Bond and, with respect to FRNs, the period from one Effective Rate Date to and including the day preceding the next Effective Rate Date.

"*Electronic Means*" means a facsimile transmission or any other electronic means of communication approved in writing by the Agency and satisfactory to the Trustee.

"*Failed Remarketing*" has the meaning set forth in Section 11.10(d) hereof.

"*Fannie Mae*" means the Federal National Mortgage Association, or any successor thereto.

"*Fannie Mae Security*" means a single pool, guaranteed mortgage pass-through Fannie Mae program security or UMBS, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

"Final Delivery Period Extension Date" means the date as set forth in the related Agency Certificate(s) delivered pursuant to Section 6.10 of this 2026/2027 Variable Rate Series Resolution, provided that the Final Delivery Period Extension Date may not be greater than 42 months from the Issue Date of the related Tax-Exempt Series Bonds.

"*Final Mandatory Tender Date*" means, after a remarketing of any Series or Subseries of FRNs or Variable Rate Bonds to FRNs, the Final Mandatory Tender Date (or the date on which a related Delayed Remarketing Period ends) determined by the

Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate in connection with that remarketing.

"FHA" means the Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

"*FHA Insurance*" means FHA mortgage insurance issued under one of the FHA Insurance programs pursuant to the National Housing Act, including but not limited to: (a) FHA §203(b), Home Unsubsidized; (b) FHA §234(c), Condominiums; (c) FHA §203(b)(2), Veteran's Status, or (d) FHA Section 184, Indian Housing Loans.

"*FHA Insured*" means insured by FHA Insurance.

"*Fixed Interest Rate*" means a long-term interest rate fixed to maturity of any 2026/2027 Series Bonds, established in accordance with Section 11.08 of this 2026/2027 Variable Rate Series Resolution.

"*Fixed Rate Bonds*" means 2026/2027 Series Bonds that bear interest at a Fixed Interest Rate.

"*Floating Rate Change*" means a change to all or a portion of the Variable Rate Bonds, FRNs or Index Bonds to bear interest at a New Floating Rate.

"*Floating Rate Change Date*" means the date on which a Floating Rate Change is effective (inclusive of a FRN Rate Change Date).

"*Floating Rate Term*" means any Floating Rate Term and any subsequent Floating Rate Term determined as set forth in Section 11.02(c) hereof.

"*Freddie Mac*" means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

"*Freddie Mac Security*" means a single pool, guaranteed mortgage pass-through Freddie Mac program security or UMBS, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

"*FRN(s)*" means 2026/2027 Series Bonds that bear interest at a FRN Rate.

"*FRN Adjustment Factor*" means, initially and after each FRN Mandatory Tender Date after which the 2026/2027 Series Bonds bear interest at a FRN Rate, the percentage interest to be added to the index selected by the Agency as provided in Section 11.02(c) hereof as determined in accordance with Section 11.02(c) hereof.

"*FRN Mandatory Tender Date*" means an Early Mandatory Tender Date, if any, or a Final Mandatory Tender Date.

"*FRN Rate*" means, with respect to any FRNs, the interest rate determined in accordance with Section 11.02(a) hereof which, prior to any initial Floating Rate Change Date, will be the Adjusted Rate and, on and after a Floating Rate Change Date, the Replacement Index specified by the Agency in an Agency Certificate related to that Floating Rate Change plus the applicable FRN Adjustment Factor, if any, determined for those FRNs.

"*FRN Rate Change Date*" means the date on which a Change to FRN Rate occurs.

"*GNMA*" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq*.).

"*GNMA Security*" means a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Master Servicer in the name of the Trustee in exchange for Program Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and backed by FHA Insured Program Loans, USDA Rural Development Guaranteed Program Loans or VA Guaranteed Program Loans in the related pool.

"*Home*" means real property and improvements in the State, comprising not more than four dwelling units, occupied or to be occupied by one or more persons or families.

"*Immediate Notice*" means notice by telephone, telex or telecopier to the address that the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice has not been provided with the necessary information as to the telephone, telex or telecopier number of an addressee, Immediate Notice means written notice by first class mail, postage prepaid.

"*Index*" means, with respect to any 2026/2027 Series Bonds, the interest rate index (the SIFMA Swap Index for any Tax-Exempt Series Bonds and SOFR Index for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, or the Replacement Index, as applicable) specified by the Agency in connection with the Conversion of those Bonds to be used in the Indexed Rate Determination Method with respect to those Bonds.

"*Index Accrual Period*" means, with respect to any 2026/2027 Series Bonds bearing interest at an Indexed Rate (i) determined in accordance with Section 11.08(g)(ii) or Section 11.08(g)(iv) of this 2026/2027 Variable Rate Series Resolution, the period commencing on the Conversion Date of those Bonds to but excluding the day occurring one week thereafter and each one week period thereafter and (ii) determined in

accordance with Section 11.08(g)(iii) or Section 11.08(g)(iv) of this 2026/2027 Variable Rate Series Resolution, the period commencing on each January 1, April 1, July 1 and October 1 to and including the following December 31, March 31, June 30 and September 30 respectively; provided that the initial Index Accrual Period will be the period commencing on the Conversion Date of those Bonds and ending on the immediately succeeding March 31, June 30, September 30 or December 31.

"*Index Adjustment Factor*" means, with respect to any 2026/2027 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.10(g)(ii) or Section 11.10(g)(iv) of this 2026/2027 Variable Rate Series Resolution, the per annum spread to the related Index (expressed in basis points) established on the Index Determination Date immediately preceding the Conversion Date for those Bonds in accordance with Section 11.10 of this 2026/2027 Variable Rate Series Resolution.

"*Index Determination Date*" means, with respect to any Index Accrual Period, the second Business Day preceding the beginning of that Index Accrual Period.

"*Index Percentage*" means, with respect to 2026/2027 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.08(g)(i) or Section 11.08(g)(iii) of this 2026/2027 Variable Rate Series Resolution, the percentage of the related Index established on the Conversion Date for those Bonds in accordance with Section 11.08 of this 2026/2027 Variable Rate Series Resolution.

"*Indexed Rate*" means, with respect to any Index Accrual Period and any 2026/2027 Series Bonds, a per annum rate determined in accordance with the Indexed Rate Determination Method specified upon the Conversion of those Bonds, provided that the Indexed Rate for any Index Accrual Period must not exceed the Maximum Rate.

"*Indexed Rate Bonds*" means 2026/2027 Series Bonds that bear interest at an Indexed Rate.

"*Indexed Rate Determination Method*" means, with respect to any 2026/2027 Series Bonds, the method for determining the Indexed Rate for those Bonds for each Index Accrual Period, as selected by the Agency in accordance with Section 11.08(g) of this 2026/2027 Variable Rate Series Resolution.

"*Initial Liquidity Facility*" means each initial Standby Bond Purchase Agreement relating to a Series of the 2026/2027 Series Bonds, between the Agency, the Trustee, and the Bank set forth in an Agency Certificate delivered pursuant to Section 2.08 of this 2026/2027 Variable Rate Series Resolution, including the related Fee Letter between such Bank and the Agency, if any. Each such Initial Liquidity Facility shall have a principal coverage equal to the initial aggregate principal amount of the related 2026/2027 Series Bonds.

"*Interest Payment Date*" means: (a) with respect to any FRNs, the first Business Day of each month, (b) with respect to Variable Rate Bonds (excluding Bank Bonds), January 1 and July 1 of each year, commencing (1) July 1, 2026 for the initial Series of the 2026/2027 Series Bonds (unless such 2026/2027 Series Bonds are issued on or after

July 1, 2026) and any 2026/2027 Series Bonds issued prior to July 1, 2026, (2) January 1, 2027 for any Series of the 2026/2027 Series Bonds issued on or after July 1, 2026 and prior to January 1, 2027, (3) July 1, 2027 for any 2026/2027 Series Bonds issued on or after January 1, 2027 and prior to July 1, 2027, or (4) January 1, 2028 for any 2026/2027 Series Bonds issued on or after July 1, 2027, each as set forth for each Series of the 2026/2027 Series Bonds in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution, and any day that is a Conversion Date for those 2026/2027 Series Bonds; (c) with respect to Fixed Rate Bonds and Indexed Rate Bonds, each January 1 and July 1 and, after a Conversion, the first of those dates occurring at least two months after the Conversion Date and each January 1 and July 1 thereafter; and (d) with respect to Bank Bonds, (i) any Bank Purchase Date, (ii) the first calendar Business Day of each month after each Bank Purchase Date and (iii) the date of remarketing of the Bank Bonds; provided, however, the establishment of the Interest Payment Date for Bank Bonds hereunder is not intended to modify or otherwise affect any provision of the Bond Resolution that by its terms may contemplate the occurrence of certain events on a semiannual Interest Payment Date. Interest Payment Dates for any Series of 2026/2027 Series Bonds may be modified by an Authorized Officer in connection with an Interest Rate Change, as set forth in an Agency Certificate delivered in connection with such Interest Rate Change.

"*Interest Rate Change*" means a Floating Rate Change, a Change to Variable Rate or a Conversion.

"*Interest Rate Change Date*" means a Floating Rate Change Date, a Variable Rate Change Date or a Conversion Date.

"*Issue Date*" has the meaning set forth in Section 11.01 hereof.

"*Lender*" means any of the following institutions making or holding a 2026/2027 Series Program Loan: (i) any bank, savings bank, credit union, mortgage company or nonprofit corporation organized or licensed under the laws of the State or the United States, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) any agency or instrumentality of the United States or the State, or a political subdivision of the State.

"*Liquidity Expiration Event*" means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed, or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

"*Liquidity Facility*" means any instrument delivered pursuant to the terms of this 2026/2027 Variable Rate Series Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of this 2026/2027 Variable Rate Series Resolution, including each Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Liquidity Facility Bonds*" means Variable Rate Bonds (including Bank Bonds but not including Unenhanced Variable Rate Bonds) that are required pursuant to this 2026/2027 Variable Rate Series Resolution to be covered by a Liquidity Facility.

"*Mandatory Tender Date*" means each date on which any of the 2026/2027 Series Bonds are subject to mandatory tender pursuant to Section 11.10 of this 2026/2027 Variable Rate Series Resolution, including without limitation any FRN Mandatory Tender Date.

"*Master Servicer*" means the Person designated as servicer under the Participation Agreements and the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

"*Master Servicing Agreement*" means the Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing that agreement.

"*Maximum Rate*" means (i) with respect to FRNs, 9 percent per annum, (ii) with respect to the 2026/2027 Series Bonds other than FRNs and Bank Bonds, 12 percent per annum or the maximum rate permitted by law, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (x) an opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion of interest on any Tax-Exempt Series Bonds from gross income of the owners thereof for federal income tax purposes, (y) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2026/2027 Series Bonds by each Rating Agency; and (z) a certified copy of a resolution adopted by the Agency approving the increase in the Maximum Rate; and (iii) with respect to Bank Bonds, has the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event will the Maximum Rate, as described in (i) or (ii) above, exceed the lesser of (x) 12 percent or a higher rate as approved by the Agency's governing body or (y) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the 2026/2027 Series Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate or Semiannual Rate.

"*Mode Change*" means a change in Mode Period.

"*Mode Change Date*" means the date of effectiveness of a Mode Change.

"*Mode Period*" means each period beginning on the first Effective Rate Date for any of the 2026/2027 Series Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next change in Mode with respect to those 2026/2027 Series Bonds.

"*Mode Period Chart*" means the chart entitled "Mode Periods" as set forth in Section 11.02 of this 2026/2027 Variable Rate Series Resolution.

"*Monthly Mode Period*" means each period of time during which any of the 2026/2027 Series Bonds bear interest at a Monthly Rate.

"*Monthly Rate*" means the rate of interest to be borne by any of the 2026/2027 Series Bonds as described in Section 11.02(b) of this 2026/2027 Variable Rate Series Resolution.

"*Moody's*" means Moody's Ratings, and its successors and assigns.

"Mortgage" means a mortgage deed, deed of trust, or other instrument securing a 2026/2027 Series Program Loan and constituting a lien on a Home.

"*Mortgagor*" means the obligor or joint obligors on a 2026/2027 Series Program Loan.

"*New Floating Rate*" means a rate calculated by the Calculation Agent according to a Replacement Index specified by the Agency.

"*Non-Conforming Liquidity Facility*" means a liquidity facility delivered by the Agency pursuant to Section 12.04 of this 2026/2027 Variable Rate Series Resolution.

"*Notice Parties*" means the Agency, the Remarketing Agent, the Bank, the Tender Agent, the Calculation Agent and the Trustee.

"*Participant*" means any broker-dealer, bank or other financial institution for which DTC holds 2026/2027 Series Bonds as securities depository.

"*Participants*" means those broker-dealers, banks, and other financial institutions from time to time for which a securities depository holds 2026/2027 Series Bonds.

"*Participation Agreements*" means one or more of the Participation Agreements, as amended from time to time, relating to the origination of Program Loans under the Program, either (i) between the Agency, the Master Servicer (with respect to a Participation Agreement relating to Program Loans to be pooled to back Program Securities), and a Lender, or (ii) between the Agency and a Lender (together with a separate participation agreement between the Master Servicer and a Lender with respect to a participation agreement relating to Program Loans to be pooled to back Program Securities).

"*Person*" means an individual, partnership, corporation, limited liability company, limited liability partnership, trust or unincorporated organization or a government or any agency, instrumentality, political subdivision or corporation thereof.

"*Pool Purchase Contract*" means (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer

of Pooled 2026/2027 Series Program Loans to Fannie Mae and the servicing thereof, or (ii) any Fannie Mae Pool Purchase Contract between the Agency and Fannie Mae relating to the sale by the Agency of Pooled 2026/2027 Series Program Loans to Fannie Mae and the servicing thereof, or (iii) any Freddie Mac Pool Purchase Contract between the Master Servicer and Freddie Mac relating to the sale by the Master Servicer of 2026/2027 Series Program Loans to Freddie Mac and the servicing thereof.

"*Pooled 2026/2027 Series Program Loan*" means a loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note, or a security payable from or evidencing an interest in Program Loans, and financed in whole or in part with amounts on deposit in the 2026/2027 Series Acquisition Account, acquired by the Master Servicer pursuant to Section 5.04 of this 2026/2027 Variable Rate Series Resolution.

"*Purchase Contract*" means the Contract of Purchase to be entered into between the Agency and the Underwriters with respect to each Series of the 2026/2027 Series Bonds.

"*Purchase Date*" means any date that 2026/2027 Series Bonds are to be purchased pursuant to Sections 11.09 and 11.10 of this 2026/2027 Variable Rate Series Resolution.

"*Purchase Price*" means an amount equal to the principal amount of any 2026/2027 Series Bonds tendered or deemed tendered for purchase as provided herein, plus, if the Purchase Date is not an Interest Payment Date, accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

"*Qualified Index*" means one of the following indices: (i) SIFMA Swap Index, (ii) SOFR Index, or (iii) such other variable rate index selected by the Agency as a commercially reasonable index; provided, however, for any Tax-Exempt Series Bonds the index selected pursuant to clause (iv) must either be a "qualified floating rate" within the meaning of the Code and the regulations thereunder, or an index that, in the opinion of bond counsel, does not adversely affect the exclusion from gross income the interest on any related Tax-Exempt Series Bonds for federal income tax purposes.

"*Quarterly Mode Period*" means each period of time during which any of the 2026/2027 Series Bonds bears interest at a Quarterly Rate.

"*Quarterly Rate*" means the rate of interest to be borne by any of the 2026/2027 Series Bonds as described in Section 11.02(b) of this 2026/2027 Variable Rate Series Resolution.

"*Rate Determination Date*" means the date on which an Effective Rate is determined for an Effective Rate Period following any Rate Determination Date, as described in the Mode Period Chart with respect to Variable Rate Bonds and, with respect to FRNs, the date specified in the Agency Certificate to be delivered upon a FRN Rate Change Date, and thereafter, the Wednesday immediately preceding the next Effective Rate Date (provided that if that Wednesday is not a Business Day, then the Rate Determination Date will be the next succeeding Business Day) and, after a Floating Rate

Change Date other than a FRN Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

"*Record Date*" means, with respect to Variable Rate Bonds and FRNs, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the fifteenth day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

"*Refunded Bonds*" means those certain outstanding Bonds (if any) listed in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution upon the issuance of a Series of the 2026/2027 Series Bonds.

"*Regulations*" means the Income Tax Regulations promulgated under the Code and applicable to the 2026/2027 Series Bonds.

"*Remarketing Agent*" means the remarketing agent(s) appointed by the Agency pursuant to the related Remarketing Agreement for the remarketing of 2026/2027 Series Bonds.

"*Remarketing Agreement*" means the Remarketing Agreement, between the Agency and the Remarketing Agent, with respect to each Series of the 2026/2027 Series Bonds bearing interest at a Variable Rate, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and Remarketing Agent, or any alternate or successor Remarketing Agent in respect of the 2026/2027 Series Bonds.

"*Replacement Index*" means on any Floating Rate Change Date or Conversion Date, or on or after such date or after such period as an originally designated index pursuant to this 2026/2027 Variable Rate Series Resolution ceases to be available or ceases to be a reliable market indicator, such Qualified Index as shall be designated by the Agency in writing provided to the Calculation Agent via Electronic Means, together with the Effective Date of the substitute or replacement index; for any Tax-Exempt Series Bonds, such substitute or replacement Qualified Index for any Tax-Exempt Series Bonds must be substantially similar to any corresponding replacement index designated pursuant the related 2026/2027 Series Swap Agreement (if any), unless such replacement index, in the opinion of bond counsel, does not adversely affect the exclusion from gross income of the interest on the related Tax-Exempt Series Bonds.

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, or its successors or assigns.

"*Self Liquidity*" means a liquidity facility provided by the Agency's own funds pursuant to Section 12.04 of this 2026/2027 Variable Rate Series Resolution, other than a Non-Conforming Liquidity Facility.

"*Semiannual Mode Period*" means each period of time during which any of the 2026/2027 Series Bonds bear interest at a Semiannual Rate.

"*Semiannual Rate*" means the rate of interest to be borne by any of the 2026/2027 Series Bonds as described in Section 11.02(b) of this 2026/2027 Variable Rate Series Resolution.

"*Series Bonds*" means collectively, the 2026/2027 Series Bonds and the 2026/2027 Fixed Rate Series Bonds.

"*Servicer*" means the Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

"*Servicing Agreement*" means a contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

"*SIFMA*" means the Securities Industry and Financial Markets Association, its successors and assigns.

"*SIFMA Swap Index*" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg and published or made available by SIFMA or any person or entity acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Agency and effective from that date, or if that index is no longer available, "SIFMA Swap Index" will refer to the Replacement Index that the Agency, in consultation with its independent financial advisors and Remarketing Agent, if any, determines closely approximates an index for seven day tax-exempt variable rate demand obligations. The obligations on which the Replacement Index is based will not include any obligation the interest on which is subject to a "minimum tax" or similar tax under the Code, unless all tax-exempt obligations are subject to that tax.

"*SOFR Index*" means the Secured Overnight Financing Rate ("SOFR"), as published on or about 8:00 a.m. (New York time) on the Federal Reserve's Website (or any successor publisher website) for each SOFR Published Date, representing the SOFR Index as of the SOFR Lookback Date. For any date that the SOFR does not so appear by 5:00 p.m. (New York time) on such date or if such date is not a U.S. Government Securities Business Day, the rate shall be the SOFR published on the Federal Reserve's Website on the first preceding U.S. Government Securities Business Day for which SOFR was published on the Federal Reserve's Website. On any date that a SOFR Index determination is necessary, if (1) the relevant rate is not available for any reason or (2) the Agency in its sole but commercially reasonable discretion determines that SOFR is no longer a reliable market indicator, then a comparable Replacement Index will be determined by such alternate method as reasonably selected and designated in writing by the Agency to the Calculation Agent and shall be used in place of the SOFR Index. "SOFR Published Date" means the second U.S. Government Securities Business Day immediately preceding each Effective Rate Date. "SOFR Lookback Date" means the third U.S. Government Securities Business Day immediately preceding an Effective Rate Date. "U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor entity) recommends that the fixed income departments of its members be

closed for the entire day for purposes of trading in U.S. Government Securities. "Federal Reserve's Website" means the website of the Federal Reserve Bank of New York, or the website of any successor publisher of SOFR. Notwithstanding the foregoing, the Agency may choose to modify the description set forth above to a description that is commercially reasonable.

"*Tax-Exempt Series Bonds"* means any Series of Bonds that are intended to be bonds the interest on which is excludable from gross income for federal income tax purposes.

"*Tender Agent*" means the Trustee appointed pursuant to the Bond Resolution.

"*Transferred Program Loans*" means the Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities.

"*Transferred Mortgage Loans*" means the Program Loans allocable to a Series of the Series Bonds upon the refunding of any Refunded Bonds.

"*Transferred Program Obligations*" means, collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to a Series of the Series Bonds upon the refunding of the related Refunded Bonds.

"*Transferred Program Securities*" means the Program Securities allocable to a Series of the Series Bonds upon the refunding of the Refunded Bonds.

"*UMBS*" means the common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

"*Underwriters*" means RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co., Wells Fargo Bank, National Association, and Northland Securities, Inc., or any other investment bank(s) approved by adoption of a resolution of the agency.

"*Unenhanced Variable Rate Bonds*" means Variable Rate Bonds that are not required to be covered by a Liquidity Facility.

"*Unenhanced Variable Rate Change Dates*" means the effective date of a change from Liquidity Facility Bonds to Unenhanced Variable Rate Bonds, or a change from Unenhanced Variable Rate Bonds to Liquidity Facility Bonds.

"*Unenhanced Variable Rate Default Rate*" means, in respect of any Mode Period, (a) with respect to any Tax-Exempt Series Bonds, 500 percent of the SIFMA Swap Index, and (b) with respect to any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, 500 percent of the sum of the SOFR Index plus 0.11448 percent, in each case, as determined on the Mode Change Date next preceding the first day of that Mode Period;

provided, however, that in no event will the Unenhanced Variable Rate Default Rate with respect to those Bonds exceed 12 percent per annum.

"*Unenhanced Variable Rate Minimum Rate*" has the meaning set forth in Section 11.02(a)(ii) of this 2026/2027 Variable Rate Series Resolution.

"*Unenhanced Variable Rate Minimum Rate Determination Date*" has the meaning set forth in Section 11.02(a)(iv) of this 2026/2027 Variable Rate Series Resolution.

"*Unenhanced Variable Rate Non-Remarketed Rate*" means the rate per annum (not exceeding 12 percent per annum) equal to the product of the Applicable Percentage of (a) in the case of Unenhanced Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, (i) with respect to any Tax-Exempt Series Bonds, the SIFMA Swap Index and (ii) with respect to any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, the sum of the SOFR Index plus 0.11448 percent; (b) in the case of Unenhanced Variable Rate Bonds bearing interest at a Quarterly Rate, the sum of the SOFR Index and the Index Adjustment Factor; and (c) in the case of Unenhanced Variable Rate Bonds bearing interest at a Semiannual Rate, the sum of the SOFR Index and the Index Adjustment Factor.

"*Untendered Bonds*" has the meaning set forth in Section 11.10(d) of this 2026/2027 Variable Rate Series Resolution.

"*USDA Rural Development*" means Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

"*USDA Rural Development Guaranteed*" means guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

"*VA*" means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

"*VA Guaranteed*" means guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended.

"*Variable Rate*" means the interest rate borne by Variable Rate Bonds in accordance with Section 11.02(d) hereof.

"*Variable Rate Bonds*" means a Series (or portion thereof) of the 2026/2027 Series Bonds during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period or a Semiannual Mode Period (whether or not in each case those 2026/2027 Series Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

"*Variable Rate Change Date*" means the date on which a Change to Variable Rate occurs, which for any FRNs, may occur only on any FRN Mandatory Tender Date.

"*Weekly Mode Period*" means each period of time during which any of the 2026/2027 Series Bonds bear interest at a Weekly Rate.

"*Weekly Rate*" means the rate of interest to be borne by any of the 2026/2027 Series Bonds as described in Section 11.02(b) of this 2026/2027 Variable Rate Series Resolution.

3.03. Rules of Interpretation.

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2026/2027 Variable Rate Series Resolution, refer to this 2026/2027 Variable Rate Series Resolution.

(b) The section headings herein and in the Table of Contents are for convenience only and will not affect the construction hereof.

(c) All references in this instrument to designated "Sections" and other subdivisions are to be the designated Sections and other subdivisions of this instrument as originally executed.

(d) "Or" is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

(e) If any provision of this 2026/2027 Variable Rate Series Resolution is held or deemed to be or is, in fact, illegal, inoperative or unenforceable, the same will not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

(f) This 2026/2027 Variable Rate Series Resolution will be governed by and construed in accordance with the internal laws of the State of Minnesota.

(g) The Trustee will be protected in acting upon any notice, resolution, request, consent, order or certificate of an Authorized Officer that is transmitted to the Trustee by Electronic Means.

Section 4. Securities Depository.

4.01. General Provisions. The 2026/2027 Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one 2026/2027 Series Bond will be issued in the principal amount of each stated maturity of each Series. Upon initial issuance, the ownership of such 2026/2027 Series Bond will be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the 2026/2027 Series Bond registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the 2026/2027 Series Bonds, selecting the 2026/2027 Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of 2026/2027 Series Bonds under the Bond Resolution or this 2026/2027 Variable Rate Series Resolution, registering the transfer of 2026/2027 Series Bonds, and for all other purposes whatsoever, and

neither the Trustee nor the Agency will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the 2026/2027 Series Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an Owner of any 2026/2027 Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal or purchase price of, premium, if any, and interest on the 2026/2027 Series Bonds, with respect to any notice that is permitted or required to be given to owners of 2026/2027 Series Bonds under the Bond Resolution or this 2026/2027 Variable Rate Series Resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption or mandatory tender of the 2026/2027 Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the 2026/2027 Series Bonds. So long as any 2026/2027 Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee will pay all principal and purchase price of, premium, if any, and interest on such 2026/2027 Series Bond, and will give all notices with respect to the 2026/2027 Series Bonds, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all those payments will be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the 2026/2027 Series Bonds will be transferable to that new nominee in accordance with Section 4.02.

4.02. Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the 2026/2027 Series Bonds or any Series thereof, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of 2026/2027 Series Bonds of such Series in the form of certificates. In that event, such 2026/2027 Series Bonds will be transferable in accordance with Section 4.03. DTC may determine to discontinue providing its services with respect to the 2026/2027 Series Bonds or one or more Series at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In that event the 2026/2027 Series Bonds of such Series will be transferable in accordance with Section 4.03.

4.03. Transfer and Exchange. In the event that any transfer or exchange of 2026/2027 Series Bonds or one or more Series is permitted under Sections 4.01 or 4.02, that transfer or exchange will be accomplished upon receipt by the Trustee of the 2026/2027 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 2026/2027 Variable Rate Series Resolution. In the event 2026/2027 Series Bonds of a Series in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the 2026/2027 Series Bonds, or another securities depository as Owner of all the 2026/2027 Series Bonds, the provisions of the Bond Resolution and this 2026/2027 Variable Rate Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the 2026/2027 Series Bonds in the form of bond certificates, the method of payment of principal and purchase price of, redemption premium, if any, and interest on the 2026/2027 Series Bonds and the method of giving notice of redemption and other events.

Section 5. Series Program Determinations for the 2026/2027 Series Bonds.

5.01. Debt Service Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Debt Service Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Debt Service Reserve Requirement with respect to each Series of the 2026/2027 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding 2026/2027 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

5.02. Insurance Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Insurance Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Insurance Reserve Requirement with respect to each Series of the 2026/2027 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series of 2026/2027 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

5.03. Requirements for 2026/2027 Series Program Securities. The Agency will designate in each Agency Certificate to be delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution whether or not the related Series of the 2026/2027 Series Bonds is intended to be Tax-Exempt Series Bonds. A portion of the sale proceeds of 2026/2027 Series Bonds may be used for the purchase of DPA Loans which were made by the Agency in connection with Program Loans backed by Mortgages that are in compliance with the Act and the Program. The sale proceeds of 2026/2027 Series Bonds not used to purchase DPA Loans or to refund certain obligations of the Agency will be used to purchase Program Securities that (l) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Series Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Program Loans were made in accordance with the applicable provisions of the Bond Resolution and the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Program Loans were purchased by the Agency, which provisions will constitute the Series Program Determinations with respect to the Transferred Program Loans, and those Transferred Program Loans will be Program Loans within the meaning of the Bond Resolution and this 2026/2027 Variable Rate Series Resolution. Except as expressly provided, the provisions of Section 5.04 below will not apply to the Transferred Program Loans. The provisions of the Agency's Start Up Procedural Manual or its Step Up Procedural Manual, as applicable, and the Master Servicer's lending guide, each as most recently revised and as revised from time to time, the applicable Participation Agreements and the Master Servicing Agreement will be used to administer the financing of the Pooled 2026/2027 Series Program Loans.

5.04. Acquisition of 2026/2027 Series Program Securities and DPA Loans. During the related Delivery Period for each Series of the Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2026/2027 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2026/2027 Series Acquisition Account related to that Series of 2026/2027 Series Bonds for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this

Section 5.04. The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as set forth in the then operative Master Servicing Agreement, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

The Trustee will disburse moneys from the 2026/2027 Series Acquisition Account related to the Series for the acquisition of DPA Loans as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 6.01 of the 2026/2027 Variable Rate Series Resolution.

For any Series Bonds with a Delivery Period, the Agency may at any time transfer any proceeds of a Series of the Series Bonds in the 2026/2027 Series Acquisition Account related to such Series to the 2026/2027 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds. In addition, at the end the Delivery Period related to that Series of Bonds, the Agency must transfer from the related 2026/2027 Series Acquisition Account any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of those Series Bonds within 41 days thereafter; provided, however, that (i) for any Delivery Period ending prior to the Final Delivery Period Extension Date, no such redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $500,000, (ii) for any Delivery Period ending on the Final Delivery Period Extension Date, no such redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $250,000, and (iii) the Agency may (instead of redeeming those Series Bonds from unexpended proceeds) extend the related Delivery Period with respect to all or any portion of the unexpended amounts remaining in a 2026/2027 Series Acquisition Account relating to those 2026/2027 Series Bonds, for the period as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of that Delivery Period designated in the related Agency Certificate a Certificate (i) designating the new ending date for that Delivery Period, (ii) certifying that the Agency has delivered a Cash Flow Certificate and a Parity Certificate prepared by or confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash flow analysis of qualified mortgage bonds, which Cash Flow Certificate and Parity Certificate will accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and the guidelines for the cash flow projections as disclosed by each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2026/2027 Series Acquisition Account relating to those Series of 2026/2027 Series Bonds to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits, if any, required by the Cash Flow Certificate, the Parity Certificate and the guidelines for the cash flow projections as disclosed by each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with the extension, which deposits must be made on or before the date of expiration of that Delivery Period and must be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received confirmation from each of the Rating Agencies then rating the Bonds that the Rating of Outstanding Bonds will not be impaired

by the extension of that Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the related 2026/2027 Series Acquisition Account and allocable amounts, as reasonably determined by the Agency, held in the related 2026/2027 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the related 2026/2027 Series Account in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of this 2026/2027 Variable Rate Series Resolution. At the end of each Delivery Period, including any extension thereof as provided in this Section 5.04, the Trustee must transfer from the 2026/2027 Series Acquisition Account relating to that Series an amount equal to the amount of proceeds of those Series Bonds in that 2026/2027 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2026/2027 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2026/2027 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 11.03 of this 2026/2027 Variable Rate Series Resolution; provided, however, as set forth above, that (i) for any Delivery Period ending prior to the Final Delivery Period Extension Date, no such transfer and redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $500,000, and (ii) for any Delivery Period ending on the Final Delivery Period Extension Date, no such transfer and redemption shall be required if the amount available and required to be used to redeem the related Series Bonds is less than $250,000. A Delivery Period may not be extended pursuant to this Section 5.04 beyond the date set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution. Notwithstanding any provision in this Section 5.04 to the contrary, the Trustee must apply amounts in the related 2026/2027 Series Acquisition Account to the redemption of the related Series Bonds in accordance with Section 11.03 of this 2026/2027 Variable Rate Series Resolution.

The Agency may participate each 2026/2027 Series Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the 2026/2027 Series Program Security secured, but those interests need not be equal as to interest rate.

5.05. Enforcement of Transferred Mortgage Loans.

(a) Subject to the right of the Agency to modify the Transferred Mortgage Loans and DPA Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan or

Defaulted DPA Loan. All collection recoveries for Defaulted DPA Loans are subject to any collection recoveries applicable to the related first lien Program Loans.

(b) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, or from operation of the Home subject to that Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

5.06. Enforcement of 2026/2027 Series Program Securities, the Transferred Program Securities and the DPA Loans.

(a) The 2026/2027 Series Program Securities acquired by the Trustee on behalf of the Agency and the Transferred Program Securities will be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee will immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee will immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business (i) for Freddie Mac Securities which are not UMBS, on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day) and (ii) for Freddie Mac Securities which are UMBS, on the 25th day of each month (or the next Business Day if the 25th day is not a Business Day), the Trustee will immediately demand payment from Freddie Mac.

(b) The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all obligations of a Master Servicer under and pursuant to a Master Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or this 2026/2027 Variable Rate Series Resolution has occurred or is continuing. The Agency will supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Master Servicing Agreement is cancelled or terminated for any reason, the Agency will proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Master Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Master Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Master Servicing Agreement.

5.07. Program Expenses. For purposes of the Bond Resolution, "Program Expenses" include the payment of the fees and indemnities owing to the Bank under the Liquidity Facility.

5.08. Information to be Furnished. The Trustee will furnish information concerning the 2026/2027 Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

5.09. Amendments. This Section 5 may be amended subsequent to the issuance of the 2026/2027 Series Bonds to reflect changes in requirements applicable to the 2026/2027 Series Program Securities, the DPA Loans, or the Transferred Program Obligations; provided that the amendment will become effective only if Bond Counsel renders an opinion to the effect that the amendment will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds from gross income of the owners thereof for federal income tax purposes and if the Agency delivers an Agency Certificate to the Trustee to the effect that the amendment will not impair the Ratings on the 2026/2027 Series Bonds by each Rating Agency.

Section 6. Conditions Precedent to Issuance.

6.01. Documents Furnished to Trustee. Prior to the delivery of each Series of the 2026/2027 Series Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(a) Certified copies of the Bond Resolution and this 2026/2027 Variable Rate Series Resolution.

(b) An opinion of counsel to the Agency that the Bond Resolution and this 2026/2027 Variable Rate Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge that it purports to create, and that the principal amount of the Series Bonds and other obligations heretofore issued by the Agency does not exceed any legal limitation.

(c) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(d) A Counsel's Opinion that the Series of 2026/2027 Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that this 2026/2027 Variable Rate Series Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.

(e) An Agency Certificate (i) requesting the Trustee to authenticate the Series of 2026/2027 Series Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds, including 2026/2027 Series Bonds of that Series, and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds

and Accounts into which deposits should be made, (iv) certifying that upon the issuance and delivery of that Series of 2026/2027 Series Bonds, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement and the amount on deposit in the Insurance Reserve Fund will be at least equal to the Insurance Reserve Requirement, (v) stating that the issuance of that Series of the 2026/2027 Series Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding, (vi) stating whether or not that Series of the Series Bonds is intended to be Tax-Exempt Series Bonds, (vii) setting forth the terms of that Series of the 2026/2027 Series Bonds to be specified as provided pursuant to this 2026/2027 Variable Rate Series Resolution, as well as the application of proceeds of that Series of the 2026/2027 Series Bonds and any Agency funds relating thereto, and (viii) setting forth whether any of the funds deposited to the related 2026/2027 Acquisition Account may be used for purchase of DPA Loans as provided in Section 5.04 of the 2026/2027 Variable Rate Series Resolution.

(f) An Agency Certificate as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution. A Cash Flow Certificate need not be filed with the Trustee in connection with the issuance of any Series of the 2026/2027 Series Bonds.

(g) Written confirmation from each Rating Agency that issuance of the Series of 2026/2027 Series Bonds will not impair the then existing Rating on the Bonds.

(h) Evidence that the Agency has given irrevocable instructions to the Trustee to give due notice, if required, of the payment or redemption of all the related Refunded Bonds and the payment or redemption dates, if any, upon which any Refunded Bonds are to be paid or redeemed.

(i) Evidence that money or Government Obligations in an amount sufficient to effect payment of the applicable redemption price, or amount payable on maturity, of the Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the were issued, as applicable.

(j) If applicable, an Opinion of Bond Counsel to the effect that issuance of the 2026/2027 Series Bonds will not result in interest on the any Refunded Bonds being included in gross income for federal income tax purposes.

6.02. Acceptance and Certification by Trustee. Prior to the delivery of a Series of the 2026/2027 Series Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A); and that the amounts to be deposited in the Debt Service Reserve Fund and Insurance Reserve Fund, if any, are sufficient to increase the amount in those Funds to the Debt Service Reserve Requirement and Insurance Reserve Requirement effective after the issuance of that Series of 2026/2027 Series Bonds as computed by the Trustee. The Trustee will administer and observe on behalf of the Agency all applicable

requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of the Tax-Exempt Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

6.03. Documents Required by the Purchase Contract and Initial Liquidity Facility. Prior to delivery of any Series of the 2026/2027 Series Bonds, an Authorized Officer will also cause to be furnished to the Underwriters each of the certificates, opinions and other documents required by the Purchase Contract and (ii) to the Bank each of the certificates, opinions and other documents required by the Initial Liquidity Facility, if any.

6.04. Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed on the date of delivery of each Series of the Series Bonds that are intended to be Tax-Exempt Series Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of those Tax-Exempt Series Bonds will be used in a manner that would not cause those Tax-Exempt Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which those Tax-Exempt Series Bonds will be "qualified mortgage bonds" under the provisions of applicable federal tax law.

6.05. Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the related Series of 2026/2027 Series Bonds to the Underwriters as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under that Purchase Contract.

Section 7. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

7.01. 2026/2027 Series Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund, the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and the Bond Redemption Fund, as applicable, the Trustee will establish subaccounts for each Series of the 2026/2027 Series Bonds, provided, however, that the Trustee may maintain combined 2026/2027 Series Account designated for each Series of Series Bonds issued on the same Issue Date for the purpose of recording the proceeds of an issuance of the Series Bonds and other amounts directed by this 2026/2027 Variable Rate Series Resolution and the 2026/2027 Fixed Rate Series Resolution to be deposited therein and the Transferred Program Obligations, other transferred proceeds, the DPA Loans, the 2026/2027 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the DPA Loans, the 2026/2027 Series Program Securities and Investment Obligations, and the Revenues received with respect thereto. In addition, the Trustee will establish a Cost of Issuance Account for any Series of the Series Bonds and a 2026/2027 Series Bond Purchase Account relating to such Series, to be held and administrated as provided in Section 7.04.

7.02. Deposits of Funds. The proceeds of each Series of the 2026/2027 Series Bonds, the DPA Loans acquired with, or reimbursed from the proceeds of a Series of the 2026/2027

Series Bonds, the Transferred Program Obligations and other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the 2026/2027 Series Acquisition Account, the 2026/2027 Series Account in the Bond Fund Interest Account, the 2026/2027 Series Account in the Debt Service Reserve Fund, the 2026/2027 Series Account in the Insurance Reserve Fund, if any, and the 2026/2027 Series Cost of Issuance Account, all as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

7.03. Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds, including the 2026/2027 Series Bonds, and other funds of the Agency related thereto.

7.04. Bond Purchase Account.

(a) There will be established and credited to the Bond Purchase Account on the books of the Trustee, as and when received, (i) all proceeds of the remarketing of 2026/2027 Series Bonds, (ii) all amounts received under a Liquidity Facility, and (iii) all payments made directly by the Agency with respect to the purchase of 2026/2027 Series Bonds in accordance with this 2026/2027 Variable Rate Series Resolution.

(b) Except as provided in this paragraph (b) and in paragraph (d) of this Section 7.04, money in the Bond Purchase Account must be used solely for the payment of the Purchase Price of 2026/2027 Series Bonds tendered pursuant to Section 11.09 or 11.10 of this 2026/2027 Variable Rate Series Resolution. On each optional and mandatory tender date, the Trustee must apply from the Bond Purchase Account sufficient money to pay the Purchase Price of all 2026/2027 Series Bonds so tendered. Money in the Bond Purchase Account must be used in the following order of priority: (i) proceeds of the remarketing of 2026/2027 Series Bonds, (ii) amounts received under a Liquidity Facility, and (iii) payments made directly by the Agency with respect to the purchase of 2026/2027 Series Bonds.

(c) All money paid to the Trustee for the account of the Bond Purchase Account must be held (subject to the provisions of paragraph (d) of this Section 7.04) in trust by the Trustee solely for the benefit of the Owners of the 2026/2027 Series Bonds entitled to be paid from the Bond Purchase Account. Notwithstanding any other provision of the Bond Resolution or this 2026/2027 Variable Rate Series Resolution to the contrary, moneys on hand in the Bond Purchase Account must not be commingled with any other funds or accounts held hereunder and must be held uninvested, or, other than moneys derived from the Initial Liquidity Facility, must be invested in obligations issued or guaranteed by the United States (or a money market fund or trust fund investing exclusively in those obligations that is rated in the highest category by each Rating Agency then maintaining a rating on the 2026/2027 Series Bonds) maturing on or before the date on which moneys are needed for the purposes of the Bond Purchase Account.

(d) Any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all

2026/2027 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2026/2027 Series Bonds) must be immediately paid to the Bank to the extent of any money received under a Liquidity Facility for payment of the Purchase Price. All money held by the Trustee in the Bond Purchase Account that represent the proceeds of the remarketing of 2026/2027 Series Bonds, all amounts received from the Agency for the purchase of 2026/2027 Series Bonds and all amounts received under a Liquidity Facility must be retained by the Trustee exclusively for the benefit of the Owners of 2026/2027 Series Bonds not yet presented for payment of the Purchase Price thereof until paid to those Owners, and that money must not, under any circumstances or at any time whatsoever, be paid to the Agency or to the Bank, or to any Person other than the Owners of 2026/2027 Series Bonds entitled thereto (except as otherwise set forth above), and those Owners may look only to that money for the payment of the Purchase Price of the 2026/2027 Series Bonds; provided, however, that any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all 2026/2027 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2026/2027 Series Bonds) and after any required payment is made to the Bank as set forth above may be paid to the Agency upon request of the Agency.

(e) Notwithstanding any other provision in the Bond Resolution to the contrary, (i) all money and investments thereof set aside and held in trust in the Bond Purchase Account for the payment of the Purchase Price of 2026/2027 Series Bonds must be applied to and used solely for the payment of the Purchase Price (including reimbursement of the Bank for amounts paid with respect to the Purchase Price under any Liquidity Facility) of 2026/2027 Series Bonds with respect to which the money or investments have been so set aside in trust and (ii) the provisions of Section 8.5 of the Bond Resolution will not apply to any money or investments held in the Bond Purchase Account.

Section 8. Tax Covenant and Restrictions Relating to All 2026/2027 Series Bonds Intended to be Tax-Exempt Series Bonds.

8.01. General Tax Covenant. With respect to the Tax-Exempt Series Bonds, the Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on the Tax-Exempt Series Bonds, will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Tax-Exempt Series Bonds, will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Bond, would have caused the Tax-Exempt Series Bonds, to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Tax-Exempt Series Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest thereon will be excludable from gross income for federal income tax purposes.

8.02. Qualified Program Loans. The covenants and restrictions set forth in Section 9 of this 2026/2027 Variable Rate Series Resolution will apply to each 2026/2027 Series Program Loan. The Agency retains the right to impose covenants with respect to 2026/2027 Series Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

8.03. Amendments. Any particular covenant or restriction set forth in Sections 8 and 9 of this 2026/2027 Variable Rate Series Resolution, other than the covenant in Section 8.01, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds, will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 8 and 9 of this 2026/2027 Variable Rate Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 9. Compliance with Applicable Federal Tax Law.

9.01. Code Provisions. The Agency determines that Section 143 of the Code is applicable to any Tax-Exempt Series Bonds, as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

9.02. Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of the applicable federal tax law as applicable to the Tax-Exempt Series Bonds are set forth in Sections 9.03 through 9.12 of this 2026/2027 Variable Rate Series Resolution. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95 percent or more of the proceeds of the Tax-Exempt Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Program Obligations, certifications and warranties of Mortgagors, Lenders and the Servicers and provisions of the Mortgages and related promissory notes designed for this purpose were set forth in the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Program Loans were executed. With respect to the Pooled 2026/2027 Series Program Loans, certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture

requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all the requirements and will take all reasonable steps to avoid failure due to inadvertent error.

9.03. Residence. Each Program Loan purchased in whole or in part by the Master Servicer to be pooled in a Program Security to be financed in whole or in part from the proceeds of or allocated to Tax-Exempt Series Bonds will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, that is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two to four family Home) that would cause any Tax-Exempt Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

9.04. Three-Year Prior Ownership. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three-year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a "targeted area," as defined in Section 143(h) of the Code and Section 6a.103A-2(b)(3) of the Regulations, or the Program Loan is made to a "veteran" borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas or to "veteran" borrowers, the Lender must secure, or have secured, from the Mortgagor either (i) copies of the Mortgagor's federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), or (ii) credit reports from a reputable credit reporting agency (if such credit reports will provide information to the Agency which is at least as reliable with respect to first-time homebuyer status as the review of income tax returns), in order to ascertain and certify to the Agency whether the Mortgagor has either claimed a deduction for taxes on property that was the Mortgagor's principal residence or for interest on a mortgage secured by that property, or, in the case of receipt and review of a credit report, whether the Mortgagor had a mortgage on property which was the residence of the Mortgagor. The Program Loan must not be purchased if either the Lender or the Master Servicer, as applicable has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Section 9.04, a Program Loan may be purchased by the Master Servicer to be pooled in a Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the Program Loan is or has been provided in connection with a "qualified rehabilitation" as defined in Section 143(k)(5) of the Code.

9.05. Purchase Price. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security if the acquisition cost of the Home for which it is made exceeds 90 percent, or 110 percent if located in a targeted area as defined in Section 9.04 above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area where the Home is located, or as established by the Agency pursuant to more accurate and comprehensive data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A-2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

9.06. Income Requirements. All Program Loans to be financed in whole or in part from the proceeds of Tax-Exempt Series Bonds, including Program Loans purchased by the Master Servicer to be pooled in a Program Security, must be made, or have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or have secured, and retain, or file, with the Master Servicer income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

9.07. Limitation of Amount. To the extent the 2026/2027 Series Bonds are Tax-Exempt Series Bonds will be, for federal tax purposes, current refunding bonds issued pursuant to either the provisions of Section 1313(a) of the Tax Reform Act of 1986 or Section 146(i) of the Code, as applicable, the Agency will not be required to apply the principal amount of the Tax-Exempt Series Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2026, or 2027 as applicable, as provided pursuant to Section 146 of the Code and applicable state law.

The unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2026, or 2027 as applicable, including the amount carried forward from calendar years 2023, 2024, 2025, and 2026, as applicable, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the portion of the principal amount of the Tax-Exempt Series Bonds, if any, that will not be, for federal tax purposes, current refunding bonds. The Agency must apply the portion of the principal amount of the Tax-Exempt Series Bonds against the unused volume cap as required for the allocation of volume cap pursuant to Section 146 of the Code as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

9.08. Placement in Targeted Areas. To the extent the Tax-Exempt Series Bonds are, for federal tax purposes, issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency will not be required to make available

any amount of the proceeds of those Tax-Exempt Series Bonds for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

With respect to any portion of the Tax-Exempt Series Bonds that are not issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency must make available an amount equal to 20 percent of the proceeds of the Tax-Exempt Series Bonds deposited into the 2026/2027 Series Acquisition Account for that Series for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

9.09. Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Revenue Ruling 91-3 and Revenue Procedure 91-8.

9.10. Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service to assure that the Tax-Exempt Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Transferred Program Loans and the 2026/2027 Series Program Loans purchased with, or allocated to, the proceeds of a Series of the Tax-Exempt Series Bonds may not exceed the yield of that Series of the Tax-Exempt Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one-eighth percentage points.

(b) The Agency must pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the related Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of each Series of Tax-Exempt Series Bonds.

9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2026/2027 Series Account in the Revenue Fund. The Agency must take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Program Obligations and 2026/2027 Series Program Securities are used to pay and redeem the related Series of Tax-Exempt Series Bonds in the amounts and within the time periods mandated by that Section 143(a)(2)(A); provided that the provisions of this Section 9.11 will be not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Tax-Exempt Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will not adversely affect the exclusion from federal gross income of interest on the Tax-Exempt Series Bonds. Notwithstanding any contrary provisions of this Section 9.11, the Agency agrees that, so long as the Tax-Exempt Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution (the "Specified Bonds") remain Outstanding, the provisions of

Section 143(a)(2), as existing on the date of issue of the Tax-Exempt Series Bonds, will be considered as being in full force and effect (notwithstanding any subsequent change in law or regulation) and the Agency, to the full extent permitted by law, must comply with the provisions of the Agency's final Official Statement furnished to the Underwriters pursuant to Section 2.05 of this 2026/2027 Variable Rate Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Program Obligations and the portion of the 2026/2027 Series Program Securities allocable to the Tax-Exempt Series Bonds.

9.12. New Mortgage and Assumption Requirements. None of the proceeds of any Tax-Exempt Series Bonds will be used, and none of the proceeds of any of the Refunded Bonds, if any, were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of any Tax-Exempt Series Bonds will be used, and all of the lendable proceeds of any Refunded Bonds were used, to purchase Program Loans or Program Securities backed by Program Loans, made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each 2026/2027 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of any Tax-Exempt Series Bonds will contain a clause to the effect that the 2026/2027 Series Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Sections 9.03, 9.04, 9.05 and 9.06 are met with respect to that assumption for any 2026/2027 Series Program Loan. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Section 9.02.

Section 10. Form of 2026/2027 Series Bonds.

10.01. Form of 2026/2027 Series Bonds. Each Bond of a Series of the 2026/2027 Series Bonds will be prepared in substantially the form appearing as Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with any additions, deletions or modifications as are permitted or required by the Bond Resolution or this 2026/2027 Variable Rate Series Resolution, including, but not limited to, modification in the manner as is approved by the Agency for the purpose of reflecting the substitution of an Alternate Liquidity Facility or the elimination of a Liquidity Facility in accordance with the terms of this Resolution. Following a Floating Rate Change Date or a Conversion Date for any Series of the 2026/2027 Series Bonds, the form of the related 2026/2027 Series Bond may be appropriately revised to reflect the change or conversion of the interest rate on the 2026/2027 Series Bonds, to delete the provisions of the form of 2026/2027 Series Bonds set forth in Exhibit A hereto that are then of no further force and effect, to include a description of the FRN Rate and FRNs (if any), the New Floating Rate and Floating Rate Term or the Indexed Rate and Indexed Rate Bonds or the Fixed Rate and the Fixed Rate Bonds, as applicable, to reflect any Subseries designation, to reflect the elimination of a Liquidity Facility, to set forth the terms upon which the 2026/2027 Series Bonds may or are

required to be redeemed and any additional security therefor and to make any other changes therein that are necessary or appropriate in the circumstances.

Section 11. Terms of 2026/2027 Series Bonds.

11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent. The Issue Date of each Series of the 2026/2027 Series Bonds will be the date of original delivery thereof. Each Series of the 2026/2027 Series Bonds will mature on the date or dates and in the principal amounts, will bear interest at the rate or rates per annum, and will be subject to redemption, all as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution or as set forth in the related final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2026/2027 Variable Rate Series Resolution, as the case may be, subject to the Series Bonds Parameters set forth in Section 2.04 of this 2026/2027 Variable Rate Series Resolution. Prior to a Conversion Date, the 2026/2027 Series Bonds will be issued as fully registered Bonds without coupons in Authorized Denominations.

2026/2027 Series Bonds of a Series will be dated and bear interest from the date of delivery thereof. Subject to Section 11.02(a), interest on a Series of the 2026/2027 Series Bonds will be payable on each Interest Payment Date by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Agency maintained by the Trustee or at another address as is furnished to the Trustee in writing by that Owner not later than the Record Date, provided that payment of interest on any 2026/2027 Series Bonds will be made to any Owner of $1,000,000 or more in aggregate principal amount of 2026/2027 Series Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to the Owner on that Interest Payment Date unless the Owner has provided written notice to the Trustee that it desires payment of interest by check. Principal, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2026/2027 Series Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase, or in the case of Variable Rate Bonds, at the corporate trust office of the Tender Agent. Notwithstanding the foregoing, payments on Bank Bonds will be made in accordance with the applicable Liquidity Facility.

2026/2027 Series Bonds of a Series will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each 2026/2027 Series Bond of a Series will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each such 2026/2027 Series Bond, attesting that it is delivered pursuant to the Bond Resolution and this 2026/2027 Variable Rate Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 6 of this 2026/2027 Variable Rate Series Resolution.

The Trustee is hereby appointed as Tender Agent for the 2026/2027 Series Bonds; provided, however, that the Agency reserves the right to appoint one or more additional Tender Agents subject to the limitations contained in Section 13.01 of this 2026/2027 Variable Rate Series Resolution.

11.02. Interest Rates and Effective Rates; Mode Period.

(a) Interest Rates and Effective Rates. Each Series of 2026/2027 Series Bonds will initially bear interest at the applicable Weekly Rate, unless otherwise designated in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution. Unless the interest rate is Converted or a Floating Rate Change Date has occurred, such Series of the 2026/2027 Series Bonds or any portion thereof will bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Remarketing Agent with respect to any Mode Period or Calculation Agent, as applicable; provided that the initial Effective Rate for each Series of the 2026/2027 Series Bonds will be specified in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution at the time of the delivery of such 2026/2027 Series Bonds.

Each Series of the 2026/2027 Series Bonds will bear interest from and including their Issue Date until payment of the principal thereof has been made or provided for in accordance with the provisions of this 2026/2027 Variable Rate Series Resolution, whether at maturity, upon redemption or otherwise. Interest accrued on the Variable Rate Bonds and FRNs prior to the Conversion Date and during any Mode Period other than a Quarterly Mode Period or a Semiannual Mode Period will be computed on the basis of a 365-day year or 366-day year, as applicable, for the number of days actually elapsed. Interest accrued on each Series of the 2026/2027 Series Bonds after Conversion to an Indexed Rate will be computed on the basis of a 360-day year for the number of days actually elapsed. Interest accrued on the 2026/2027 Series Bonds during a Quarterly Mode Period or a Semiannual Mode Period and after Conversion to Fixed Interest Rates will be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

If interest on any 2026/2027 Series Bonds is in default, any 2026/2027 Series Bond issued in exchange for or upon the registration of transfer of that 2026/2027 Series Bond will bear interest from the date to which interest has been paid in full on the 2026/2027 Series Bonds or, if no interest has been paid on that 2026/2027 Series Bond, the Issue Date. Each Series of the 2026/2027 Series Bonds will bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates borne by that 2026/2027 Series Bond on the date on which the principal, premium or interest came due and payable. No interest will accrue on Agency Bonds.

(i) *FRN Rate*.

The FRN Rate will be determined by the Calculation Agent on each Rate Determination Date. The FRN Rate will accrue from the Effective Rate Date through and including the day preceding the next Effective Rate Date. The Calculation Agent must give notice of the FRN Rate to the Agency and the Trustee no later than 5:00 p.m., New York City time, on the Rate Determination Date. Failure by the Calculation Agent to give notice as provided herein, or defect in any that notice, will not affect the interest rate borne by the FRNs or the rights of the Holders thereof.

The determination by the Calculation Agent of the FRN Rate to be borne by the FRNs, absent manifest error, will be conclusive and binding on the Holders of the FRNs, the Agency, the Remarketing Agent, the Tender Agent and the Trustee.

During a Delayed Remarketing Period, FRNs will bear interest at the Maximum Rate.

(ii) *Variable Rate*.

Prior to Conversion or a Floating Rate Change Date, the 2026/2027 Series Bonds or any portion thereof will bear interest, commencing on the applicable Effective Rate Date, at the rate determined by the Remarketing Agent based on the current Mode for the new Effective Rate Period (except for Bank Bonds, that will bear interest at the Bank Interest Rate which interest will be calculated and paid in accordance with the Liquidity Facility) as set forth below:

(A) During each Mode Period, the Effective Rate with respect to any of the 2026/2027 Series Bonds will be the rate that (1) in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of those Variable Rate Bonds on the Effective Rate Date being 100 percent of the principal amount thereof and (2) is less than or equal to the Maximum Rate.

(B) In determining the Effective Rate and the Unenhanced Variable Rate Minimum Rate, the Remarketing Agent must take into account, to the extent applicable, (1) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (i) with interest rate adjustment periods and demand purchase options substantially identical to the Variable Rate Bonds, (ii) bearing interest at a variable rate intended to maintain par value, and (iii) rated by a national credit rating agency in the same category as the Variable Rate Bonds; (2) other financial market rates and indices that may have a bearing on the Effective Rate (including but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the SOFR Index, the SIFMA Swap Index, indices maintained by *The Bond Buyer* and other publicly available tax-exempt interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and the Variable Rate Bonds.

(C) The determination by the Remarketing Agent in accordance with this Section 11.02(a) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with the Initial Liquidity Facility will bear interest at the Bank Interest Rate) will be conclusive and binding on the Owners of the Variable Rate Bonds and the Notice Parties, except as otherwise provided herein. Failure by the Remarketing Agent or the Trustee to give any notice required hereunder, or any defect therein, will not affect the interest rate borne by the Variable Rate Bonds or the rights of the Owners thereof.

(D) If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the Effective Rate on the Variable Rate Bonds will be the interest rate as determined or caused to be determined, at the expense of the Agency, by the Trustee weekly to be (1) for any Tax-Exempt Series Bonds, the lesser of (I) in the case of the Liquidity Facility Bonds, the SIFMA Swap Index plus 0.25 percent, and in the case of the Unenhanced Variable Rate Bonds, the SIFMA Swap Index plus 0.50 percent or (II) the Maximum Rate, and (2) for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, the lesser of (I) in the case of the Liquidity Facility Bonds, the sum of the SOFR Index plus 0.60 percent, and in the case of the Unenhanced Variable Rate Bonds, the sum of the SOFR Index plus 1.60 percent or (II) the Maximum Rate.

(E) In making or causing that determination to be made, the Trustee may engage, at the expense of the Agency, calculation agents or experts as necessary to make the determination and rely on those agents and experts.

(F) With respect to any Unenhanced Variable Rate Bonds, on the Business Day prior to each Rate Determination Date (the "Unenhanced Variable Rate Minimum Rate Determination Date"), the Remarketing Agent will establish a minimum rate with respect to the Unenhanced Variable Rate Bonds for the following Effective Rate Period (the "Unenhanced Variable Rate Minimum Rate") and will post the Unenhanced Variable Rate Minimum Rate electronically via Bloomberg L.P.'s Bloomberg Professional system. Owners of Unenhanced Variable Rate Bonds may also contact the Remarketing Agent after 1:00 p.m. on any Unenhanced Variable Rate Minimum Rate Determination Date for information regarding the Unenhanced Variable Rate Minimum Rate for the following Effective Rate Period.

(G) After Conversion, the 2026/2027 Series Bonds or any portion thereof will bear interest in accordance with Section 11.08.

(b) Interest Rate Changes. From time to time, by notice to the Notice Parties and as required hereunder, the Agency may, at its option, on any Business Day, with respect to Variable Rate Bonds, and with respect to any FRNs, on any FRN Mandatory Tender Date, effect an Interest Rate Change, designate a new Mode Period with respect to all or any portion of the Variable Rate Bonds, cause Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, or cause Liquidity Facility Bonds to become Unenhanced Variable Rate Bonds. Prior to causing any Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, the Agency will deliver a Liquidity Facility with respect thereto. During each Mode Period, the Effective Rates with respect to any Unenhanced Variable Rate Bonds and Liquidity Facility Bonds (other than Bank Bonds) will be those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, on the Effective Rate Date being 100 percent of the principal amount of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, and that may not exceed the Maximum Rate. In no event may the

interest rate borne by Unenhanced Variable Rate Bonds in any Effective Rate Period be less than the Unenhanced Variable Rate Minimum Rate for that period.

If (i) a Floating Rate Change is effected, the 2026/2027 Series Bonds subject to that Floating Rate Change will bear interest as provided in Section 11.02(a) hereof, (ii) a Change to Variable Rate is effected, the 2026/2027 Series Bonds subject to that Change to Variable Rate will bear interest as provided in Section 11.02(d) hereof, and (iii) if a Conversion to Fixed Interest Rate Bonds or Index Bonds is effected, the 2026/2027 Series Bonds subject to that Conversion will bear interest as provided in Section 11.08(d) hereof.

(c) Requirements for Interest Rate Changes. If any Series of the 2026/2027 Series Bonds are FRNs or Variable Rate Bonds, the Agency, at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Interest Rate Change with respect to the 2026/2027 Series Bonds subject to that Interest Rate Change will not adversely affect the exclusion of interest on the 2026/2027 Series Bonds from gross income for federal income tax purposes (provided that, if the Agency determines to effect an Interest Rate Change with respect to the 2026/2027 Series Bonds to bear interest that is taxable for federal income tax purposes to the owners thereof, no opinion will be required) and written evidence from each Rating Agency currently rating the 2026/2027 Series Bonds that its rating then in effect will not be impaired, may effect an Interest Rate Change on any Business Day with respect to Variable Rate Bonds, and on any FRN Mandatory Tender Date with respect to FRNs, with respect to any portion or all of the 2026/2027 Series Bonds on an Interest Rate Change Date selected by the Agency upon a written notice to the other Notice Parties that the Agency will cause an Interest Rate Change on the Interest Rate Change Date set forth in that written notice, which Interest Rate Change Date may not occur sooner than 20 days after the date of that notice. The notice will specify whether that Interest Rate Change will be a Floating Rate Change, a Change to Variable Rate, or a Conversion to a Fixed Interest Rate or an Index Rate, and the information required to be contained in the notice of the Trustee required pursuant to the next succeeding paragraph of this subsection.

Prior to the Interest Rate Change Date, the Trustee must deliver a notice to the Holders of the 2026/2027 Series Bonds subject to the Interest Rate Change and to each of the Rating Services, not less than 15 days prior to the Interest Rate Change Date, setting forth the following information:

(i) that the interest rate on the 2026/2027 Series Bonds will be changed to a FRN Rate, a Variable Rate, a Fixed Interest Rate or an Indexed Rate, as applicable;

(ii) the proposed Interest Rate Change Date;

(iii) if the Interest Rate Change is (A) a Floating Rate Change, the proposed index, Early Mandatory Tender Date (if any) and Final Mandatory Tender Date, (B) a Change to Variable Rate, the Mode into which the 2026/2027

Series Bonds will be converted, (C) a Conversion to Index Bonds, the Index Rate Determination Method as provided in Section 11.02(d) hereof;

(iv) that the 2026/2027 Series Bonds will be subject to mandatory tender (subject to Section 11.10(d) hereof) on the Interest Rate Change Date; and

(v) that the Agency may elect to cancel the Interest Rate Change, notice of which must be given to Bondholders at least seven calendar days prior to the proposed Interest Rate Change Date.

If the Agency elects not to proceed with the Interest Rate Change, the Agency will give notice of the cancellation of the Interest Rate Change to the Notice Parties at least nine calendar days prior to the proposed Interest Rate Change Date and, thereafter, the Trustee will give notice to each Holder of the 2026/2027 Series Bonds of that cancellation of the proposed Interest Rate Change at least seven calendar days prior to the proposed Interest Rate Change Date for which the foregoing notice was given.

Upon any Interest Rate Change, the 2026/2027 Series Bonds to be so changed will be subject to mandatory tender in accordance with this Section and Section 11.10 hereof, and the Holders thereof will be notified of the Interest Rate Change as provided herein. No 2026/2027 Series Bonds to be subject to that Interest Rate Change may be remarketed by the Remarketing Agent subsequent to the date of notice of that Interest Rate Change except to purchasers who agree to accept the New Floating Rate, the Variable Rate, the Fixed Interest Rate or the Indexed Rate, to which the interest rate on the 2026/2027 Series Bonds is being changed. The Remarketing Agent will determine (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, which in each case, would result as nearly as practicable in the market value of the 2026/2027 Series Bonds on that Interest Rate Change Date being 100 percent of the principal amount thereof. The determination by the Remarketing Agent of the (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, in accordance with this Section 11.02(c) will be conclusive and binding on the Holders of the 2026/2027 Series Bonds and the other Notice Parties.

Unless and until all conditions for the Interest Rate Change for any 2026/2027 Series Bonds other than FRNs are satisfied, those 2026/2027 Series Bonds will continue to bear interest in the same manner as interest on those 2026/2027 Series Bonds bore interest immediately prior to the applicable Interest Rate Change Date. Unless and until all conditions for an Interest Rate Change for any FRNs are satisfied, those FRNs will be retained by the Owners of such FRNs and will continue to bear interest in the same manner as interest on those FRNs bore interest immediately prior to the proposed Interest Rate Change Date; provided, however, that any failure to satisfy conditions for an

Interest Rate Change on any Final Mandatory Tender Date shall be deemed a Failed Remarketing.

The Remarketing Agent will notify by Electronic Means the Notice Parties of the FRN Adjustment Factor, the initial Variable Rate, the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, on or prior to the Interest Rate Change Date. Any 2026/2027 Series Bonds tendered but not subject to an Interest Rate Change will continue to bear interest in the same manner as interest on those 2026/2027 Series Bonds bore interest immediately prior to the applicable Interest Rate Change Date. During a Delayed Remarketing Period, the Agency may designate to the Notice Parties a New Floating Rate, Variable Rate Mode, Fixed Interest Rates or Index Rates, upon 5 days' notice.

If a Series (or any portion thereof) of the 2026/2027 Series Bonds are changed to Liquidity Facility Bonds, on or prior to the Variable Rate Change Date, the Agency must enter into a Liquidity Facility with respect to those Liquidity Facility Bonds meeting the requirements of this 2026/2027 Variable Rate Series Resolution.

Any 2026/2027 Series Bonds that are subject to a Change to Variable Rate will bear interest determined in the Mode in which those 2026/2027 Series Bonds are changed. The Remarketing Agent will determine the interest rates on those 2026/2027 Series Bonds as provided in Section 11.02(d) hereof.

(d) Mode Period. Unless on the issuance date thereof Agency has set forth a different Mode Period or other Indexed Rate for a Series of the 2026/2027 Series Bonds, in an Agency Certificate, delivered pursuant to Section 6.01, the Mode Period from each Issue Date of each Series of the 2026/2027 Series Bonds is as set forth in Section 11.02(a), and thereafter, until further designation by the Agency, is a Weekly Mode Period. While any 2026/2027 Series Bonds bear interest at a Variable Rate, the Agency may designate an alternate Mode Period with respect to those 2026/2027 Series Bonds. The Agency may give written notice of an alternate Mode Period to the other Notice Parties and the Trustee must give written notice of the Mode Change to the Owners and to each Rating Agency then rating the 2026/2027 Series Bonds, each in accordance with the provisions of the Mode Period Chart; provided, however, that each Mode Change Date must be an Effective Rate Date for that alternate Mode Period.

If portions of a Series of the 2026/2027 Series Bonds are simultaneously Outstanding as FRNs and Variable Rate Bonds or in more than one Mode Period, then the Trustee will (i) set up subaccounts in the 2026/2027 Series Bonds Purchase Account relating to the FRNs and Variable Rate Bonds or those respective Mode Periods (those subaccounts in the related 2026/2027 Series Bond Purchase Account are not required when all 2026/2027 Series Bonds of a Series are Outstanding as FRNs or Variable Rate Bonds in the same Mode Period), and (ii) draw only on the Liquidity Facility applicable to the respective Mode Periods and related subaccount(s) in the related 2026/2027 Series Bond Purchase Account.

Promptly upon receipt of the notice from the Agency, in accordance with the provisions of the Mode Period Chart, the Trustee must notify each Owner of the new designated Mode Period and of the applicable Rate Determination Date, Effective Rate Date, Statement of Effective Rate, Irrevocable Notice of Tender by Owners/Tender and Purchase Date (within Mode Period) and Written Mode Change Notice and Notice of Mandatory Tender, each of which will be determined in accordance with the following chart (the "Mode Period Chart"):

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MODE CHART FOR VARIABLE RATE BONDS

(All times referenced are New York City time.)

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
Rate Determination Date	Each Business Day by 10:00 a.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.
Effective Rate Date	Daily	For Liquidity Facility Bonds, the Thursday following the Rate Determination Date; For Unenhanced Variable Rate Bonds, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
Statement of Effective Rate	Trustee to provide or cause to be provided to Owner monthly statement of Daily Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner monthly statement of Weekly Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates
For Liquidity Facility Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 11:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on any Business Day at least seven calendar days prior to the purchase date, which will be any Business Day and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on the Business Day seven days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Unenhanced Variable Rate Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Owner to Remarketing Agent and Tender Agent not later than 10:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
Written Mode Change Notice; Mandatory Tender Notice	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date

(e) Subdesignation of 2026/2027 Series Bonds Upon Interest Rate Change. On any Interest Rate Change Date, all Series of 2026/2027 Series Bonds subject to Interest Rate Change on that Interest Rate Change Date will automatically, upon the Interest Rate Change, bear a sub designation. For example, the first Series of the 2026/2027 Series Bonds so Converted will be redesignated "Series __-1" and the second Series of the 2026/2027 Series Bonds so Converted will be redesignated "Series __-2." The redesignations will be consecutively numbered and will continue in like manner until all such related Outstanding Series of 2026/2027 Series Bonds have been Converted to Fixed Rate Bonds or Indexed Rate Bonds. The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

11.03. Special Redemption.

(a) Non-Origination. Each Series of the 2026/2027 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from unexpended proceeds of the related Series of Series Bonds held in the related 2026/2027 Series Acquisition Account, and from allocable amounts, as reasonably determined by the Agency, held in the related 2026/2027 Series Account in the Debt Service Reserve Fund and Insurance Reserve Fund, transferred to the Bond Redemption Fund for that purpose, to the extent set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution.

(b) Excess Revenues. Each Series of the 2026/2027 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, and, if in part, pro rata among the Outstanding Series of the 2026/2027 Series Bonds but subject to Section 11.04(d), at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund, to the extent set forth in any Agency Certificate delivered in connection with a Floating Rate Change Date or on an Interest Rate Change Date. "Excess Revenues," for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in those series resolutions, (iii) amounts required to maintain the required balance in the Debt Service Reserve Fund and Insurance Reserve Fund, (iv) amounts payable to a Swap Counterparty, and (v) amounts required to pay fees and other costs of the Agency in connection with the Program.

11.04. Optional Redemption.

(a) The 2026/2027 Series Bonds of each Series bearing interest at a FRN Rate are subject to redemption prior to their stated maturity at the option of the Agency, from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on

(i) any date set forth for optional redemption of the FRNs in an Agency Certificate delivered pursuant to (A) Section 6.01 hereof or (B) in connection with an Interest Rate Change pursuant to Section 11.02(c), (ii) any Business Day which is a FRN Mandatory Tender Date and (iii) on any Business Day during any Delayed Remarketing Period at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date.

(b) The 2026/2027 Series Bonds of each Series bearing interest at a Variable Rate will be subject to redemption prior to maturity at the option of the Agency, in whole or in part (and if in part in an Authorized Denomination) on any date, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date, without premium.

(c) Any 2026/2027 Series Bonds of each Series bearing interest at a Fixed Interest Rate will be subject to redemption prior to maturity at the option of the Agency, from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on any date that is on or after the January 1 nearest to the end of the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of such 2026/2027 Series Bond called for redemption) plus accrued interest to the date fixed for redemption:

Term to Maturity	No-Call Period	Redemption Price
15 years or more	9 years from the Conversion Date	100 percent
More than five years but less than 15 years	50 percent of the term from the Conversion Date to maturity plus two years	100 percent
Five years or less	Term to maturity	Not subject to optional redemption

At or prior to the Conversion of any 2026/2027 Series Bonds to a Fixed Interest Rate, the Agency may deliver to the Trustee an alternative redemption schedule to the schedule shown above if the Agency delivers to the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the 2026/2027 Series Bonds in accordance with their terms and will not have an adverse effect on any exemption from federal income taxation to which the interest on the 2026/2027 Series Bonds would otherwise be entitled.

(d) Indexed Rate Bonds are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part, on any date at a redemption price of 100 percent of the principal amount thereof, together with interest accrued to the date of redemption.

(e) To the extent the Agency determines to redeem the 2026/2027 Series Bonds pursuant to Section 11.03 and this Section 11.04, the Agency must redeem all outstanding Bank Bonds prior to redeeming any other 2026/2027 Series Bonds.

11.05. Mandatory Sinking Fund Redemption. The 2026/2027 Series Bonds will be subject to mandatory redemption by application of Sinking Fund Installments, if any, as set forth in the final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2026/2027 Variable Rate Series Resolution or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2026/2027 Variable Rate Series Resolution, as the case may be; provided, however, that all outstanding Bank Bonds must be redeemed before any other 2026/2027 Series Bonds are redeemed pursuant to this Section 11.05.

11.06. Special Redemption of Bank Bonds. Notwithstanding any provisions of the Bond Resolution or this 2026/2027 Variable Rate Series Resolution to the contrary, Bank Bonds must be redeemed on the dates and in the amounts required by the Liquidity Facility.

11.07. Manner of Redemption. If less than all of any FRNs are called for redemption, the FRNs will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) and FRN Rates in the manner as the Trustee deems fair.

Upon redemption of any of the 2026/2027 Series Bonds (other than through mandatory sinking fund installments or redemption of Bank Bonds), subject to the above paragraph, the principal amounts of the 2026/2027 Series Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and this 2026/2027 Variable Rate Series Resolution, including a certification that the purchase or redemption of those 2026/2027 Series Bonds will have no material adverse effect on the Agency's ability to pay when due the Principal Installments of and interest on the Bonds Outstanding under the Bond Resolution after that purchase or redemption. Upon redemption of any of the 2026/2027 Series Bonds that are Term Bonds (other than through sinking fund installments) an Authorized Officer must also determine and certify to the Trustee the years in which and the amounts by which the sinking fund installments referred to in Section 11.05 are to be reduced, in a manner that the aggregate reduction equals the aggregate principal amount of the 2026/2027 Series Bonds so redeemed.

11.08. Conversion to Fixed Interest Rate or Indexed Rate.

(a) The Agency may at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Conversion of a Series (or portion thereof) of the 2026/2027 Series Bonds will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the related 2026/2027 Series Bonds (other than Bonds previously Converted) on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate as described herein upon a written notice to the other Notice Parties that the Agency will cause a Conversion of the related 2026/2027 Series Bonds (or the portion

thereof) on the Conversion Date set forth in that written notice, which Conversion Date may not occur sooner than 30 days after the date of that notice and, with respect to any Conversion of 2026/2027 Series Bonds to Indexed Rate Bonds, which notice must specify the Indexed Rate Determination Method with respect to those Bonds.

(b) Prior to the Conversion of any Series (or portion thereof) of the 2026/2027 Series Bonds, the Trustee must deliver a notice to the Owners of the 2026/2027 Series Bonds to be Converted and to each Rating Agency currently rating the 2026/2027 Series Bonds, not less than 30 days prior to the Conversion Date, setting forth the following information:

(i) that the interest rate on those 2026/2027 Series Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;

(ii) the proposed Conversion Date;

(iii) that those 2026/2027 Series Bonds will be remarketed by the Remarketing Agent or purchased by the Tender Agent on the Conversion Date; and

(iv) that the Agency may elect to cancel the Conversion, notice of which must be given to Bondowners at least one week prior to the proposed Conversion Date.

If the Agency elects not to proceed with the Conversion, the Agency must give notice of the cancellation of the Conversion to the Notice Parties and, thereafter, the Trustee must give notice to each Owner of the related 2026/2027 Series Bonds of that cancellation of the proposed Conversion at least one week prior to the proposed Conversion Date for which the foregoing notice was given.

(c) Upon any Conversion, the 2026/2027 Series Bonds to be Converted will be subject to mandatory tender in accordance with this Section 11.08 and Section 11.10, and the Owners thereof will be notified of the Conversion as provided herein. No 2026/2027 Series Bonds to be Converted may be remarketed by the Remarketing Agent subsequent to the date of notice of the Conversion except to purchasers who agree to accept the Fixed Interest Rate or the Indexed Rate, as applicable.

(d) Any 2026/2027 Series Bonds that are Converted will bear interest at the Fixed Interest Rate determined upon that Conversion or the Indexed Rate with respect thereto determined from time to time in accordance with the provisions hereof, as applicable, until the maturity or prior redemption thereof. The Remarketing Agent must determine (i) in the case of a Conversion of any 2026/2027 Series Bonds to Fixed Rate Bonds, the Fixed Interest Rates as those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted 2026/2027 Series Bonds on the Conversion Date being 100 percent of the principal amount thereof and (ii) in the case of a Conversion of any 2026/2027 Series Bonds to Indexed Rate Bonds, the Index Adjustment Factor or Index Percentage, as applicable, with respect to those Bonds as the Index Adjustment Factor or Index

Percentage, as applicable, that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted 2026/2027 Series Bonds on the Conversion Date being 100 percent of the principal amount thereof. The Remarketing Agent must notify the Notice Parties of the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, as soon as practicable following the Conversion Date. The determination by the Remarketing Agent of the Fixed Interest Rates to be borne by or the Index Adjustment Factor or Index Percentage with respect to a Series of (or portion thereof) of the 2026/2027 Series Bonds in accordance with this Section 11.08 is conclusive and binding on the Owners of those 2026/2027 Series Bonds and the other Notice Parties, except as otherwise provided herein. The 2026/2027 Series Bonds tendered but not Converted will bear interest in the Mode as determined by the Agency in accordance with Section 11.08(b).

(e) Unless and until all conditions for the Conversion of any 2026/2027 Series Bonds other than FRNs are satisfied, those 2026/2027 Series Bonds will continue to bear interest in the same manner as interest on those 2026/2027 Series Bonds bore interest immediately prior to the applicable Conversion Date. Unless and until all conditions for the Conversion of any FRNs are satisfied, those FRNs will be retained by the Owners of such FRNs and will continue to bear interest in the same manner as interest on those FRNs bore interest immediately prior to the proposed Conversion Date; provided, however, that any failure to satisfy conditions for a Conversion on any Final Mandatory Tender Date shall be deemed a Failed Remarketing.

(f) On any Conversion Date, all 2026/2027 Series Bonds subject to Conversion on that Conversion Date will automatically, upon the Conversion, bear a sub designation, as set forth in Section 11.02(e). The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(g) Upon making an election to Convert any Series (or portion thereof) of the 2026/2027 Series Bonds to Indexed Rate Bonds, the Agency must, for those Bonds, select the method for determining the Indexed Rate on each Index Determination Date from among the options described in paragraphs (i), (ii), (iii) or (iv) below, and must specify the method in its notice to the Trustee in connection with the Conversion. Upon Conversion of any 2026/2027 Series Bond to an Indexed Rate, the Indexed Rate Determination Method so selected for those 2026/2027 Series Bonds will be irrevocable. Nothing herein limits the Agency from Converting different groups or Series of 2026/2027 Series Bonds to Indexed Rates at different times or from choosing different Indexed Rate Determination Methods for different groups or Series (or portions thereof) of 2026/2027 Series Bonds.

(i) Index Bonds may bear interest during each Index Accrual Period (a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index multiplied by the Index Percentage determined for those bonds and (b) for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, at the SOFR Index multiplied by the Index Percentage determined for those bonds; or

(ii) Index Bonds may bear interest during each Index Accrual Period (a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index plus or minus the Index Adjustment Factor for those bonds and (b) for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, at the SOFR Index plus or minus the Index Adjustment Factor for those bonds; or

(iii) Index Bonds may bear interest during each Index Accrual Period at the SOFR Index multiplied by the Index Percentage determined for those bonds; or

(iv) Index Bonds may bear interest during each Index Accrual Period at the SOFR Index plus or minus the Index Adjustment Factor for those bonds.

11.09. Owners' Election to Tender.

(a) Prior to any Conversion, Owners of Liquidity Facility Bonds (other than Bank Bonds and 2026/2027 Series Bonds owned by or on behalf of the Agency) may elect to tender their 2026/2027 Series Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or Tender Agent, as applicable, in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. The notice of tender for purchase of 2026/2027 Series Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent and/or the Tender Agent, as directed in the Mode Period Chart.

(b) Prior to Conversion, holders of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or the Tender Agent, as applicable, at the times and in the manner set forth in the "Mode Chart for Variable Rate Bonds," will be purchased on the next Effective Rate Date at a price equal to 100 percent of the principal amount thereof plus accrued interest. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

11.10. Mandatory Tender of 2026/2027 Series Bonds.

(a) (i) Subject to Section 11.10(d) hereof, any FRNs are subject to mandatory tender for purchase (with no right to retain) (i) on each Final Mandatory Tender Date, (ii) on any Early Mandatory Tender Date specified by the Agency, and (iii) on each Interest Rate Change Date, at the Purchase Price, subject to the conditions described herein.

(ii) The Agency may establish one or more Early Mandatory Tender Dates on which all or a portion of any FRNs, unless earlier redeemed, are subject

to mandatory tender for purchase (with no right to retain) at a price equal to the Purchase Price.

(iii) If only a portion of such FRNs will be subject to mandatory tender on such Early Mandatory Tender Date, the FRNs that will and will not be subject to mandatory tender on such date will be selected by lot; provided that so long as the book-entry system remains in effect for the FRNs, the particular 2026/2027 Series Bond of such subseries to be purchased by lot or such other manner as DTC shall determine.

(iv) Holders of FRNs that will be subject to mandatory tender for purchase on an Early Mandatory Tender Date will receive notice of the mandatory tender as described in subsection 11.10(c).

(v) Subseries of FRNs may be created on an FRN Mandatory Tender Date; 2026/2027 Series Bonds will be revised pursuant to Section 10.01 of this 2026/2027 Variable Rate Series Resolution to reflect any such Subseries.

(vi) Any FRN that is subject to mandatory tender on an FRN Mandatory Tender Date may be redeemed without notice on such date.

(b) The Variable Rate Bonds (other than Bank Bonds and 2026/2027 Series Bonds owned by or on behalf of the Agency) or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date, each Unenhanced Variable Rate Change Date, and each FRN Rate Change Date (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity, if that Mandatory Tender has not already occurred pursuant subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a "Notice of Termination Date" (as defined in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described herein.

(c) In connection with any mandatory tender of Variable Rate Bonds or FRNs upon a Mandatory Tender Date, the Trustee must deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and, subject to the provisions of Section 11.10(d) with respect to all FRNs, that all Owners subject to the mandatory tender will be deemed to have tendered their Variable Rate Bonds upon that date. So long as all of the 2026/2027 Series Bonds are registered in the name of Cede & Co., as nominee for DTC, the notice will be delivered to DTC or its nominee as registered owner of the 2026/2027 Series Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the 2026/2027 Series Bonds. Neither the Trustee nor the Agency is responsible for sending notices to beneficial owners. The Agency must give notice of any Mandatory Tender Date to each Rating Agency then rating the 2026/2027 Series Bonds at least 15 days prior to that date.

(d) On each FRN Mandatory Tender Date, the Remarketing Agent will use its best efforts as described herein to sell those FRNs at the Purchase Price subject to the terms of a Remarketing Agreement. On or before 3:00 p.m., New York City time, on each FRN Mandatory Tender Date, if moneys sufficient to pay the purchase price of all FRNs subject to mandatory tender on that date will be held by the Tender Agent, the Tender Agent will purchase all those FRNs from the Holders at the Purchase Price. In the event that remarketing proceeds and any funds made available by the Agency, in its sole discretion, as provided in Section 11.10(l) hereof, for those purposes are insufficient to pay the Purchase Price of all FRNs subject to mandatory tender on that FRN Mandatory Tender Date (a "Failed Remarketing"), no FRNs will be purchased, the Holders do not have the right to have those FRNs purchased upon tender, any tendered FRNs will be returned to the Holders thereof, the Tender Agent will return remarketing proceeds to the Remarketing Agent for return to the persons providing those moneys, and those FRNs will remain in the applicable Floating Rate Term and will bear interest at the Maximum Rate during the Delayed Remarketing Period. On each Business Day during a Delayed Remarketing Period, the Remarketing Agent will continue to use its best efforts to remarket the FRNs at the New Floating Rate, a Variable Rate, Fixed Interest Rates or an Index Rate as designated by the Agency as provided herein. Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all the FRNs on a particular date, the Trustee, at the direction of the Agency, will give notice to the registered owners of those FRNs not later than five Business Days prior to that date, stating (i) that those FRNs will be subject to mandatory tender for purchase on that date, (ii) the procedures for mandatory tender, (iii) the Purchase Price, and (iv) the consequences of a Failed Remarketing.

(e) On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described herein to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to Section 12.01, purchase those Bonds (hereinafter called "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate.

(f) Any Variable Rate Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date ("Untendered Bonds"), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those Variable Rate Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, the Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolution.

(g) Any FRNs not tendered and, if the Book-Entry System is not in effect, delivered, with all necessary endorsements for transfer and signature guarantees, to the Tender Agent at or prior to its 2:30 p.m., New York City time, on its FRN Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price are "deemed tendered" for purposes of this 2026/2027 Variable Rate Series Resolution and will cease to accrue interest on that FRN Mandatory Tender Date; that Untendered Bond will cease to be Outstanding under the General Bond Resolution; and the Owner of that Untendered Bond will no longer be entitled to any payment or other benefits under the General Bond Resolution and this 2026/2027 Variable Rate Series Resolution, except payment of the Purchase Price therefor from money and only from that money, held by the Tender Agent for that purpose upon presentation to the Tender Agent (with appropriate instrument of transfer) at its principal office at or prior to 3:00 p.m., New York City time, on any Business Day after the Mandatory Tender Date. If the Book-Entry System is not then in effect, Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution and this 2026/2027 Variable Rate Series Resolution.

(h) UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the holders thereof do not have the right to have the Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with this 2026/2027 Variable Rate Series Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether that inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in Sections 11.09 and 11.10.

(i) The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with this 2026/2027 Variable Rate Series Resolution at a price equal to 100 percent of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond.

(j) During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the "Non-Remarketing Period"), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Non-Remarketed Rate determined from time to time as described in Section 11.02.

(k) Notwithstanding the foregoing provisions, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

(l) The Agency may, but shall not be obligated to, transfer immediately available funds of the Agency to the Tender Agent for the payment of the Purchase Price of 2026/2027 Series Bonds required to be tendered on a Mandatory Tender Date.

11.11. Limitation Upon Defeasance FRNs and Variable Rate Bonds. Notwithstanding the provisions of the Bond Resolution relating to the defeasance of Bonds, the defeasance of 2026/2027 Series Bonds that are FRNs or Variable Rate Bonds will be conditioned upon receipt by the Trustee of written evidence from each Rating Agency currently rating the 2026/2027 Series Bonds that its rating then in effect on the 2026/2027 Series Bonds will not be reduced or withdrawn due to the defeasance. Additionally, in the event of any partial defeasance of any of the FRNs or Variable Rate Bonds, separate accounts will be established by the Trustee for the defeased FRNs or Variable Rate Bonds and the non-defeased Variable Rate Bonds, respectively.

11.12. Agency Not Responsible to Bondowners for Bank's Failure to Purchase 2026/2027 Series Bonds. Except as provided in the following sentences of this Section 11.12, the Agency is not responsible to Bondowners for any failure by the Bank to purchase Liquidity Facility Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to this 2026/2027 Variable Rate Series Resolution, nor upon the occurrence of a Termination Event or a Suspension Event (as each are defined in the Liquidity Facility). If the Agency is the Bank, the Agency will be responsible for the foregoing to the extent provided by and in accordance with the related Self Liquidity. In addition, the Agency will be required to pay the Purchase Price of any Liquidity Facility Bonds tendered on or after the occurrence of a Termination Event under the Liquidity Facility, so long as no Liquidity Facility is then in effect with respect to those Liquidity Facility Bonds, but only if that Termination Event arises solely from the long-term credit rating of the Liquidity Facility Bonds being withdrawn or suspended or reduced below "Baa3" or "BBB-" by Moody's or S&P, respectively (a "Downgrade Event"). In the event that the Bank fails for any reason to purchase Liquidity Facility Bonds tendered or deemed tendered for purchase by the Owners thereof, the Liquidity Facility Bonds will bear interest at an interest rate determined on a weekly basis to be the lesser of (a) for any Tax-Exempt Series Bonds, (i) the SIFMA Swap Index plus 1.25 percent or (ii) the Maximum Rate, and (b) for any 2026/2027 Series Bonds which are not Tax-Exempt Series Bonds, (i) the sum of the SOFR Index plus 1.60 percent or (ii) the Maximum Rate; in each case, except for a failure following a Termination Event due to a Downgrade Event, the Owners of those Liquidity Facility Bonds will not have the right to tender their Bonds during the period that the interest rate is so determined.

11.13. General Provisions Regarding Optional and Extraordinary Optional Redemptions.

(a) Any redemption of less than all of the 2026/2027 Series Bonds outstanding must be made in a manner that all 2026/2027 Series Bonds of that Series outstanding after the redemption are in Authorized Denominations.

(b) Notwithstanding any contrary provisions of the Bond Resolution, 2026/2027 Series Bonds may be called for redemption by the Trustee pursuant to Sections 11.03 and 11.04 (except with respect to Bank Bonds) hereof upon receipt by the Trustee at least 25 days prior to the redemption date of an Agency Certificate requesting the redemption. In addition to the information required by Section 5.2 of the Bond Resolution, the Agency Certificate must also specify the principal amount of the related 2026/2027 Series Bonds of each Mode (and if the related 2026/2027 Series Bonds within a Mode bear interest at differing rates, the principal amount of 2026/2027 Series Bonds of each rate) to be called for redemption.

(c) Bank Bonds may be called for redemption by the Trustee pursuant to Section 11.04(a) upon receipt by the Trustee at least one Business Day prior to the redemption date of an Officer's Certificate of the Agency requesting the redemption. The Trustee must give notice to the Bank in accordance with the Liquidity Facility one Business Day prior to any redemption of Bank Bonds pursuant to Section 11.04(a) or 11.06.

In lieu of redeeming 2026/2027 Series Bonds pursuant to this Section 11.13, the Trustee may, at the request of the Agency, use the funds available hereunder for redemption of 2026/2027 Series Bonds to purchase 2026/2027 Series Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2026/2027 Series Bond so purchased in lieu of redemption must be delivered to the Trustee for cancellation.

11.14. Notice of Redemption.

(a) Except as herein provided, a copy of the notice of the call for any redemption identifying the 2026/2027 Series Bonds to be redeemed must be given by Immediate Notice, with respect to 2026/2027 Series Bonds bearing interest at a Daily or Weekly Rate, not less than 20 days prior to the date fixed for redemption and must be given by first class mail, postage prepaid to the Owners of 2026/2027 Series Bonds to be redeemed at their addresses as shown on the Bond Register. The notice must specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2026/2027 Series Bonds that are the subject of the notice and will include other information as the Trustee deems appropriate or necessary at the time the notice is given to comply with any applicable law, regulation or industry standard. A copy of the notice of any redemption must also be given to the Remarketing Agent (if a Remarketing Agreement is in force) and to the Bank (if a Liquidity Facility is in force) promptly following the giving of notice to the Bondowners as aforesaid.

(b) Notwithstanding the foregoing, (i) any FRNs may be redeemed on any Final Mandatory Tender Date without notice and (ii) for any FRNs to be redeemed during a Delayed Remarketing Period pursuant to Section 11.10(d), the Trustee must give notice to the registered owners of those FRNs not later than five Business Days prior to the date of redemption; any notice of redemption given pursuant to Section 11.10(d) must state (A) that those FRNs will be subject to mandatory tender for purchase and redemption on that date, (B) the procedures for mandatory tender, and (C) the Purchase Price.

(c) Notwithstanding the foregoing, if Bank Bonds are to be redeemed pursuant to Section 11.04(a) or 11.06, the Trustee must give Immediate Notice of a redemption of Bank Bonds to the Bank at least one Business Day prior to the date fixed for redemption, upon receipt of the Officer's Certificate of the Agency.

(d) Failure to give notice in the manner prescribed hereunder with respect to any 2026/2027 Series Bonds, or any defect in the notice, will not affect the validity of the proceedings for redemption for any 2026/2027 Series Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2026/2027 Series Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2026/2027 Series Bonds thus called will not after the applicable redemption date bear interest, be protected by the Bond Resolution or this 2026/2027 Variable Rate Series Resolution or be deemed to be outstanding under the provisions of the Bond Resolution or this 2026/2027 Variable Rate Series Resolution.

(e) If any 2026/2027 Series Bond is transferred or exchanged on the Bond Register by the Trustee after notice has been given calling that 2026/2027 Series Bond for redemption, the Trustee will attach a copy of the notice to the 2026/2027 Series Bond issued in connection with the transfer or exchange.

(f) To the extent the provisions of this Section 11.14 conflict with the provisions of the Bond Resolution relating to the method and timing of giving notice of redemption, the provisions of this Section 11.14, as to the 2026/2027 Series Bonds, will control.

11.15. Selection of 2026/2027 Series Bonds to Be Redeemed. If less than all of a Series of the FRNs are called for redemption, the FRNs of that Series will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates of a Series to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) of that Series and FRN Rates in the manner as the Trustee deems fair.

If less than all the 2026/2027 Series Bonds (other than FRNs) of a Series are called for redemption under any provision of this 2026/2027 Variable Rate Series Resolution permitting a partial redemption, those 2026/2027 Series Bonds will be selected in accordance with an Officer's Certificate specifying that Series of 2026/2027 Series Bonds of a particular Mode and interest rate to be redeemed, and otherwise the redemption must be by lot in a manner as the Trustee may determine among the Series of 2026/2027 Series Bonds of the same Series Mode and interest rate. In selecting 2026/2027 Series Bonds (other than FRNs) for redemption, the Trustee will treat each 2026/2027 Series Bond as representing that number of 2026/2027 Series Bonds that is obtained by dividing the principal amount of that 2026/2027 Series Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2026/2027 Series Bonds (other than FRNs) is to be called for redemption, then, upon notice of intention to redeem that integral multiple of an Authorized Denomination, the Owner of that 2026/2027 Series Bond must forthwith surrender that 2026/2027 Series Bond to the Trustee for (a) payment to the Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to the Owner of a new 2026/2027 Series Bond or 2026/2027 Series Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the 2026/2027 Series Bond. New 2026/2027 Series Bonds representing the unredeemed balance of the principal amount of that 2026/2027 Series Bond will be issued to the Owner thereof without charge.

Notwithstanding the foregoing provisions of this Section 11.15 or Section 5.5 of the Bond Resolution to the contrary, any redemption of less than all of a Series the 2026/2027 Series Bonds outstanding must be made first from Bank Bonds relating to such Series.

11.16. Notices to Rating Agencies. To the extent notice is not otherwise provided pursuant to the terms of this 2026/2027 Variable Rate Series Resolution or the Bond Resolution, the Trustee must provide Immediate Notice to each of the Rating Agencies then rating the 2026/2027 Series Bonds of any of the following occurrences: (i) the expiration, termination, extension or amendment of the Liquidity Facility, (ii) the provision of an Alternate Liquidity Facility, (iii) any Unenhanced Variable Rate Change Date, (iv) the redemption in whole of the 2026/2027 Series Bonds, (v) the acceleration of the 2026/2027 Series Bonds, (vi) any amendments to the provisions of this 2026/2027 Variable Rate Series Resolution, and (vii) the resignation or removal of the Trustee. Any notices sent to S&P pursuant to the terms of this 2026/2027 Variable Rate Series Resolution should be sent by email to pubfin_structured@spglobal.com; any notices sent to Moody's pursuant to this 2026/2027 Variable Rate Series Resolution should be sent by email to david.parsons@moodys.com.

Section 12. Payment of Tendered 2026/2027 Series Bonds.

12.01. Payment of Tendered FRNs and Variable Rate Bonds. FRNs and Variable Rate Bonds that are tendered or deemed tendered under the terms of this 2026/2027 Variable Rate Series Resolution must be purchased by the Tender Agent, as appropriate, upon surrender of those Variable Rate Bonds, but only from the sources listed below, from the Owners thereof by 4:30 p.m., New York City time, on the date those Bonds are required to be purchased at the Purchase Price.

Funds for the payment of the Purchase Price of FRNs must be derived from the proceeds of the remarketing of those 2026/2027 Series Bonds on an Early Mandatory Tender Date, a Final Mandatory Tender Date or any Business Day during a Delayed Remarketing Period, and, in the event remarketing proceeds are insufficient for the payment of that Purchase Price, payments made directly by the Agency at its option pursuant to Section 11.10(e) with respect to the purchase or redemption of the 2026/2027 Series Bonds.

Funds for the payment of the Purchase Price of Variable Rate Bonds must be derived from the following sources in the order of priority indicated:

(a) the proceeds of the sale of Variable Rate Bonds furnished to the Remarketing Agent by the purchasers thereof pursuant to Section 13.06 of this 2026/2027 Variable Rate Series Resolution;

(b) moneys furnished to the Tender Agent pursuant to Section 13.03 of this 2026/2027 Variable Rate Series Resolution, representing the proceeds of a draw under the applicable Liquidity Facility; and

(c) payments made directly by the Agency with respect to the purchase of 2026/2027 Series Bonds.

12.02. Liquidity Facility.

(a) The Agency covenants to deliver the related Initial Liquidity Facility simultaneously with the authentication and delivery of a Series of the 2026/2027 Series Bonds bearing interest at a Variable Rate, and to provide an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity upon the expiration or termination of a Liquidity Facility or the replacement of the Bank so long as any 2026/2027 Series Bonds are Liquidity Facility Bonds. The Tender Agent will be authorized and directed to execute each Liquidity Facility. Each Liquidity Facility must provide for the Bank to provide funds for the purchase of related Liquidity Facility Bonds that have been tendered and not remarketed subject to certain conditions as described therein or herein. If the Bank is replaced by multiple liquidity providers, the obligations of those providers to provide funds may be several and need not be joint obligations. The Agency hereby covenants that it will pay the principal of and interest on the Bank Bonds in accordance with each Liquidity Facility. The Agency covenants and agrees with the Owners of the related 2026/2027 Series Bonds that it will pay any obligation, fee or charge necessary to maintain each Liquidity Facility.

(b) The Agency must not enter into any Liquidity Facility unless the Liquidity Facility provides that any expiration or termination thereof (as set forth in subsection (i) below, but not including a termination resulting from a Termination Event) that gives rise to a mandatory tender of the related 2026/2027 Series Bonds will occur not less than 30 days following the date of notice by the Bank to the Trustee of termination. The Mandatory Tender Date will be not less than five days prior to the date that the related Liquidity Facility expires or terminates. Any mandatory tender of the related 2026/2027 Series Bonds pursuant to this Section 12.02(b) will be done in accordance with the terms

of Section 11.10, provided, however, that the notice requirements for that mandatory tender will be pursuant to this Section 12.02(b).

(i) Promptly upon receipt by the Trustee and the Agency of a written notice of termination of the Liquidity Facility by the Bank, which termination will not occur less than 30 days following receipt by the Trustee of the written notice, the Trustee must give notice to the Owners of the related 2026/2027 Series Bonds that are Liquidity Facility Bonds that those 2026/2027 Series Bonds will be subject to mandatory tender for purchase, with no right to retain, at the Purchase Price (payable by the Bank if remarketing proceeds are insufficient therefor) on the date set forth for purchase in the notice.

(ii) Unless the Trustee has received (A) written notice from the Bank not less than 45 days prior to the stated expiration date of the related Liquidity Facility that it elects to extend or renew that Liquidity Facility or (B) written notice from the Agency not less than 45 days prior to the stated expiration date of the related Liquidity Facility that it has determined to provide or cause to be provided an Alternate Liquidity Facility (in which case the related 2026/2027 Series Bonds that are Liquidity Facility Bonds will be subject to mandatory tender as described in Section 12.03(a)), the Trustee must give notice to the Owners of the related 2026/2027 Series Bonds that those 2026/2027 Series Bonds will be subject to mandatory tender for purchase, with no right to retain, not less than 30 days from the date of the notice to those Bondowners, at the Purchase Price (payable by the Bank) on the date set forth for purchase in the notice.

(iii) The Trustee must give notice to the Owners of 2026/2027 Series Bonds that are Liquidity Facility Bonds of the occurrence of a Termination Event (as defined in the related Liquidity Facility) promptly upon obtaining actual knowledge thereof.

(iv) The Agency must provide prior written notice to each Rating Agency then rating the 2026/2027 Series Bonds with respect to the delivery of any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity or any extension or renewal of a Liquidity Facility.

12.03. Requirements for Delivery of an Alternate Liquidity Facility.

(a) So long as any Series (or portion thereof) of the 2026/2027 Series Bonds will be Liquidity Facility Bonds, at least 45 days prior to the date of expiration of a related Liquidity Facility (as the same may be extended in accordance therewith) or at least 45 days prior to any date upon which the Agency intends to deliver an Alternate Liquidity Facility to the Trustee, the Agency must notify the Notice Parties of its intent to deliver an Alternate Liquidity Facility as permitted by this Section 12.03. The Agency must deliver that Alternate Liquidity Facility to the Trustee on or before the date that the Trustee provides in the notice to the Notice Parties. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Alternate Liquidity Facility and advise that the then-existing Liquidity Facility will

terminate on the date stated in the notice, and that the affected 2026/2027 Series Bonds will be subject to mandatory tender (with no right to retain) not less than five days prior to the termination of the existing Liquidity Facility at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of that mandatory tender of the affected 2026/2027 Series Bonds will be given to Owners of the affected 2026/2027 Series Bonds pursuant to Section 11.10 of this 2026/2027 Variable Rate Series Resolution.

(b) On the effective date of an Alternate Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee (i) an opinion of counsel satisfactory to the Agency stating that the delivery of the Alternate Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof and (ii) an opinion of Bond Counsel to the effect that delivery of the Alternate Liquidity Facility will not affect the exclusion of interest on the related Tax-Exempt Series Bonds from gross income for federal income tax purposes. In addition, no Alternate Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

(i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the Bank providing the Alternate Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Alternate Liquidity Facility is a legal, valid and binding obligation of the Bank thereunder enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Alternate Liquidity Facility or the remarketing of the related 2026/2027 Series Bonds with the benefits thereof;

(ii) letters from each Rating Agency then rating the 2026/2027 Series Bond evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will result in the short-term ratings of the related 2026/2027 Series Bonds to be not less than the highest short-term rating of each Rating Agency; provided, however, that if in an Agency Certificate, the Agency certifies to the Trustee to the effect that it is not practical to obtain an Alternate Liquidity Facility that would permit the related 2026/2027 Series Bonds to be so rated, the letters from each Rating Agency then rating the 2026/2027 Series Bonds evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will not cause the then existing short-term rating of the related 2026/2027 Series Bonds from that Rating Agency to be reduced or withdrawn;

(iii) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Agency and the entity issuing the Alternate Liquidity Facility with respect to the transactions contemplated by the Alternate Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Alternate Liquidity Facility to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(iv) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the related 2026/2027 Series Bonds with an Alternate Liquidity Facility; and

(v) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing Liquidity Facility have been paid.

12.04. Self Liquidity; Non-Conforming Liquidity Facility.

(a) Notwithstanding any other provision of this 2026/2027 Variable Rate Series Resolution, the Agency may elect to provide liquidity support for purchases of any Variable Rate Bonds of any Series (or portion thereof) of the 2026/2027 Series Bonds from its own funds ("Self Liquidity") or through a facility that does not satisfy the requirements of Section 12.03 (a "Non-Conforming Liquidity Facility"), provided that the following provisions of this Section 12.04 are satisfied.

(b) At least 45 days prior to any date upon which the Agency intends to deliver Self Liquidity or a Non-Conforming Liquidity Facility to the Trustee, the Agency must notify the Notice Parties and each Rating Agency then rating the 2026/2027 Series Bonds of its intent to deliver that Self-Liquidity or Non-Conforming Liquidity Facility as permitted by this Section. The Agency must deliver that Self Liquidity or Non-Conforming Liquidity Facility to the Trustee on or before the date specified therefor in the notice described in the preceding sentence. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Non-Conforming Liquidity Facility, if any, the effective date thereof or of Self Liquidity and must advise that the then-existing related Liquidity Facility (or applicable portion thereof) will terminate on that effective date, and that the affected 2026/2027 Series Bonds will be subject to mandatory tender (with no right to retain) and the date of the mandatory tender (which will be not later than the fifth day prior to the last date on which the existing Liquidity Facility will remain in effect) at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of that mandatory tender of the affected 2026/2027 Series Bonds will be given to Owners of the related 2026/2027 Series Bonds pursuant to Section 11.10 of this 2026/2027 Variable Rate Series Resolution.

(c) On the effective date of Self Liquidity or a Non-Conforming Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee an opinion of

counsel satisfactory to the Agency stating that the delivery of the Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof. In addition, no Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

(i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the provider of the Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Liquidity Facility is a legal, valid and binding obligation of the provider enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Liquidity Facility or the remarketing of the related 2026/2027 Series Bonds with the benefits thereof;

(ii) copies of any documents, agreements or arrangements related to or entered into directly or indirectly between the Agency and the entity issuing the related Liquidity Facility with respect to the transactions contemplated by that Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Non-Conforming Liquidity Facility or Self Liquidity to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(iii) letters from each Rating Agency then rating the 2026/2027 Series Bonds evidencing that the replacement of the Liquidity Facility with the proposed Non-Conforming Liquidity Facility or Self Liquidity will result in the reconfirmation of the then existing rating;

(iv) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing related Liquidity Facility have been paid;

(v) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the affected 2026/2027 Series Bonds with a Non-Conforming Liquidity Facility or Self Liquidity;

(vi) if the related Liquidity Facility will provide liquidity support for less than all of a Series of the Outstanding 2026/2027 Series Bonds, the prior written consent of the Bank; and

(vii) if required to make the terms of this 2026/2027 Variable Rate Series Resolution consistent with the terms of the Liquidity Facility, a Series Resolution amending this 2026/2027 Variable Rate Series Resolution.

Section 13. The Tender Agent; The Remarketing Agent; The Calculation Agent.

13.01. Acceptance and Successors.

(a) One or more additional Tender Agents may be appointed by the Agency to the extent necessary to effectuate the rights of the Owners to tender 2026/2027 Series Bonds for purchase as provided herein. The Tender Agent will be entitled to compensation from the Agency for its services provided hereunder in accordance with the schedule of fees provided to, and agreed upon by, the Agency.

(b) The Tender Agent may at any time resign and be discharged of the duties and obligations created by this 2026/2027 Variable Rate Series Resolution by giving at least 60 days' written notice to the other Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Tender Agent hereunder. The Tender Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties and the appointment of, and acceptance by, a successor Tender Agent. Upon the resignation or removal of the Tender Agent, the Tender Agent must pay over, deliver and assign any moneys and 2026/2027 Series Bonds held by it in that capacity to its successor.

(c) If the position of Tender Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Tender Agent, the Agency must appoint a successor Tender Agent to fill the vacancy and provide notice of the appointment to the Notice Parties. A written acceptance of office must be filed by the successor Tender Agent in the manner set forth in subsection (a) above. Any successor Tender Agent must be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $30,000,000 (or, alternatively, maintains a line of credit with a commercial bank of at least $30,000,000) and authorized by law to perform all of the duties imposed on it by this 2026/2027 Variable Rate Series Resolution.

13.02. General Responsibilities of Tender Agent.

(a) Prior to the Conversion of any Series (or portion thereof) of the 2026/2027 Series Bonds, the Tender Agent must perform the duties and obligations set forth in this 2026/2027 Variable Rate Series Resolution, and in particular:

(i) On each Purchase Date on which Liquidity Facility Bonds are to be purchased pursuant to the Liquidity Facility, the Tender Agent must direct the Bank thereunder pursuant to Section 13.03 to provide immediately available funds to be used for the purpose of purchasing tendered Liquidity Facility Bonds that have not been remarketed on that Purchase Date. The Tender Agent must remit immediately to the related Bank funds that are not so used to purchase

tendered Bonds. The Tender Agent must hold Bank Bonds in escrow for the benefit of the related Bank pending receipt of delivery instructions from the Bank; the Tender Agent may not release Bank Bonds to the Agency or the Remarketing Agent without the written confirmation from the related Bank that the Bank has received the full purchase price (including accrued interest) of the Bank Bonds.

(ii) The Tender Agent must hold all moneys delivered to it pursuant to each Liquidity Facility, as agent and bailee of, and in escrow for the benefit of the related Bondowners, in the related 2026/2027 Series Bond Purchase Account until moneys (A) if purchasing unremarketed Liquidity Facility Bonds pursuant to that Liquidity Facility, have been delivered to or for the account of the tendering Bondowners, or (B) if remitting to the Bank, funds that are not so used to purchase tendered Liquidity Facility Bonds, have been so remitted to or for the account of the related Bank. The moneys held by the Tender Agent under this subsection (ii) must be held uninvested and segregated from other funds.

(iii) While any 2026/2027 Series Bonds (or portions thereof) are FRNs, the Tender Agent shall perform the duties and obligations set forth in this 2026/2027 Variable Rate Series Resolution with respect to FRNs, and in particular, the Tender Agent shall hold all moneys delivered to it pursuant to a remarketing of FRNs and remit such funds to the account of the tendering Holders (or in the event of a Failed Remarketing, to the persons from whom the funds were received for purchase of FRNs). Such moneys held by the Tender Agent under this subsection (iii) shall be held segregated from other.

(b) In performing its duties and obligations hereunder, the Tender Agent must perform only the duties specifically set forth in this 2026/2027 Variable Rate Series Resolution and will be entitled to the protections limitations from liability and indemnities afforded to the Trustee hereunder. The Tender Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence, and the Tender Agent may not require additional indemnification prior to directing the Bank to provide funds necessary to purchase any Liquidity Facility Bonds pursuant to Sections 13.03(b) and 13.03(c) of the 2026/2027 Variable Rate Series Resolution.

(c) The Tender Agent may deal in 2026/2027 Series Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Liquidity Facility will be made available for the purchase of Bonds presented at the designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties hereunder.

(e) The Tender Agent and the Remarketing Agent will cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by

the Tender Agent of replacement Bonds in connection with the tender and remarketing of Bonds hereunder.

(f) The Tender Agent hereby waives any rights to, or liens on, any funds or obligations held by or owing to it.

13.03. Sources of Funds for the Purchase of Tendered Bonds.

(a) The Tender Agent may only make the payments called for under this 2026/2027 Variable Rate Series Resolution from funds transferred to it or directed by it for payment pursuant to this 2026/2027 Variable Rate Series Resolution and the related Liquidity Facility, which funds are immediately available to the Tender Agent for purposes of making those payments. Under no circumstances will the Tender Agent be obligated to expend any of its own funds in connection with this 2026/2027 Variable Rate Series Resolution or the performance of its duties hereunder. The Tender Agent will have no liability for interest on any moneys received or held by it.

(b) On the Business Day immediately preceding each Purchase Date, the Tender Agent must, by no later than 4:00 p.m., New York City time (or, in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, on the Purchase Date, by no later than 11:30 a.m. New York City time), give each Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related tendered Liquidity Facility Bonds and the amount of principal and interest, respectively, comprising that Purchase Price. On each Purchase Date, in the event that any Liquidity Facility Bonds tendered for purchase on that date are unable to be remarketed, the Tender Agent must, by no later than 11:30 a.m., New York City time, give the related Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related tendered Liquidity Facility Bonds required to be purchased by the Tender Agent pursuant to the related Liquidity Facility, and the amount of principal and interest, respectively, comprising the Purchase Price. As soon as the Bank makes funds available to the Tender Agent for purchase of the related Liquidity Facility Bonds, but in any event funds must be made available not later than 2:00 p.m., New York City time, the Tender Agent is required to purchase therewith, for the account of the related Bank, that portion of the related tendered Liquidity Facility Bonds for which immediately available funds are not otherwise then available for those purchases under this 2026/2027 Variable Rate Series Resolution.

(c) The Remarketing Agent must deliver notice by not later than 4:00 p.m., New York City time on the day prior to each Purchase Date, or 11:00 a.m., New York City time on each Purchase Date in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, of the aggregate principal amount of tendered Liquidity Facility Bonds that it has remarketed on that date. If the Remarketing Agent fails for any reason to deliver notice of the remarketing of the Liquidity Facility Bonds, then the Tender Agent must direct the related Bank to make available, in immediately available funds, an amount equal to 100 percent of the aggregate principal amount of all related Liquidity Facility Bonds tendered on that Purchase Date, plus accrued interest to that date. If the Remarketing Agent fails to deliver notice by not later than 11:00 a.m., New York City

time on the Purchase Date that it has received immediately available funds in the amount of the Purchase Price of all related Liquidity Facility Bonds tendered on that Purchase Date, then the Tender Agent must direct the related Bank to make available, in immediately available funds, an amount equal to 100 percent of the aggregate principal amount of all those Liquidity Facility Bonds, plus accrued interest to that date, less the amount of immediately available funds that the Remarketing Agent has given notice that it has received. Those moneys must be held, used for purchase and remitted as necessary in accordance with Section 13.03(b).

(d) Any Liquidity Facility Bonds that are purchased by a Bank will bear interest at the Bank Interest Rate, will be payable at the times and in the amounts and will be subject to the terms and provisions set forth in the related Liquidity Facility. Unless a Bank otherwise directs, any Liquidity Facility Bonds purchased by that Bank will be immediately registered in the name of that Bank as Owner (unless held through a securities depository, in which case the Liquidity Facility Bonds must be transferred in accordance with the procedures established by the securities depository) and that Bank will have all rights of an Owner of 2026/2027 Series Bonds except that the 2026/2027 Series Bonds purchased by the Bank will bear interest at the related Bank Interest Rate and may not be tendered while those 2026/2027 Series Bonds remain Bank Bonds.

13.04. Appointment of Remarketing Agent; Acceptance and Successors.

(a) The Remarketing Agent for any Series of 2026/2027 Series Bonds shall be as designated by an Authorized Officer at the time of issuance of such 2026/2027 Series Bonds. The designated Remarketing Agent will signify its acceptance of the duties and obligations imposed on it hereunder by duly executing and delivering a Remarketing Agreement.

(b) The Remarketing Agent for a Series of 2026/2027 Series Bonds may at any time resign and be discharged of the duties and obligations created by this 2026/2027 Variable Rate Series Resolution by giving at least 30 days' written notice to the Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Remarketing Agent hereunder; provided, however, if a successor Remarketing Agent has not been appointed by the Agency and accepted the appointment within 60 days of the Remarketing Agent's notice of resignation, the resignation will become effective. The Remarketing Agent may be removed at any time by the Agency by at least 30 days' written notice filed with those parties, except that the Agency must not remove the Remarketing Agent until the appointment of, and acceptance by, a successor Remarketing Agent hereunder. Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent must pay over, deliver and assign any monies and 2026/2027 Series Bonds held by it in that capacity to its successor.

(c) If the position of Remarketing Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Remarketing Agent, the Agency must appoint a successor Remarketing Agent to fill the vacancy and provide notice of that appointment to the Notice Parties. A written acceptance of office must be filed by the successor Remarketing Agent in the manner set

forth in subsection (a) of this Section. Any successor Remarketing Agent must be a commercial bank, national banking association or trust company or member of the Financial Industry Regulatory Authority, having a capitalization of at least $15,000,000 (or, alternatively, maintaining a line of credit from a commercial bank of at least $15,000,000) and authorized by law to perform all of the duties imposed on it under this 2026/2027 Variable Rate Series Resolution.

13.05. General Responsibilities of Remarketing Agent.

(a) The Remarketing Agent must perform the duties and obligations set forth in the Remarketing Agreement and this 2026/2027 Variable Rate Series Resolution, and in particular must:

(i) solicit purchases of 2026/2027 Series Bonds or FRNs from investors able to purchase municipal bonds, effectuate and process those purchases, bill and receive payment for 2026/2027 Series Bonds purchased, and perform related functions in connection with the remarketing of 2026/2027 Series Bonds hereunder;

(ii) provide notice to the Tender Agent that the Remarketing Agent has received notices of tender pursuant to Section 11.09 of this 2026/2027 Variable Rate Series Resolution, the date of the tenders and the principal amount of Variable Rate Bonds to be tendered;

(iii) keep books and records as are consistent with prudent industry practice and that will document its action taken hereunder, and make the books and records available for inspection by the Notice Parties;

(iv) comply at all times with all applicable state and federal securities laws and other statutes, rules and regulations applicable to the offering and sale of the Bonds; and

(v) will not sell Variable Rate Bonds to the Agency unless the Agency delivers to the Trustee and the related Remarketing Agent (A) an opinion of Bond Counsel to the effect that that sale will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds, including the Variable Rate Bonds, from gross income of the owners thereof for federal income tax purposes and (B) an opinion of a nationally recognized bankruptcy counsel to the effect that a sale of those Variable Rate Bonds by the Remarketing Agent directly to the Agency would not constitute a preferential transfer or be subject to recapture in a bankruptcy of the Agency.

(b) In performing its duties and obligations hereunder, the Remarketing Agent must use the same degree of care and skill as a prudent person would exercise under the same circumstances in the conduct of his own affairs. The Remarketing Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence.

(c) The Remarketing Agent may deal in 2026/2027 Series Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and thereafter continued whereby 2026/2027 Series Bonds prepared, executed, authenticated and issued hereunder will be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 11.10(g) upon any Conversion.

(e) The Remarketing Agent hereby waives any right to, or lien on, any remarketing proceeds held by it and any funds held under the Resolutions with respect to any amounts owing to it.

13.06. Remarketing and Sale of Tendered Bonds.

(a) On any FRN Mandatory Tender Date or during any Delayed Remarketing Period, the Remarketing Agent will use its best efforts to sell all those FRNs to be tendered as set forth in Section 11.10(d) hereof.

(b) On any Purchase Date, the Remarketing Agent must offer for sale and use its best efforts to sell all related 2026/2027 Series Bonds tendered or deemed tendered at a price equal to the principal amount thereof plus accrued interest. The 2026/2027 Series Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent must, at the time specified in Section 13.03(c), provide notice to the Tender Agent of the aggregate principal amount of the related 2026/2027 Series Bonds that have been sold; of the aggregate principal amount of related 2026/2027 Series Bonds that will be tendered but have not been sold; of the amount of immediately available funds it has received in respect of the remarketing of the related 2026/2027 Series Bonds; and that the Remarketing Agent commits to deliver to the Tender Agent the amount specified in the notice as having been sold, by 2:30 p.m., New York City time, on the Purchase Date, as described in Section 13.07.

(c) The Remarketing Agent must suspend its remarketing efforts with respect to a Series (or portion thereof) of Variable Rate Bonds or FRNs upon the occurrence and continuation of (i) any Event of Default as provided herein, (ii) any Termination Event under the related Liquidity Facility and the related Bank's termination of its commitment to purchase related 2026/2027 Series Bonds tendered hereunder and (iii) if the Bank breaches its obligation to purchase related 2026/2027 Series Bonds tendered not remarketed. The Remarketing Agent may also suspend its remarketing efforts in certain circumstances as described in the Remarketing Agreement.

(d) Unless the Bank has notified the Remarketing Agent and the Agency that it has elected to hold 2026/2027 Series Bonds at the related Effective Rate and those 2026/2027 Series Bonds will not be considered Bank Bonds notwithstanding that they were purchased with funds of the Bank pursuant to a Liquidity Facility, the Remarketing Agent must offer for sale and use its best efforts to sell all 2026/2027 Series Bonds that

are held by the Bank pursuant to the related Liquidity Facility at a price equal to the principal amount thereof. The 2026/2027 Series Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent will notify the related Bank when it has located a purchaser for some or all of the Bank Bonds then held by the Bank and the proposed Purchase Date for those Bank Bonds.

13.07. Application of Proceeds From Sale of Tendered Bonds. The proceeds of sale of any 2026/2027 Series Bond sold by the Remarketing Agent pursuant to this Section 13 must be transferred, by no later than 2:30 p.m., New York City time, on the Purchase Date of those Bonds, by or at the direction of the Remarketing Agent by wire transfer in immediately available funds to DTC for distribution to the accounts established thereunder for Beneficial Owners of those 2026/2027 Series Bonds; provided, however, if the Remarketing Agent has given notice of resignation pursuant to Section 13.04(b) of this 2026/2027 Variable Rate Series Resolution and a successor Remarketing Agent has not yet been appointed by the Agency, then the Remarketing Agent must deliver any proceeds of sale of any 2026/2027 Series Bonds to the Tender Agent by 11:00 a.m., New York City time, on the Purchase Date of those 2026/2027 Series Bonds. Transfers of ownership interests in the 2026/2027 Series Bonds, while the Bonds are Book-Entry Bonds, are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners of the 2026/2027 Series Bonds.

13.08. Determination and Notice of Interest Rate. The Remarketing Agent must give immediately notice of the Effective Rate for Variable Rate Bonds or the Fixed Interest Rate or the Index Adjustment Factor by telephone to the Trustee, and must promptly thereafter confirm the same in writing to the Notice Parties.

13.09. Appointment of Calculation Agent; Acceptances and Successors.

(a) The Agency hereby appoints Computershare Trust Company, National Association as Calculation Agent with respect to the 2026/2027 Series Bonds.

(b) The Calculation Agent may at any time resign and be discharged of the duties and obligations created by this 2026/2027 Variable Rate Series Resolution by giving at least 60 days' written notice to the other Notice Parties, except that that resignation will not take effect until the appointment of a successor Calculation Agent hereunder. The Calculation Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties, except that that removal will not take effect until the appointment of a successor Calculation Agent hereunder.

(c) If the position of Calculation Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Calculation Agent, the Agency must appoint a successor Calculation Agent to fill the vacancy and provide notice of that appointment to the Notice Parties. A written acceptance of office must be filed by the successor Calculation Agent.

13.10. General Responsibilities of Calculation Agent. The Calculation Agent will determine the Adjusted Rate on each Rate Determination Date for related Series (or portion thereof) of FRNs in accordance with this 2026/2027 Variable Rate Series Resolution.

Section 14. Discretion of Authorized Officer.

14.01. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each Series of the 2026/2027 Series Bonds, subject to the limitations in Section 2.01 of this 2026/2027 Variable Rate Series Resolution. Notwithstanding anything contained in the foregoing sections of this 2026/2027 Variable Rate Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell a Series of the 2026/2027 Series Bonds (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of a Series of the 2026/2027 Series Bonds following the award thereof), then such Series of the 2026/2027 Series Bonds will not be issued or sold in accordance with this 2026/2027 Variable Rate Series Resolution.

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Adopted by the Minnesota Housing Finance Agency this 18th day of December, 2025.

By: _____
Chair

Attest: _____
Commissioner

[Resolution No. MHFA 25-091]

EXHIBIT A

[Form of 2026/2027 Series Bonds]

No. _____ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2026][2027] SERIES [__] [(TAXABLE)]

Rate	Maturity Date	Date of Original Issue	CUSIP

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

CEDE & CO.

or registered assigns, the principal sum of

_____ DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above and to pay interest on the principal amount in like manner at the rates per annum and on the dates determined and described herein and in the Series Resolution (as defined herein), payable on each January 1 and July 1, commencing _____ 1, 20___, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined), with respect to Variable Rate Bonds, on the business day immediately prior to that interest payment date and, in all other cases, on the fifteenth (15th day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity, mandatory tender or conversion (the "Conversion") of the interest rate to a fixed interest rate or to an indexed rate. Prior to Conversion, the [2026][2027] Series___ Bond will bear interest at a variable rate (the "Effective Rate") based on a Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Quarterly Mode Period or Semiannual Mode Period (each a "Mode Period") subject to and in accordance with the 2026/2027 Variable Rate Series Resolution (hereinafter defined). The [2026][2027] Series___ Bond will initially bear interest at the Effective Rate based on a Weekly Mode Period. After Conversion, the [2026][2027] Series __ Bond will bear interest at the fixed interest rate (the "Fixed Interest Rate") or an indexed rate (the "Indexed Rate"), as applicable, subject to and in accordance with the 2026/2027 Variable Rate Series Resolution described herein until the Agency's obligation with respect to the payment of that principal amount is discharged, provided that, in any event, Bank Bonds (as defined herein) will bear interest in accordance with the Liquidity Facility. Thereafter, interest will be payable as provided in the 2026/2027 Variable

Rate Series Resolution. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to the [2026][2027] Series __ Bonds are payable in lawful money of the United States by check or draft, or other agreed means of payment, by Computershare Trust Company, National Association, in St. Paul, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). The purchase price hereof is payable, solely from the sources set forth in the 2026/2027 Variable Rate Series Resolution, upon surrender hereof to Computershare Trust Company, National Association, in St. Paul, Minnesota, and its successors and assigns, as tender agent (the "Tender Agent"), under the conditions set forth in the Series Resolution. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This [2026][2027] Series __ Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, or state or federal laws appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this [2026][2027] Series ____ Bond is not a debt of the State. *Capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the 2026/2027 Variable Rate Series Resolution hereinafter described.*

This [2026][2027] Series __ Bond is one of a duly authorized Series of Residential Housing Finance Bonds, [2026][2027] Series [__] [(Taxable)], in the original principal amount of $_____ (the "[2026][2027] Series __ Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Securities to facilitate the purchase, development or rehabilitation of a sufficient supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The [2026][2027] Series __ Bonds are issued under and pursuant to the Agency's Amended and Restated Residential Housing Finance Bond Resolution, adopted August 24, 1995, as amended and supplemented (the "Bond Resolution"), and the Agency's Series Resolution, adopted [January 23, 2025 and] December 18, 2025 (the "2026/2027 Variable Rate Series Resolution"), to which resolutions, including all supplemental resolutions that may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the [2026][2027] Series ___ Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the [2026][2027] Series __ Bonds, and the terms upon which the [2026][2027] Series __ Bonds are issued, delivered and secured. [The [2026][2027] Series ___ Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, [2026][2027] Series __, 2026/2027 Series___ and [2026][2027] Series __.]

Prior to a Conversion Date, the [2026][2027] Series __ Bonds will be issued as fully registered Bonds without coupons in the denominations of (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or a Quarterly Mode Period with respect to Liquidity Facility Bonds, $100,000 or integral multiples of $5,000 in excess of $100,000, (ii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, $25,000 or integral multiples thereof, and (iii) during a Semiannual Mode Period, $5,000 or integral multiples thereof. From and after a Conversion Date, the [2026][2027] Series __ Bonds will be issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

The Series __ Bonds are subject to special, sinking fund and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Series Resolution.

Notice of any redemption of [2026][2027] Series __ Bonds will be given be immediate notice and mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any [2026][2027] Series __ Bonds, not less than 20 days before the redemption date. Notice having been given, the [2026][2027] Series __ Bonds or portions of [2026][2027] Series __ Bonds specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those [2026][2027] Series __ Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any [2026][2027] Series __ Bonds not affected by that defect or failure.

Bank Bonds will be redeemed on the dates and in the amounts required by the Liquidity Facility.

Prior to any Conversion of the [2026][2027] Series __ Bonds, the Owners of Liquidity Facility Bonds may elect to tender their [2026][2027] Series __ Bonds, which, if so tendered, upon proper notice to the Remarketing Agent or Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart for variable rate bonds included in the 2026/2027 Variable Rate Series Resolution, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. Notice of tender for purchase of [2026][2027] Series __ Bonds by the Owners hereof must be in writing and will be irrevocable once the notice is given by the Owner hereof to the Remarketing Agent or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, Owners of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent or the Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date at a price equal to 100 percent of the principal amount thereof plus accrued interest. The notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof will be irrevocable once the notice is given to the Remarketing Agent. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof will be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

The [2026][2027] Series __ Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Unenhanced Variable Rate Bonds Change Date, (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, if such Mandatory Tender

has not already occurred pursuant to subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a Notice of Termination of Commitment to Purchase (as described in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described in the 2026/2027 Variable Rate Series Resolution. In connection with any mandatory tender of [2026][2027] Series __ Bonds upon a Mandatory Tender Date, the Trustee will deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and that all Owners subject to that mandatory tender will be deemed to have tendered their [2026][2027] Series __ Bonds upon that date.

On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described in the 2026/2027 Variable Rate Series Resolution to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to the Series Resolution, purchase those Bonds (the "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Bonds Non-Remarketed Rate.

Any [2026][2027] Series __ Bonds not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date ("Untendered Bonds"), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those [2026][2027] Series ___ Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Series Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution.

UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the Owners thereof do not have the right to have those Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with the Series Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether the inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in the 2026/2027 Variable Rate Series Resolution.

The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with the Series Resolution at a

price equal to 100 percent of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond. During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the "Non-Remarketing Period"), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Bonds Non-Remarketed Rate determined from time to time as described in the Series Resolution. Notwithstanding the provisions of the 2026/2027 Variable Rate Series Resolution, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Bonds Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively, with the [2026][2027] Series __ Bonds, the "Bonds"), all of which are secured by the pledge made and security interest granted therein, regardless of the times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Debt Service Reserve Fund and Insurance Reserve Fund will be increased to an amount not less than their respective requirements effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of the Bonds will not impair the then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. Any resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it, or for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its purchase and retention of this [2026][2027] Series __ Bonds to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Owner of any [2026][2027] Series __ Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any [2026][2027] Series __ Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the [2026][2027] Series __ Bonds.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this [2026][2027] Series __ Bonds in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; that the issuance of this [2026][2027] Series __ Bonds does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a full and correct copy of the legal opinion given by Bond Counsel with reference to the [2026][2027] Series __ Bonds, dated the date of original issuance and delivery of the [2026][2027] Series __ Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this [2026][2027] Series __ Bond is transferable upon the books of the Agency at the designated corporate trust office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney and may also be surrendered in exchange for [2026][2027] Series __ Bonds of other authorized denominations. Upon the transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new [2026][2027] Series __ Bond of the same aggregate principal amount, maturity, interest rate and terms as the surrendered [2026][2027] Series __ Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to the transfer.

Notwithstanding any other provisions of this [2026][2027] Series __ Bond, so long as this [2026][2027] Series __ Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee will pay all principal of, premium, if any, and interest on this [2026][2027] Series __ Bond, and will give all notices with respect to this [2026][2027] Series __ Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

The Agency and the Trustee may deem and treat the person in whose name this [2026][2027] Series __ Bond is registered upon the books of the Agency as the absolute owner hereof, whether this [2026][2027] Series __ Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all payments so made to the registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon this [2026][2027] Series __ Bond to the

extent of the sum or sums so paid, and neither the Agency nor the Trustee will be affected by any notice to the contrary.

Unless the Trustee's Certificate hereon has been manually executed on behalf of the Trustee, this [2026][2027] Series __ Bond will not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Agency has caused this [2026][2027] Series __ Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: _____, [2026][2027]

Trustee's Certificate

This is one of the [2026][2027] Series ____ Bonds delivered pursuant to the Bond Resolution and 2026/2027 Variable Rate Series Resolution mentioned within.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION,
as successor Trustee

By_____
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

_____
By: (Facsimile Signature)
Chairperson

_____
Attest: (Facsimile signature)
Commissioner

ASSIGNMENT

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

_____

(please print or type name and address of transferee)

the within [2026][2027] Series __ Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the within [2026][2027] Series __ Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____

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

Signature Guaranteed:

_____

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

Please insert social security or other identifying number of assignee:

_____

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Item: Approval, Housing Tax Credit (HTC) Development Limit Waivers for Carryover Applications – Leech Lake Homes IX, D8773, Cass Lake, and Melrose Commons, D8514, Medina

Action Item: 7.E
Date: 12/18/2025
Staff Contacts: Tim Sullivan, 651-296-8149, tim.sullivan@state.mn.us
Request Type: Approval, Motion

Request Summary

At the December 19, 2024, Minnesota Housing board meeting, Leech Lake Homes IX, D8773, and Melrose Commons, D8514, were selected to receive 9% Housing Tax Credits (HTCs) in the amounts of $1,700,000 and $1,639,891 under Resolution No. MHFA 24-081, respectively. Staff requests approval of the Housing Tax Credit (HTC) Development Limit Waivers for both projects so that additional 2025 HTCs can be allocated at carryover. Since the cumulative allocation for each development will be in excess of the $1,700,000 per development limit, the additional allocation requires board approval of a waiver.

Fiscal Impact

HTCs are federal resources, and the Agency earns administrative fees for the costs to implement the program.

Agency Priorities

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

Attachments

- Background
- Maps
- Development Summaries

Background

Section 42 of the Internal Revenue Code requires all 9% HTC projects to receive a carryover allocation or be placed in service by the end of the HTC year. The deadline for projects that have received a 2025 9% HTC allocation is December 31, 2025. A carryover effectively extends the ability to use the 9% HTC into the next calendar year. It is a common action for projects with 9% HTCs.

Chapter 2.O of the 2024-2025 Housing Tax Credit Qualified Allocation Plan (QAP) states, “Projects that have had a justifiable increase in eligible basis or previously received a partial allocation may be eligible to apply for supplemental HTC amounts. Under extenuating circumstances, such as significant changes in the market, Minnesota Housing may allow additional requests. The determination and approval are at the sole discretion of Minnesota Housing.”

Chapter 2.H of the 2024-2025 HTC QAP states that during the 2025 HTC allocation year no developer or development may receive HTCs in excess of the per-developer or development limit without a waiver. Applications are subject to a development limit of no more than $1,700,000 in cumulative HTCs.

The Agency’s goal is to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units that meet the strategic priorities adopted by the Agency and represent developments that are sustainable, cost effective and geographically diverse. The board may waive these limits for applications that exhibit developer/sponsor capacity or financial need.

Waiver Recommendations

Agency staff completed an updated underwriting analysis of the proposed developments at carryover and determined that the projects meet the justifiable increase in eligible basis requirement, and additional HTCs can be allocated at carryover. The cumulative allocation will be in excess of the $1,700,000 per development limit as shown in Table A. In order to complete the carryover allocation, the project must receive a waiver that is subject to board approval.

Of the carryover applications for 2025 HTCs, the two applications listed in Table A have cumulative allocations that exceed the development limit and have not previously received a waiver. These developments are eligible for the Agency’s per-development waiver because they have demonstrated that the HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted. A waiver of the development limit will allow the applicants to maximize the amount of equity available to fund development costs. Table A shows the projects requiring a waiver. Development Summaries are attached to this report.

Table A. 2025 Carryover Applications Requiring a Waiver of the Development Limit

D#	Project Name	Units	HTC Selection Amount	Carryover Allocation	Additional Request
D8773	Leech Lake Homes IX	30	$1,700,000	$1,712,028	$12,028
D8514	Melrose Commons	50	$1,639,891	$1,870,116	$230,225

1. Leech Lake Homes IX, Leech Lake Band of Ojibwe Housing Authority

   Staff recommends a waiver to the $1,700,000 per development limit to allow for an aggregate amount of $1,712,028 in 2025 HTCs for the Leech Lake Homes IX project in Cass Lake submitted by Leech Lake Band of Ojibwe Housing Authority. The amount exceeds the limit by $12,028. If the waiver is not granted a funding gap of approximately $86,593 would remain and undermine the financial feasibility of the proposed development.

2. Melrose Commons, TTT Development, LLC.

   Staff recommends a waiver to the $1,700,000 per development limit to allow for an aggregate amount of $1,870,116 in 2025 HTCs for the Melrose Commons project in Medina. This project was originally being developed by CommonBond Communities but has since been transferred to TTT Development, LLC. The amount exceeds the limit by $170,116. If the waiver is not granted a funding gap of approximately $1,479,861 would remain and undermine the financial feasibility of the proposed development.

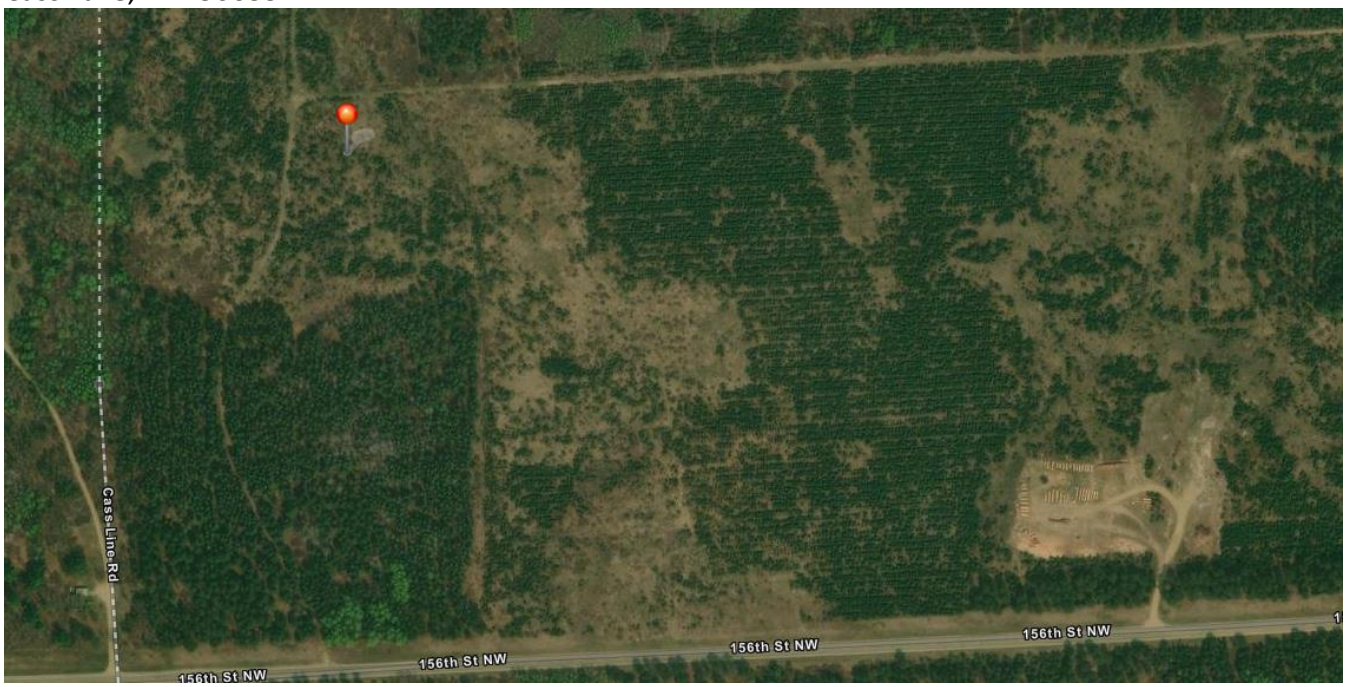
Next Steps

If approved, Agency staff will prepare a Carryover Agreement for each respective project. Leech Lake Homes IX and Melrose Commons were selected under Resolution No. MHFA 24-081, which allows staff to allocate HTCs in accordance with the QAP.

The projected remaining balance of 2025 HTCs is $140,524, which is less than 1% of Minnesota's credit ceiling and qualifies the state for the National Pool. The IRS allows unallocated or unused HTCs from the housing credit ceiling to carry forward to the next HTC allocation year. The balance of 2025 9% HTCs will be carried forward to 2026 and incorporated into the 2026 HTC Round 2.

Map of proposed Leech Lake Homes IX project:

Undeveloped property near Nary Road & Tower Road
Cass Lake, MN 56633



Map of proposed Melrose Commons project:

4680 Ironwood Circle
Medina, MN 55359



MINNESOTA HOUSING

Development Summary

Leech Lake Homes IX

Sponsor	Leech Lake Band of Ojibwe Housing Authority		
Location	Cass Lake	**Project Type(s)**	Workforce Housing
Property #	D8773	**Project #**	M19823

Project Description

Leech Lake Homes IX is a new construction development of 30 single-family homes in Cass Lake sponsored and developed by Leech Lake Band of Ojibwe Housing Authority. The development will provide 14 two-bedroom, 12 three-bedroom, and four four-bedroom units. The development's Declaration of Land Use Restrictive Covenants (LURA) will contain provisions for Eventual Tenant Ownership (ETO) following the initial 15-year tax credit compliance period. The development will assist in reducing homelessness, overcrowding, and rent-burdened Indigenous households within the Leech Lake Reservation.

Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 30 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): four units will serve families that meet the definition of HPH and will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the Native American Housing and Self Determination Act (NAHASDA).
- Persons with Disabilities (PWD): four units will serve families with a person with a disability and will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the NAHASDA.
- Rental Assistance: eight units will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the NAHASDA. All eight units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 15 units will have rents restricted to 50% MTSP rent. Of the 15 units, three units will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, PWD or other homeless households).

Leech Lake Homes IX

Property Number: D8773
Total Units: 30
Sponsor Name:
Leech Lake Band of Ojibwe Housing Authori
City of Cass Lake, Cass



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2018-2023		Household Trends 2012-2022		Population Trends 2012-2022	
Current Jobs:	**1,664**	Current Households:	**252**	Current Population:	**682**
Five Year Change:	**-68**	10 Year Change:	**-50**	10 Year Change:	**-79**
Percent Change:	**-4%**	Percent change:	**-17%**	Percent Change:	**-10%**

Unemployment Rate: **4.2%** (county) (city, if available)

Fair Market Rents (2024)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$737.00
1 Bedroom	$853.00
2 Bedrooms	$944.00
3+ Bedrooms	$1,240.00

Local Area Incomes and Rents

In census tract 27021940002 **(Region: Greater MN Non-MSA)**,

- the median household income is **$55,139.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$38,036.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **54%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **76%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **33%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$889.00**.
  (Tract median rent is in the **40 - 59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

Development Summary

Melrose Commons

Sponsor	TTT Development, LLC		
Location	Medina	**Project Type(s)**	Workforce Housing
Property #	D8514	**Project #**	M19699

Project Description

Melrose Commons is a three-story, 50-unit project being developed by TTT Development LLC, previously by CommonBond Communities. Melrose Commons will include 12 one-bedroom, 20 two-bedroom, 12 three-bedroom and six four-bedroom apartments for households with incomes at or below 60% Multifamily Tax Subsidy Project (MTSP) income limits. Hennepin County has already awarded approximately $950,000 in support of the project. The property is located near services including stores, parks, and schools.

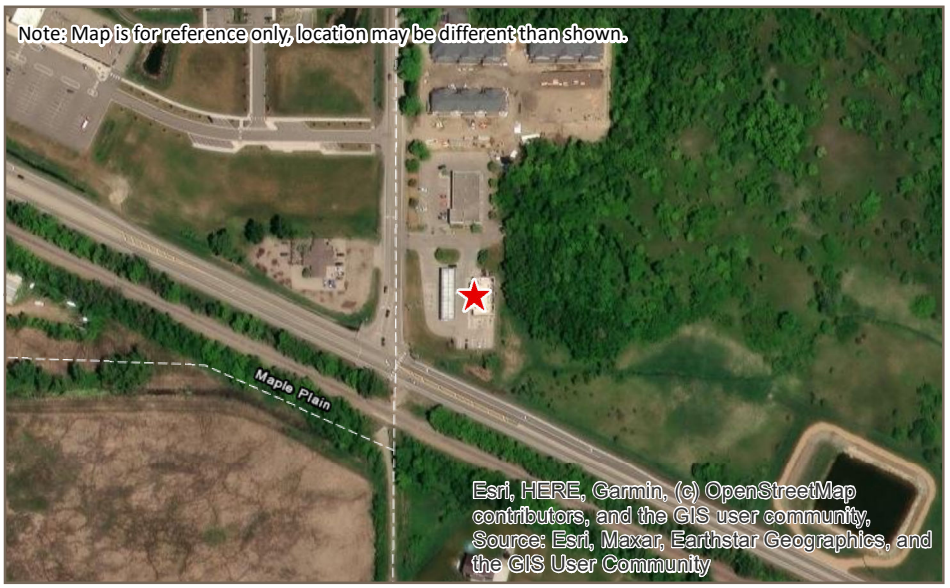
Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 50 units of workforce housing.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of HPH and will benefit from Long-Term Homeless (LTH) Housing Support.
- Persons with Disabilities: eight units will serve single adults and families with a person with a disability and will benefit from General Housing Support.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

Melrose Commons

Property Number: D8514
Total Units: 50
Sponsor Name:
TTT Development, LLC
City of Medina, Hennepin



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2018-2023		Household Trends 2012-2022		Population Trends 2012-2022	
Current Jobs:	**5,768**	Current Households:	**2,472**	Current Population:	**7,250**
Five Year Change:	**791**	10 Year Change:	**746**	10 Year Change:	**2,188**
Percent Change:	**16%**	Percent change:	**43%**	Percent Change:	**43%**

Unemployment Rate: **3.8%** (county) (city, if available)

Fair Market Rents (2024)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,220.00
1 Bedroom	$1,381.00
2 Bedrooms	$1,685.00
3+ Bedrooms	$2,244.00

Local Area Incomes and Rents

In census tract 27053027101 **(Region: 7-County Metro)**,

- the median household income is **$194,000.00**.
  (Tract household income is in the **80 - 100th percentile** based on region type)
- the median renter household income is **$72,917.00**.
  (Tract renter income is in the **60 - 79th percentile** based on region type)
- **90%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **18%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40 - 59th percentile** statewide)
- **4%** % of people are in poverty.
  (Tract share of people in poverty is in the **20 - 39th percentile** statewide)
- the median rent for all units is **$1,159.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

Item: Approval, Housing Tax Credit (HTC) Apportionment of 2025 9% HTCs — Red Rock Square III, D8806, Newport

Action Item: 7.F
Date: 12/18/2025
Staff Contacts: Tim Sullivan, 651-296-8149, tim.sullivan@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval of an apportionment of 2025 9% Housing Tax Credits (HTCs) to Washington County Community Development Agency (WCCDA) for Red Rock Square III, D8806, Newport.

Fiscal Impact

HTCs are federal resources, and the Agency earns administrative fees for the costs to implement the program.

Agency Priorities

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

Attachments

- Background
- Map
- Development Summary

Background

Per Section 42 of the Internal Revenue Code, the annual state 9% HTC ceiling consists of four components. These are: (1) Population Component; (2) Returned Credit Component; (3) Carry Forward Credit Component; and (4) National Pool Component. The National Pool is a resource available to states where additional HTCs can become available if other states do not use their full allocation. If states have unallocated 2025 HTCs after December 31, 2025, the HTCs can be carried forward to the 2026 HTC rounds. However, the state becomes ineligible to receive additional HTCs through the National Pool if the state carries forward more than 1% of the state housing annual credit ceiling.

Minnesota Housing received a return of $1,700,000 2025 9% HTCs in November 2025 from Mission Creek Estates. Minnesota Housing will allocate a portion of these HTCs through the 2025 Carryover application process to projects that requested additional HTCs to fill project funding gaps. If Minnesota Housing carries forward the full remaining unallocated 2025 HTCs to calendar 2026, the Agency will not be eligible for the National Pool credits in 2026 because we will exceed the 1% threshold. The amount of 9% HTCS available from the National Pool varies from year to year but has ranged from $67,000 to $300,000 over the last 5 years.

Red Rock Square III was selected for $681,974 in 2025 HTCs from Washington County Community Development Agency (WCCDA). WCCDA is an HTC suballocator and receives their own portion of 9% HTCs to allocate to projects in their jurisdiction. The allocation was not enough to fully fund the project.

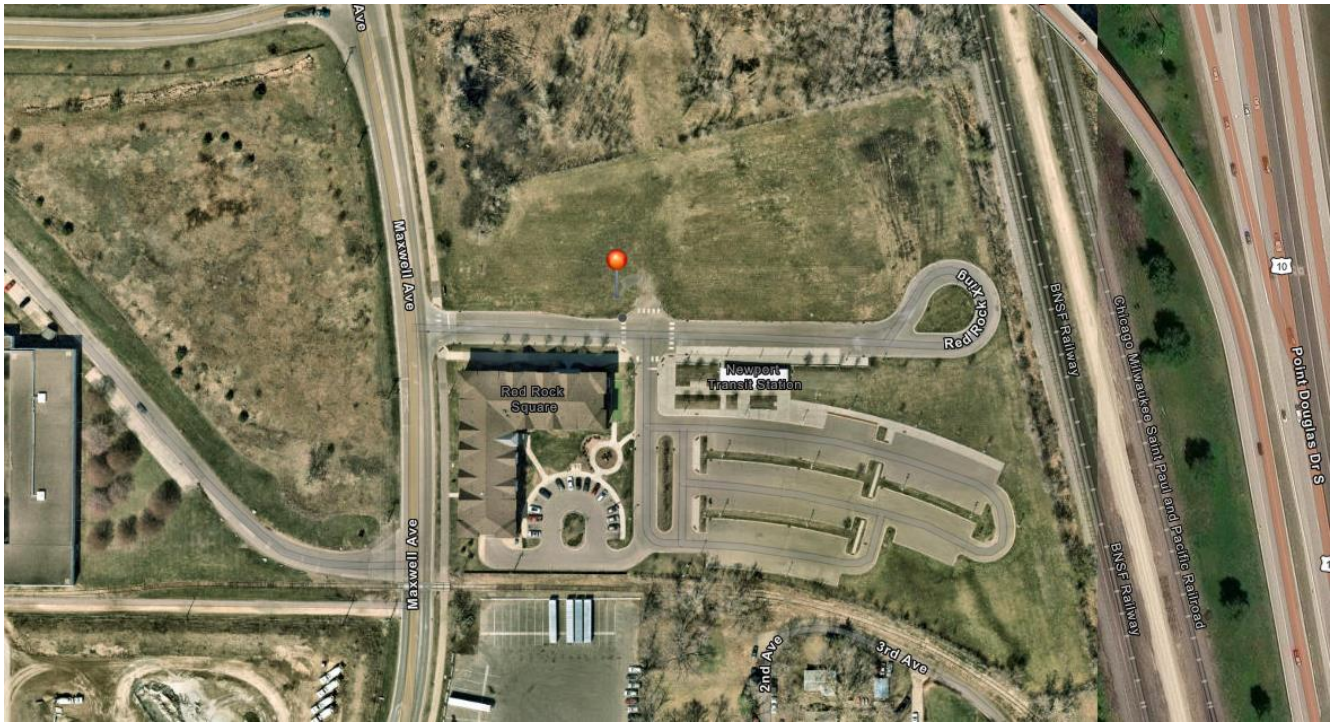
On May 22, 2025, Minnesota Housing selected Red Rock Square III for $322,500 of 2025 HTCs in Round 2 in Resolution No. MHFA 25-034. Minnesota Housing apportioned the Round 2 HTCs to WCCDA in accordance with the QAP. The project summary is attached to this report. WCCDA recently selected Red Rock Square III for an additional $784,017 in 2026 HTCs to fill the remaining funding gap. This is the final amount of 9% HTCs the project needs to move forward.

Staff recommend board approval to apportion $784,017 of Minnesota Housing's 2025 HTCs to WCCDA in accordance with the Chapter 2.F of the QAP for Red Rock Square III. WCCDA will then return the same amount in 2026 HTCs to Minnesota Housing. If approved by the board, this procedure results in two positive outcomes with no net loss in HTCs to Minnesota Housing or WCCDA. First, this procedure streamlines administration for the project owner and compliance staff because they will only need to manage a single HTC period and set of deadlines. Due to the multiple allocations, the project would otherwise have to manage multiple HTC years.

Second, this procedure reduces Minnesota Housing's remaining balance of 2025 9% HTCs to approximately $140,500. The remaining amount is less than 1% of the threshold to qualify for the National Pool. The IRS allows unallocated HTCs from the housing credit ceiling to carry forward to the next HTC allocation year. The balance of 2025 9% HTCs will be carried forward to 2026 and incorporated into the 2026 HTC Round 2.

Map of proposed Red Rock Square III project:

195 Red Rock Crossing
Newport, MN 55055



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MINNESOTA HOUSING

Development Summary

Red Rock Square III

Sponsor	Velair Development Company		
Location	Newport	**Project Type(s)**	Workforce Housing and Supportive Housing
Property #	D8806	**Project #**	M19901

Project Team

HDO	N/A
Architect	(HTCs have been apportioned
HMO	to Washington County for
SHO	allocation.)

Project Description

The proposed Red Rock Square III project will be a new construction 51-unit affordable housing project located in Newport proposed by Velair Development Company (formerly known as MWF Properties, LLC). The building will be four stories of residential units over underground parking. The unit mix will include 12 one-bedroom, 21 two-bedroom and 18 three-bedroom units. Washington County has committed funding to the project, and the developer has committed a deferred developer fee.

Population Served

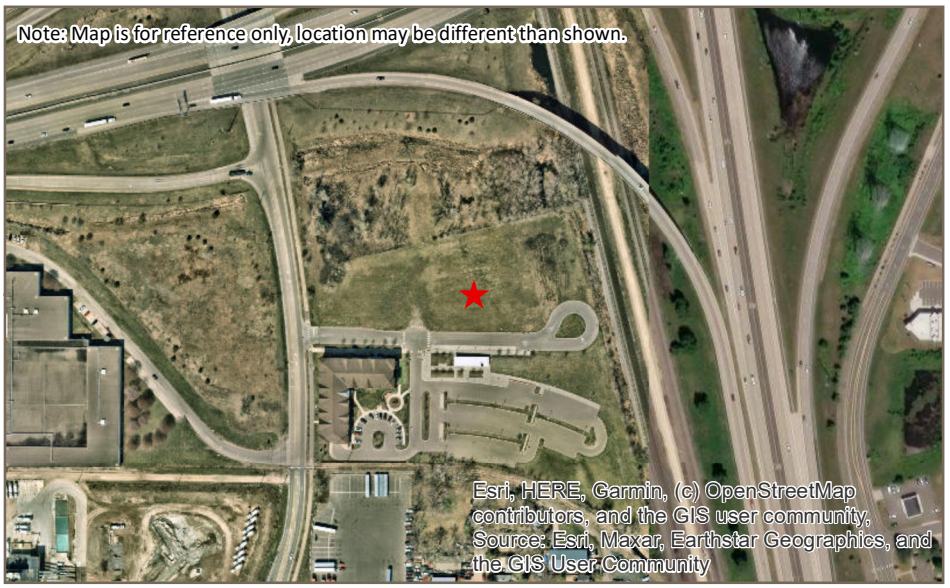
Units may be counted more than once, as allowed by the Self-Scoring Worksheet

- The development will provide 51 units of workforce and permanent supportive housing.
- Supportive Housing: The development is partially supportive housing (more than 50% of units designated for HPH, People with Disabilities (PWD), or other homeless households).
- High Priority Homeless: Four units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support assistance.
- Rental Assistance: All units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP) rent and income limits.
- Serves Lowest Income Tenants: 39 units without rental assistance will have rents restricted to 50% MTSP.

Red Rock Square III

Property Number: D8806
Total Units: 51
Sponsor Name: Velair Development Company
City of Newport, Washington

In a HUD R/ECAP: **No**



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2018-2023		Household Trends 2012-2022		Population Trends 2012-2022	
Current Jobs:	**1,550**	Current Households:	**1,770**	Current Population:	**4,501**
Five Year Change:	**-174**	10 Year Change:	**406**	10 Year Change:	**1,041**
Percent Change:	**-10%**	Percent change:	**30%**	Percent Change:	**30%**

Unemployment Rate: **3.2%** (county) (city, if available)

Fair Market Rents (2024)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,220.00
1 Bedroom	$1,381.00
2 Bedrooms	$1,685.00
3+ Bedrooms	$2,244.00

Local Area Incomes and Rents

In census tract 27163071003 **(Region:)**,

- the median household income is **$62,039.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$37,123.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **68%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60 - 79th percentile** based on region type)
- **30%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **9%** % of people are in poverty.
  (Tract share of people in poverty is in the **40 - 59th percentile** statewide)
- the median rent for all units is **$1,074.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

Item: Approval, Reallocation of Housing Tax Credits — Silverarrow Apartments, D8498, Sauk Centre

Action Item: 7.G
Date: 12/18/2025
Staff Contacts: Tim Sullivan, 651-296-8149, tim.sullivan@state.mn.us
Request Type: Approval, Resolution

Request Summary

At the December 15, 2022, meeting, the Minnesota Housing board approved the proposed development for an allocation of 9% Housing Tax Credits (HTCs) from the state's 2023 credit ceiling under Resolution No. MHFA 22-101. Staff requests approval of a resolution to implement a reallocation action in accordance with Chapter 2.V of the 2026-2027 QAP.

Fiscal Impact

HTCs are federal resources, and the Agency earns administrative fees for the costs to implement the program.

Agency Priorities

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

Attachments

- Background
- Map
- Development Summary
- Resolution

Background

On December 15, 2022, the Minnesota Housing Board approved an allocation of 2023 9% HTCs in the amount of $375,000 for the Silverarrow Apartments project under Resolution No. MHFA 22-101. Silverarrow Apartments is subject to a capital funding loan and restrictions from United States Department of Agriculture Rural Development (RD). The project met all HTC carryover requirements and received a carryover allocation from Minnesota Housing in 2023. To claim the HTCs, the project must be completed and qualify for the HTCs with a placed in service date no later than December 31, 2025.

Chapter 7.D of the 2026-2027 QAP states that "generally, the placed in service date for a newly constructed building or for rehabilitation expenditures in an existing building is the date when the first unit in the building is certified as available for occupancy. The placed in service date for acquisition HTCs is generally the date of the acquisition of the building." Because Silverarrow is claiming acquisition HTCs, the placed in service date is tied to the date of acquisition.

Due to extenuating circumstances, the project will not meet this placed in service deadline. On November 10, 2025, the project owner, Silverarrow LLLP, made a formal request seeking a return of the 2023 HTCs and reallocation of the HTCs from the 2026 HTC year. The letter submitted with the request explained that the project will not receive the RD approvals needed for project completion before the end of 2025. According to the letter, the project had completed RD underwriting. The project received its Letter of Conditions from RD on June 26, 2025, executed it on July 7, 2025, and has been advancing steadily through RD's closing process since then. The file was subsequently transferred to RD's closing staff on July 15, 2025.

On September 15, 2025, RD staff submitted the project file to their Office of General Counsel for closing instructions and indicated this review could take up to 60 days. The federal government shutdown on October 1, 2025, resulted in furloughs of the RD staff working on this closing and halted the issuance of closing instructions. Although the federal shutdown has ended, there is no longer sufficient time for the project to complete the closing process with RD before the end of the calendar year. The request letter explains that, absent the shutdown, the project would have closed in time to meet the HTC placed in service requirements. Because this request involves acquisition credits, the issuance of RD closing instructions is the determining factor for establishing the placed in service date, and without that, the project cannot establish a placed in service date prior to December 31, 2025.

IRS and Minnesota Housing Procedures

When a project with allocated HTCs cannot meet deadlines to claim its HTCs, Section 42 and the IRS regulations under 26 CFR section 1.42 provide that the HTCs are returned to the allocating agency. The returned HTCs are added to the state credit ceiling, giving the Agency additional HTCs to allocate. In this case, the $375,000 in returned 2023 HTCs will increase Minnesota's 2026 state credit ceiling by $375,000, as long as Minnesota Housing allocates the returned HTCs in 2026. If the return occurs

through the mutual consent of Minnesota Housing and the Silverarrow Apartments owner, the additional 2026 HTCs can be reallocated to Silverarrow Apartments, allowing it time to receive RD approvals and complete the project. This process effectively gives the project an extension.

Under Chapter 2.V of the 2026–2027 Qualified Allocation Plan (QAP), Minnesota Housing may, at its sole discretion, permit a project that has received a carryover allocation and will be unable to meet its placed-in-service deadline under Internal Revenue Code Section 42 to return its original allocation and receive a reallocation of the same amount in a future credit year. The owner must provide timely written notice explaining the cause of the delay, and all remedial measures taken to mitigate it. The reason for the request must be extenuating circumstances beyond the owner's control. These circumstances may include but are not limited to delays such as fire, natural disaster, pandemic or other large-scale issues with a significant impact to the housing industry. They must also demonstrate the project remains economically viable without additional funding, and show it still meets all original selection criteria, future-year QAP requirements, and local affordable housing needs.

Recommendation

Staff reviewed the request and recommends the board approve the request for a return and reallocation of 9% HTCs for Silverarrow Apartments. Specifically, staff recommends that the Agency (1) accept a return of the 2023 HTCs through a mutual cancellation agreement, causing the HTCs to be added to the 2026 state credit ceiling and (2) reserve an equal amount of 9% HTCs from the increased 2026 state credit ceiling for reallocation to the project in 2026.

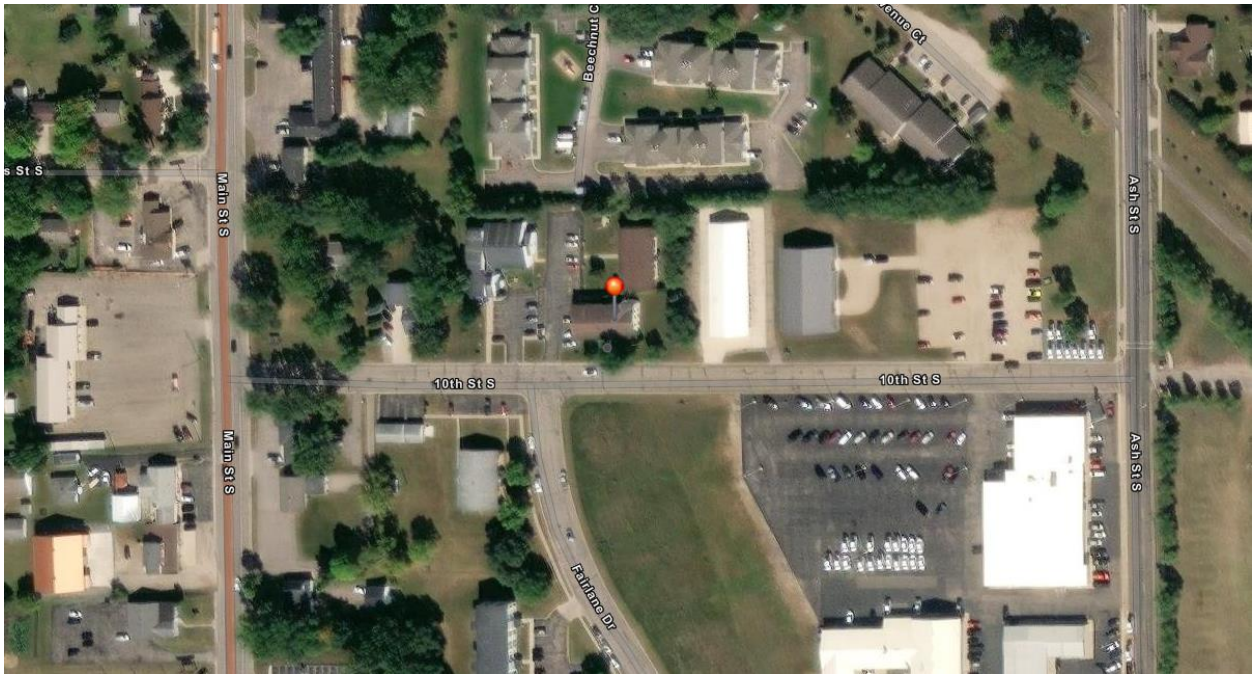
Staff concluded that the project meets the reallocation requirements and conditions in the QAP, remains economically viable without additional HTCs or other deferred funding and continues to meet the affordable housing needs of its community. But for the federal shutdown, the project was on track to meet its placed-in-service requirements. Additionally, to maintain progress toward completion, D.W. Jones, Inc. has spent $1.8 million of additional capital to keep construction moving.

If approved, the project will return its 2023 HTCs to Minnesota Housing. In accordance with the QAP, Section 42 and implementing regulations under 26 CFR section 1.42-14, the returned HTCs will be added to the state housing credit ceiling for the 2026 allocation year and will be available for reallocation to the project in 2026.

The return and reallocation will not require the project to submit a new application or be rescored under the QAP. The owner and Minnesota Housing will execute an HTC Cancellation Agreement and an updated Reservation Agreement for the 2026 HTCs. During calendar year 2026, the reserved 2026 HTCs will be reallocated to the project through carryover or final allocation procedures after the owner submits the appropriate due diligence.

Map of the Silverarrow Apartments project:

404 10th St S
Sauk Center, MN 56378



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

RESOLUTION NO. MHFA 25-XX

RESOLUTION APPROVING REALLOCATION OF
FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2026

WHEREAS, at the December 15, 2022, meeting, the Minnesota Housing Finance Agency (Agency) approved an allocation of $375,000 in 2023 9% Low-Income Housing Tax Credits (HTCs) for Silverarrow Apartments (D8498) through its Resolution No. MHFA 22-101; and

WHEREAS, the project is required to be placed in service no later than December 31, 2025; and

WHEREAS, due to extenuating circumstances, the project will not meet this placed in service deadline; and

WHEREAS, Section 42 of the Internal Revenue Code, and implementing regulations under 26 CFR section 1.42, and the Minnesota Housing's 2026-2027 Qualified Allocation Plan (QAP) Chapter 2.V allows for reallocation of HTCs; and

WHEREAS, Agency staff has determined reallocation is reasonable in these circumstances and is 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:

1. Accept a return of this project's 2023 HTCs through a mutual cancellation agreement; and

2. Add these returned HTCs to the 2026 state credit ceiling; and

3. Reserve and allocate an equal amount of 9% HTCs from the increased 2026 state credit ceiling for reallocation to this project in calendar year 2026, subject to adjustments in accordance with the QAP, and consistent with federal law, federal regulations, and the 2026-2027 QAP; and

4. Such reservation and reallocation is subject to the requirements of the HTC program, and the Commissioner is authorized to approve non-material changes to the project; and

5. Execute all documents related to the reallocation described herein, subject to such terms and conditions as the Agency staff, in its sole discretion, deems necessary.

Adopted this 18th day of December 2025

_____

CHAIR

MINNESOTA HOUSING

Development Summary

Silverarrow Apartments

Developer	D. W. Jones Development, Inc.
Location	Sauk Centre
Property Number (D#)	D8498
Project Number	M19208

Project Description

Silverarrow Apartments is acquisition and preservation of a three building, 28-unit Rural Development (RD) project proposed by DW Jones that is currently at risk of loss due to critical physical needs. The development has been providing affordable housing since 1975 and represents the only subsidized affordable housing within Sauk Centre, making preservation of the RD subsidy very important to the community. The project is located within a short distance of services and retail options, the Lake Wobegon Trail, schools, health care, and primary roadways.

Populations Served

- The development will preserve 28 units that benefit from a United States Department of Agriculture Rural Development (RD) first mortgage and 21 units of RD rental assistance. Additionally, the project will benefit from 1 new unit of RD rental assistance, for a total of 22 units of RD rental assistance.

Capital Sources of Funding

Name of Source	Award Amount
RD Assumption - Arrowsmith	$87,485
Energy Rebates	$1,349
Syndication Proceeds	$3,074,693
Deferred Developer Fee	$26,528
Seller transferred reserves	$50,000
RD Assumption - Silvercrest 2nd	$75,789
RD Assumption - Silvercrest	$117,667
RD Assumption - Arrowsmith 2nd	$106,928
First Mortgage	$693,000
Total Permanent Financing	$4,233,439

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Item: Approval, Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan

Action Item: 7.H
Date: 12/18/2025
Staff Contacts: Nicola Viana, 651.296.8277, nicola.viana@state.mn.us
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval to amend the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan, including the 2026-2027 Self-Scoring Worksheet.

Fiscal Impact

HTCs are a federal resource, and Minnesota Housing earns administrative fees for the costs to implement the HTC Program and Multifamily deferred loans. Deferred loans are generally funded through state or federal appropriations and do not generate interest revenue for the Agency.

Agency Priorities

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

Attachments

1. Background
2. QAP Development Plan
3. Summary of Proposed Changes and Review of Public Comments
4. Public Comments collected in November 2025
5. Qualified Allocation Plan Documents
   a) 2024-2025 Housing Tax Credit Qualified Allocation Plan - Redline
   b) 2026-2027 Qualified Allocation Plan - Redline
   c) 2026-2027 Self-Scoring Worksheet - Redline

Background

The Federal Tax Reform Act of 1986 established the Low Income Housing Tax Credit (HTC) Program for qualified residential rental properties. The HTC Program is the principal federal funding source contained within tax law for the acquisition/substantial rehabilitation and new construction of affordable rental housing.

Section 42 of the Internal Revenue Code (IRC) requires that state allocating agencies develop a Qualified Allocation Plan (QAP) to distribute HTCs within their jurisdiction. The QAP sets forth the requirements to allocate HTCs from the state's HTC annual credit ceiling, commonly referred to as 9% HTCs, and award 4% HTCs in connection with tax-exempt volume limited bonds. The QAP is subject to modifications to help ensure the provisions conform to the changing requirements of the IRC and Treasury regulations, applicable state statute and the changing environment and market conditions, and to best promote Minnesota Housing's Strategic Plan. The 2026-2027 QAP also sets the overall selection priorities for the competitive 2025 and 2026 Multifamily Consolidated Requests for Proposals (RFPs), which include deferred loans funded from state and federal funding resources.

Minnesota Housing's QAP includes two primary documents:

- Qualified Allocation Plan document – includes detailed definitions and procedures for implementing the HTC Program; and
- Self-Scoring Worksheet – assigns preferences and points for developments that meet Minnesota Housing's HTC Program and deferred loan funding priorities. The Self-Scoring Worksheet is comprised of six selection categories that establish the scoring framework. Each selection category is broken down into selection criteria. The selection categories are: Greatest Need Tenant Targeting, Serves Lowest Income for Long Durations, Increasing Geographic Choice, Supporting Community and Economic Development, Efficient Use of Scarce Resources, and Building Characteristics.

The Methodology Guide provides additional information related to applying Minnesota Housing's geographic priorities, as reflected in the Self-Scoring Worksheet, for effectively distributing HTCs throughout the state. Although the Methodology Guide is not part of the QAP, it is a document that applicants use to understand the selection criteria.

Copies of the 2024-2025 HTC QAP and 2026-2027 QAP and corresponding Self-Scoring Worksheets are available on Minnesota Housing's website at www.mnhousing.gov (Home/Rental Housing/Housing Development and Capital Programs/Housing Tax Credits).

The board approved the 2024-2025 QAP at the November 2022 board meeting and Governor Walz approved the 2024-2025 QAP in January 2023. The Minnesota Housing board approved the 2026-2027 QAP at the November 2024 board meeting and Governor Walz approved the QAP in February 2025.

QAP Development Plan

Since the approval of the QAPs, there have been changes to Minnesota state and federal law that make it necessary for the QAPs to be amended. Initial planning for the development of the amendments to the QAPs began in September 2025. Staff reviewed the recent changes in federal and state law and provided proposed redline changes at the October 23, 2025, board meeting. Staff also recommended an amendment to the 2026-2027 QAP to extend it by one year to become the 2026-2028 QAP. This will make the QAP applicable to the 2027 Multifamily Consolidated RFP and 2028 HTC funding rounds. Minnesota Housing forward allocates 9% HTCs, which is why the QAP year is one year ahead of the Multifamily Consolidated RFP year. Because 9% HTCs have strict deadlines set by the IRS, the forward allocation process gives applicants more time to start and complete their projects.

Public Hearing and Public Comments

The IRS requires that allocating agencies hold a public hearing where interested individuals have an opportunity to share ideas, ask questions and express their views on the proposed changes to the QAP. Public hearings are advertised on the Minnesota Housing website and via Agency eNews, the State Register and the Star Tribune at least 10 days before the events. Individuals and organizations have the opportunity to provide verbal comments on the proposed changes to the QAP during the public hearing as well as written comments during a public comment period.

Summary of Engagement

Minnesota Housing held a public comment period and a public hearing on the proposed changes to the QAPs and Self-Scoring Worksheet. The public comment period was from October 23, 2025, to November 14, 2025. Eight participants from the public attended the public hearing on November 12, 2025, and one of those participants provided verbal comments at the hearing. In addition, Minnesota Housing received nine written comments. See the full written comments in Attachment 4 of this report.

If approved by board, the QAPs will be submitted to the governor’s office for final approval.

Suballocator Participation

Under Minnesota Statute 462A.222, subdivision 1, the city of Minneapolis, city of St. Paul, Washington County, and Dakota County can allocate or award their own HTCs. Each has their own QAP and scoring worksheets. These proposed changes only apply to HTCs allocated or awarded by Minnesota Housing. For the 2024, 2025, 2026 HTC program years, the cities of Duluth, St. Cloud and Rochester entered into Joint Powers Agreements under which Minnesota Housing agreed to perform certain allocation, award and compliance functions on behalf of the suballocator. Suballocators make an annual determination to participate in a Joint Powers Agreement, which is typically executed prior to the release of Minnesota Housing’s annual Multifamily Consolidated RFP in the spring.

Timeline for the QAP Amendment Process

Table 1 provides the dates and activities for the QAP Amendments.

Table 1. Dates and activities for the QAP Amendments

Date	Activity
Thursday, October 23, 2025	QAP Amendment and Summary of Proposed Changes presented to Minnesota Housing board
Thursday, October 23, 2025	Summary of proposed changes to the QAP and Self-Scoring Worksheet released for public comment
October 23, 2025 – November 14, 2025	Public comment period
Wednesday, November 12, 2025	Public hearing, via Go to Webinar
Friday, November 14, 2025	Public comment period closed
November 17, 2025 – December 9, 2025	QAP Amendments and Self-Scoring Worksheet were drafted and routed for review by staff, legal and the Assistant Commissioner for Multifamily
Thursday, December 18, 2025	Minnesota Housing board meeting: final action
December 2025	Submit QAP to the Governor's Office for approval
Summer 2026	2029-2030 QAP development begins

Summary of Proposed Changes and Review of Public Comments

The proposed changes are only to address two time-sensitive issues - (1) state law change that requires Minnesota Housing to incorporate “Local Actions to Support Housing” into its QAP and (2) federal law changes that lowers the requirement for tax-exempt bond financing from covering at least 50% of a project’s eligible HTC costs to only 25% - and to extend the QAP period by one year to allow sufficient time to evaluate the impact of the significant policy changes to the 2025 and 2026 Multifamily Consolidated RFPs.

Proposed Changes in Response to State Law

In the 2025 Minnesota Legislative session, the “Local Actions to Support Housing” was added to session law (Minnesota Laws 2025, chapter 32, article 3, section 13). The 2025 session law requires Minnesota Housing, where practicable, to award additional point(s) in competitive capital development programs to proposed projects located in jurisdictions that provide certain land use and zoning flexibilities identified in the law, which cannot exceed five percent of the total available points. This new requirement applies to selection criteria and scoring systems developed on or after May 23, 2025 and will remain effective through December 31, 2029. The local jurisdiction does not need to provide the flexibilities to the project, but one or more of the provisions in the law must be available in the local jurisdiction for the project to claim points.

In response to this state law, Agency staff recommends including Local Actions to Support Housing as a new two-point selection criterion in the 2026-2027 Self-Scoring Worksheet. One of the letters received during the public comment period included support for this provision.

Proposed Changes in Response to Federal Law

In July 2025, Congress passed H.R. 1, and the President signed it into law. One part of the law (Section 70422) makes it easier for projects to qualify for the 4% HTC. It lowers the requirement for tax-exempt bond financing from covering at least 50% of a project’s eligible HTC costs to only 25%. Once the new threshold is available, the reduced bond threshold means that the same amount of tax-exempt bonds can help more projects qualify for the 4% HTC.

Federal law makes the new threshold available in 2026. However, the QAPs currently refer specifically to the 50% test. Minnesota Housing proposes to update the language in Chapter 7.A of the 2024-2025 HTC QAP and Chapter 7.A, Chapter 7.B and Appendix A of the 2026-2027 QAP to allow for the shift from the 50% test to the “Minimum Percent” test on 4% HTC projects to allow the 2025 (and any future) change in federal housing tax credit law.

One of the letters received during the public comment period recommended including a defined ceiling of 30%, though the commentor noted that there may be a need for a higher percentage in certain situations to meet a project’s permanent debt financing needs. Under the current 50% test and under the new 25% test, incorporating a buffer is an identified best practice. Without a buffer, a project that

has a bond allocation could fail the test and no longer qualify for the 4% HTC because of cost increases. The proposed QAP language retains the buffer and does not institute a cap so that we can be responsive to project needs.

The proposed amendment refers to the "Minimum Percent" test instead of specifically the 25% test or a 30% ceiling to allow for flexibility to both meet the test and, when necessary, to meet the project's permanent debt needs. The tax-exempt bonds are necessary to qualify for the 4% HTCs, but the bonds can also be the source of long-term permanent debt. The tax-exempt status of the bonds can provide a more favorable interest rate to the project. The shared goal is to use as few tax-exempt bonds as necessary to qualify the project for 4% HTCs while supporting the financially viability of the project. The proposed language for the QAP effectively operates as suggested by the commentor but retains flexibility when needed for project implementation.

Proposed 2026-2027 QAP Extension

Staff propose to amend the 2026–2027 QAP to extend it by one year, resulting in a 2026–2028 QAP. Following more than 15 months of community engagement, research and review, the board approved the 2026–2027 QAP and Self-Scoring Worksheet on November 21, 2024. This QAP reflected significant policy changes responding to extensive partner input and research. The 2025 Multifamily Consolidated RFP is the first application cycle and review under the new framework.

Extending the QAP provides applicants with predictable policies for an additional year and allows Minnesota Housing to assess outcomes from the 2025 and 2026 Multifamily Consolidated RFPs before advancing further major changes. Neither state nor federal law establishes how frequently a QAP must be updated.

Public Comments Overview

A central theme in public comments was a request to establish two separate Multifamily Consolidated RFP application "tracks"—one for permanent supportive housing (PSH) and one for preservation projects that do not add or potentially retain PSH units. Commenters noted the importance of PSH and the strain on providers caused by increasing resident needs, insufficient service funding and challenging operating conditions. They also highlighted growing demand for preservation resources.

For reasons summarized below, the proposed QAP amendment was not modified to incorporate the request for a two track application process. In the context of the QAP and in this memo, PSH includes projects that dedicate units to individuals or households that have experienced homelessness and/or dedicate units for people with disabilities.

Strategic Plan

While funding sources and terminology has evolved over time, PSH has been incentivized in various ways in the QAP and Self-Scoring Worksheet for more than 20 years. Going back to the Business Plan to End Long-Term Homelessness in 2010 and the advent of Housing Infrastructure

Bonds in 2012, PSH has been an integral part of Minnesota Housing's strategic objectives and funding processes. The Agency's 2024-2027 Strategic Plan, further supported by the One Minnesota Plan, includes the following objectives:

- Prevent and end homelessness;
- Focus on the people and places most impacted by housing instability;
- Support people with disabilities to live full, independent and integrated lives in the community; and
- Preserve and improve the condition and affordability of existing housing.

The QAP operationalizes these objectives by incentivizing units serving individuals and households experiencing homelessness and people with disabilities, which also advances our work on the Minnesota Olmstead Plan. The QAP also includes significant components related to preservation.

Incentivizing PSH in the Self-Scoring Worksheet

PSH projects are classified in two ways in section 1.C of the Self-Scoring Worksheet:

- Primarily Supportive Housing: This includes properties where 50% or *more* of the total units in a property are PSH units. These properties are generally developed and operated by nonprofit organizations. In most cases, the entire building is focused on providing PSH and supportive services.
- Partially Supportive Housing: This includes properties where *less* than 50% of the total units in a property are PSH units. These properties are developed and operated by both for profit and nonprofit organizations. In most cases, 5% to 10% of the units are dedicated as PSH units. These properties are often integrated settings in general occupancy or senior buildings.

When an applicant submits a proposal in the Multifamily Consolidated RFP, they choose if and how many PSH units to include. There is no requirement for an applicant to include PSH units. However, the competitive scoring framework, via the Self-Scoring Worksheet, incentivizes providing PSH units, whether new construction or preservation. Due to the highly competitive nature of the limited funding resources, most applicants elect to take the points and provide PSH units. A preservation project that is already providing PSH units may take the points for existing PSH units, which is often the case for Primarily Supportive Housing preservation proposals.

Even with the PSH incentive, not all preservation projects selected for funding elect to provide PSH units. For example, the 2024 Multifamily Consolidated RFP funding selections included eight preservation projects. Three of those eight projects were preserving Primarily Supportive Housing. Of the five other preservation projects, two were Partially Supportive Housing and

three projects did not provide PSH units. Past funding selections demonstrate that preservation projects, depending on the proposal, can still be selected for funding without choosing to provide PSH units. The limiting factor in project selections is most often funding availability.

Staff guidance during technical assistance emphasizes that PSH should only be selected if it aligns with project mission and feasibility. A competitive score alone is not sufficient. A project must demonstrate long-term viability, and PSH may not be suitable for every project.

Project Selection Tracks

The request for a two-track system—one track for preservation and one track for PSH—reflects the very real challenges that providers are experiencing. However, Minnesota Housing's annual Multifamily Consolidated RFP is already built on a structure that balances multiple funding sources, geographic requirements and project types in ways that functionally create multiple tracks without establishing separate application or scoring systems.

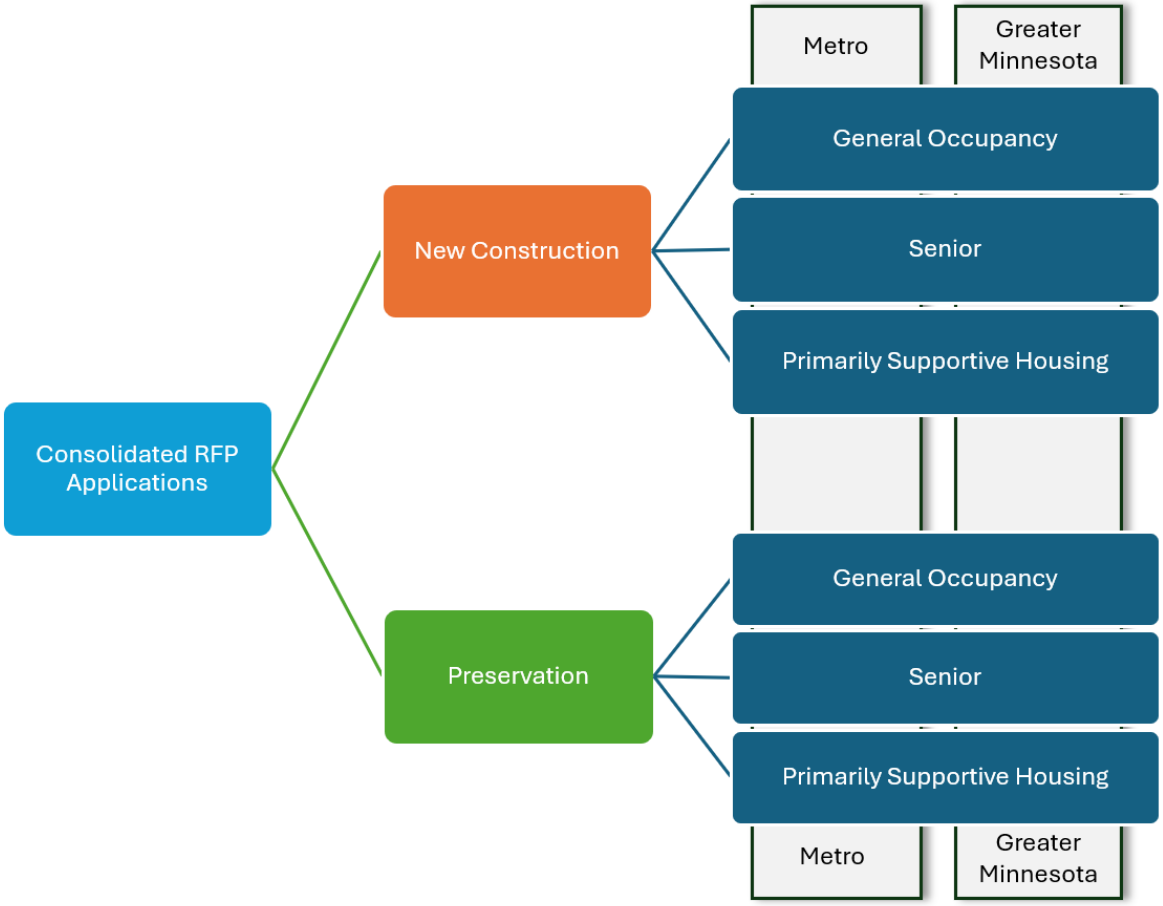
The Multifamily Consolidated RFP combines more than a dozen distinct funding sources—each with different eligible uses, geographic limitations and regulatory requirements—into a single application process. This design allows applicants to submit one proposal while Minnesota Housing determines which funding source best aligns with the proposal, rather than requiring applicants to navigate separate pipelines for each resource.

There is a need for affordable housing of all types in all corners of the state. Because each funding source carries its own opportunities and statutory requirements, selections must balance:

- Geographic distribution, including requirements in state statute for metro/Greater Minnesota balance;
- Balance of new construction and preservation;
- Differences in funding flexibility, such as sources that can be used only for preservation or only for deeply targeted units;
- A mix of project types, including general occupancy, senior housing, Primarily Supportive Housing, and Partially Supportive Housing; and
- Annual variations in the amount and type of funds available.

These factors mean that, even though all proposals use the same Self-Scoring Worksheet, projects do not compete in a single statewide ranking and there are effectively different project tracks within the Multifamily Consolidated RFP.

Figure 1. Minnesota Housing's functional tracks by project type and geography in the Consolidated RFP



In practice, selections are made across several simultaneous and interdependent pathways—by geography, project type and funding source compatibility. For example, a lower-scoring preservation proposal may be selected above a higher-scoring new construction proposal because the available funding must be used for preservation or because of geographic balancing requirements. Similarly, a Greater Minnesota project may be selected ahead of a higher-scoring metro project due to statutory geographic distribution obligations.

Given this structure, creating formal tracks would not materially change selection outcomes but would reduce the flexibility Minnesota Housing needs to balance statutory requirements, funding availability, and geography. It could also inadvertently limit the Agency's ability to match projects with the funding sources best suited to their feasibility and long-term stability.

Finally, removing or isolating PSH incentives from preservation projects would likely reduce the number of PSH units produced or maintained over time. This would run counter to Minnesota

Housing's Strategic Plan objectives and long-standing commitments to serving households experiencing homelessness and people with disabilities.

Some public comments expressed concern that certain project types are not competitive in the Multifamily Consolidated RFP. Staff agree that the need for affordable housing far exceeds the resources available. However, adjusting the competitive structure does not increase the number of projects that can be selected — it only shifts which projects are selected. Expanding the number and types of projects that can be funded requires additional resources.

Based on the Strategic Plan and for the reasons outlined in this memorandum, staff recommends maintaining the existing approach rather than adopting a formal two-track system or removing the PSH incentivizes.

MINNESOTA HOUSING

Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan

Public Comments collected in November 2025

Table 1: A list of the public comments Minnesota Housing received in response to the proposed QAP Amendments.

Name of Entity	Page Number
Aeon	1
Beacon Interfaith Housing Collaborative	2
CommonBond Communities	12
HOME Line	14
LAC - Lincoln Avenue Communities	16
MCCD - Minnesota Consortium for Community Development	24
MHP - Minnesota Housing Partnership	26
MN Housing Stability Coalition	28
TCHA - Twin Cities Housing Alliance	37
Housing Justice Center	40

November 14, 2025

Tamara Wilson
Minnesota Housing Finance Agency
400 Wabasha Street North, #400 St.
Paul, MN 55102

Dear Ms. Wilson:

I am writing with comments on the proposed amendments to and extension of the current Qualified Allocation Plan (QAP) to the 2026 – 2027 year.

As you know, public policy has prioritized the development of permanent supportive housing – for good reason. When paired with supportive services, supportive housing is effective in ending homelessness. Aeon has developed and operated numerous properties with permanent supportive housing units. These properties face numerous challenges, including funding of services and increased acuity of residents. Prior to the onset of the COVID-19 pandemic, we experienced a trend of increased acuity of supportive service needs of residents of permanent supportive housing, due in part to the opioid crisis. Additionally, the economic conditions experienced during and immediately following the COVID-19 pandemic, including the historic rise in inflation, dramatic increases in interest rates, elevated insurance and other operating and security costs, and reductions in rent collection have financially challenged operating budgets to the breaking point – negatively affecting the ability of nonprofit housing providers to sustain and operate these properties and provide home for their residents.

Existing supportive housing properties will need financial support to sustain operations while older properties without supportive housing units will require a path to preservation refinancing. The current QAP priorities make that difficult. Aeon supports public comments submitted to the 2024 QAP by the Housing Stability Coalition that requested that the QAP scoring be revised to create two distinct tracks within the QAP: one for preservation of affordable housing projects irrespective of the number of PSH units and the other that continues to prioritize permanent supportive housing in its point structure.

A two-track scoring approach would allow us to protect the critical affordable housing assets currently serving our community, while continuing to provide permanent supportive housing that prevents and ends homelessness and provides individuals in PSH units with the services they need ***at the level they need*** to remain stably housed. The proposed amendments to the QAP that extend its term will delay consideration of this change and delay potential opportunities to refinance existing properties. We urge the state to consider this change sooner.

Sincerely,

Caroline Horton

Caroline Horton
Interim CEO/President

Beacon
INTERFAITH HOUSING COLLABORATIVE

Tamara Wilson
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

November 13, 2025

Dear Ms. Wilson:

Beacon Interfaith Housing Collaborative is one of Minnesota's leading developers and operators of permanent supportive housing. We deeply value our partnership with Minnesota Housing and the shared goal of creating and preserving homes for Minnesotans with the lowest incomes.

We are writing regarding the proposed amendments and one-year extension of the Qualified Allocation Plan (QAP) for 2026–2027. While we support the necessary technical change to comply with federal law (reducing the bond test from 50% to 25% to trigger 4% LIHTCs), we are very concerned that the QAP is otherwise being extended without substantive changes in response to today's dramatically different operating environment.

Supportive housing providers like Beacon are facing unprecedented financial and operational strain. Service funding has not kept pace with residents' increasingly complex needs, shaped by the opioid crisis and behavioral health challenges. At the same time, inflation, interest rates, insurance, security, and other operating costs have all risen sharply while rent collections are under pressure. These conditions put supportive housing buildings and affordable housing portfolios at risk.

Yet the current QAP structure effectively requires almost every competitive project to add permanent supportive housing (PSH) units to score well, regardless of whether the owner has the experience or scale to deliver high-quality services. This "one-size-fits-all" approach dilutes limited-service dollars across many buildings, makes it difficult to staff appropriately, and pushes some owners into work they are not equipped to do. It also makes PSH projects more challenging to finance, at a time when many tax credit investors are signaling more caution about PSH and a preference for projects with experienced, proven PSH sponsors.

Beacon strongly urges Minnesota Housing to move away from this single-track approach and adopt a **two-track QAP scoring system** beginning in 2026:

1. **A Preservation & General Affordable Housing Track**
    - Prioritizes preservation and recapitalization of existing affordable housing.
    - Allows projects to be competitive **without** adding new PSH units when that is not appropriate for the owner, residents, or financial structure.
2. **A Dedicated Permanent Supportive Housing Track**
    - Continues to prioritize Housing First and PSH for people experiencing or exiting homelessness.
    - Focuses PSH resources and incentives on projects led by experienced PSH providers that can deliver the level and intensity of services residents truly need.

This two-track framework would:

- Protect and stabilize existing affordable housing assets for thousands of Minnesotans.
- Strengthen PSH outcomes by concentrating PSH in developments designed and staffed for that

purpose.
- Better align Minnesota's LIHTC projects with investor appetite, reducing the risk that good projects fail to attract equity or require higher levels of scarce public subsidy.

For these reasons, we respectfully ask Minnesota Housing to:
- **Reverse the decision to extend the current QAP for another year without substantive changes**, beyond the necessary federal compliance fix; and
- **Immediately begin developing a more significant amendment for 2026–2027** that creates a two-track scoring system and aligns with the realities facing both supportive housing and general affordable housing providers.

Beacon stands ready to work with you on these changes. The financial strain on our field—and the risk to the Minnesotans who rely on supportive and affordable housing—is too great to wait another year.

Sincerely,



Ben Helvick Anderson
VP of Policy and Organizing
Beacon Interfaith Housing Collaborative
612-760-3129
bhelvickanderson@beaconinterfaith.org

APPENDIX: Prior Affordable Housing Industry Public Comments about Minnesota's Qualified Allocation Plan (QAP) and Permanent Supportive Housing

This appendix includes public comments previously provided by the affordable housing industry to Minnesota Housing relating to requested amendments to the Qualified Allocation Plan and/or Permanent Supportive Housing.

Public Comment Letter on Initial Draft QAP – Submitted July 1, 2024

1. The dire financial challenges facing nonprofit affordable rental owners has been part of the public policy discussion since the 2023 legislative session when the SHORP program was enacted. We have continued to highlight the challenges with the agency and legislative leaders. As a result of those discussions, we hoped that the proposed 2026 – 2027 QAP would incorporate some new approaches to address the challenges before us as an industry and as public funders invested in the industry's health. One specific example of a change that Minnesota Housing should adopt is more adaptive underwriting standards that respond to the volatile environment that we all are facing.

3. We share your commitment to expanding access to permanent supportive housing to support a "housing first" approach that prevents and ends homelessness and to ensure that everyone has the services they need to remain stably housed. Over the years, our shared commitment has resulted in thousands of Minnesotans securing and sustaining permanent housing. Yet there remains a critical disconnect between housing and services funding, leaving housing providers with resources that are inadequate to deliver quality services over time. The proposed 2026 – 2027 QAP scoring criteria continues to award high points for supportive housing without recognition of this disconnect. The result is that it is nearly impossible for applicants to compete without adding some supportive housing units to every project. We know that scattered site supportive housing is more expensive to operate; yet, without robust supportive services, it is a struggle to help these households succeed in maintaining housing stability, particularly in the post-pandemic environment. Tenant instability and high service needs add costs to operating budgets at a time when budget constraints are exacerbated by costs outside of owners' control (such as escalating property insurance and security costs). The 2026 – 2027 QAP should recognize that supportive housing funding streams are vastly insufficient to the actual cost of providing services and allow for other points to be commensurately earned in other categories so that developers can compete. This can be a temporary policy change until such time as our industry (including public partners) have aligned service funding to meet the needs of supportive housing residents.

Public Comment Letter on QAP Final Version – Submitted September 19, 2024

- "While many of our concerns from our July 1 letter remain, we want to reiterate, in particular, our request to change the policy that awards higher points for inclusion of PSH units across all types of developments, thereby making it nearly impossible under current funding levels for any project that does not include PSH units to win a funding award. To the contrary, the Proposed Changes Resulting from Public Comments indicates an ***increased*** blanket prioritization for PSH units by creating an entirely new criterion for "Other Homeless" in order to "incentivize primarily

supportive housing projects to increase the total number of homeless units." Practically speaking, "incentivize" really means "require" due to the amount of funding available.

- "Nonprofit housing providers are severely strained right now. Requiring (by virtue of funding limitations) PSH units to be included in all funded projects is a currently unfunded mandate that puts the entire housing development – and all its other residents, in particular – at risk.

- "We strongly urge Minnesota Housing to create two tracks: one for preservation of affordable housing projects irrespective of the number of PSH units and the other that continues to prioritize permanent supportive housing in its point structure. A two-track approach will allow us to protect the critical affordable housing assets currently serving our community, while continuing to take a "housing first" approach that prevents and ends homelessness and provides individuals in PSH units with the services they need and deserve to remain stably housed. Over the years, our shared commitment has resulted in thousands of Minnesotans securing and sustaining permanent housing. We look forward to continuing that partnership at the level that funds allow."

Final Report of the Task Force on Long-Term Sustainability of Affordable Housing – February 2025

The QAP scoring process was the primary topic of the first two recommendations of the 19-member Task Force:

1. **Report Recommendation #1**: The Task Force recommends that the Minnesota legislature partner with Minnesota Housing, non-profit housing leaders, tenant rights organizations, and Minnesota renters to coordinate two evaluations. One to evaluate Permanent Supportive Housing and deeply affordable housing models, and potential flexibility in regulatory requirements of existing affordable housing, further defined in *Appendix B*. The other to research options and develop recommended changes to QAP scoring and other recommendations or options to provide increased financial and operational flexibility for housing providers. Chairs of the Senate Housing Committee should appoint an advisory team that includes representatives from the organizations above to conduct the evaluations. These evaluations can occur simultaneously and should be reported back to the Minnesota Legislature by January 1, 2026.
    a. **Appendix B**
    Recommendation 1 Further Details:
    The evaluation shall be of the effectiveness of the 100% Permanent Supportive Housing (PSH) model, "integrated" PSH model, and integrated deeply affordable units without designated services model. Evaluation should consider necessary service funding amounts and sources, resident experience and outcomes in the 100% PSH model, integrated PSH units, and deeply affordable, non-supportive housing units with integrated units in the building, financial performance of operations, financial impact on the owner/parent organization, whether and to what degree resident/tenant service needs are met, the effectiveness of the Coordinated Entry System (CES) in matching residents with available units and needed supportive services, and make recommendations for the long term sustainability of each model for both existing projects and future projects. Options need to take into consideration key implementation and tenant protection policies, processes, and procedures, including but not limited to the following:

- *Flexibility in income/rent restrictions that enable the affordable property to operate successfully on behalf of its residents beyond year 15. Adjustments may include loosening affordability requirements in a portion of units and/or relaxing ongoing monitoring and compliance requirements. Guardrails should be implemented to ensure responsible use of public resources and may include a focus on nonprofit/mission-based ownership, as well as incentives to maintain affordability beyond 30 years.*
- *The goal of allowing greater flexibility in income and rent restrictions is to preserve the maximum number of affordable units and level of affordability of each affordable unit after year 15. Options may include allowing flexibility on all or a portion of the units to serve mixed-income populations by allowing higher rents for some or all units in a property as allowed by federal law. Options may also include reduced compliance requirements on restricted units.*
- *Implementation of flexibility to reduce income and rent restrictions shall require the establishment of guardrails to guide the process to determine how/when there may be regulatory flexibility granted beyond year 15. These guidelines should include a focus on housing stability for existing tenants, including tenant protections that maintain existing rent requirements. For any units allowed to increase rents for new tenants, the owner may not discriminate based on source of income in determining tenant eligibility for these units and at least half of the units granted flexibility to increase rents must maintain rents at or below Housing Choice Voucher Payment Standards.*
- *Outline an efficient, time sensitive process that responds to market conditions, such as utilizing a more robust and transparent ISG process.*
- *Explore the potential of income averaging in the extended use years.*
- *Flexibility should be added to the original LURA for new projects amended LURA for existing projects. The LURA for the first 15 years and a commitment to a new LURA for the 2nd 15 years that is based on economics and performance at year 15.*

2. **Report Recommendation #2:** The Task Force recommends Minnesota Housing and local suballocator jurisdictions to amend current Qualified Allocation Plans (QAPs) for the allocation of Low Income Housing Tax Credits (LIHTCs) by June 1, 2026 to revise selection criteria structure and consider what additional changes are required once evaluations of 100% permanent supportive housing (PSH) and integrated permanent supportive housing (PSH) models are completed.
    a. **Appendix B**
    Recommendation 2 Further Details:
    Changes by June 1, 2026 shall include:
        - *Prioritize supportive housing in models with 100% or majority permanent supportive housing (PSH).*
        - *Recognizing that there are unique challenges of operations under the integrated PSH model, Minnesota Housing and local suballocators shall ensure that units funded under the integrated PSH model have adequate (as defined by Minnesota Housing and agreed to by the service provider) service funding that is secured or provided by Minnesota Housing in partnership with the Minnesota Department of Human Services, and*

committed in conjunction with capital funding awarded.

- *Direct the Interagency Council on Homelessness to facilitate the development of a funding plan using existing resources and programs administered by Minnesota Housing (including state funds appropriated in 2023 for Supportive Housing) and existing resources and programs administered by the Minnesota Department of Human Services.*
- *Minnesota Housing is further directed to provide technical assistance to local government recipients of LAHA/SAHA on structuring these resources to provide service funding for PSH units in local government jurisdictions. Local funding, through LAHA/SAHA may be included in the service funding package awarded to PSH projects at the time capital funds are awarded.*
- *Minnesota Housing to direct the CES statewide to develop a strategy to refer unhoused individuals to housing opportunities that provide the level of on-site services that match the acuity level of PSH residents' needs. This directive applies to all units required by Minnesota Housing and local funders to be leased through the CES (not requirements directly tied to only Department of Housing and Urban Development funding).*
- *Fund 100% PSH projects with only non-amortizing debt and review pre-2020 PSH projects for possible debt restructure to modify debt.*

Public Comment on the Affordable Housing Plan – Submitted September 12, 2025

7) Make Minnesota an attractive state for LIHTC investors.
In the discussion of the Low-Income Housing Tax Credit (LIHTC) (pages 6-7), the plan references the increased federal budget allocations but then goes on to state that "most projects will continue to need the same amount or more of deferred loan resources to fill funding gaps." We recommend that Minnesota Housing review its QAP with an eye toward ensuring that Minnesota is an attractive state for LIHTC investors. Given current distress in the industry, the significant uncertainty, and the real potential for substantial future cuts, we strongly advise the Agency to prioritize LIHTC funds for preservation of existing affordable housing assets. What else can the Agency do to maximize the impact of the increased LIHTC funds?

Comments from tax credit investors during facilitated discussion – September 2025
Overall, we heard from tax credit investors that they view Minnesota as an unappealing state for their investments due, in part, to the PSH practical requirement (since any development without PSH units will not be competitive) across all affordable housing types. Investors are much more comfortable investing in PSH units that are run by mission-oriented investors with deep expertise and a long track record in providing supportive services. Writ large, they are not investing in developments with integrated supportive housing or run by housing providers who are not experts in supportive housing. When federal funding is being cut across a variety of programs that are critical to our collective mission, it becomes ever more essential that we reexamine our statewide policies and points allocation criteria in a way that will increase the level of private investment in the state. A few additional relevant points they made include the following:

- Investors are particularly concerned about sponsors "chasing points" within Qualified Allocation Plans (QAPs) and taking on the responsibility PSH units within LIHTC projects, especially High-priority Homeless units. They expressed particular concern about small and emerging developers with no experience in managing PSH taking on

responsibility for these commitments.

- Investors are seeing delays in initial lease up of PSH units in certain markets due to issues in the CES process. In the past, a 5% vacancy factor would be used for project-based subsidized PSH units, but now investors are underwriting to a 7% or 10% vacancy factor.
- Regarding the Minnesota market – historically it has been a highly sought-after market by investors, with most projects able to attract multiple bids with strong pricing. That is no longer the case in the current market.
- Panelists expressed a range of opinions about the future appetite by investors for projects with PSH – some investors are reluctant to do any projects with PSH, others will do projects with PSH only in certain geographic areas and with experienced, proven owner/service provider teams. Minnesota is still generally seen positively as a market where PSH is supported and there are strong owner/service provider teams.
- All investors, including those with an appetite for projects with PSH, are scrutinizing transactions with PSH much more closely and being more selective about the deals they choose. Some investors expressed increased concern about the financial and organizational strength of developers with PSH units and future of adequate service funding for those projects. Investors are concerned about whether the current Administration will continue to fund renewals of Continuum of Care (CoC) subsidies and how that may impact existing portfolios of developers who have used these funds on past developments with PSH.
- Need to be willing to “Fix the Mix” in some supportive housing projects – to allow some units in a project to move AMI restrictions to higher levels, or to introduce temporary or permanent relief provisions in rent and income restriction commitments. Such actions would allow projects to retain some units for chronically homeless residents while generating more revenue from other units in the project. Rent subsidies have not kept pace with escalating costs in supportive housing (e.g., more damage to units; higher security and case management costs than originally anticipated). Applaud the state and local staff for starting to look at temporary/permanent relief provisions as a tool to stabilize the cash flow for affordable projects.

Minnesota Housing Stability Coalition Members

Accessible Space,
Inc.
Aeon
Agate Housing and Services
Alliance Housing
American Indian Community Development Corporation (AICDC)
Avivo
Beacon Interfaith Outreach
Catholic Charities Twin Cities
Center City Housing
Clare Housing
Common Bond Communities
CSH
Family Housing Fund
Greater Twin Cities United Way
Greater Minnesota Housing
Fund Hope Community
Housing In Action
Interfaith Outreach
LISC Twin Cities
Minnesota Housing Partnership
Minnesota Consortium of Community Developers
Model Cities
Our Saviour's Community
Services Peris Housing
Project for Pride in Living
Redesign
Inc RS
Eden
Simpson Housing
Southwest Minnesota Housing Project
Trellis
Touchston
e
Twin Cities Housing Development Corporation
Volunteers of American MN

CommonBond COMMUNITIES

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

Re: Comments on the 2026–2027 Qualified Allocation Plan (QAP)

Dear Minnesota Housing Staff and Board,

Thank you for the opportunity to comment on the proposed 2026–2027 Qualified Allocation Plan. We appreciate Minnesota Housing's commitment to transparency and its efforts to solicit feedback from partners across the affordable housing sector.

That said, we are disappointed that many of the concerns and recommendations we shared in our previous 2024 letter appear to remain unaddressed while moving forward a one-year extension of the current QAP without substantive changes. As a long-standing nonprofit affordable housing developer, owner, and service provider, CommonBond continues to see a disconnect between the policy priorities outlined in the QAP and the practical realities of preserving and developing affordable housing in today's environment. In our earlier comments, we emphasized the following priorities:

- **Preservation:** We urged Minnesota Housing to better recognize varying levels of physical and financial distress among preservation projects, to allow for more flexible application timing, and to adjust scoring so that critical preservation efforts can realistically compete for funding. The current framework still makes it difficult for deeply distressed properties to qualify, leaving many vital affordable units at risk. Urgency and nimbleness is paramount in the interest of preserving housing assets, previous public investments and non-profit operator health.
- **Supportive Housing:** We raised ongoing concerns about the financial feasibility of supportive housing given higher operating costs, waning insurance and investor options, the need for sufficient reserves and the limits of philanthropic capacity to make services possible. The continued emphasis on higher thresholds for supportive housing without corresponding adjustments to underwriting standards, services and capital funding coordination, and reserve requirements threatens the long-term stability of these developments and ignores the realities that are present.
- **Innovative Construction:** While we support the goal of containing costs, we recommended a clearer and more outcome-based approach focused on total development costs rather than narrow construction techniques. The existing preference structure remains challenging to implement and measure effectively.

We respectfully ask Minnesota Housing to revisit these areas with renewed attention to the feedback provided by preservation and supportive housing practitioners. Greater alignment between the QAP's scoring framework and on-the-ground realities will be critical to preserving existing affordable housing and ensuring the financial and operational sustainability of new developments and their mission-driven owner/operators as well.

Thank you for your continued partnership. We appreciate your consideration of these comments and would like to understand how this feedback is being integrated into the Agency's go forward approach. We remain committed to working collaboratively with Minnesota Housing to advance our shared mission of providing safe, stable, and affordable homes for all Minnesotans.

8011 34th Ave S., Suite 126
Bloomington, MN 55425
Office Phone: 612.728.5770
Office Fax: 612.728.5761
www.homelinemn.org

November 14, 2025

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

RE: Second comment period on the 2026-2027 Qualified Allocation Plan

To Whom It May Concern:

HOME Line appreciates the opportunity to comment again on Minnesota Housing's 2026-2027 Qualified Allocation Plan. We are a nonprofit Minnesota tenant advocacy organization that provides free and low-cost legal, organizing, education, and advocacy services so tenants throughout Minnesota can solve their own rental housing problems.

As stated in our comments from July 3, 2024:

> *[O]ur remarks [are] based on conversations with Minnesota renters living in Twin Cities area Low Income Housing Tax Credit (LIHTC) buildings. The tenants we spoke with–primarily senior and immigrant communities–are currently in untenable situations and have concerns that future renters will be placed in similar circumstances.*
>
> *The renters we talked with expressed frustration with the disconnect between affordability on a regional level based on percentages of the Area Median Income (AMI), which has no relation to an individual household's affordability calculation (i.e., 30% of their household income).* ***Tenants complained primarily that the AMI frequently outpaces changes to their annual incomes. Renters may have qualified to live in their homes during their initial income check. However, increases in their rents based on changes to AMI have left them in unaffordable apartments, often over 50% of their incomes.*** *They expressed confusion about being too poor to stay in "affordable housing" and that the increases broke the image of affordability these units gave them.*

To address this issue, Minnesota Housing should implement a cap on future rent increases in LIHTC buildings. This is to ensure that current and future residents can

feel secure in their homes and are not burdened by rent hikes that exceed what they can afford yearly and over the long term.

We appreciate your consideration.

Sincerely,
Michael Dahl, Public Policy Director
HOME Line

November 14, 2025

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

Dear Ms. Wilson:

Thank you for the opportunity to contribute this feedback, which we hope will inform the development of Minnesota Housing Finance Authority's (MHFA) 2026-2028 Draft Qualified Allocation Plan (QAP). We look forward to collaborating with the MHFA as you develop your affordable housing priorities. Lincoln Avenue Communities (LAC) is a mission-driven affordable housing developer currently active in thirty-two states.

The passage of the One Big Beautiful Bill Act and new 25% financed-by test for 4% LIHTC-Bond transactions creates a unique opportunity to expand affordable housing production across the state in 2026 and beyond. We appreciate that MHFA is proposing to amend its QAP to allow developers to take advantage of the change in law; however, the production potential of this legislative change is contingent on MHFA and local bond issuers limiting the amount of PABs per transactions to a reasonable level.

We support the proposed changes to the 2024-2025 QAP – given how far along these transactions are, it is not feasible to place any ceiling on aggregate basis; however, we strong recommend MHFA reconsider its proposed language in the 2026-2028 QAP. In addition to the "required minimum percentage" language we urge MHFA to set a hard ceiling that private activity bonds issued in connection with projects financed with tax-exempt bonds and 4% LIHTC shall not exceed 30 percent of the project's aggregate basis. If MHFA desires, it can also adopt waiver language that would allow developers at its full discretion to exceed this cap if it is deemed necessary to achieve permanent financing.

We observe that the vast majority of state housing finance agencies that are private activity bond constrained have adopted or are proposing to adopt a ceiling on PAB requests between 27.5% and 30% of aggregate basis.[1] We also observe that this aligns with the "25 Percent Test Implementation Recommended Practices" drafted by the Affordable Housing Tax Credit Coalition.[2]

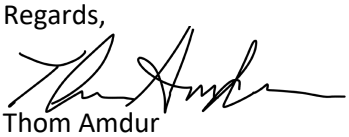
[1] Some states agencies have adopted a standard of the greater of 30% of aggregate basis or the amount of PABs necessary for permanent financing.

[2] "To accomplish the balance needed to increase housing supply while also ensuring that bonds are used efficiently, we believe that a cap should be implemented on the percentage of volume cap that can be requested per project. The state can allow developers to meet the requirements of the 25 percent test and give a cushion to ensure that there are necessary funds available to ensure deals are financeable. We urge all state housing finance agencies (HFAs) and bond allocation agencies to adopt a cap on allocations of private activity bonds of no more than 27.5 percent to 30 percent2 of aggregate basis per project. Should HFAs wish, they can adopt additional language allowing them to waive this cap on a discretionary basis if a greater amount is necessary to secure permanent financing, or if in the future PABs are not oversubscribed." *See appendix for complete text of AHTCC recommendations*

Conclusion

Lincoln Avenue Communities appreciates the opportunity to work with MHFA on the drafting of its 2026-28 QAP. We welcome the opportunity to discuss them with you further at your leisure and/or answer any questions you may have regarding our feedback. I can be reached at 646-585-5526 or tamdur@lincolnavenue.com.

Regards,



Thom Amdur
Senior Vice President, Policy & Impact

About Lincoln Avenue Communities

Lincoln Avenue Communities is one of the nation's fastest-growing developers, investors, and operators of affordable and workforce housing, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors, and families nationwide. LAC is a mission-driven organization that serves residents across 32 states, with a portfolio of 170 properties comprising 32,000+ units.

Cc: James Lenhoff
Jennifer Leimaile Ho

Appendix

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25 Percent Test Implementation Recommended Practices

Drafted by the Affordable Housing Tax Credit Coalition

For State and Local Housing Finance Agencies and
Housing Credit and Bond Allocating Agencies

September 2025

The Affordable Housing Tax Credit Coalition is a trade organization of housing professionals who advocate in support of the Low-Income Housing Tax Credit.

taxcreditcoalition.org | twitter.com/AHTCCoalition | Linkedin.com/company/ahtcc | 202.935.0977

SUMMARY OF RECOMMENDATIONS

- Setting a Private Activity Bond (PAB) Aggregate Basis Ceiling
- Establishing and/or Enhancing Bond Recycling Programs
- Maximizing PABs for Multifamily Development
- Providing Tools to Incentivize Developers to Return Excess Volume Cap
- Bifurcating 4% and 9% Policies to Maximization Bond Program Production

Preface

The One Big, Beautiful Bill Act, signed into law on July 4, 2025, lowered the bond financing threshold required to access 4 percent Housing Credits from 50 percent to 25 percent, unleashing tremendous potential to increase our nation's affordable housing supply.

The passage of the "25 percent test" presents a path to effectively double the current output of affordable housing financed by the 4 percent Low-Income Housing Tax Credit (Housing Credit) in states with over-subscribed PAB volume cap – estimated to finance over 1.14 million affordable homes over the next decade, according to Novogradac[1].

The best way to ensure that the necessary growth happens is a dual policy of carefully managing the state's PAB volume cap and adopting supporting policies that maximize debt and equity proceeds. This is a pivotal point in time, and one that requires proper guardrails to help facilitate the housing preservation and growth that country desperately needs.

Setting a PAB Aggregate Basis Ceiling: Part 1

To accomplish the balance needed to increase housing supply while also ensuring that bonds are used efficiently, we believe that a cap should be implemented on the percentage of volume cap that can be requested per project. The state can allow developers to meet the requirements of the 25 percent test and give a cushion to ensure that there are necessary funds available to ensure deals are financeable. We urge all state housing finance agencies (HFAs) and bond allocation agencies to adopt a cap on allocations of private activity bonds of no more than 27.5 percent to 30 percent[2] of aggregate basis per project.

[1] https://www.novoco.com/notes-from-novogradac/senate-finance-committee-releases-fy-2025-budget-reconciliation-bill-that-includes-permanent-lihtc-expansion-novogradac-estimates-122-million-additional-affordable-rental-homes-over-2026-2035

[2] It should be noted that a cap of 27.5% under the 25% test would be equivalent to a cap of 55% under the 50% test.



Should HFAs wish, they can adopt additional language allowing them to waive this cap on a discretionary basis if a greater amount is necessary to secure permanent financing, or if in the future PABs are not oversubscribed.

Setting a PAB Aggregate Basis Ceiling: Part 2

We recognize that not all Housing Credit allocating agencies control the issuance of some or all multifamily private activity bonds in their respective jurisdictions. In these scenarios we recommend the allocating agency proactively engage with their respective sister agencies and local issuers to align PAB allocation priorities. In scenarios where Housing Credit allocating agencies do not control PAB allocations, we urge them to adopt qualified allocation plan (QAP) policies indicating that they will not issue or approve 4 percent Housing Credits for bond financed properties that are issued after December 31, 2025, if their original issued PABs (i.e. non-recycled bonds) exceed 30 percent of aggregate basis.

Establish and/or Enhance Bond Recycling Programs

We encourage state and local housing finance agencies to take immediate steps to set up multifamily private activity bond recycling programs. This will allow HFAs to stretch existing allocations of PAB volume cap further and offset the negative financial impact of having a higher proportion of taxable debt in the capital stack. In typical yield-curve environments taxable debt carries a higher interest rate, reducing the amount of debt proceeds available to finance affordable housing.

Establishing a multifamily residential rental housing bond recycling program benefits multiple stakeholders including:

1. The borrower, who benefits with lower interest rates and increased proceeds.
2. The state HFA, which benefits from larger issuances and increased fee potential that is associated with large transactions.
3. And most importantly, low-income individuals and families will benefit from increased affordable housing production.

Establishing a bond recycling program today positions agencies for future. The 2008 Housing and Economic Recovery Act (HERA) authorizes the reuse or "recycling" of multifamily private activity bond volume cap to finance new affordable multifamily rental housing projects under certain conditions. Such "recycled" bond volume does not entitle the new project to which it is allocated to qualify for 4 percent Housing Credits; however, as stated above it produces a much lower borrowing rate and in many transactions, enhanced feasibility.

There are several due diligence steps an HFA must evaluate before enacting a recycling program – the most important being whether the issuer has issued a sufficient volume of tax-exempt bonds in previous years that there are sufficient projected pay downs or pay offs that volume that can be recycled and justify the costs of



setting up a program. HFAs may consider the recycling programs in California, Colorado, New York, and Washington as potential templates. We note that there are several third-party firms that can assist HFAs in tracking and managing bond issuances should staffing bandwidth be a challenge in setting up a recycling program.

Maximize PABs for Multifamily Development

We urge HFAs and/or the state agencies and officials that manage and/or assign PABs to maximize allocations of PABs in 2026 to housing and to prioritize allocations specifically for multifamily housing over other uses. The legislative changes adopted in the One Big, Beautiful Bill Act will only achieve their intended outcomes if sufficient PABs are made available for 4 percent Housing Credit properties.

We recognize that PABs can be used to serve many important policy priorities and stakeholders, and that prioritizing PABs for multifamily housing implicitly may limit other potential uses. Given the housing supply crisis and the intent of Congress and the Administration to increased affordable housing production through the Housing Credit provisions in One Big, Beautiful Bill, we believe that this prioritization is warranted, at least in the short-term. Furthermore, every dollar of private-activity bonds leveraged in a multifamily Housing Credit transaction (up to the amount needed to meet the aggregate basis threshold test) can leverage more than one dollar of additional federal funds matching funds in the form of Housing Credit equity.[3] No other use of PABs generates these additional as-of-right matching funds.

To appropriately scale PAB allocations for 2026, we encourage HFAs and bond allocating agencies to survey stakeholders to better understand current and anticipated PAB demand dynamics.

Tools to Incentivize Developers to Return Excess Volume Cap

We recognize that many potential transactions that will be eligible to leverage the 25 percent test have previously received awards of PABs at higher amounts. To be good stewards of the scarce resource while not negatively impacting the financial viability of previously funded projects, we encourage state agencies to consider adopting incentives to encourage developers to voluntarily return excess PABs. These incentives could take several potential forms including:

- Supplemental developer fees (which can be deferred) can compensate the developer for the increased financial risk and potentially generate additional tax credit eligible basis. This is an approach recently adopted by the California Debt Limit Allocation Committee.
- For states that have a hard-dollar cap on Housing Credits (per unit and/or total ceiling), HFAs should consider lifting this cap.

[3] https://www.bondbuyer.com/news/advocates-want-californias-pab-allocation-directed-to-housing and https://www.novoco.com/notes-from-novogradac/reasons-prioritize-private-activity-bonds-rental-housing



- Create a competitive incentive for future competitive rounds to compensate developers for the lost permanent proceeds (e.g., a lottery priority or tiebreaker incentive).

Bifurcate 4 Percent and 9 Percent Policies to Maximization Bond Program Production

A growing trend among state housing finance agencies around the country is to develop bifurcated and differentiated 9 percent and 4 percent policies in key policy areas. This allows HFAs to carefully calibrate their policies and procedures for each program without triggering unintended consequences for the other program. This can be achieved through defined 4 percent and 9 percent sections within a single QAP and/or appendices, or by adopting separate QAPs for each program, as has been implemented in Ohio, Iowa, Tennessee[4] and New Mexico[5]. There are several areas that could be differentiated to offset the negative financial impacts of a lower aggregate basis cap, including developer fees, limitations on acquisition basis, minimum design and construction requirements, income targeting requirements or incentives, minimum scores, geographic-based scoring, caps or limitations and/or outside leverage requirements.

Bifurcation strategies can produce more efficient and scaled 4 percent Housing Credit transactions that are less reliant on the need for soft-funds and/or "twinning" structures. The net result should be more unsubsidized bond deals which can empower HFAs to fund additional harder-to-finance but deeply impactful 9 percent projects serving rural areas, special needs populations and/or deeply income targeted populations. Bifurcated programs may also allow HFAs better meet the backlog of preservation projects, especially in communities where local soft-financing is not available for new construction.

[4] Tennessee Housing Development Agency administers its 4% bond program in its Bond Program Description.
[5] New Mexico Mortgage Finance Agency has indicated that it will adopt separate QAPs for the 4% & 9% programs in its 2026 program year.



Minnesota Housing
Attn: Tamara Wilson
400 Wabasha St N Suite 400
St Paul, MN 55102

MCCD
Minnesota Consortium of Community Developers

Dear Tamara Wilson, November 14, 2025

On behalf of the Minnesota Consortium for Community Development (MCCD), thank you for Minnesota Housing's ongoing partnership in advancing affordable housing opportunities across our state. MCCD is an association of nonprofit community development organizations and Community Development Financial Institutions (CDFIs) committed to expanding the wealth and resources of communities through housing and economic development initiatives. MCCD's mission is to work collectively to expand economic prosperity by investing in and stewarding community development resources.

We share Minnesota Housing's belief that all Minnesotans deserve access to safe, stable, and affordable homes. We also know that to fully achieve this vision, policies and investments must intentionally address the harms and inequities that have long impacted BIPOC and other marginalized communities.

In recognition of our shared mission, MCCD appreciates the opportunity to provide the following comments on the proposed extension of the 2026-2027 Qualified Allocation Plan.

Discussions with our members and other key stakeholders have led us to recommend creating two tracks within the QAP: one for preservation, and one for permanent supportive housing units. When applying, projects could either select "Preservation" or "Permanent Supportive Housing" to help ensure that projects that do not have PSH units would still be competitive for funding. This change would be transformational in ensuring that we preserve all types of affordable multifamily housing units. This proposed change was also reflected in previous letters MCCD sent regarding the 2026-2027 QAP with greater detail.

We appreciate that the extension of the current QAP to 2028 allows for more predictability and consistency for applicants since the selection criteria would remain the same for another round. However, we recommend that given the significant changes and instability to the housing landscape that Minnesota Housing work with providers to design a comprehensive plan of how to utilize the increased amount of Low-Income Housing Tax Credits (LIHTC) that will be now available in the market. This would allow providers to ensure that they are able to secure LIHTC investments, and that this federal resource can be fully utilized in Minnesota. MCCD is happy to convene our members for a meeting with Minnesota Housing to discuss the opportunities created with the increased availability of LIHTC. One possibility we are particularly interested in is the ability to utilize LIHTC for fortified building materials to increase resiliency to natural disasters.

Thank you again for your continued partnership and the opportunity to provide comments on the proposed changes to the QAP. We welcome the opportunity to meet with your team to discuss these recommendations further. Please contact Kelly Law, Senior Policy and Field Building Advisor at MCCD, at 612-865-3170 or klaw@mccdmn.org, should you need any further information now or in the future.

Sincerely,

Elena Gaarder

Elena Gaarder
Chief Executive Officer, MCCD

November 14, 2025

Tamara Wilson
Minnesota Housing
400 Wabasha St N #400
St Paul, MN 55102
Via Email: htc.mhfa@state.mn.us

RE: Proposed Changes to 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan

Dear Ms. Wilson,

Thank you for considering the following feedback on the proposed 2024-2025 and 2026-2027 Qualified Action Plan (QAP). **Minnesota Housing Partnership (MHP)** convenes, guides and mobilizes diverse partners working to improve the conditions of home and community, from private developers and tribal leaders to government and non-profit partners. We provide capacity building and technical assistance in rural areas and Native Nations, produce original research, and work with housing partners across our state to advocate for policies that advance affordable housing and strengthen communities.

We repeat concerns expressed in our 2024 comments, in particular our **recommendation to establish a set aside or two-track process for permanent supportive housing and preservation projects without supportive units.** This would allow both housing types to be competitive for funding, important for helping to preserve a range of housing options that are important within our affordable housing ecosystem. Forcing projects to add supportive housing units to be competitive in the QAP is not a wise, long-term strategy for financial stability of these or other important projects.

In addition, given the significant changes and instability to the housing landscape, we request that Minnesota Housing work with providers to design a comprehensive plan of how to utilize the increased amount of Low-Income Housing Tax Credits (LIHTC) that will be now available in the market. MHP regularly convenes partners to provide feedback to Minnesota Housing on topics such as this and would be pleased to help solicit feedback on LIHTC opportunities.

While we understand the desire to provide consistency through extending the 2026-2027 QAP for one year, through 2028, MHP notes that federal funding uncertainty, market changes, and other environmental factors are creating an untenable situation for many providers – a situation particularly acute for permanent supportive housing properties and residents who reside therein. More changes will be needed to balance risk of loss, capital needs, and long-term sustainability.

We also note the addition of the section on “Local Actions to Support Housing” and support the two points being awarded to communities that proactively support policies that facilitate the production of housing and help increase Minnesota’s housing supply.

Thank you for the opportunity to submit feedback.

Sincerely,



Elizabeth Glidden
Deputy Executive Director
Minnesota Housing Partnership

MINNESOTA
HOUSING STABILITY
COALITION

Tamara Wilson
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

November 14, 2025

Dear Ms. Wilson:

On behalf of the Minnesota Housing Stability Coalition, we write to underscore the concerns of our members related to the proposed amendments to and extension of the current Qualified Allocation Plan (QAP) to the 2026 – 2027 year.

The Minnesota Housing Stability Coalition (the "Coalition") came together in the fall of 2023 to address the significant threats to the stability of low-income residents, individual rent-restricted properties, and entire affordable housing portfolios that resulted from multiple social, economic, and public policy trends that are exacerbated in supportive housing units.

As you know, public policy has prioritized the development of permanent supportive housing – for good reason. When paired with supportive services, supportive housing is effective in ending homelessness. Affordable housing providers across the state committed to this public policy objective by developing and operating permanent supportive housing units; however, supportive services for these supportive housing units have not been adequately funded at the level needed to support residents. Compounding the inadequate funding problem is the increased acuity of residents. Prior to the onset of the COVID-19 pandemic, affordable housing providers experienced a trend of increased acuity of supportive service needs of residents of permanent supportive housing, due in part to the opioid crisis. Additionally, the economic conditions experienced during and immediately following the COVID-19 pandemic, including the historic rise in inflation, dramatic increases in interest rates, elevated insurance and other operating and security costs, and reductions in rent collection have financially challenged operating budgets to the breaking point – negatively affecting the quality of life of residents and the ability of nonprofit housing providers to sustain operations and maintenance needs. Newly proposed changes to funding rates and processes for Continuums of Care will exacerbate these challenges even further.

As a result of these conditions, the Coalition members have invested heavily in improving their property portfolio operations and asset management. Concurrently, the Coalition has advocated for public policy changes, including new tools and approaches to recognize the changed affordable housing landscape in Minnesota. The Housing Stability Coalition has compiled compelling data that illustrates the financial realities facing housing providers. We've convened and interviewed hundreds of people – including

affordable housing residents - from scores of organizations statewide to better understand the problem and identify systems solutions to support the tens of thousands of Minnesota residents who depend on affordable rental housing. Together, we are charting a path forward to stabilize residents and the affordable housing rental industry. Learn more and read our research at mnhousingstability.org.

The Coalition is disappointed that Minnesota Housing has proposed a one-year extension of the existing QAP without substantive changes. We recognize and support the importance of the proposed technical change to comply with the new federal law change reducing the percentage of basis financed with tax exempt private activity bonds from 50 percent to 25 percent to trigger eligibility for 4% Low Income Housing Tax Credits. Yet, given all that we have learned through our portfolio financial analyses and deep engagement with housing providers, we cannot support Minnesota Housing's position that fails to make changes to the QAP to address the drastically changed market conditions we face today and expect to face for the indefinite future.

Our coalition members twice submitted public comments to the 2024 QAP and also to the 2025 Affordable Housing Plan. In each case, we requested that the QAP scoring be revised to create two distinct tracks within the QAP: one for preservation of affordable housing projects irrespective of the number of PSH units and the other that continues to prioritize permanent supportive housing in its point structure. Further, the Final Report of Recommendations from the legislatively authorized Task Force on the Long-Term Sustainability of Affordable Housing includes these same recommendations to change QAP scoring. They were underscored yet again during a recent facilitated conversation with tax credit investors and Minnesota Housing. Despite extensive engagement, none of these recommended amendments are reflected in the proposed amendments to the QAP.

Now, the agency proposes extending the status quo for yet another year without addressing the changes the industry has consistently called for. The results of this proposed policy decision will be felt by all stakeholders of the housing system – would-be residents, developers, public funders - and likely puts Minnesota affordable housing projects at a competitive disadvantage to attract increasingly scarce LIHTC investment equity. As you know, the federal law changes will increase the amount of LIHTCs available in the market, yet it does not produce an equal increase in the appetite for this investment among LIHTC investors. If Minnesota does not set its LIHTC projects up for competitive LIHTC pricing, we will instead create the need for increased public subsidy. Worse, some projects may fail to attract investment interest at any price.

A two-track scoring approach would allow us to protect the critical affordable housing assets currently serving our community, while continuing to take a *Housing First* approach that prevents and ends homelessness and provides individuals in PSH units with the services they need ***at the level they need*** to remain stably housed. The most recent changes to the QAP did not incorporate this request, but instead actually ***increased*** the blanket prioritization for PSH units by creating an entirely new criterion for "Other Homeless" in order to "incentivize primarily supportive housing projects to increase the total number of homeless units." Practically speaking, "incentivize" really means "require" due to the limited amount of funding available.

Supportive housing services are essential to some populations and these individuals deserve to live in homes managed by housing providers who are expert in their needs and with a level of services that is commensurate with the challenges residents face in maintaining stable housing. Minnesota Housing's current approach of incentivizing every affordable rental project seeking funding under the QAP to include PSH units or be declined due to lack of competitiveness is not serving the system. Instead, this

approach results in a dilution of the supportive service funding across many buildings that do not benefit from economies of scale or deep expertise. It also results in a dilution of the service level because buildings with a scattering of PSH units cannot support dedicated full-time building staff. The financial model is also proving untenable to many housing providers who are primarily experts in providing high-quality affordable housing but are not expert in the service needs of individuals exiting homelessness or those in the grips of serious substance abuse disorder.

This point was underscored during a candid conversation with tax credit investors that the Coalition convened early this fall that included all LIHTC allocating agencies, including Minnesota Housing. We heard loud and clear from tax credit investors that their view of PSH has changed. Some investors are reluctant to do any projects with PSH, some are limiting their investment in PSH to a small percentage of their overall investment portfolio, while others are willing to invest in PSH projects only in certain geographic areas and with experienced, proven owner/service provider teams. This indicates support for our proposal to create two distinct tracks within the QAP – one that focuses new and recapitalized PSH units under the management of long-established, proven PSH providers who can provide high-quality services at the level needed by residents and the other that supports the development and recapitalization of affordable housing projects without requiring that projects add additional units of PSH into the pro formas.

The same group of investors also emphasized the need to “Fix the Mix” in some existing supportive housing developments by allowing some units in a project to move area median income (AMI) restrictions to higher levels, or to introduce temporary or permanent relief provisions in rent and income restriction commitments. Such actions would allow projects to retain some units for chronically homeless residents while generating more revenue from other units in the project, since rent subsidies have not kept pace with escalating costs in supportive housing (e.g., more damage to units and higher security/case management costs than originally anticipated).

For your reference, we have compiled previous public comments that the affordable housing industry has submitted on this topic. It is included as an appendix to this letter.

Again, we are compelled to underscore the urgency of our request to Minnesota Housing to change its approach. Our industry is in dire financial straits and we cannot afford to wait another year … or more. We urge you to amend the public policies that perpetuate one size approach that puts limited public resources at risk. **We ask you to reverse your decision to extend the existing QAP for another year and, instead, immediately begin development of a more significant amendment that will go into effect in 2026 and incorporate our suggestions above.**

Sincerely,

Colleen E. A. Ebinger

Colleen Ebinger
Project Manager
Minnesota Housing Stability Coalition

APPENDIX: Prior Affordable Housing Industry Public Comments about Minnesota's Qualified Allocation Plan (QAP) and Permanent Supportive Housing

This appendix includes public comments previously provided by the affordable housing industry to Minnesota Housing relating to requested amendments to the Qualified Allocation Plan and/or Permanent Supportive Housing.

Public Comment Letter on Initial Draft QAP – Submitted July 1, 2024

1. The dire financial challenges facing nonprofit affordable rental owners has been part of the public policy discussion since the 2023 legislative session when the SHORP program was enacted. We have continued to highlight the challenges with the agency and legislative leaders. As a result of those discussions, we hoped that the proposed 2026 – 2027 QAP would incorporate some new approaches to address the challenges before us as an industry and as public funders invested in the industry's health. One specific example of a change that Minnesota Housing should adopt is more adaptive underwriting standards that respond to the volatile environment that we all are facing.

3. We share your commitment to expanding access to permanent supportive housing to support a "housing first" approach that prevents and ends homelessness and to ensure that everyone has the services they need to remain stably housed. Over the years, our shared commitment has resulted in thousands of Minnesotans securing and sustaining permanent housing. Yet there remains a critical disconnect between housing and services funding, leaving housing providers with resources that are inadequate to deliver quality services over time. The proposed 2026 – 2027 QAP scoring criteria continues to award high points for supportive housing without recognition of this disconnect. The result is that it is nearly impossible for applicants to compete without adding some supportive housing units to every project. We know that scattered site supportive housing is more expensive to operate; yet, without robust supportive services, it is a struggle to help these households succeed in maintaining housing stability, particularly in the post-pandemic environment. Tenant instability and high service needs add costs to operating budgets at a time when budget constraints are exacerbated by costs outside of owners' control (such as escalating property insurance and security costs). The 2026 – 2027 QAP should recognize that supportive housing funding streams are vastly insufficient to the actual cost of providing services and allow for other points to be commensurately earned in other categories so that developers can compete. This can be a temporary policy change until such time as our industry (including public partners) have aligned service funding to meet the needs of supportive housing residents.

Public Comment Letter on QAP Final Version – Submitted September 19, 2024

- "While many of our concerns from our July 1 letter remain, we want to reiterate, in particular, our request to change the policy that awards higher points for inclusion of PSH units across all types of developments, thereby making it nearly impossible under current funding levels for any project that does not include PSH units to win a funding award. To the contrary, the Proposed Changes Resulting from Public Comments indicates an ***increased*** blanket prioritization for PSH units by creating an entirely new criterion for "Other Homeless" in order to "incentivize primarily

supportive housing projects to increase the total number of homeless units." Practically speaking, "incentivize" really means "require" due to the amount of funding available.

- "Nonprofit housing providers are severely strained right now. Requiring (by virtue of funding limitations) PSH units to be included in all funded projects is a currently unfunded mandate that puts the entire housing development – and all its other residents, in particular – at risk.

- "We strongly urge Minnesota Housing to create two tracks: one for preservation of affordable housing projects irrespective of the number of PSH units and the other that continues to prioritize permanent supportive housing in its point structure. A two-track approach will allow us to protect the critical affordable housing assets currently serving our community, while continuing to take a "housing first" approach that prevents and ends homelessness and provides individuals in PSH units with the services they need and deserve to remain stably housed. Over the years, our shared commitment has resulted in thousands of Minnesotans securing and sustaining permanent housing. We look forward to continuing that partnership at the level that funds allow."

Final Report of the Task Force on Long-Term Sustainability of Affordable Housing – February 2025
The QAP scoring process was the primary topic of the first two recommendations of the 19-member Task Force:

1. **Report Recommendation #1**: The Task Force recommends that the Minnesota legislature partner with Minnesota Housing, non-profit housing leaders, tenant rights organizations, and Minnesota renters to coordinate two evaluations. One to evaluate Permanent Supportive Housing and deeply affordable housing models, and potential flexibility in regulatory requirements of existing affordable housing, further defined in *Appendix B*. The other to research options and develop recommended changes to QAP scoring and other recommendations or options to provide increased financial and operational flexibility for housing providers. Chairs of the Senate Housing Committee should appoint an advisory team that includes representatives from the organizations above to conduct the evaluations. These evaluations can occur simultaneously and should be reported back to the Minnesota Legislature by January 1, 2026.
    a. **Appendix B**
    Recommendation 1 Further Details:
    The evaluation shall be of the effectiveness of the 100% Permanent Supportive Housing (PSH) model, "integrated" PSH model, and integrated deeply affordable units without designated services model. Evaluation should consider necessary service funding amounts and sources, resident experience and outcomes in the 100% PSH model, integrated PSH units, and deeply affordable, non-supportive housing units with integrated units in the building, financial performance of operations, financial impact on the owner/parent organization, whether and to what degree resident/tenant service needs are met, the effectiveness of the Coordinated Entry System (CES) in matching residents with available units and needed supportive services, and make recommendations for the long term sustainability of each model for both existing projects and future projects. Options need to take into consideration key implementation and tenant protection policies, processes, and procedures, including but not limited to the following:

- *Flexibility in income/rent restrictions that enable the affordable property to operate successfully on behalf of its residents beyond year 15. Adjustments may include loosening affordability requirements in a portion of units and/or relaxing ongoing monitoring and compliance requirements. Guardrails should be implemented to ensure responsible use of public resources and may include a focus on nonprofit/mission-based ownership, as well as incentives to maintain affordability beyond 30 years.*
- *The goal of allowing greater flexibility in income and rent restrictions is to preserve the maximum number of affordable units and level of affordability of each affordable unit after year 15. Options may include allowing flexibility on all or a portion of the units to serve mixed-income populations by allowing higher rents for some or all units in a property as allowed by federal law. Options may also include reduced compliance requirements on restricted units.*
- *Implementation of flexibility to reduce income and rent restrictions shall require the establishment of guardrails to guide the process to determine how/when there may be regulatory flexibility granted beyond year 15. These guidelines should include a focus on housing stability for existing tenants, including tenant protections that maintain existing rent requirements. For any units allowed to increase rents for new tenants, the owner may not discriminate based on source of income in determining tenant eligibility for these units and at least half of the units granted flexibility to increase rents must maintain rents at or below Housing Choice Voucher Payment Standards.*
- *Outline an efficient, time sensitive process that responds to market conditions, such as utilizing a more robust and transparent ISG process.*
- *Explore the potential of income averaging in the extended use years.*
- *Flexibility should be added to the original LURA for new projects amended LURA for existing projects. The LURA for the first 15 years and a commitment to a new LURA for the 2nd 15 years that is based on economics and performance at year 15.*

2. **Report Recommendation #2:** The Task Force recommends Minnesota Housing and local suballocator jurisdictions to amend current Qualified Allocation Plans (QAPs) for the allocation of Low Income Housing Tax Credits (LIHTCs) by June 1, 2026 to revise selection criteria structure and consider what additional changes are required once evaluations of 100% permanent supportive housing (PSH) and integrated permanent supportive housing (PSH) models are completed.
    a. **Appendix B**
    Recommendation 2 Further Details:
    Changes by June 1, 2026 shall include:
        - *Prioritize supportive housing in models with 100% or majority permanent supportive housing (PSH).*
        - *Recognizing that there are unique challenges of operations under the integrated PSH model, Minnesota Housing and local suballocators shall ensure that units funded under the integrated PSH model have adequate (as defined by Minnesota Housing and agreed to by the service provider) service funding that is secured or provided by Minnesota Housing in partnership with the Minnesota Department of Human Services, and committed in conjunction with capital funding awarded.*

- *Direct the Interagency Council on Homelessness to facilitate the development of a funding plan using existing resources and programs administered by Minnesota Housing (including state funds appropriated in 2023 for Supportive Housing) and existing resources and programs administered by the Minnesota Department of Human Services.*
- *Minnesota Housing is further directed to provide technical assistance to local government recipients of LAHA/SAHA on structuring these resources to provide service funding for PSH units in local government jurisdictions. Local funding, through LAHA/SAHA may be included in the service funding package awarded to PSH projects at the time capital funds are awarded.*
- *Minnesota Housing to direct the CES statewide to develop a strategy to refer unhoused individuals to housing opportunities that provide the level of on-site services that match the acuity level of PSH residents' needs. This directive applies to all units required by Minnesota Housing and local funders to be leased through the CES (not requirements directly tied to only Department of Housing and Urban Development funding).*
- *Fund 100% PSH projects with only non-amortizing debt and review pre-2020 PSH projects for possible debt restructure to modify debt.*

Public Comment on the Affordable Housing Plan – Submitted September 12, 2025

7) Make Minnesota an attractive state for LIHTC investors.
In the discussion of the Low-Income Housing Tax Credit (LIHTC) (pages 6-7), the plan references the increased federal budget allocations but then goes on to state that "most projects will continue to need the same amount or more of deferred loan resources to fill funding gaps." We recommend that Minnesota Housing review its QAP with an eye toward ensuring that Minnesota is an attractive state for LIHTC investors. Given current distress in the industry, the significant uncertainty, and the real potential for substantial future cuts, we strongly advise the Agency to prioritize LIHTC funds for preservation of existing affordable housing assets. What else can the Agency do to maximize the impact of the increased LIHTC funds?

Comments from tax credit investors during facilitated discussion – September 2025
Overall, we heard from tax credit investors that they view Minnesota as an unappealing state for their investments due, in part, to the PSH practical requirement (since any development without PSH units will not be competitive) across all affordable housing types. Investors are much more comfortable investing in PSH units that are run by mission-oriented investors with deep expertise and a long track record in providing supportive services. Writ large, they are not investing in developments with integrated supportive housing or run by housing providers who are not experts in supportive housing. When federal funding is being cut across a variety of programs that are critical to our collective mission, it becomes ever more essential that we reexamine our statewide policies and points allocation criteria in a way that will increase the level of private investment in the state. A few additional relevant points they made include the following:

- Investors are particularly concerned about sponsors "chasing points" within Qualified Allocation Plans (QAPs) and taking on the responsibility PSH units within LIHTC projects, especially High-priority Homeless units. They expressed particular concern about small and emerging developers with no experience in managing PSH taking on responsibility for these commitments.

- Investors are seeing delays in initial lease up of PSH units in certain markets due to issues in the CES process. In the past, a 5% vacancy factor would be used for project-based subsidized PSH units, but now investors are underwriting to a 7% or 10% vacancy factor.
- Regarding the Minnesota market – historically it has been a highly sought-after market by investors, with most projects able to attract multiple bids with strong pricing. That is no longer the case in the current market.
- Panelists expressed a range of opinions about the future appetite by investors for projects with PSH – some investors are reluctant to do any projects with PSH, others will do projects with PSH only in certain geographic areas and with experienced, proven owner/service provider teams. Minnesota is still generally seen positively as a market where PSH is supported and there are strong owner/service provider teams.
- All investors, including those with an appetite for projects with PSH, are scrutinizing transactions with PSH much more closely and being more selective about the deals they choose. Some investors expressed increased concern about the financial and organizational strength of developers with PSH units and future of adequate service funding for those projects. Investors are concerned about whether the current Administration will continue to fund renewals of Continuum of Care (CoC) subsidies and how that may impact existing portfolios of developers who have used these funds on past developments with PSH.
- Need to be willing to “Fix the Mix” in some supportive housing projects – to allow some units in a project to move AMI restrictions to higher levels, or to introduce temporary or permanent relief provisions in rent and income restriction commitments. Such actions would allow projects to retain some units for chronically homeless residents while generating more revenue from other units in the project. Rent subsidies have not kept pace with escalating costs in supportive housing (e.g., more damage to units; higher security and case management costs than originally anticipated). Applaud the state and local staff for starting to look at temporary/permanent relief provisions as a tool to stabilize the cash flow for affordable projects.

Minnesota Housing Stability Coalition Members

Accessible Space, Inc.
Aeon
Agate Housing and Services
Alliance Housing
American Indian Community Development Corporation (AICDC)
Avivo
Beacon Interfaith Outreach
Catholic Charities Twin Cities
Center City Housing
Clare Housing
Common Bond Communities
CSH
Family Housing Fund
Greater Twin Cities United Way
Greater Minnesota Housing Fund
Hope Community
Housing In Action
Interfaith Outreach
LISC Twin Cities
Minnesota Housing Partnership
Minnesota Consortium of Community Developers
Model Cities
Our Saviour's Community Services
Peris Housing
Project for Pride in Living
Redesign Inc
RS Eden
Simpson Housing
Southwest Minnesota Housing Project
Trellis
Touchstone
Twin Cities Housing Development Corporation
Volunteers of American MN

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

November 14, 2025

Dear Ms. Wilson:

Thank you for the opportunity to comment on the proposed amendments to and extension of the current Qualified Allocation Plan (QAP) to the 2026 – 2027 years.

The Twin Cities Housing Alliance (TCHA) is a collaborative network dedicated to addressing the housing challenges and strengthening community vitality in the Twin Cities region. Our network of over 100 experienced housing professionals advocate for policies to create a more affordable, equitable, economically vital, and environmentally sustainable future for the Twin Cities community.

We are deeply involved in finding practical solutions to address the alarmingly short supply of housing and work to advocate for policies and programs that support more housing supply, ensure that there is quality well maintained existing housing and that there are protections for those most vulnerable to housing instability. This requires partnership across the entire housing ecosystem and with the public sector.

State financing resources for the development and renovation of workforce and deeply affordable housing, including supportive housing, is critical to support our mission and to reduce the significant gap in housing supply and service needs in the Twin Cities region and State.

There were TCHA members and experienced housing professional that volunteered many hours on the State Task Force on Long-Term Sustainability of Affordable Housing. This process identified several suggested changes to financing tools and programs to increase the flow of funds and streamline administrative procedures that can be addressed through the QAP. This work focused on housing for low-income residents as well as ensuring the sustainability of the housing ecosystem to encourage more housing supply and maintain the viability of existing housing.

We are disappointed that the proposed modification and amendment to the QAP for funding resources does not include key recommendations outlined in the task force's report that months of work with professionals across the housing continuum discussed with key legislative leaders in housing. These are the individuals and companies that have years of experience financing, developing, managing and operating housing in the state. Not acknowledging and addressing the key recommendations outlined in the work is a disservice to the residents of Minnesota as well as those legislators that felt compelled to evaluate the

conditions of housing financing in our state and address the long-term stability of the industry with state resources.

Specifically,

1. **No modification to the scoring criteria regarding inclusion of 30% AMI/coordinated entry units within LIHTC projects and no increase in the scoring approach that would provide more focus and funding for services and operational needs in supportive housing.**

Currently to be competitive for LIHTC funding, the scoring criteria puts a high value on including a larger percentage of 30% AMI units mixed within standard workforce projects that serve 50-60% AMI households. This criterion is a permanent impairment for the rest of the workforce project financially and operationally and is a disservice to the safety of the majority of residents living there that do not have higher needs.

Generally, those below 30% AMI and coming out of coordinated entry are having difficulty living with the general housing population without receiving social service and supportive housing assistance. When there is a larger percentage of 30% AMI units in a project where 24/7 social assistance is not provided, problems have been encountered that make living in LHITC projects an attractive nuisance and a barrier to leasing to workforce households at the 50-60% AMI level. A high percentage of those coming out of homelessness are experiencing drug addiction and mental health issues that make it difficult to serve when they are not provided with the needed care of a supportive housing environment.

Continuing to require the market (both nonprofit and for-profit housing providers) to include more than 10% of their total units set aside for 30% AMI households to be competitive to receive LIHTC funding is failing the system of increasing affordable housing supply.

In an extremely volatile capital markets climate, we understand that tax credit investors are more resistant to investing in developments with more than 10% and in some cases any 30% supportive housing units within LIHTC deals. They are evaluating their investment portfolios to reduce their risk in funding supportive housing without adequate financial resources to support increasing service requirements by experienced provider teams and evaluate their investment on the basis if there is on 24-hour support provided by a team with a proven track record of supportive service success. Losing the ability to attract tax credit investors is real and would reduce the number of projects that would be financially viable resulting in less affordable housing development. This is not serving the residents of the state.

Suggested QAP Modifications:

Create two distinctive tracks of funding:

1. Reduce the scoring criteria for general affordable workforce housing putting less weight on the requirements of including more than 10% of the units at 30% AMI. In addition, remove the requirement that these units come from coordinated entry. We have heard that there are many families with incomes below 30% AMI that are not part of the coordinate entry system, but they are unable to find adequate housing.
2. Provide a focus on new and recapitalized supportive housing with experienced providers who are able to serve residents with the level of service that is required. Increase the resources to supportive housing projects with 24/7 staffing and services where it is more effective to serve those at 30% AMI/coordinated entry clients that require the services.

2. In addition, not fully capitalizing on the new federal law change reducing the percentage of basis financed with tax exempt private activity bonds from 50 percent to 25 percent to trigger eligibility for 4% Low Income Housing Tax Credits.

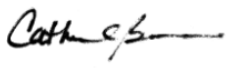
While the amended QAP makes technical edits to address this change it does not make changes to address the drastically changed current market conditions and headwinds the industry is facing due to drastically different economic conditions, unstable interest rates, higher construction and operating costs that make LIHTC investment riskier and more competitive. We are at a time when additional financial capacity needs to be capitalized on to the fullest to ensure developments are financially feasible.

The State needs to fully embrace the for-profit and non-profit partners and fully capitalize on the financing mechanisms allowed with an ultimate goal of increasing housing supply while also fully funding supportive housing needs.

Minnesota must set its LIHTC projects up for competitive LIHTC pricing to enable worthy projects to be successful. Not addressing this opportunity will set the State up for failure and reduce the number of residents that will be served with new housing and services.

We urge you to consider these critical modifications to the QAP based upon the suggestions above. These market shifts cannot be ignored through 2027 but should be incorporated now so projects in 2026 and 2027 can be set up for success.

Sincerely,



Cathy Capone Bennett
Executive Director
Twin Cities Housing Alliance

Housing Justice Center
Dedicated to expanding and preserving the supply of affordable housing in Minnesota and nationwide.

275 E. 4th Street, #590
Saint Paul, MN 55101

(612) 807-1139
info@hjcmn.org
www.hjcmn.org

November 14, 2025 **Submitted via Email: htc.mhfa@state.mn.us**

Minnesota Housing Finance Agency
Attn: Tamara Wilson

Comments Regarding Proposed Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan

The Housing Justice Center (HJC) appreciates the opportunity to submit these comments regarding the proposed amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan.

HJC supports the amendment of the 2024-2025 Housing Tax Credit Qualified Allocation Plan to incorporate changes to the required minimum percentage. Incorporating these changes will allow properties to take advantage of this new federal flexibility and stretch the impact of limited tax-exempt bonding authority. HJC also supports the extension of the 2026-2027 Qualified Allocation Plan to 2028 as an extension provides for stability in this important federal resource.

HJC makes the following recommendations to the 2026-2027/2028 Qualified Allocation Plan or related documents to mitigate the negative impacts of policy shifts by federal and local governments.

Updates Needed to the Tenant Selection Plan Guidelines

The QAP requires that a Tenant Selection Plan for each LIHTC property be "developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines". Pg. 28. Minnesota Housing's Tenant Selection Plan Guidelines were adopted in 2020 and rely in part on U.S. Department of Housing and Urban Development (HUD) Fair Housing Act guidance. HUD has withdrawn most of that guidance from its website, has stated it will not use or rely on that guidance, and is considering it for rescission.[1]

Given that HUD is backing away from its established interpretations of the Fair Housing Act, it is no longer viable for Minnesota Housing to refer property owners to unavailable HUD guidance documents. HJC recommends that Minnesota Housing coordinate with the Minnesota Department of Human Rights and re-issue the Tenant Selection Plan Guidelines with references to appropriate provisions of the Minnesota Human Rights Act to protect tenants and preserve equitable access to affordable housing.

[1] Memorandum from John Gibbs, Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development, *Fair Housing Enforcement and Prioritization of Resources* (Sept. 16, 2025).

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Preserve Protections Against Qualified Contract Opt-Outs

Minnesota Housing has long understood the importance of maintaining a minimum of 30 years of affordability in LIHTC properties. The QAP requires all properties to waive the ability to use the Qualified Contract process, which is consistent with the majority of tax credit allocating entities.

Unfortunately, we have seen at least one local allocating agency move to allow Qualified Contract opt outs in a subset of LIHTC properties and we expect other allocating entities will be pressured to make similar changes. That is a step backwards in affordable housing policy as the Qualified Contract process allows developers to effectively opt out of LIHTC affordability requirements after fifteen years and has resulted in a loss of more than 115,000 affordable housing units across the country.[2]

HJC recommends that Minnesota Housing ensure that LIHTC that are apportioned to a suballocator are used only in developments that waive the Qualified Contract process. Existing language in the Minnesota Housing QAP, located on page 11, states that: "Projects that receive HTCs that were apportioned to a Suballocator by Minnesota Housing must incorporate Minnesota Housing restrictions that are a condition of the HTC Allocation or Award (e.g., nonprofit set-aside, homeless households)."

The existing QAP language can be read to require that all developments that receive apportioned LIHTC credits from Minnesota Housing are required to waive Qualified Contract. To avoid any uncertainty, the QAP language could be amended to clearly name Qualified Contract waivers as a Minnesota Housing restriction. Alternatively, Minnesota Housing could build the requirement into its internal apportionment process to ensure that no LIHTC apportioned by Minnesota Housing are used in a development that may only be affordable for 15 years.

Disincentivize Destabilizing Changes to PBRA Properties

The U.S. Department of Housing and Urban Development (HUD) has been open about its intent to impose work requirements on federal affordable housing assistance.[3] The press has obtained and published draft versions of rules that would allow public housing authorities and owners of properties with project-based rental assistance (PBRA) contracts to impose two-year limits on housing assistance and up to 40-hour a week work requirements.[4]

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[2] National Housing Trust, *Protecting Long-Term Affordability by Closing the Qualified Contract Loophole* (July 2023), available at https://nationalhousingtrust.org/news/protecting-long-term-affordability-closing-qualified-contract-loophole.

[3] Robert F. Kennedy, Mehmet Oz, Brooke Rollins & Scott Turner, *Trump Leadership: If You Want Welfare and Can Work, You Must*, N.Y. Times (May 14, 2025).

[4] Jesse Coburn, *Millions Could Lose Housing Aid Under Trump Plan*, Pro Publica (Sept. 29, 2025), available at https://www.propublica.org/article/trump-housing-reforms-aid-hud-immigration-homelessness.

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Imposing two-year limits or work requirements on PBRA properties is likely to result in significant negative impacts on tenants and households losing assistance. Such changes could also risk destabilizing PBRA as a consistent source of revenue to support property operations. The unofficial versions of the rule indicate it is likely these changes will be optional and PHAs and property owners will be allowed, but not required, to adopt them.

While the final rule has not yet been issued, the threat is real enough and the expected QAP term is long enough, that it is worth considering whether Minnesota Housing should build in flexibility to allow it to disincentivize adoption of changes that will negatively impact tenants and destabilize PBRA as a revenue source. HJC recommends that Minnesota Housing consider changes to the QAP or self-scoring worksheet to provide agency discretion not to allow points for rental assistance if the rental assistance imposes time limits or work requirements.

Explore Rent Increases Limits in Existing LIHTC Properties

HJC continues to hear concerns from residents in existing LIHTC properties who receive unsustainable rent increases, a concern that has been particularly acute in recent years in senior developments. HJC encourages Minnesota Housing to continue to explore means to limit rent increases in existing LIHTC properties to preserve this important source of affordable housing as accessible to low-income households in Minnesota.

Thank you for the opportunity to provide input in this process.

Sincerely,

Anne M. Smetak
Director and Senior Counsel
Housing Systems Response
asmetak@hjcmn.org
612-608-8190

MINNESOTA
HOUSING STABILITY
COALITION

Members of the Board of Directors
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

December 8, 2025

Dear Minnesota Housing Board Members,

On behalf of the Minnesota Housing Stability Coalition, we write respectfully and urgently to request that you ***do not extend the 2026-2027 QAP for an additional year to make it the 2026-2028 QAP***. Over the course of multiple public comment periods, many voices have shared concerns with the current QAP scoring system and requested changes to that scoring system. Extending the use of this point structure for funding awards to be made in 2027 will continue to damage the affordable housing industry – in some cases, causing irreparable harm.

We understand and support the proposed changes shown in the Summary of Proposed Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation document, with the exception of redlined changes to the 2026-2027 QAP on pages 6 and 7 of the Summary of Proposed Changes that reference 2028.

Please note that the Minnesota Housing Stability Coalition submitted a full comment letter to Minnesota Housing during the official public comment period for the proposed QAP changes. That comment letter contains detailed information regarding our request that the Board ***not extend*** the 2026-2027 QAP for another year.

Thank you for your time and consideration.

Respectfully,

Colleen E. A. Ebinger

Colleen Ebinger
Project Manager
Minnesota Housing Stability Coalition

Minnesota Housing Stability Coalition Members

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Aeon
Agate Housing and Services
Alliance Housing
American Indian Community Development Corporation (AICDC)
Avivo
Beacon Interfaith Outreach
Catholic Charities Twin Cities
Center City Housing
Clare Housing
Common Bond Communities
CSH
Family Housing Fund
Greater Twin Cities United Way
Greater Minnesota Housing Fund
Hope Community
Housing In Action
Interfaith Outreach
LISC Twin Cities
Minnesota Housing Partnership
Minnesota Consortium of Community Developers
Model Cities
Our Saviour's Community Services
Peris Housing
Project for Pride in Living
Redesign Inc
RS Eden
Simpson Housing
Southwest Minnesota Housing Project
Trellis
Touchstone
Twin Cities Housing Development Corporation
Volunteers of American MN

MINNESOTA HOUSING

Amended 2024-2025 Housing Tax Credit Qualified Allocation Plan

Revised: 12/2025~~11/2022~~



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

An equal opportunity employer.

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

Table of Contents

Chapter 1 – Introduction and Preparation of the Qualified Allocation Plan 5
Chapter 2 – Policies and Procedures 7
A. Definitions 7
B. Geographic Distribution 7
C. Nonprofit Set-Aside 8
D. Rural Development/Small Project Set-Aside 10
E. Application Rounds 10
F. Suballocator Procedures 11
G. Multiple Buildings 13
H. Developer and Development Limits 13
I. Transfer of Ownership 14
J. Unacceptable Practices 15
K. Minimum Underwriting Standards 17
L. Identity of Interest and Related Parties 18
M. Disclosure and Eligibility of Development Team 18
N. Determination of HTC Amount 18
O. Requests for Additional HTC Amounts 19
P. Round 2 Resubmission Process for Non-Select Projects 20
Q. Qualified Census Tracts, Difficult Development Areas and State Designated Basis Boosts 20
R. Reservations 21
S. Administrative Errors/Appeals Process 22
T. Waiting List 23
U. Carryover Allocations 23
V. Reallocation 24
W. Final Allocations 25
X. Monitoring for Compliance 26
Y. Qualified Contract 27
Z. Tenant Selection Plan ..... 28~~27~~
AA. Other Conditions 28
AB. Amendments and Revisions to the Qualified Allocation Plan 28
Chapter 3 – Federal Program Requirements 29
A. Eligible Activities 29
B. Applicable Percentage 29
C. Qualifying Rehabilitation 29
D. Existing Buildings 30
E. Exceptions to the 10-Year Rule 30
F. Federal Subsidies 30
G. Review of Federally Assisted Projects 31
H. Federal Subsidy Layering Review 31
I. Minimum Set-Aside Election 31

J. Affordable Rents 32
K. Tenant Eligibility 34
L. Eligible Basis 34
M. Qualified Basis 35
N. Applicable Fraction 35
O. Annual HTC Amount 36
P. Declaration of Land Use Restrictive Covenants 36
Q. Ineligible Properties 37
R. Passive Loss Restrictions 37
S. State Volume Limits 37
T. Recapture 37
U. Market Study 37
V. Eventual Tenant Ownership 38
W. Contract Compliance, Equal Opportunity, and Fair Housing Policy 38
X. Occupancy Restrictions 40

Chapter 4 – Development Standards 41

A. Project Cost Reasonableness 41
B. Eligible Basis HTC Fees 41
C. Reserves/Contingencies 41
D. Comparative Analysis 42
E. Property Standard 42

Chapter 5 – Project Selection 43

A. First Round – Application Requirements 43
B. Strategic Priority 44
C. Selection and Preference Criteria 44
D. Tie Breakers 45
E. Market Study Review 46
F. Design Review 46
G. Development Team Review 46
H. Site Review 46
I. Multifamily Underwriting Standards 47
J. Financial Feasibility 48
K. Development Cost Review 48

Chapter 6 – Submission Requirements 49

A. Application Requirements 49
B. Carryover Requirements 55
C. Placed in Service /Application for Issuance of IRS Form 8609 57

Chapter 7 – Projects Financed by Tax-Exempt Volume Limited Bonds Seeking HTCs 63

A. General 63
B. Pre-Application for Projects Seeking an Allocation of Tax-Exempt Volume Limited Bonds from Minnesota Management and Budget (MMB) 64
C. Application for Issuance of Preliminary Determination Letter ..... 65~~64~~

D. Election of Applicable Percentage 65
E. Requests for Building Identification Numbers (BIN) 6665
F. Election of Gross Rent Floor 66
G. Placed in Service/Application for Issuance of IRS Form 8609 66
Chapter 8 – Fees 68
A. Application Fee 68
B. Supplemental Application Fee 68
C. Reservation Fee 68
D. Allocation Fee – Carryover, 8609, Reallocation 68
E. Allocation Late Fee 68
F. Preliminary Determination Fee 69
G. Monitoring Fee 69
H. Transfer of Ownership Fee 69
I. Check Cashing Procedure 69
J. Right to Adjust Fees 69
K. Appraisal Fee 69
Chapter 9 – Tentative Allocation Schedule of Critical Dates 7071
A. Allocation Dates 7071
B. Previous Year's Allocation of HTCs 7071
C. Compliance Dates 7071
Chapter 10 –Index of HTC Forms 7172
A. Application Materials 7172
B. Post-Selection Materials 7172

Chapter 1 – Introduction and Preparation of the Qualified Allocation Plan

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

The Minnesota Housing Finance Agency (Minnesota Housing) was designated by the Minnesota Legislature as the primary HTC Allocating Agency for the State of Minnesota, with certain other cities and counties also designated as suballocators of HTCs[1].

Section 42 of the Internal Revenue Code (IRC) requires that HTC allocating agencies develop and adopt a Qualified Allocation Plan (QAP) for the distribution of HTCs within the jurisdiction of the Allocating Agency (Internal Revenue Service [IRS] Treasury Regulation 1.42-17 Qualified Allocation Plan).

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

The QAP gives preference as required by federal law to:

1. Projects serving the lowest income tenants;
2. Projects obligated to serve qualified tenants for the longest periods;
3. Projects in Qualified Census Tracts (QCTs) that are part of a concerted community revitalization plan.

This document, and all forms and attachments, along with the Self-Scoring Worksheet, are a part of Minnesota Housing's QAP. The QAP is subject to modification or amendment to help ensure the provisions conform to the requirements of Section 42 and applicable state statutes.

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

Minnesota Housing is also required to monitor HTC projects during the compliance period as well as notify the IRS of any noncompliance with the requirements of Section 42 of which it becomes aware.

[1] Minn. Stat §§ 462A.221 to 462A.225
[2] Section 42(m) of the Internal Revenue Code

All applicants should review IRS Treasury Regulation 1.42-5 Monitoring Compliance. In addition, Minnesota Housing will monitor the projects during the remaining term of the Declaration of Land Use Restrictive Covenants (LURA) following the conclusion of the compliance period.

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

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

Minnesota Housing maintains the right not to award or allocate HTCs for any project if it determines, in its sole discretion, that an award or allocation for such project does not further the purpose and goals as set forth in this QAP.

Chapter 2 – Policies and Procedures

A. Definitions

Metropolitan Area: As set out in Minn. Stat. 473.121, Subdivision 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

Greater Minnesota: Greater Minnesota means any area which is not under the Metropolitan Area as defined above.

Substantial Rehabilitation: Rehabilitation of at least $5,000 per unit, as defined in Minn. Stat. § 462A.221, Subdivision 5 that also meets the qualifying rehabilitation requirements as defined in Section 42(e).

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

Internal Revenue Code (IRC): Title 26 of the United States Code.

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

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

Qualified Allocation Plan (QAP): As defined in Section 42 (m)(1)(B) and including the Self-Scoring Worksheet and this document.

B. Geographic Distribution

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

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

currently are the cities of Duluth, St. Cloud, and Rochester. Minnesota Housing will post on Minnesota Housing's website (www.mnhousing.gov) any update in suballocator information in early 2023 and 2024.

The HTC distribution plans for Greater Minnesota and the Metropolitan Area will be formulated in accordance with Minn. Stat. § 462A.222, Subdivision 4. The Greater Minnesota distribution will be as follows: (1) Rural Development (RD)/Small Project set-aside (refer to Chapter 2.D.); (2) the three suballocators eligible to administer HTCs within their respective city limits: Duluth, Rochester, and St. Cloud; and (3) the balance of Greater Minnesota and the nonprofit set-aside (refer to Chapter 2.C.), which is administered by Minnesota Housing.

The Metropolitan Area distribution will be as follows: (1) The four suballocators eligible to administer HTCs within their respective city/county limits: Minneapolis, Saint Paul, Dakota County, and Washington County; and (2) the balance of the Metropolitan Area and the nonprofit set-aside (refer to Chapter 2.C.), which is administered by Minnesota Housing.

As of January 2022, the distribution between the two pools is 39% in the Greater Minnesota Pool and 61% in the Metropolitan Pool. Minnesota Housing will update the distribution for the 2024-2025 QAP based upon updated demographic data in early 2023 and 2024, and the applicable distribution will be posted on Minnesota Housing's website.

C. Nonprofit Set-Aside

Federal law requires that 10% of the total annual HTCs allocated from the states' HTC volume cap be reserved each year exclusively for projects involving ownership by qualified nonprofit organizations that have a 501(c)(3) or (c)(4) status and satisfy the requirements of Section 42(h)(5). On an annual basis, Minnesota Housing and suballocators may reserve an additional 5% for a total annual nonprofit set-aside of 15%. Applicants to the nonprofit set-aside can also compete in Round 2 if there are nonprofit set-aside funds still available. If the nonprofit set-aside is not exhausted in Round 1, the nonprofit set-aside will be available in Round 2. If a project is necessary to meet the federal requirement in Round 2, at Minnesota Housing's sole discretion, the project will have priority over other applicants in Round 2.

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

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

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

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

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

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

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

D. Rural Development/Small Project Set-Aside

Minnesota Housing designates a portion of the state's HTC volume cap to Rural Development (RD) financed or small projects. The amount of HTCs reserved to the RD/Small Project set-aside for 2024 and 2025 is $425,000. Eligible projects must either:

1. Have an RD financing commitment, or
2. A small project located in a Rural/Tribal Designated Area as defined in the Rural/Tribal Methodology in the Methodology Guide and consisting of 24 or fewer units.

First priority will go to projects with applications for financing or a commitment from RD. Applicants to the set-aside first compete in the general pool, and if not competitive, then move to the RD/Small Project set-aside for consideration. Applicants to the set-aside can also compete in Round 2 if there are RD set-aside funds still available. IRS Form 8609 may not be issued to a new RD project until after financing commitment has been executed.

E. Application Rounds

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

Round 1

Round 1 uses a forward selection process, with selections generally taking place in the year proceeding the allocation year of the HTCs. Projects that have previously received a partial allocation of HTCs from Minnesota Housing may have priority over other applicants in Round 1.

During Round 1, for-profit applicants must apply directly to the suballocator for an HTC allocation if the project falls within a suballocator's jurisdiction. Except for the nonprofit set-aside, Minnesota Housing will not accept applications for developments located within the jurisdiction of suballocators in Round 1 unless the suballocator has entered into a Joint Powers Agreement with Minnesota Housing or has returned all their HTCs to Minnesota Housing. Minnesota Housing will administer the HTCs for all areas outside the jurisdiction of suballocators. Nonprofit applicants may apply to the Minnesota Housing nonprofit set-aside or the suballocator individually or concurrently. Any unused HTCs are returned to Minnesota Housing prior to Round 2.

In Round 1, the nonprofit set-aside is divided proportionally between the two geographic pools, the Metropolitan Area pool and the Greater Minnesota pool. Nonprofit developers with projects located within the jurisdiction of a suballocator may apply for HTCs from Minnesota Housing, but only in the nonprofit set-aside. Nonprofit developers with projects located in the allocating jurisdiction of a suballocator may apply simultaneously to the suballocator and to the Minnesota Housing nonprofit set-aside. Nonprofit developments not located in the allocating jurisdiction of a suballocator will compete for HTCs in the respective general geographic pool once the nonprofit set-aside has been exhausted.

In Round 1, Minnesota Housing will establish a preservation allocation ceiling of 2/3 for each geographic pool, Metropolitan and Greater Minnesota, but not including the RD/Small Project set-aside or the nonprofit set-aside. Minnesota Housing reserves the right to exceed the 2/3 ceiling if qualifying new construction proposals are not available or do not rank competitively.

Round 2

Round 2 makes available for allocation any HTCs remaining or returned since Round 1. All remaining or returned HTCs, excluding a return of HTCs for projects requesting a reallocation, will be combined into one unified pool for allocation by Minnesota Housing on a statewide basis, without regard to geographic distribution and with no set-asides[3]. Additionally, Round 2 establishes a waiting list for HTCs that may be returned. In Round 2, all projects located in suballocator jurisdictions may apply directly to Minnesota Housing. Projects that have previously received HTCs from Minnesota Housing or a suballocator and have an annual HTC shortfall of at least 5%, but not more than 33.33% of the total qualified annual HTC amount, subject to Minnesota Housing approval, will have priority over other applicants in Round 2 and under the waiting list. If more than one project qualifies under the supplemental priority, Minnesota Housing will evaluate and rank eligible requests according to points awarded.

Minnesota Housing may, at its sole discretion, establish a waiting list following Round 2 if sufficient HTCs are not available. Refer to Chapter 2.T. for additional details.

F. Suballocator Procedures

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

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

Before the application deadline for Round 2, the suballocators must return all uncommitted and unallocated HTCs to Minnesota Housing, along with copies of the HTC application and commitment agreements for all selected projects.
If a suballocator determines at any time before Round 2 that a project is no longer eligible for all or a portion of the HTCs committed or allocated to the project, the HTCs must be transferred to Minnesota

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

Housing to be reallocated. If the HTCs for which the project is no longer eligible are from the current year's annual ceiling and the suballocator maintains a waiting list, the suballocator may continue to commit or allocate the HTCs until no later than the date of application for the Round 2. At that time, any uncommitted HTCs must be transferred to Minnesota Housing.

So that all a project's HTCs are allocated by a single Allocating Agency, Minnesota Housing may apportion additional HTCs to a suballocator for a project that has already received a commitment or allocation of HTCs from the suballocating agency, if all the suballocator's HTCs have been committed or allocated. These supplemental HTCs must be used only for the selected project and must be allocated to the project by a carryover allocation or IRS Form 8609 before December 31 of the year in which the selection was made. If at any time after the apportionment of the HTCs a suballocator determines the project cannot use or is no longer eligible for all or a portion of the HTCs apportioned to the project, the HTCs must be returned to Minnesota Housing within 10 business days for reallocation.

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

As the primary and lead HTC agency for the state of Minnesota, Minnesota Housing is responsible for collecting and filing the required form with the IRS each year. Minnesota Housing will prepare a comprehensive IRS Form 8610, incorporating all carryover and 8609 allocations made in the state of Minnesota for filing with the IRS. The local suballocators shall submit the following information to Minnesota Housing no later than January 31 for all HTC activity that has occurred in the preceding year:

1. A copy of all Reservation/Binding Agreements, an original of the Carryover Agreement, and copies of all IRS Form 8609s, completed and issued to all (including tax-exempt) projects selected since February 28 of the preceding calendar year
2. A completed HTC application form (Multifamily Workbook) for each development receiving an allocation or award through a reservation, carryover, or issuance of 8609 for HTCs issued from volume cap and in connection with tax-exempt volume limited bonds
3. A completed IRS Form 8610 Schedule A for each development receiving a carryover allocation
4. A Suballocator Compliance Activity Report containing the results of inspection activity conducted during each monitoring year with copies of any forms 8823 filed with the IRS
5. Any other information requested by Minnesota Housing necessary to meet federal and state reporting purposes

Suballocators are responsible for monitoring HTC projects for the term of the LURA, including requirements imposed if Minnesota Housing apportions additional HTCs to a suballocator, in accordance with 42(m)(1)(B)(iii) (refer to Chapter 2.W.) to help ensure compliance with applicable federal, state, and local requirements. Compliance records must be available upon request to Minnesota Housing from the suballocator or its monitoring agent. Projects that receive HTCs from Minnesota Housing that are apportioned to a suballocating agency must incorporate Minnesota

Housing restrictions that are a condition of the HTC award (e.g., nonprofit set-aside, homeless households).

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

1. Project name
2. Address
3. Building identification numbers (BIN)
4. Ownership entity and tax identification number (TIN)
5. Total number of residential units
6. Number of HTC units
7. Year of allocation or award
8. Amount of HTCs allocated or awarded
9. Other information as needed

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

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

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

G. Multiple Buildings

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

H. Developer and Development Limits

For applicants statewide applying for a portion of the state's HTC volume cap, the per-developer or general partner HTC limit is the greater of the amount representing 10% of the state's per capita volume limit in HTCs or the amount needed to support two developments in the case that two developments selected are being developed by the same developer or general partner. Such projects

are subject to a development limit of no more than $1,700,000 in 2024 and 2025 in cumulative HTCs allocated to any one development.

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

1. Developer Limit
    a. Developer/Sponsor capacity – The ability and capacity of the development team to proceed expeditiously to complete multiple developments, including other projects selected by Minnesota Housing for funding that have not yet been completed
    b. Financial Feasibility – The applicant must demonstrate that the HTCs are necessary for the financial feasibility of the proposed project and that a significant funding gap will remain if the waiver is not granted.
    c. Minnesota Housing may also waive these limits during Round 2 if there are excess HTCs at year-end.

2. Development Limit
    a. Financial Feasibility – The applicant must demonstrate that the HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted.
    b. Minnesota Housing may also waive these limits during Round 2 if there are excess HTCs at year-end.

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

I. Transfer of Ownership

Any transfer of title of a selected project or transfer of more than a 50% interest in a general partner or member, or change in a nonprofit partner, will be considered a material change in the project and will be subject to Minnesota Housing's approval prior to the transfer of ownership.

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

J. Unacceptable Practices

Transfer of Ownership

1. Unapproved Transfer – Any unapproved change or transfer of ownership from the time of selection or preliminary determination letter throughout the term of the LURA will have an effect on all individuals/entities with an ownership interest on each side of the transfer that submit applications in future HTC rounds.

2. Failure to notify – Existing HTC projects that did not have a transfer approval requirement are required to notify Minnesota Housing of a transfer of ownership throughout the term of the LURA. Failure to notify Minnesota Housing will have an effect on all individuals/entities with an ownership interest on each side of the transfer that submit applications in future HTC rounds.

These entities may be penalized for an Unapproved Transfer or Failure to Notify as follows:

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

a. First transfer (negative 20 points on each application submittal)

b. Two or more transfers (negative 35 points on each application submittal)

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

Displacement of Section 8 Tenants

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

1. Minnesota Housing has agreed to partner with the local HUD area office to determine if tenants of rehabilitation projects:

   a. Were displaced prior to application

   b. Are displaced after rehabilitation has been completed

2. If Minnesota Housing and the local HUD area office agree that intentional displacement of Section 8 tenants has occurred, with exception given to lease violations by the tenant, Minnesota Housing may:

   a. Reduce or rescind the reservation/allocation or award of the HTCs to the project prior to issuance of 8609

b. Assess a negative25 point penalty to all parties involved in the ownership and/or management of the project for four funding rounds following notification of the assessment of the negative points by Minnesota Housing. This also applies to HTC projects financed by tax-exempt volume limited bonds, owners, and managers.

Changes to Project

The allocation of HTCs is based upon information provided in the application and the preliminary plans submitted with the application. Until the property is placed in service, any material changes to the project or building design (i.e., changes in unit mix or unit size that affect applicable Design Standards or design features required for preference points), as submitted in the application, require written notification to and approval from Minnesota Housing. Any changes require approval by Minnesota Housing and could result in a proportional loss of HTCs up to the full amount of the allocation as well as the assessment of penalty points to the owner/developer of up to negative35 points.

Late 8609 Application Submissions Resulting in the Loss of HTC Authority to the State

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

Filing of Non-Agency Approved 8609 with the IRS

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

Non-Compliance with Minnesota Housing's Fair Housing Policies or Tenant Selection Plan Guidelines, Procedures, and/or Requirements

At the sole discretion of Minnesota Housing, any failure to comply with Minnesota Housing's Fair Housing policies or Tenant Selection Plan Guidelines, procedures, or requirements may be penalized according to Minnesota Housing's Fair Housing policy, up to and including disqualification of the application. In addition, under the HTC program, Minnesota Housing may impose up to a negative 35 point penalty on future HTC developments to all parties involved in ownership and/or management on the development(s) that are found in non-compliance. The penalty points will be in effect for four funding rounds (generally two calendar years) following notification of the assessment of the negative points by Minnesota Housing. This also applies to HTC projects financed by tax-exempt volume limited bonds, owners, and managers.

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

1. On the date of submission of an application for an award or allocation of HTCs, if the applicant, or any party with an identity of interest with the applicant who will have an ownership interest in the proposed development, has been issued a notice of failure to comply involving any of the following violations but has not submitted an acceptable plan and timeline to correct by the response due date, Minnesota Housing may impose a penalty up to negative35 points under Unacceptable Practices.
    a. Failed minimum set-aside
    b. Any Exigent Health and Safety violation under Uniform Physical Conditions Standards
    c. Owner is charging rent on any HTC unit that exceeds the allowable rent limit or has violated Minnesota Housing's policy limiting rent increases to once annually (as stated in Section 5.01 of the Housing Tax Credit Compliance Guide).
    d. HTC unit rented to an ineligible household (e.g., household not properly certified, over income at initial occupancy, or ineligible full-time student)
    e. Project not available to the general public
    f. Owner failed to respond to Minnesota Housing request for inspection
    g. Other compliance violations as determined by Minnesota Housing

2. On the date of submission of an application for an award or allocation of HTCs, if the applicant or development, 1) has been reported to IRS by Minnesota Housing or a suballocator as no longer in compliance, nor participating in Section 42 program as indicated on line 11p of IRS form 8823 and has not taken steps to bring the property back into compliance to the satisfaction of Minnesota Housing or the suballocator, or 2) is on Minnesota Housing's or a suballocator's list of Properties Not in Good Standing in the Extended Use Period and has not taken steps to bring the property back into compliance to the satisfaction of Minnesota Housing or the suballocator, the applicant may receive a penalty up to negative35 points or be deemed ineligible to receive an award or allocation of HTCs.

K. Minimum Underwriting Standards

A development selected for a reservation or preliminary determination of HTCs is selected based upon underwriting standards, including but not limited to, acquisition costs, maintenance and operating expenses and permanent financing as approved by Minnesota Housing (refer to Chapter 5 and the Minnesota Housing Multifamily Underwriting Standards). These factors will be monitored throughout the HTC process until Minnesota Housing's issuance of the approved IRS Form 8609. **Minnesota Housing will not allow any significant adjustments to these standards without prior approval.** Not complying with these standards could lead to the revocation of the HTC allocation.

L. Identity of Interest and Related Parties

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

M. Disclosure and Eligibility of Development Team

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

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

1. Significant parties who have been convicted of, enter an agreement for immunity from prosecution, or plead guilty, including a plea of *nolo contendere*, to a crime of dishonesty, moral turpitude, fraud, bribery, payment of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records
2. Significant parties who are currently debarred from any Minnesota program, other states' program(s), or any federal program(s)
3. At the sole discretion of Minnesota Housing, significant parties who have serious and persistent compliance monitoring violations may not be eligible
4. At the sole discretion of Minnesota Housing, significant parties having an identity of interest with persons or entities falling into any of the above categories may not be eligible

N. Determination of HTC Amount

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

After a project meets the development selection criteria, including marketability, Minnesota Housing will evaluate each proposed project, taking into consideration in accordance with Section 42:

1. Development costs, including acquisition costs, developer fees, and builder profits, contractor overhead and general conditions
2. All sources and uses of funds

3. Projected income and expenses
4. Proceeds expected to be generated from the sale of HTCs, including historic tax credits
5. The difference between total project costs and total available financing resources, which is referred to as the gap. A calculation is made to determine the amount of HTCs needed by the project to fund the gap over a 10-year period, based on the estimated market value of the HTCs.

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

This analysis to determine the maximum amount of HTCs must be performed by both Minnesota Housing and the owner/developer at the time of application, at the time of allocation, and at the time the project is placed in service, provided all project costs are finalized and certified. For each analysis, the applicant must submit the most recent financial information on the project. Misrepresentations of information will result in failure to award IRS Form 8609, debarment from participation in the HTC Program, and possible criminal penalties.

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

O. Requests for Additional HTC Amounts

Projects that have had a justifiable increase in eligible basis or previously received a partial allocation may be eligible to apply for supplemental HTC amounts. Under extenuating circumstances, such as significant changes in the market, Minnesota Housing may allow additional requests. The determination and approval are at the sole discretion of Minnesota Housing.

For 9% HTC projects to receive a supplemental HTC amount, the owner must submit an application when applications are due for Round 1, Round 2, or at the time the carryover application is submitted. Developers who have a Minnesota Housing reservation from the current year will be required to submit a revised Multifamily Workbook, documentation supporting the increased amount of HTCs requested, an updated and revised Self-Scoring Worksheet, any new or revised documentation obtained since the previous application, and a supplemental application fee. A complete application package with all attachments and a full application fee will be required for an application for additional HTCs for developments initially awarded HTCs from a suballocator or that have an HTC allocation from a prior year. Minnesota Housing permits only one supplemental or additional HTC allocation for each

development. Allocations of additional HTCs requested as part of a carryover application are not counted against this limit.

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

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

P. Round 2 Resubmission Process for Non-Select Projects

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

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

Minnesota Housing reserves the right to require a full, new application for any project.

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

Projects that meet the following criteria may be eligible for a greater amount of HTCs than the legislated maximum HTC percentage.

1. **Qualified Census Tracts (QCTs)** designated by HUD in which 50% of the population has an income of less than 60% of the area median or has a poverty rate of at least 25%; where such areas do not comprise more than 20% of the overall population (for a current list of the HUD-designated QCTs, go to Minnesota Housing's website under HTC Reference Materials or go directly to the Qualified Census Tract Table Generator or Qualified Census Tract Map). Effective dates can be based upon year of application or allocation. Refer to the HUD Designation Notice found on HUD's website for additional details.
2. **Difficult Development Areas (DDAs)** designated by HUD as having high construction, land, and utility costs relative to area median income. For DDA information, reference the same website

as QCTs above. Effective dates can be based upon year of application or allocation. Refer to the HUD Designation Notice found on HUD's website for additional details.

3. **State Designated Basis Boost**. For projects requesting HTCs from the state's HTC volume cap. Buildings Designated by State Housing Credit Agency [pursuant to 42(d)(5)(B)(v)] (*refer to the end of this section for reference).

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

   a. The development must meet at least one of the following selection criteria requirements:

      i. Permanent Supportive Housing: Projects that will serve People with Disabilities or High Priority Homeless Households under the Permanent Supportive Housing for High Priority Homeless selection criterion or the People with Disabilities selection criterion.

      ii. Preservation: Projects that serve existing federally assisted housing or other critical affordable housing projects must be eligible under the Preservation selection criterion.

      iii. Tribal: Projects that are sponsored by, or have received, a significant financial contribution (as determined by Minnesota Housing) from a tribal government, tribally designated housing entities, or tribal corporate entities.

   b. The application must demonstrate that without the basis boost, a significant funding gap will remain for the proposed development and HTCs allocated in connection with the basis boost must be no more than needed to achieve financial feasibility.

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

R. Reservations

Once Minnesota Housing has ranked applications and determined allowable HTC amounts for each application, staff will make recommendations to Minnesota Housing's board for final approval of the reservation of 9% HTCs.

Reservations are site specific. Changing a development's site could lead to the revocation of the HTC reservation/allocation.

Minnesota Housing's HTC program permits its owners to elect the applicable percentage either at the time of reservation or when placed in service. If the election is not made at the time the reservation

letter is issued, the percentage will be fixed for the month in which the building is placed in service or as otherwise established by Section 42. Once made, the election is irrevocable. Upon receipt of the required documents, Minnesota Housing will complete its reservation review and send reservation agreements to be executed by the owner. Each reservation must be conditioned upon receipt of written certification, evidence of timely progress toward completion of the project acceptable to Minnesota Housing, and evidence of compliance with federal tax requirements.

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

Selected applicants that will not place a project in service in the allocation year for which the reservation was issued may request a carryover allocation by submitting the required carryover application submissions.

S. Administrative Errors/Appeals Process

Applicants requesting HTCs from the state's HTC volume cap can request an appeal. If the applicant believes that Minnesota Housing has misinterpreted, was not aware of a submission item, or miscalculated the applicant's selection points or HTC amount at the time of application/reservation, the applicant must submit in writing evidence supporting their position by the appeal due date and time determined by Minnesota Housing, which is generally five business days after notification of application status. The applicant's appeal must be written in letter form containing a signature and stating that the communication is an appeal under Chapter 2.S. of this QAP. The appeal letter may be submitted via email to mhfa.htc.appeals@state.mn.us or mailed to:

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

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

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

T. Waiting List

In Round 2, eligible applications that were not selected or that were selected to receive a partial allocation will be maintained on a waiting list until the end of the year in the event Minnesota Housing receives an increase in credits due to an IRS formula adjustment, National Pool, or unused and/or any returned HTCs. This excludes a return of credit for projects requesting a reallocation. A project on the waiting list that is selected for its HTC request through the subsequent Round 1 will no longer be eligible to receive HTCs through the waiting list and will be removed from the list. Projects determined to meet the supplemental priority in accordance with this QAP will receive priority over other applicants. The waiting list will follow Minnesota Housing's order of ranking of competitive HTC points. Generally, projects will be chosen in order; however, depending on IRS rules and requirements, time, and funds available, Minnesota Housing reserves the right to make modifications to the waiting list or incorporate HTCs into subsequent rounds.

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

U. Carryover Allocations

Federal law (IRS Treasury Regulation 1.42-6 Carryover Allocation) provides that Minnesota Housing may give a carryover allocation to certain qualified building(s), which are to be placed in service prior to the deadline established by Section 42, as may be extended by relief issued by the IRS. To receive a carryover allocation, the owner must submit a complete carryover application package to Minnesota Housing no later than November 1 of the allocation year for which the reservation was issued.

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

Federal law requires that more than 10% of the expected basis in the project (including land) must be expended by the later of the date, which is one year after the date that the allocation is made or the close of the calendar year in which the allocation is made. A written certified public accountant (CPA) certification must be submitted verifying the owner has incurred required expenditures. As decided by the owner, submission of the CPA certification may be made at the time of carryover application or at a later date as provided for by Section 42 and this QAP. However, the carryover allocation agreement must be executed prior to December 31 of the allocation year for which the reservation was issued.

For a carryover agreement to be valid, it must include, among other things:

1. The amount of the reasonably expected basis at the end of the second year after the initial reservation
2. The carryover basis must be expended or incurred by the date, which is one year from the date of the allocation

If the final CPA certified carryover basis and expenditure information is not available at the time the carryover application is due, an estimate of the expenditure of greater than 10% of the expected basis must be performed by the owner and submitted to Minnesota Housing no later than November 1 of the allocation year for which the reservation was issued. The final CPA certifications must be submitted to Minnesota Housing prior to the deadlines established by Section 42, as may be extended by relief issued by the IRS and by no later than Minnesota Housing's submission deadlines identified in Chapter 6.B. Failure to comply with the submission dates will result in significant penalties as outlined in Chapter 8.E. Additional carryover requirements are given in Chapter 6.B.

Minnesota Housing's HTC program carryover procedures are intended to conform to the federal laws and are based upon the limited guidance received from the IRS. At any time, additional IRS guidance may be issued that will require further adjustments to the QAP and additional reviews of developments relating to carryover.

V. Reallocation

Notwithstanding any other provisions of this QAP, when a project that has received a carryover allocation of 9% HTCs from Minnesota Housing, has determined that it will be unable to place in service by the date required pursuant to Section 42, an owner may request (i) that they be able to return the original allocation of HTC and (ii) that Minnesota Housing reallocate the same amount of HTC in a future credit year.

Minnesota Housing reserves the right, at its sole discretion, to provide a new allocation of 9% HTCs to a project that received a carryover allocation in a prior calendar year. An owner that requests a return and reallocation will not be required to submit a new application or be scored again under the QAP applicable to the future credit year. To be eligible for this return and reallocation of HTC, at a minimum, the following conditions must be met to Minnesota Housing's satisfaction:

1. The owner must provide written notice to Minnesota Housing in a timely fashion, describing the circumstances surrounding the request, all remedial measures attempted by the developer to mitigate the delay, and any other pertinent information related to the inability to meet the required placed in service deadline, as part of their request to return their allocation.
2. The reason for the request must be extenuating circumstances beyond the reasonable control of the owner. These circumstances may include but are not limited to delays such as fire, natural disaster, pandemic, or other large-scale issues with a significant impact to the housing industry.

3. The project is economically viable without additional HTCs or other deferred funding from Minnesota Housing.
4. Minnesota Housing must find that the project in all respects, except time to place in service, still meets the selection criteria and conditions upon which the HTC were originally allocated and the minimum requirement so the QAP applicable to the future credit year, and that the project continues to meet affordable housing needs in the community for which it is planned.

An owner may only return and receive a reallocation once per project. A developer may only return and received a reallocation once per year.

The owner shall submit the required fee listed in Chapter 8 with the written request. The fee is non-refundable regardless of outcome. The request is subject to Minnesota Housing board approval. Applicants should not assume that this reallocation will be automatically provided or rely on this statement when determining the timeline of the proposed project.

Minnesota Housing, in its sole discretion, may assess negative ranking points on subsequent applications from the applicant (or related entity).

A project located in a HUD-designated Difficult to Develop Area or Qualified Census Tract at the time of original allocation may retain its designation if consistent with Section 42. Effective dates can be based upon year of application or allocation. Refer to the HUD Designation Notice found on HUD's website for additional details.

W. Final Allocations

Except for carryover allocations, no allocation of HTCs will be made until a building or project is placed in service and the proper documentation and fees have been received. The final amount of HTCs is determined when the project is placed in service.

Final allocations (Form 8609) may be requested when all eligible buildings are placed in service and the proper documentation and fees have been received. Minnesota Housing may establish, at its sole discretion, required deadlines prior to year-end for final allocation requests in order to permit timely processing of documents.

If an owner of an HTC development does not intend to obtain a carryover allocation, but instead intends to take a project from HTC reservation directly to placed-in-service status, an allocation via issuance of 8609 must be obtained prior to year-end of the allocation year for which the reservation was issued. For an 8609 to be issued by Minnesota Housing prior to year-end, the HTC application for issuance of such 8609s must be submitted to Minnesota Housing on or before November 1 of that year.

A project that has neither received a carryover allocation nor has been placed in service and issued appropriate 8609s before December 31 of the year of allocation will lose its entire allocation of HTCs.

The HTC amount that will be allocated is based on Minnesota Housing's final determination of the qualified basis for the building or project and a review of the project costs as outlined in the QAP. The allocation may be reduced to comply with federal law based on the final review of the project.

Prior to final allocation, the project owner is required to execute and record a LURA.

Non-compliance with the terms of a preliminary determination of HTCs or a carryover allocation will result in a loss of HTCs.

X. Monitoring for Compliance

Federal law requires that Minnesota Housing provide a procedure to monitor for compliance with Section 42 and to notify the IRS of noncompliance. Minnesota Housing is required to apply the monitoring procedure to all HTC projects developed within Minnesota Housing's jurisdiction, including HTCs issued in connection with tax-exempt volume limited bonds since the inception of the HTC program. Minnesota Housing will perform such duties in accordance with its Housing Tax Credit Compliance Guide. HTC projects must comply with the Housing Tax Credit Compliance Guide as it may be amended. In general:

1. All HTC recipients must submit an annual certification to Minnesota Housing in a manner, form, and time established by Minnesota Housing. Owners are required to certify whether or not the property is in compliance with Section 42 regulations and whether or not the property complies with the restrictions and/or set-asides under which the HTCs were allocated. The certification will include, but is not limited to, certification statements required under IRS Treasury Regulation 1.42-5, the submission of completed IRS forms, and occupancy data including demographic data, income, student status, and rent. Annual monitoring fees will be due when the owner certification is due.
2. Minnesota Housing will conduct periodic inspections, including reviewing tenant files (including tenant applications, verification of income and income from assets, the tenant income certification, and documentation of eligible student status, etc.), a physical inspection using HUD's Uniform Physical Conditions Standards, and reviewing administrative records (including utility allowance and source documentation, tenant selection plans, marketing, Affirmative Fair Housing Marketing Plan, etc.) in accordance with the HTC Compliance Guide. If a property received its HTC allocation based on serving specific targeted population(s), administrative records and/or tenant files must demonstrate that the property and/or unit is serving such population(s).

   Minnesota Housing will conduct its first monitoring inspection no later than the end of the second year of the compliance period.
3. A similar monitoring inspection will be conducted at least once every three years during the 15-year compliance period. Less frequent inspections may be conducted after the 15-year compliance period has expired. Minnesota Housing, at its sole discretion, reserves the right to conduct more frequent inspections.

4. Minnesota Housing must have access to all official project records, including IRS reporting forms, upon reasonable notification. All official project records or complete copies of such records must be made available to Minnesota Housing upon request.
5. To accomplish its compliance monitoring responsibilities, Minnesota Housing will charge a per unit monitoring fee beginning with the first credit year. The fee will be due annually throughout the compliance period and extended use period. Refer to Sections 4.02 and 9.05 of the Housing Tax Credit Compliance Guide for details on the fee amount. Minnesota Housing reserves the right to adjust the fee depending upon the requirements of the U.S. Treasury, IRS, or Minnesota Housing's increased cost to monitor. The fee will be due in a manner and time as prescribed by Minnesota Housing. Minnesota Housing will provide prompt written notice to the owner of a low-income housing project if Minnesota Housing does not receive the annual certification and supporting documentation described above or discovers in an audit, inspection, or review, or in some other manner, that the project is not in compliance (or Minnesota Housing cannot determine the project is in compliance because the owner will not cooperate with or respond to monitoring requests) with the provisions of Section 42. The owner will be given a period of time to make corrections and supply evidence to Minnesota Housing that corrections have been made. Minnesota Housing will file Form 8823, Housing Credit Agencies Report of Non-Compliance, with the IRS no later than 45 days after the end of the correction period regardless of whether the noncompliance has been corrected.
6. Properties that received an HTC allocation in 1990 and later are subject to a minimum 15-year extended use period, which begins after the close of the 15-year compliance period. Compliance requirements and monitoring procedures for properties in the extended use period are contained in Chapter 9 of the HTC Compliance Guide.
7. All project owners must maintain records in accordance with IRS Treasury Regulation 1.42-5. Refer to Chapter 3 of the HTC Compliance Guide for details.

Y. Qualified Contract

All properties will be subject to a LURA with a term of 30 years or longer. Section 42(h)(6)(E)(i)(II) of the IRC created a provision that housing credit agencies respond to the request for presentation of a Qualified Contract for HTC developments with expiring compliance periods. The request for presentation of a Qualified Contract is a request that the housing credit agency find a buyer (who will continue to operate the property as a qualified low-income property) to purchase the property for a qualified contract price pursuant to IRS regulations. If the housing credit agency is unable to find a buyer within one year, the extended-use period is terminated, subject to a three-year period following its termination, where existing low-income tenants cannot be evicted or have their tenancy terminated, other than for good cause, and rents cannot exceed the allowable HTC rent limits.

Owners of properties that receive 4% or 9% HTCs are required by Minnesota Housing to waive the right to request a Qualified Contract.

Z. Tenant Selection Plan

Minnesota Housing requires that a Tenant Selection Plan (TSP) be readily available to anyone interested in such TSP for review and/or retention. Minnesota Housing will not develop or provide such a TSP to owners or management companies. The TSP must be developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines document, which is published on Minnesota Housing's website.

AA. Other Conditions

No member, officer, agent, or employee of Minnesota Housing will be personally liable concerning any matters arising out of, or in relation to, the allocation and monitoring of HTCs.

AB. Amendments and Revisions to the Qualified Allocation Plan

This QAP has been prepared to comply with Section 42 and applicable state and federal requirements.

The QAP is subject to modification or amendment at any time to help ensure that the provisions conform to the requirements of the IRC and other federal and state requirements, to make population and date changes as needed, to facilitate the award of HTCs that would not otherwise be awarded, and to address unforeseen circumstances. Minnesota Housing may make non-substantive administrative modifications to provisions of the QAP not mandated by Section 42 to the extent deemed necessary to facilitate the administration of the HTC program.

A substantive amendment to this QAP will occur only after public notice and public hearing. Any substantive amendments will require approval of the Minnesota Housing board and the governor or appropriate approval entity. Non-substantive amendments may be made by the Minnesota Housing board. The Minnesota Housing board is authorized to waive any conditions of this QAP that are not mandated by Section 42 on a case-by-case basis for good cause shown. Written explanation will be made available to the general public for any allocation of HTCs that is not made in accordance with Minnesota Housing's established priorities and selection criteria.

To the extent that anything contained in the QAP does not meet the minimum requirements of federal law or regulations, such law or regulation will take precedence.

Chapter 3 – Federal Program Requirements

A. Eligible Activities

Eligible activities for HTCs include new construction, rehabilitation, or acquisition with rehabilitation.

B. Applicable Percentage

There are two levels of applicable percentage, depending upon whether the building is new or existing, whether there are rehabilitation expenditures and whether the buildings are federally subsidized.

1. **New Buildings and Qualifying Rehabilitation Expenditures (if neither is federally subsidized):** With respect to new buildings or qualifying rehabilitation expenditures that are not subsidized, the applicable percentage is an amount resulting in aggregate HTCs having a present value of 70% of qualified basis. Traditionally, this has resulted in an HTC percentage of approximately 9%.
2. **New Buildings and Qualifying Rehabilitation Expenditures that are Federally Subsidized and Existing Buildings:** With respect to new buildings and qualifying rehabilitation expenditures that are federally subsidized and the acquisition of existing buildings that are rehabilitated, the applicable percentage is an amount that results in aggregate HTCs having a present value of 30% of qualified basis. Traditionally, this has resulted in an HTC percentage of approximately 4%.

The 9% and 4% HTC percentages represent the maximum potential rate.

Applicants are strongly advised to consult closely with their HTC professionals (legal and tax) for guidance with respect to structuring a project to use either the 9% or the 4% HTC.

C. Qualifying Rehabilitation

Rehabilitation expenditure requirements are established both by state and federal law.

Under Section 42(e), rehabilitation expenses qualify for HTCs if the expenditures for each building:

1. Are able to be awarded to one or more low-income units or substantially benefit low-income units; and
2. Are equal to the greater of:
    a. An average qualified basis amount per low-income unit for a building that meets the inflation adjusted amount published by the IRS annually in accordance with Section 42(e)(3)(D); or
    b. An amount that is not less than 20% of the adjusted basis of the building, as determined pursuant to Section 42(e)(3).

In addition to the Section 42(e) requirements, Minnesota Statutes Section 462A.221, Subdivision 5 requires rehabilitation expenditures for the project of an average of at least $5,000 per unit.

It is necessary to acquire an existing building in order to incur qualifying rehabilitation expenditures with respect to that building. In such a case, the costs of acquiring the existing building may be eligible for the 30% present value HTC and the rehabilitation expenditures may be eligible for the 70% present value HTC.

D. Existing Buildings

Existing buildings must meet the requirements of Section 42(d)(2). In order for an existing building to qualify for the 30% acquisition HTC in connection with rehabilitation, the building must meet the 10-year requirement (10-year rule), in accordance with Section 42(d)(2)(B) and have a period of at least 10 years between the date the building was acquired and the date it was last placed in service.

The 10-year rule also applies to existing HTC projects applying for a new allocation of acquisition HTCs at the end of the original 15-year compliance period.

E. Exceptions to the 10-Year Rule

Exceptions to the 10-year rule are provided in Section 42(d)(6) for federal or state assisted buildings, certain low-income buildings subject to mortgage prepayment, and buildings acquired from insured financial institutions in default. Certain other situations may be exempt from the 10-year rule, such as:

1. A person who inherits a property
2. A government unit or qualified nonprofit group if income from the property is exempt from federal income taxation
3. A person who gains a property through foreclosure (or instrument in lieu of foreclosure) of any purchase money security interest, provided the person resells the building within 12 months after placing the building in service following foreclosure
4. Single family residences that had no use during the prior 10-year period, except as an owner-occupied principal residence, will not be treated as being placed in service for purposes of the 10-year holding period. Note that although the 10-year rule does not apply, the property must still be rehabilitated to claim the acquisition costs of such a property.

F. Federal Subsidies

The determination of whether a building is federally subsidized is addressed in Section 42(i)(2). In general, a building is treated as federally subsidized if there is financing with interest that is exempt from tax under Section 103 of the IRC, and the proceeds of which were used (directly or indirectly) in the building or its operation.

Federal grants are not to be taken into account in determining eligible basis. The eligible basis of a building must not include any costs financed with the proceeds of a federally funded grant.

Owners of a property receiving a federal subsidy have the option of treating the subsidy amount as if it were a federal grant and deducting the amount of the subsidy from the qualified basis or costs against which the amount of the HTC is calculated.

G. Review of Federally Assisted Projects

Minnesota Housing will review projects using Rural Development Section 515 Rural Housing Loan funds in accordance with Minnesota Housing's currently approved underwriting practices and procedures. To achieve a coordinated underwriting to the extent reasonably possible, it is the responsibility of the applicant to provide Minnesota Housing with available underwriting requirements and other requirements for the project that have been established by Rural Development. Prior to issuance of the IRS Form 8609, the applicant must submit to Minnesota Housing a copy of RD Form 3560-51, Multiple Family Housing Obligation – Fund Analysis for reference in the determination of the final allocation of HTCs to a project.

H. Federal Subsidy Layering Review

Section 911 of the Housing and Community Development Act of 1992 requires that specific procedures be followed for subsidy laying review when HTCs and HUD assistance are combined in a single project. Sponsors of projects that combine HUD assistance and HTCs should be aware that a subsidy layering review must be completed for their projects and should contact Minnesota Housing to receive additional information prior to submitting their application.

Suballocators are responsible for ensuring that subsidy layering reviews are completed for developments within their jurisdiction where they are the Allocating Agency.

Subsidy layering review is required for the following programs, but not limited to:

1. U.S. Housing and Urban Development (HUD) Risk Sharing Insurance
2. Section 8 Project-Based Rental Assistance
3. HOME Investment Partnerships Program (HOME)
4. National Housing Trust Fund (NHTF)

At a minimum, the following documents must be submitted:

1. Partnership (Syndication) Agreement, spelling out the equity contributions and dates of disbursement; and
2. The Multifamily Workbook

I. Minimum Set-Aside Election

Applicants must set aside a minimum number of units that meet both rent and income restrictions to qualify for HTCs for each year of the HTC period. A project must meet one of the following minimum tests no later than the close of the first year of the credit period and for the full term of the LURA:

1. **20/50 Test (20% at 50% MTSP)**: To meet the 20/50 test, a minimum of 20% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50% Multifamily Tax Subsidy Project (MTSP) income limit, as established for different geographical areas and published by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size.

2. **40/60 Test (40% at 60% MTSP)**: To meet the 40/60 test, a minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60% MTSP income limit, adjusted for family size.
3. **Average Income Test (AIT)**: To meet the AIT, a minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose imputed income average at initial occupancy is at or below the 60% MTSP income limit, adjusted for family size. The set-aside allows projects to restrict a percentage of units at higher rent and income levels by agreeing to restrict a percentage of its units at lower rent and income levels. The allowable income and rent limit restrictions are the 20%, 30%, 40%, 50%, 60%, 70% and 80% MTSP limits. Only properties that are 100% HTC restricted are eligible to elect the AIT, and the owner must agree and make a proper election per IRS instructions to treat all buildings as one multiple building project. If the AIT is elected, the owner also agrees to maintain the number of 20%, 30%, and 40% units throughout the extended use period that it represented it its application. The required number of units will be set forth in the LURA and cannot be changed without Minnesota Housing's prior written approval. The units may float throughout the property, but the owner should be aware of potential fair housing concerns if the lower income and rent restrictions are not available in units with larger bedroom sizes.

After the initial HTC application has been submitted to Minnesota Housing and the project has been selected, the minimum set-aside cannot be changed without Minnesota Housing's prior written approval. Owners must demonstrate good cause for requesting a change. Once form(s) 8609 are filed with the Internal Revenue Service, the minimum set-aside election is irrevocable.

All HTC units must comply with the respective minimum set-aside income and rent election. For example, for a 20/50 minimum set-aside, if a building's applicable fraction is 100%, all units must have an income and rent restriction at or below 50% MTSP.

The actual number of restricted units within the project must be consistent with the initial applicable fraction selected at the time of application. Also, the IRS defines each building as a separate project unless the owner elects to treat certain buildings as a multiple-building project on IRS form 8609. Refer to the 8609 instructions for making a multiple-building election on form 8609.

The AIT is not an available minimum set-aside election under IRC Section 142 for tax-exempt bonds. Owners of properties financed with tax-exempt bonds may elect the AIT for the HTC allocation but will have to comply with the 20/50 or 40/60 minimum set-aside for bonds **AND** the AIT minimum set-aside for HTCs.

J. Affordable Rents

The rent restrictions for the units are governed by Section 42 and regulations, rulings, and other announcements by the IRS. The following summary is not intended to be comprehensive. A violation of the tenant income or rental restrictions in Section 42 may result in project ineligibility or a reduction in basis and/or HTC amount.

For a unit to count as a low-income unit, the gross rent may not exceed 30% of the imputed tenant income limitation. The imputed income limitation applicable to a unit equals the permissible income limitations that would apply if the number of individuals occupying the unit were:

1. One individual in the case of a studio apartment; and
2. 1.5 individuals per bedrooms in the case of a unit with one or more separate bedrooms

Therefore, the rent restrictions applicable to a low-income unit are determined by which test is elected and how many bedrooms are contained in the unit. Current income limits, as derived from HUD, for Minnesota counties are described in the Rent and Income tables found in the Multifamily Common Application Reference Materials section.

For HTC compliance purposes, gross rent means all payments by the tenant, including non-optional charges and payments for utilities other than telephone and cable. If the tenant pays utilities directly, the maximum rent that can be paid to the landlord is reduced by a utility allowance determined in accordance with rules under Section 8 of the U.S. Housing Act of 1937 (Section 8). IRS Treasury Regulation 1.42-10 Utility Allowance, as amended, provides guidance relating to utility allowances and lays out options for establishing them.

The following is a summary of the sources of utility allowances:

1. USDA Rural Housing Service (RHS) financed projects, or units with tenants receiving RHS assistance, must use the RHS utility allowance.
2. HUD regulated buildings must use the HUD utility allowance (project-based HUD financing).
3. Any individual apartments occupied by residents who receive HUD assistance (Section 8 Existing, etc.), must use the HUD utility allowance from the Public Housing Authority (PHA) administering the assistance.
4. For Section 42 buildings without RHS or HUD assistance, the following options may be used:
    a. A PHA utility allowance from the local housing authority administering Section 8 Housing Choice Vouchers for the area in which the property is located
    b. A utility company estimate
    c. An Average of Actual Consumption using methodology described in the HUD published Multifamily Notice H2015-4A HUD Utility Schedule Model
    d. An Energy Consumption Model using an energy and water and sewage consumption and analysis model

The HTC Compliance Guide provides additional information and instructions for utility allowances.

Federal, state, and local rental assistance payments (such as Section 8 payments) made on behalf of the tenant are not included in gross rent.

Additional rent restrictions may apply if the allocation or award of HTCs was made based on such additional restrictions.

K. Tenant Eligibility

To be a low-income unit for purposes of determining the qualified basis, the tenant must have income at or below 50% of the applicable MTSP income limits if the 20/50 test is elected or 60% of MTSP income limits if the 40/60 test is elected. If the AIT is elected, the tenant must have income at or below the correct percent of MTSP income limits according to unit designation. The allowable income limit restrictions under the AIT are the 20%, 30%, 40%, 50%, 60%, 70%, and 80% MTSP limits. The unit must be rent restricted as set forth above, and the unit must be suitable for occupancy.

The combined household income of all tenants occupying an HTC eligible unit must be less than or equal to the elected income requirements as shown on Rent and Income Limits. Section 42 does not allow households comprised of full-time students to qualify as low-income units unless certain exceptions are met. There are five exceptions to the limitation on households where all members are full-time students. Full-time student households that are income eligible and satisfy one or more of the following conditions are considered eligible:

1. Students are married and entitled to file a joint tax return. A married couple that is entitled to file a joint tax return, but has not filed one, still satisfies the exception.
2. The household consists of a single parent with child(ren) and the parent is not a dependent of someone else, and the child(ren) is/are not dependent(s) of someone other than a parent;
3. At least one member of the household receives assistance under Title IV of the Social Security Act (formerly Aid to Families with Dependent Children (AFDC), now known as Temporary Assistance for Needy Families (TANF), or in Minnesota, the Minnesota Family Investment Program (MFIP));
4. At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state, or local laws; or
5. At least one member of the household was previously in foster care.

Households are required to certify student status annually, no later than the anniversary date of the previous certification. Refer to Section 5.11 of the HTC Compliance Guide and Chapter 17 of the HTC Compliance Guide for Completing Form 8823, Low-Income Housing Credit Agency's Report of Noncompliance or Building Disposition, for additional guidance.

L. Eligible Basis

In general, the eligible basis of a building is equal to the building's adjusted basis for acquisition, rehabilitation, or construction costs for the entire building, subject to certain conditions and modifications set forth in Section 42(d). As a general rule, the adjusted basis rules of IRC Section 1016 apply, with the exception that no adjustments are made for depreciation. Some of the special provisions for determining eligible basis under Section 42(d) are:

1. The eligible basis may be increased for new buildings and rehabilitation to existing buildings that are located in designated QCTs, DDAs, or in 9% HTC developments utilizing the state designated basis boost.
2. The cost of the non-low-income residential units in a building is included in eligible basis only if the quality of those units does not exceed the average quality of the low-income units. If the cost of a non-low-income unit exceeds the cost of a low-income unit (using the average cost per square foot and assuming the same size) by more than 15%, the entire cost of the non-low-income unit must be excluded from the building's eligible basis. If the excess cost is not more than 15%, the owner may make an election to exclude only the excess cost of the non-low-income unit(s) from eligible basis.
3. The cost of depreciable property used in common areas or provided as comparable amenities to all residential units (e.g., carpeting and appliances) is included in determining eligible basis. The cost of tenant facilities (e.g., parking, garages, and swimming pools) may be included in eligible basis if there is no separate charge for use of the facilities and they are available to all tenants in the project.
4. The cost of a community service facility is included in basis only if the building is located in a QCT. The eligible basis of that facility must not exceed 25% of the first $15 million of eligible basis plus 10% of additional basis in the project. All community service facilities that are part of the same qualified low-income housing project will be treated as one facility. A community service facility is defined as a facility that is part of the qualified low-income housing project designed to serve primarily individuals, including tenants and non-tenants, whose income is 60% or less of area median income. Only limited guidance has been issued by the IRS regarding this issue. No assurances can be given that additional IRS guidance will not require further adjustments to this QAP and additional reviews of selected developments.
5. Eligible basis is reduced by federal grants, residential rental units that are above the average quality standard of the low-income units, historic rehabilitation credits, and nonresidential rental property. Buildings located in areas designated as a QCT, DDA, or developments utilizing the state designated basis boost may be eligible for an increase in allowable basis.

M. Qualified Basis

Qualified basis is the portion of the eligible basis applicable to low-income housing units in a building. Qualified basis is the product of a project's eligible basis multiplied by the applicable fraction.

N. Applicable Fraction

The applicable fraction is the lesser of:

1. The unit fraction, which is the number of low-income units in a building divided by the total number of residential rental units; or
2. The floor space fraction is the total floor space of the low-income units in the building divided by the total floor space of the residential rental units in the building.

A full-time resident manager's unit is not considered a residential unit and shall be excluded from the numerator and denominator for calculating the applicable fraction.

At initial application and at carryover, the **estimated project applicable fraction** will be used. It is calculated by project in order to obtain a rough estimate of the percentage of eligible units and square footage needed and an estimate of the total amount of HTCs necessary for a particular project.

At the time that the placed in service application for 8609 is made, the **targeted applicable fraction for each building** is calculated. The targeted applicable fraction is determined on a building-by-building basis. Each building in a multiple building development could have a different applicable fraction. Because the estimated project applicable fraction is approximate, the targeted applicable fraction calculated by building will frequently differ unless the project has a 100% applicable fraction. The targeted applicable fraction is also listed as part of the extended use criteria in the LURA, which is recorded and remains with the property.

O. Annual HTC Amount

The HTC is available each year for 10 years. The amount of HTCs allocated or awarded is based on the qualified basis multiplied by the applicable percentage. However, Section 42(m)(2) requires Minnesota Housing to limit the amount of HTCs to the amount necessary to help ensure project feasibility under the rules established by the IRS; therefore, the actual amount of HTCs allocated or awarded could be less than the maximum allowable if the analysis reveals the project would still be feasible with fewer HTCs.

The IRS publishes the applicable percentages on a monthly basis. These figures are used to calculate the maximum allowable annual HTC amount for which the project will be eligible (also refer to Chapter 3.B.).

P. Declaration of Land Use Restrictive Covenants

As a condition of receiving HTCs, a project will be subject to a Declaration of Land Use Restrictive Covenants (LURA) between the owner and Minnesota Housing through which the owner commits the building(s) to low-income use for an extended use period of at least 15 years after the conclusion of the 15-year compliance period (a total of 30 years). The owner can elect to extend the term of the LURA and Section 42 income and rent restrictions up to 50 years. Owners of properties that receive 4% or 9% HTCs are required by Minnesota Housing to waive the right to request a Qualified Contract (refer to Chapter 2.Y.).

The LURA terminates upon foreclosure of the building (or deed in lieu of foreclosure) unless the Secretary determines that such acquisition is part of an arrangement with the taxpayer, a purpose of which is to terminate such period.

Throughout the term of the LURA and for a three-year period after the termination of the LURA, the owner must not evict or terminate the tenancy of an existing tenant of any low-income unit other than

for good cause and must not increase the gross rent above the maximum allowed under the IRC with respect to such low-income unit.

The LURA must be recorded in accordance with 42(h)(6) as a restrictive covenant and submitted to Minnesota Housing prior to Minnesota Housing issuing the allocation or award (IRS Form 8609). The LURA will set forth the commitments made by the owner to Minnesota Housing in obtaining points, including any additional requirements placed upon the building at the time of reservation. Non-compliance with these additional conditions may result in serious penalties being applied to the owner entities that could result in a ban on future allocations of HTCs being made to the owner entities. At its sole discretion, Minnesota Housing reserves the right to waive any criteria or requirement not required by law.

Q. Ineligible Properties

Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, trailer park, or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HTCs under Section 42. Projects with buildings having four or fewer residential units must comply with 42(i)(3)(c).

R. Passive Loss Restrictions

There is a limit on the amount of HTCs any individual may effectively use due to passive loss restrictions and alternative minimum tax provisions. Consult your tax attorney or accountant for clarification of this regulation.

S. State Volume Limits

Each state is limited to the amount of HTCs it may allocate annually. An estimate of Minnesota's annual per capita volume limit is published prior to allocation in Round 1.

Projects financed by tax-exempt volume limited bonds that are subject to a separate volume limitation are not counted against the state HTC volume limit (refer to Chapter 7 for further details).

T. Recapture

Minnesota Housing reserves the right to recapture HTCs from projects that do not provide evidence satisfactory to Minnesota Housing of progress toward completion of the project in accordance with the project schedule, or noncompliance with the terms of the allocation.

Part of the HTCs will also be recaptured if the qualified basis at the close of any year is less than the amount of such basis at the close of the preceding taxable year, or if the minimum number of qualified low-income units is not maintained for the complete extended use period.

U. Market Study

IRC Section 42(m)(1)(A)(iii) requires that all HTC projects conduct a comprehensive market study. The study must examine the housing needs of low-income individuals in the area to be served by a developer's HTC project and must be conducted by a disinterested party, at the developer's expense, who is approved by the housing credit agency (refer to the Market Study Guidelines on Minnesota Housing's website).

V. Eventual Tenant Ownership

Minnesota Housing will review projects incorporating eventual tenant ownership (ETO) provisions in accordance with Sec. 42 (h)(6), IRS Revenue Ruling 95-49, and Minnesota Housing's requirements. Projects that include eventual tenant ownership will receive a preference during the selection process when reviewing tie breakers (refer to Chapter 5. C.).

The LURA will contain provisions ensuring compliance with these ETO commitments by the owner, including a right of first refusal allowing tenants to purchase their units.

Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full term of the LURA (refer to the Eventual Tenant Ownership Guide on Minnesota Housing's website).

W. Contract Compliance, Equal Opportunity, and Fair Housing Policy

It is the policy of Minnesota Housing to practice affirmative action to provide equal opportunity in all our projects, programs, and other endeavors. Minnesota Housing's goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and Minnesota Housing's external partners.

Purpose

The purpose of this policy is to make Minnesota Housing's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

Goals

Our goal is to make certain that Black-, Indigenous-, People of Color-, and women-owned businesses have equal access to business opportunities on Minnesota Housing financed projects and to encourage the presence of Black, Indigenous, People of Color, and women at all levels, including on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing's goal is to make certain that the workforces on the projects and programs that it finances reflect demographically the areas in which the projects are located. These goals apply for the length of the contract or the life of the mortgage. Minnesota Housing, at its sole discretion, may set numerical or percentage goals dependent on the location and size of a given project. Goals will be determined by staff based on the location of the project.

Requirements
Minnesota Housing is required to comply with all applicable local, state, and federal laws. These requirements extend to everyone that Minnesota Housing does business with, either by contractual agreement or as a Minnesota Housing policy.

Sanctions
Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, and cease to do business with any entity or individual that fails to follow its affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

Fair Housing Policy
It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing, and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in terms, conditions, or privileges of the rental of a dwelling unit or services or facilities;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print, or publish (or cause to make, print, or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Deny access to, or membership or participation in, associations or other services, organizations, or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation;
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit; or
- Refuse to make reasonable accommodations or modifications for persons with disabilities.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and require housing providers to make reasonable accommodations and to allow people with disabilities to make reasonable modifications.

Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants in the housing market area who are least likely to apply, regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, gender identity, or familial status. Except as determined by Minnesota Housing, all applicants must submit an Affirmative Fair Housing Marketing Plan (AFHMP) documenting an acceptable plan to carry out an affirmative marketing program. Throughout the Extended Use Period, owners must regularly update their AFHMP and maintain a copy with their property records.

Housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Section 8 Housing Choice Voucher or other form of tenant-based rental assistance.

X. Occupancy Restrictions

Under the HTC general public use regulations, residential rental units must be for use by the general public, which incorporates HUD housing policy governing non-discrimination. Residential units provided only for a member of a social organization or provided by an employer for its employees are not considered for use by the general public and are examples of restrictions not allowed under the HTC program. Minnesota Housing has an obligation to affirmatively further fair housing, and occupancy restrictions must comply with the Fair Housing Act and the Minnesota Human Rights Act. Projects must also comply with any occupancy limitations imposed by any additional source of funds provided by Minnesota Housing. Age-related occupancy restrictions or preferences will be approved only if set out in the QAP or if the property qualifies as housing for older persons under the Fair Housing Act and the Minnesota Human Rights Act.

Chapter 4 – Development Standards

All applications to Minnesota Housing for HTCs will be evaluated according to the following standards (small projects, local Community Development Initiative projects, and projects developed in a DDA may be considered eligible for variances from these standards, if justified).

A. Project Cost Reasonableness

Minnesota Housing will evaluate the costs of each proposed project in comparison to current comparable projects to determine whether the proposed costs are reasonable, taking into consideration unique characteristics of the project and its comparability to similar projects. Additional documentation will be required if the proposed costs are not comparable or reasonable.

Minnesota Housing will use its predictive cost model to test cost reasonableness for all projects. The model uses cost data from HTC properties, industry cost data from RSMeans, and regression analysis to predict total project costs. Based on a project's characteristics (building type, building characteristics, project size, project location, population served, financing, etc.), the model predicts the total development costs.

Minnesota Housing will evaluate the cost reasonableness of proposed acquisition costs through an as-is appraisal. Refer to the Minnesota Housing Multifamily Underwriting Standards for additional as-is appraisal requirements and details.

Minnesota Housing reserves the right to reject applications that appear, at Minnesota Housing's sole discretion, to have excessive costs, or to size its award based on the lesser of the option/purchase agreement purchase price or the appraised value of the property.

B. Eligible Basis HTC Fees

Minnesota Housing will limit the amount of developer fees and general contracting fees (Contractor's Profit, General Requirements, Contractor's Overhead) based on the requirements contained in the Minnesota Housing Multifamily Underwriting Standards for the purposes of calculating eligible basis to determine the amount of HTCs.

Syndication related consultant fees are not to be included in the eligible basis of the project.

C. Reserves/Contingencies

Minnesota Housing will require documentation of the amount and disposition of reserves/contingencies. If they revert back to the developer, general partner, or any ownership interest, Minnesota Housing will consider the reserves/contingencies as deferred developer fees and the above limits will apply. For letters of credit, bonds, etc., use the actual cost, not face value, when completing the development cost section of the Multifamily Workbook.

D. Comparative Analysis

Notwithstanding these development standards and the selection criteria within this QAP, each and every proposed project is analyzed on a comparative basis in a variety of categories to ensure the highest value for the HTCs allocated and awarded.

E. Property Standard

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost-effective durable building materials and systems and that minimizes the consumption of natural resources during construction, and in the long-term, maintenance and operation.

All completed developments **must** comply with the Minnesota Overlay to the Enterprise Green Communities Criteria and Minnesota Housing's Rental Housing Design/Construction Standards. **Minnesota Housing will not allow any significant adjustments to these standards without prior approval.**

Additional design requirements will also be imposed if a developer claims and is awarded certain points on the Self-Scoring Worksheet (refer to Chapter 6).

The owner and architect must certify compliance with all required Minnesota Housing Rental Housing Design/Construction Standards, and where points have been awarded, that all applicable standards and development features have been incorporated into the final working plans.

Chapter 5 – Project Selection

A. First Round – Application Requirements

Minnesota Statute 462A.222 Subdivision 3 (e) requires that all applications statewide applying for a portion of the state's HTC volume cap in Round 1 meet one of the following minimum threshold types. The threshold type that the applicant applies under will become part of the HTC Reservation and Commitment. It will be secured by the LURA for the term of the compliance period and, as applicable, the extended use period. An Allocating Agency will allocate HTCs only to the following types of projects:

1. In the Metropolitan Area:
    a. New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units are single room occupancy, efficiency, or one-bedroom units with rents affordable to households whose income does not exceed 30% of the area median income.
    b. New construction or Substantial Rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms.
    c. Substantial Rehabilitation projects in neighborhoods targeted by the city for revitalization.
2. Outside the Metropolitan Area:
    a. Projects that meet a locally identified housing need, and which are in short supply in the local housing market, as evidenced by credible data submitted with the application.
3. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the LURA), a percentage of the units are set aside and rented to persons:
    a. With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c);
    b. With a developmental disability as defined in United States Code, title 42, Section 6001, paragraph (8) of the IRC, as amended through December 31, 1990;
    c. Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2;
    d. With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); or
    e. With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1340.

4. Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use or (2) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies.
5. Projects financed by Rural Development, which meet statewide distribution goals.

B. Strategic Priority

To be eligible for HTCs from the state's volume cap, a developer must demonstrate that the project meets at least one of the HTC statutory strategic priorities or a strategic objective in Minnesota Housing's Strategic Plan. Residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority for tax credits in accordance with Minn. Stat. 462A.222, Subdivision 3(d) and such projects need not meet a separate strategic priority.

C. Selection and Preference Criteria

All HTC applications are scored and/or reviewed in accordance with the Selection and Preference Criteria required by Section 42 and Minnesota Housing.

To be eligible for HTCs from the state's volume cap under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **80** points in the Self-Scoring Worksheet. This excludes projects funded through the RD/Small Projects set-aside, which must be eligible for no less than 30 points.

To be eligible for HTCs in association with tax-exempt volume limited bonds under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **40** points in the Self-Scoring Worksheet.

For applicants requesting HTCs from the state's volume cap, Minnesota Housing will first rank proposals. The highest-ranking proposals will then be reviewed in accordance with the following Project Selection requirements described in sections D through J of this chapter. Minnesota Housing reserves the right to reject applications not meeting these project selection requirements or to revise proposal features, and decrease associated scoring, to help ensure the project meets the requirements. Lower ranking proposals will only be processed further if HTC volume cap remains available after the higher-ranking proposals are processed. Minnesota Housing may elect, at its sole discretion, not to give partial HTCs to a higher-ranking application but to give the HTCs to the next ranking application that can use the balance of the HTCs (refer to Chapter 5.I.).

Selection Criteria consist of the following:

a. Large Family Housing
b. Senior Housing
c. Permanent Supportive Housing for High Priority Homeless
d. People with Disabilities

e. Need for More Affordable Housing Options
f. Workforce Housing Communities
g. Transit and Walkability
h. Community Development Initiative
i. Equitable Development
j. Rural/Tribal
k. Multifamily Award History
l. Black, Indigenous and People of Color-owned/Women-owned Business Enterprise (BIPOCBE/WBE)
m. Preservation
n. Financial Readiness to Proceed/Leveraged Funds
o. Other Contributions
p. Intermediary Costs
q. Universal Design
r. Smoke free Buildings
s. Enhanced Sustainability
t. Sponsor Characteristics – Non-scoring selection criteria
u. Public Housing waiting lists – Non-scoring selection criteria

Preference Criteria consist of the following:

a. Serves Lowest Income Tenants/Rents Reduction
b. Rental Assistance
c. Long Term Affordability
d. QCT/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones
e. Eventual Tenant Ownership – Non-scoring selection criteria

D. Tie Breakers

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

1. First tie breaker: Priority will be given to the project with the greater number of points in Preference criteria; if a tie still remains;
2. Second tie breaker: Priority will be given to the project that will have an Eventual Tenant Ownership component; if a tie still remains;
3. Third tie breaker: Priority will be given to a project located in a city, township or tribal reservation that has not received an allocation of HTC volume cap from Minnesota Housing in the last two years; if a tie still remains;
4. Fourth tie breaker: Priority will be given to the project with the highest percentage of funds secured, awarded, or committed, as measured by the Financial Readiness to Proceed/Leveraged Funds selection criterion; if a tie still remains;
5. Fifth tie breaker: Priority will be given to the project with the lowest percentage of intermediary costs as measured by the Intermediary Costs selection criterion; if a tie still remains;

6. Sixth tie breaker will be by lot.

E. Market Study Review

Minnesota Housing will conduct a market study review (to determine the housing needs of low-income individuals in the area to be served by the project. Minnesota Housing will evaluate the market study and in-house occupancy data to determine the marketability of the proposed project. For market consideration, applicants are responsible for providing evidence to document market feasibility at the time of application. Minnesota Housing may contact the applicant if there is a question as to the marketability of the proposed projects. The applicant may be given an opportunity to adjust the unit mix and/or number of units and resubmit information prior to Minnesota Housing scoring of selection priority points.

Minnesota Housing may consult with local communities, Public Housing Authorities (PHAs), Housing and Redevelopment Authorities (HRAs), RD, and HUD to determine the marketability of projects. If, in the opinion of Minnesota Housing, the issuance of the HTCs to a project could be detrimental to existing rental property, Minnesota Housing may choose not to issue HTCs to the applicant. Proposed projects that do not appear marketable and do not modify their proposal will not receive further consideration in the current funding round.

F. Design Review

The proposed owner and architect must certify compliance with all required development features outlined in Chapter 5 of the Minnesota Housing Rental Housing Design/Construction Standards before the project will be scored and ranked (refer to Chapter 4.E.).

G. Development Team Review

Minnesota Housing will also consider the following factors when evaluating an application for an HTC allocation or award:

1. The ability and capacity of the development team to proceed expeditiously to complete the proposed development and any previously selected projects still in process.
2. The prior record of the development team in meeting Minnesota Housing and IRS reporting requirements.
3. The experience of the development team in developing and managing similar residential housing.

Proposed projects from applicants that do not appear to have the experience, capacity, or ability will not receive further consideration in the current funding cycle.

H. Site Review

Minnesota Housing staff may conduct a site inspection for each project passing all project selection requirements described in sections A through F of this chapter for consistency with the principles of sound, affordable housing developments. Site inspections may be conducted to analyze physical

characteristics; the surrounding property and community; the location of schools, shopping, public transportation, employment centers, community and housing service facilities; availability of utilities, water and sewage treatment facilities; and the suitability of the site for the proposed housing.

For purposes of Minnesota Housing's investment in affordable housing, the principles are as follows:

1. **Linkage**: Housing development must be part of a comprehensive community development effort that links housing, jobs, transportation, recreation, retail services, schools, and social and other services.
2. **Jobs**: Housing is part of the infrastructure necessary to sustain economic vitality. New housing must be located near jobs and in areas of job growth and must address housing needs of the local work force. Preference will be given to proposals that provide housing in communities with job growth.
3. **Land Use**: Housing must be developed to maximize the adaptive reuse of existing residential rental buildings and the use of existing infrastructure, where financially feasible. In cases of new developments, housing that maximizes the efficient use of land and infrastructure and minimizes the loss of agricultural and green space.
4. **Transportation**: Housing must be developed near regional and interregional transportation corridors and transit ways.

Minnesota Housing will consider, but is not limited to, the following environmental criteria when evaluating a proposed site.

1. Noise
2. Flood plains and wetlands
3. Site safety
4. Toxic and hazardous waste
5. Underground storage tanks
6. Asbestos and lead-based paint

Minnesota Housing may, at its sole discretion, reject applications or recapture HTCs from projects that appear unsuitable for the housing proposed.

I. Multifamily Underwriting Standards

Proposals must meet all applicable Multifamily Underwriting Standards to receive an allocation or award of HTCs. The Multifamily Underwriting Standards will be used by Minnesota Housing for underwriting and sizing of the HTC allocation.

All operating assumptions, including for rent, vacancy, operating expenses, reserves, inflation assumptions, and debt coverage ratios, must be consistent with the requirements of the Underwriting Standards. The structure of the development budget, including acquisition price; architect, general

contracting, and developer fees; sales tax and energy rebates; as well as construction contingency, must also meet the Underwriting Standards.

Refer to the Minnesota Housing Multifamily Underwriting Standards and Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2 for additional information and requirements.

J. Financial Feasibility

Proposals that meet the Project Selection Requirements in sections A through H and J will be evaluated for financial feasibility as required by IRS Treasury Regulation 1.42-17(a)(3) and Chapter 2.O. Projects determined not to be financially feasible will not be processed further in the current funding cycle.

An application's structuring may be revised by Minnesota Housing during this review to help ensure financial feasibility and/or to meet required components of the Multifamily Underwriting Standards, as applicable, and a reduction to the application’s scoring may occur as a result of these revisions.

K. Development Cost Review

Minnesota Housing will review project costs based on comparability and reasonableness. Minnesota Housing may, at its sole discretion, reject applications that appear to have excessive project costs (also refer to Chapter 4.A. Project Cost Reasonableness).

Chapter 6 – Submission Requirements

It is the applicant's responsibility to be aware of the submission requirements needed to proceed to the next step in obtaining an HTC allocation or award. If the applicant is unable to meet the submission requirements (financing, zoning, site control, syndication, construction start, etc.) in a timely manner, or if approvals have expired, the application will no longer be processed, and the application fee will be forfeited. **Any submissions not meeting the requirements below will be returned to the applicant and fees paid will not be refunded.**

A. Application Requirements

Required HTC application materials are incorporated into the Application Checklist in the Multifamily Customer Portal (Portal), including the Intent to Apply, which is due in advance of the application. The Multifamily Application Instructions: Consolidated RFP and HTC Round 1 and 2 and the Scoring Guide provide comprehensive resources for these application materials and submittal instructions. The Multifamily and Housing Tax Credit application materials can be found in the Portal and on Minnesota Housing's Application Resources and Tax Credits webpages (www.mnhousing.gov).

If a Minnesota Housing multifamily first mortgage and/or deferred loan are sought in conjunction with the HTC application, many HTC forms and submissions are identical to the forms and submissions required for other Minnesota Housing funding sources under the Consolidated Request for Proposals (RFP) or open pipeline.

A complete application must be submitted no later than each of the application due dates in order to be considered for selection, within the applicable competition.

Minnesota Housing will base its selection decision upon the application and attachments received on the application due date. Minnesota Housing reserves the right, in its sole discretion, to request additional information or deem an error related to an application to be immaterial.

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

Upon receipt of an application, as required by federal law, Minnesota Housing will notify the Chief Executive Officer (or the equivalent) of the local jurisdiction where the proposed project is planned. This notification will include characteristics of the proposed HTC project and provide an opportunity for the local unit of government to comment on the project.

Information submitted in an application for HTCs is information that is accessible to the public pursuant to Minnesota Statutes, Chapter 13.

Self-Scoring Worksheet
The Self-Scoring Worksheet and the Scoring Guide provide comprehensive resources for the documentation materials and submittal instructions.

Minimum Threshold Evidence
For Round 1, all 9% HTC projects are required to provide evidence of meeting one of the threshold types defined in Chapter 5. Copies of this QAP and a sample letter format can be found in the Housing Tax Credit Allocation or Housing Tax Credits Reference Materials sections. In meeting the requirements of the minimum thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to next whole unit.

Local HRA/PHA Certification
Section 42 of the IRC requires an Allocating Agency to give preference to owners that agree to utilize the local HRA or PHA waiting list to identify eligible individuals and households to fill vacant units. Applicants applying for HTCs must sign a certification agreeing to utilize the public housing and Section 8 waiting lists as applicable.

Preservation
Applicants applying for HTCs and claiming points under this section must provide all required supporting documentation, as detailed in the Multifamily Customer Portal and Scoring Guide.

Applicants must choose one of three thresholds: Risk of Loss Due to Market Conversion, Risk of Loss Due to Critical Physical Needs, or Risk of Loss Due to Ownership Capacity/Program Commitment.

Applicants meeting one of the three thresholds may claim points under Existing Federal Assistance – Tier 1, Existing Federal Assistance – Tier 2, or Critical Affordable Units at Risk of Loss. For more detailed information, refer to requirements contained in the Self-Scoring Worksheet.

Evidence for People with Disabilities
To receive points under People with Disabilities (PWD), the proposal must meet all of the requirements contained in the Self-Scoring Worksheet.

People with Disabilities Performance Requirement Relief Provisions:
Specific performance requirement relief provisions are available for projects receiving points under the category of the People with Disabilities Selection Criterion of the Self-Scoring Worksheet for PWD Units.

If, for a particular unit meeting the criteria and receiving points under the People with Disabilities Selection Criterion (PWD Unit(s)), the necessary rental assistance or operating support (collectively PWD Unit Subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota

Housing to eliminate its requirements for the affected PWD Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items (i), (ii), and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such PWD Unit(s) as PWD Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If, for a particular PWD Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) alternative funding or an alternative service provider is unavailable; and (iii) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected PWD Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items (i) and (ii) of this paragraph. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall modify its provision of such tenant support services for the affected PWD Unit(s) in a manner consistent with Minnesota Housing's modified requirements for the provision of tenant services for the PWD Unit(s), **provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply.**

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that a PWD Unit Subsidy may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the HTC allocation, and would permit the PWD Unit(s) to again serve PWD households, then at Minnesota Housing's request, the owner shall promptly apply for such PWD Unit Subsidy for the PWD Unit(s), upon terms reasonably acceptable to such owner, and if such PWD Unit Subsidy is obtained, shall again set aside such PWD Unit(s), when and to the extent then available, to people with disabilities needs qualifying individuals.

In addition, if Minnesota Housing, at any time thereafter, in its sole discretion, determines that PWD Unit tenant support services funding may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the allocation, and would permit the affected PWD Unit(s) to again provide tenant support services to PWD households, then at Minnesota Housing's request, the owner shall promptly apply for such PWD Unit tenant support services funding for the affected PWD Unit(s), upon terms reasonably acceptable to such owner, and if such PWD Unit tenant support services funding is obtained, shall resume providing PWD Unit tenant support services, when and to the extent then available, to people with disabilities needs qualifying individuals.

Evidence of targeting units for Permanent Supportive Housing for High Priority Homeless
In accordance with Minnesota's Plan to Prevent and End Homelessness, Minnesota Housing is the lead agency for the action plan to increase affordable and supportive housing units to address the housing

gap for people at risk of and experiencing homelessness. HTCs represent one of several resources identified to attain this goal. To receive points under Permanent Supportive Housing for High Priority Homeless, the proposal must meet all of the requirements contained in the Self-Scoring Worksheet.

High Priority Homeless Performance Requirement Relief Provisions
Specific performance requirement relief provisions are available for projects receiving points under the Permanent Supportive Housing for High Priority Homeless (HPH) selection criterion of the Self-Scoring Worksheet for HPH Units.

The following relief provisions may be considered for developments with HPH Units and are subject to Minnesota Housing approval:

1. An owner may request approval in writing from Minnesota Housing to prioritize filling a vacant HPH Unit(s) with the next highest need household in accordance with the Supportive Housing HPH prioritization procedure, as determined at the sole discretion of Minnesota Housing, if the HPH Unit(s) is unable to be filled with highest priority household on the permanent supportive housing list in the Coordinated Entry system.
2. If, after a minimum 60-day period, or other time period approved by Minnesota Housing when reasonable options have been exhausted, an HPH Unit(s) is unable to be filled by a household through the Coordinated Entry system or the prioritization process outlined above, temporary relief from the HPH Unit may be requested from Minnesota Housing to permit a non-HPH household to fill the unit. The next comparable available unit is subject to the HPH Unit requirements when a vacancy occurs.
3. If a particular HPH Unit(s) experiences unexpected loss of rental or operating support, or tenant support services funding (collectively HPH Unit Subsidy), and meets the conditions below, the owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s):

   (i) The HPH Unit Subsidy was withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner;

   (ii) Such withdrawal or termination materially adversely impacts the financial feasibility of the project;

   (iii) Alternative funding or an alternative service provider is unavailable; and

   (iv) The project is otherwise in full compliance with all the terms of the funding for the project

If any of the conditions of number three above are met, the owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such HPH Unit(s) as HPH Unit(s) but must convert the rents of those units to the 50% HTC rent limit; provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply. If such conversion occurs, in order to retain the allocation, the above described 50% HTC rent limit and the IRC

Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that an HPH Unit Subsidy may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the HTC allocation and would permit the HPH Unit(s) to again serve households experiencing homelessness, then at Minnesota Housing's request, the owner shall promptly apply for such HPH Unit Subsidy for the homeless unit(s), upon terms reasonably acceptable to such owner, and if such HPH Unit Subsidy is obtained, shall again set aside such HPH Unit(s), when and to the extent then available, to households experiencing homelessness.

Serves Lowest Income Tenants/Rent Reduction Units Performance Requirement Relief Provisions
Specific performance requirement relief provisions are available for projects receiving points under the Serves Lowest Income Tenants/Rent Reduction selection criterion of the Self-Scoring Worksheet for 30% MTSP Units.

If, for a particular unit meeting the criteria and receiving points under the Serves Lowest Income Tenants/Rent Reduction selection criterion for further restricting rents to at or below 30% MTSP (30% Unit(s)), the owner may petition Minnesota Housing to eliminate its requirements for the affected Further Restricted Rental Assisted Units (FRRA Unit(s)). Such petition shall contain all material facts and supporting documentation substantiating the owner's request. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such 30% Unit(s) as 30% Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that a 30% Unit may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the allocation, and would permit the 30% Unit(s) to again restrict rents to the 30% HTC rent limit.

Rental Assistance Performance Requirement Relief Provisions
Specific performance requirement relief provisions are available for projects receiving points under the Rental Assistance selection criterion of the Self-Scoring Worksheet for Rental Assisted Units.

If, for a particular unit meeting the criteria and receiving points under the Rental Assistance selection criterion for Rental Assisted Units (RA Unit(s)), the necessary rental assistance or operating support (collectively RA Unit Subsidy) is (i) not renewed, withdrawn, or terminated due to reasons not attributable to the actions or inactions of the owner; ii) alternative funding is unavailable; and (iii) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected RA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request

including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such RA Unit(s) as RA Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the 15-year period.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that an RA Unit Subsidy may be available for the remainder of the 15-year period, that would not adversely affect the full availability of the allocation, and would permit the RA Unit(s) to again serve 30% income households, then at Minnesota Housing's request, the owner shall promptly apply for such RA Unit Subsidy for the RA Unit(s), upon terms reasonably acceptable to such owner, and if such RA Unit Subsidy is obtained, shall again set aside such RA Unit(s), when and to the extent then available, to income qualifying individuals.

Further Restricted Rental Assisted Units Performance Requirement Relief Revisions
Specific performance requirement relief provisions are available for projects receiving points under the Rental Assistance selection criterion for Further Restricted Rental Assistance of the Self-Scoring Worksheet for Further Restricted Units.

If, for a particular unit meeting, the criteria and receiving points under the Rental Assistance selection criterion for Further Restricted Rental Assisted Units (FRRA Unit(s)), the necessary rental assistance or operating support (collectively FRRA Unit Subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected FRRA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such FRRA Unit(s) as FRRA Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority, or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that an FRRA Unit Subsidy may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the allocation, and would permit the FRRA Unit(s) to again serve 30% income households, then at Minnesota Housing's request, the owner shall promptly apply for such FRRA Unit Subsidy for the FRRA Unit(s), upon terms reasonably acceptable to such owner, and if such FRRA Unit Subsidy is obtained, shall again set aside such FRRA Unit(s), when and to the extent then available, to income qualifying individuals.

B. Carryover Requirements

Several changes to Section 42 of the IRC were included in legislation passed by Congress in July 2008 as part of the Housing and Economic Recovery Act of 2008. These amendments made certain changes to the carryover allocation requirements. Only limited guidance has been issued by the IRS regarding these changes. No assurances can be given that additional IRS guidance will not require further adjustments to the QAP and additional reviews of selected developments relating to carryover**.**

In addition to meeting requirements of federal law, the applicant of a selected project must provide no later than November 1 (or the next calendar business day if November 1 is not a business day) of the year in which the reservation was issued, a complete carryover package in final form containing all required documents in a form satisfactory to Minnesota Housing. Late fees will be enforced (refer to Chapter 8). All required carryover application materials are incorporated into the Carryover checklist and must be submitted through the Multifamily Customer Portal.

New requests by applicants/developers to Minnesota Housing to apply the 30% state designated basis boost at the time of carryover application must be formally made in writing. The request must clearly outline the reasons supporting the request and clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations.

Application forms containing incomplete revisions are not acceptable, and at Minnesota Housing's sole discretion, may be returned to the applicant.

Owner Certification/Application for Carryover Allocation
Provide a signed and notarized Owner Certification/Application for Carryover Allocation Form.
Building Information
Provide a completed Building Information Form.

Attorney's Opinion Letter
Provide an attorney's opinion letter in an approved Minnesota Housing Form verifying:

1. The legal description of the project property (to be attached to the opinion letter and labeled Exhibit A) and that it is correct and identical to the property identified in the application and the reservation letter.
2. The name of the entity that will be/is the owner for tax purposes, and/or has demonstrated continued site control of the land and depreciable real property identified as the project in the application and the reservation letter.
3. The name, legal designation, and Tax Identification Number (TIN) of the ownership entity that will receive the HTCs and the legal designation of the party that signed the application.
4. The name, legal designation, and Tax Identification Number (TIN) of all the general partner(s), and the names of the managing partner(s), contact person(s) and the required authorized signatories. If the partners are an organized entity, such as a limited liability corporation, a limited liability partnership, or an organized partnership, provide the above information for each such entity.

5. Identification and copies of any waivers required by Section 42 obtained from the IRS.
6. The buildings identified in the application qualify for an award or allocation of HTCs under Section 42
7. Any additional information deemed necessary and requested by Minnesota Housing.

Certified Public Accountant Certification
Provide a written Certified Public Accountant's Certification in an approved Minnesota Housing format verifying:

1. The amount of the reasonably expected basis, the carryover basis, and the percent of the expenses incurred.
2. More than 10% of the reasonably expected basis on the project must be expended by the later of the date, which is one year after the date that the allocation is made or the close of the calendar year in which the allocation is made. If the final carryover basis and expenditures information is not available at the time the carryover application is due, the application must include a written estimate of this information prepared by the owner. Final CPA certifications of this information must be submitted to Minnesota Housing prior to the deadlines established by Section 42 and by no later than Minnesota Housing's submission deadline of May 1 of the calendar year after the allocation is made. If May 1 is not a business day, then certification will be due the next calendar business day. Minnesota Housing will consider an extension to this deadline via written request by the owner/applicant. The request for extension must be submitted by May 1 and also include information explaining why the extension is requested. Minnesota Housing will issue a written response to all extension requests. An extension until October 1 of the calendar year after the allocation is made will be the maximum allowable. If October 1 is not a business day, then the certification will be due the next calendar business day.
3. A statement of non-affiliation with the developer and/or owner.

Sources of Funds
Identify the sources of construction, interim, and permanent financing. The agreement must:

1. Be in writing
2. Specify the consideration for the transaction and pertinent terms
3. Be signed by both the lender and the borrower
4. Be current and state both the effective and expiration dates

Gross Rent Floor Election
If choosing to make the election at this time, supply a fully executed Statement of Election of Gross Rent Floor and include each building of the development in which there are HTC units. If the required fully executed form(s) with all elections made by the owner are not submitted to Minnesota Housing by a date no later than the date the project is placed in service, the gross rent floor will be determined

to have been elected as the gross rent effective on the allocation date (the earlier of carryover or 8609) of the HTCs.

Fair Housing and Equal Employment Opportunity Forms
It is the policy of Minnesota Housing to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute, and return the following forms:

1. An Affirmative Fair Housing Marketing Plan (AFHMP) describing the marketing strategies that an owner will use including, but not limited to, special efforts the owner will make to attract people who are least likely to apply, in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability, or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed, and sexual orientation.
2. An Equal Employment Opportunity Policy Statement.

Tenant Selection Plan
Provide a written tenant selection plan (TSP) describing the tenant selection policy that an owner will use. The TSP must be submitted and reviewed by Minnesota Housing prior to the issuance of IRS Form 8609. The TSP must be developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines document, which is published on Minnesota Housing's website.

Identity of Interest
Provide a written disclosure as to any and all Identity of Interest parties (refer to Chapter 2.L. and 2.M.).

Allocation (Carryover) Fee
Submit the allocation (Carryover) fee based on the annual HTC reservation amount (refer to Chapter 8). Additional fees for additional HTCs secured at carryover will be collected following the allocation. Complete a Fee Remittance Form and mail it with the payment to Minnesota Housing's office.

C. Placed in Service /Application for Issuance of IRS Form 8609

Generally, the placed in service date for HTC purposes, for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date must occur for all buildings within a project by the due date required by Section 42, as may be extended by relief issued by the IRS.

Subsequent to the project being placed in service and prior to Minnesota Housing issuing an IRS Form 8609 for the project, the owner must submit an application for the issuance of IRS Form 8609 to Minnesota Housing. All required application materials are incorporated into the 8609 checklist in the Multifamily Customer Portal. If Minnesota Housing is the Allocating Agency, all required 8609 application materials must be submitted through the Multifamily Customer Portal. The Owner must also submit an IRS Form 8609 fee based upon the requested annual HTC amount (refer to Chapter 8).

A Minnesota Housing approved 8609 form must contain the signature of the authorized Minnesota Housing representative. Minnesota Housing will issue an approved IRS Form 8609 within 60 days after all the required items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized suballocator. An approved Form 8609 must not be created by any other entity. The owner/agent must not file a Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved Form 8609. In addition, the owner/agent must not electronically file a Form 8609 with the IRS that does not accurately reflect the information contained on the Minnesota Housing signed version of the approved Form 8609 (also refer to Chapter 2.J. Unacceptable Practices). A condition to this effect will be added to the Carryover Agreement.

To optimize timely processing of requests for issuance of Form 8609, it is recommended the owner make every effort to submit the complete 8609 application package to Minnesota Housing no later than 30 days following completion of the project and at least 60 days in advance of any required filing deadline.

If a complete 8609 application package is not received within 15 days of the last day of the first year of the HTC period, the application will be considered late and may be subject to a penalty (refer to Chapter 2.J.).

Transmittal Letter
Provide a transmittal letter indicating the project name, address, and Minnesota Housing assigned HTC number. The letter must request the issuance of IRS Form 8609 and list the required documents. In the letter, please list any revised information and explain the basis reason for the changes. The letter must be dated and signed by the owner or legally authorized individual.

Placed in Service Evidence
Provide evidence that all buildings have been placed in service. Submit a copy of the Certificate of Occupancy or Temporary Certificate of Occupancy provided by the local governmental authority having jurisdiction for each building. If not available from the local government, a Certificate of Substantial Completion prepared by the architect will be accepted. For acquisition and rehabilitation, the developer must provide supporting documentation for the elected date.

Utility Allowance Schedule
Provide a current utility allowance in a manner consistent with the options provided in IRS Treasury Regulation 1.42-10 (i.e., as appropriate, a utility allowance from RD, HUD, a PHA/HRA, a local utility company, an Agency Estimate Minnesota Housing Average of Actual Consumption using the methodology described in the HUD published Multifamily Notice H-2015-4, a HUD utility Schedule Model, an Energy Consumption Model). Include a breakdown of the utilities that a tenant pays directly (heat, electricity, etc.), the utility allowance for each type of utility (gas, electric, etc.), for the various unit types (one-bedroom, two-bedroom, etc.) and housing types (apartments, townhomes, etc.). Also include a list of each unit type, total tenant paid utilities, contract rent and gross rent (refer to Chapter 3.J.).

Final Cost Certification
Provide a final cost certification when total development costs are final that evidences the CPA's audit report and cost certification based upon an audit of the owner's schedule of total project costs.

All costs of projects with five or more units owned by all entities must be cost certified by a CPA when construction has been completed and before Minnesota Housing can complete its final evaluation.

Projects with four or fewer units must submit a sworn construction statement and/or certification by the owner, as appropriate.

Attorney's Opinion Letter
Provide an attorney's opinion letter in an approved Minnesota Housing form format, which can be found on Minnesota Housing's Tax Credits webpage, verifying:

1. The legal description of the project property (to be attached to the opinion letter and labeled as Exhibit A) and that it is correct and identical to the property identified in the application, the reservation letter, and the carryover agreement (if one was issued for the project) or preliminary determination letter issued by Minnesota Housing and the legal description of the property financed with tax- exempt volume limited bonds.
2. The name of the entity that is the owner for tax purposes of the property to be part of the project and which is described in Exhibit A of the opinion letter.
3. The name, legal designation, and Tax Identification Number (TIN) of the ownership entity that will receive the HTCs, the legal designation of the party that signed the application, and that the business remains in good standing and is duly authorized in Minnesota.
4. The name, legal designation, and Tax Identification Number (TIN) of all the general partner(s), and the names of the managing partner(s), contact person(s) and the required authorized signatories. If the partners are an organized entity, such as a limited liability corporation, a limited liability partnership, or an organized partnership, provide the above information for each such entity.
5. Identification and copies of any waivers required by Section 42 obtained from the IRS.
6. The A statement indicating that the buildings identified in the application satisfy the requirements for an award or allocation of HTCs under Section 42
7. Any additional information deemed necessary and requested by Minnesota Housing.

Reserves, Contingencies, and any Cash Savings
Provide a signed and dated statement documenting the amount and disposition of reserves, contingencies, and any cash savings. If any of the above reverts back to developer/owner, general partner or any ownership interest, Minnesota Housing will consider them deferred developer fees, and for purposes of HTC allocation, restrict the developer fees as specified in the Underwriting Standards.

Minnesota Housing Declaration of Land Use Restrictive Covenants
Provide a copy of the completed but unrecorded Minnesota Housing LURA for review well in advance of its required filing deadline. The LURA must be completed and recorded before the end of the first HTC period to preserve the HTCs allocated to the project. Check with your tax advisor as to timing of filing and claiming of HTCs. HUD may require that certain riders be attached to your HTC LURA if your development has primary financing via a HUD direct insured loan. Check with your financing and legal advisors to determine if this may be required of your development.

Final HTC Proceeds or Receipts
Provide documentation of the final amount of HTC proceeds or receipts generated. Provide an executed copy of the final Syndication, Private Placement, or Individual Investment Agreements disclosing terms and conditions.

Multifamily Intended Methods Worksheet
Provide the Minnesota Housing Multifamily Intended Methods Worksheet for compliance with the Minnesota Overlay to the Enterprise Green Communities Criteria.

IRS Form 8609 Certification by Owner/Application Form
Provide a completed, executed, and notarized original 8609 Certification by Owner/Application Form (HTC 3), verifying:

1. The placed in service date as defined in IRS Notice 88-116 for each building and/or type of HTC. Month The month and year must correspond with the occupancy certificate(s). If the month and year do not correspond, submit a written statement indicating the reason.
2. It is highly recommended that owners/developers of projects financed with the proceeds of tax- exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.
3. Compliance with all applicable design requirements.
4. Compliance with all requirements of this QAP, selection, and additional or special conditions of reservation, commitment, or carryover or the preliminary determination letter issued by Minnesota Housing on the project.
5. Final Executed Loan or Grant Documents.
6. Provide copies of the final executed permanent loan and/or grant documents for all sources of funds (loan/grant agreements, mortgage and note) that support the amount, terms, and conditions stated on the Multifamily Workbook. Minnesota Housing must evaluate all final sources of funds to help ensure the amount of HTCs allocated to a project does not exceed the amount necessary for financial feasibility. Therefore, Minnesota Housing will not issue an IRS form 8609 prior to the execution of the final permanent loan documents, or its equivalent, for all funding sources.

Governmental Assistance and/or Rental Assistance
If not previously provided as part of a carryover or preliminary determination application, provide a description of any governmental assistance and/or rental assistance. This includes copies of any contracts/agreements executed or any applications made for rental assistance for the project. This also includes copies of Cooperatively Developed Housing Plans/Agreements between the owner and the local housing authority, PHA or other similar entity if rental assistance points were awarded to the development (refer to the Rental Assistance section of the Self-Scoring Worksheet).

Transfer Ownership
If the ownership entity has changed, provide a copy of the assignment, a revised Transfer Agreement (HTC 20) and Notice of Intent to Transfer Ownership (HTC 27), an updated Qualification Form for all the new team members, and Release of Information Authorization Form (HTC 17) (refer to Chapter 2.I. and 2.J.) and the Transfer of Ownership Fee (refer to Chapter 8).

Partnership Agreement
Provide a copy of the executed final Partnership Agreement.

Building Map Form
Provide a completed Building Map Form for each building. The applicable fraction on the building map must be the same applicable fraction for each respective BIN on Exhibit B of the LURA.

Identity of Interest
Provide a written disclosure as to any and all Identity of Interest parties (refer to Chapter 2.L. and 2.M.).

Affirmative Action and Equal Opportunity Forms
It is the policy of Minnesota Housing to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute, and return the following forms:

1. An AFHMP describing the marketing strategies that an owner will use including, but not limited to, special efforts the owner will make to attract people who are least likely to apply in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed and sexual orientation.
2. An Equal Employment Opportunity Policy Statement.

Tenant Selection Plan
Provide a written tenant selection plan (TSP) describing the tenant selection policy that an owner will use. The TSP must be submitted and reviewed by Minnesota Housing prior to the issuance of IRS Form 8609. The TSP must be developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines document, which is published on Minnesota Housing's website.

Allocation (IRS Form 8609) Fee

Submit the allocation (IRS Form 8609) fee based on the annual HTC allocation amount (if not already paid at carryover) (refer to Chapter 8). Complete a Fee Remittance Form and mail it with the payment to Minnesota Housing.

Chapter 7 – Projects Financed by Tax-Exempt Volume Limited Bonds Seeking HTCs

A. General

Section 42 of the IRC establishes a separate set of procedures to obtain 4% HTCs through the issuance of tax-exempt volume limited bonds.[4]

Section 42 (m)(1)(D) provides that in order for a project to receive an award of HTCs through the issuance of tax-exempt volume limited bonds, the project must satisfy the requirements for allocation contained in the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a suballocator QAP.

The project must comply with the QAP that is in effect for the calendar year in which tax-exempt volume limited bonds are issued sufficient, together with any tax-exempt volume limited bonds issued in a prior calendar year, to finance at least the required minimum percentage~~50%~~ of the aggregate basis of the building and the land it is located on. The "required minimum percentage" is established by federal law and is subject to changes in federal law. For each project, Minnesota Housing will determine and apply the minimum percentage required by federal law in accordance with federal effective dates.

Subject to future changes in federal law, the following minimum percentages apply:

1. The required minimum percentage is 25%, if
    a. a project is placed in service after December 31, 2025, and
    b. at least 5% of the aggregate basis of the building and land is financed with bonds issued after December 31, 2025.
2. For all other projects, the required minimum percentage is 50%.

If a development was selected or selected for further processing for tax-exempt bonds with a 4% financial structure through a previous Minnesota Housing Consolidated RFP, and satisfied pointing and related requirements applicable to that Consolidated RFP, the development may be deemed to meet the scoring and related requirements of the QAP in effect during the year in which the tax-exempt volume limited boards are issued sufficient to finance at least the required minimum percentage~~50%~~ of the aggregate basis of the building and the land that it is located on.

Developers must also be aware of the requirements of Minn. Stat. § 474A.047, including Subdivision 1, which require the extension of existing HUD Housing Assistance Payment (HAP) contracts to the full extent available.

For projects to which the Minnesota Housing QAP applies, Minnesota Housing must make a determination that all requirements are satisfied. After this determination, Minnesota Housing will

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

issue a preliminary determination letter. Except as determined by Minnesota Housing, **applications for this determination must be submitted to Minnesota Housing at least 60 days prior to the issuance of the tax-exempt volume limited bonds sufficient, together with any tax-exempt volume limited bonds issued previously for the same project, to finance at least the required minimum percentage ~~50%~~ of the aggregate basis of the building(s) and land it is located on.**

The threshold requirements in Chapter 5 do not apply to projects not receiving HTCs counted in the HTC volume cap for the state.

In order to receive the preliminary determination described above, the applicant must submit to Minnesota Housing all documents required for an application for HTCs as established by the Minnesota Housing QAP and any additional information requested. These documents are those required for an application for HTCs under Chapter 6.A. incorporated into the Application Checklist in the Multifamily Customer Portal and any additional information required by Minnesota Housing. The developer must also submit to Minnesota Housing the required application fees identified.

B. Pre-Application for Projects Seeking an Allocation of Tax-Exempt Volume Limited Bonds from Minnesota Management and Budget (MMB)

Applicants may receive a predictive cost model and scoring determination prior to requesting preliminary determination via the pre-application process. Pre-application is strongly encouraged in order to receive a determination prior to seeking an allocation of a portion of the state ceiling for tax-exempt volume limited bonds.

Preliminary Predictive Cost Model Determination: A predictive cost model analysis can be pursued earlier than the submission of the 42(m) application. Applicants must submit the predictive cost model determination document and will receive a determination letter upon review. The letter will consist of Minnesota Housing's determination, the expiration date of the determination, the project's current percentage of the predictive cost model, and the project cap for per unit costs in excess of an allowable threshold of which board action may be required. Developments with costs above the predictive cost model will be notified and, if requested by the developer, will follow Minnesota Housing's process to determine if approval will be granted.

Preliminary Scoring Determination: Applicants **must** submit all required pre-application documentation a minimum of 30 days prior to the 42(m)(1)(D) application submittal in order for staff to make a preliminary determination of eligibility. Failure to submit all required pre-application materials may result in rejection of the pre-application.

Pre-application Documents:

- Multifamily Workbook
- Self-Scoring Worksheet – Corresponding with the year in which bond issuance is anticipated
- Scoring Documentation

If the project is determined to be eligible for the required minimum points, the applicant will receive a Preliminary Scoring Determination letter from Minnesota Housing that details the points awarded. This letter is to be submitted with the complete 42(m)(1)(D) application. The 42(m)(1)(D) application may only be submitted following an allocation of a portion of the state ceiling for tax-exempt volume limited bonds.

C. Application for Issuance of Preliminary Determination Letter

For projects in which Minnesota Housing is the Allocating Agency, the developer must submit an application fee (review fee) (refer to Chapter 8). In addition, if the issuer of the bonds is not Minnesota Housing, the initial submission must include evidence from the issuer that the project received an approval of an allocation of a portion of the state ceiling for tax-exempt volume limited bonds from the state of Minnesota and a preliminary determination issued by the issuer of the bonds addressing the HTC dollar amount and project costs pursuant to Section 42(m)(2)(D) of the IRC.

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

For projects to which the Minnesota Housing QAP applies, the determination by the issuer must be made in a manner consistent with Minnesota Housing's QAP. Evaluation of the issuer and Allocating Agency must consider in accordance with Section 42:

1. The sources and uses of funds and the total financing planned for the project
2. Any proceeds or receipts expected to be generated by reason of tax benefits
3. The percentage of the HTC dollar amount used for project costs other than the cost of intermediaries
4. The reasonableness of the developmental and operational costs of the project

Section 42(h)(6)(C)(ii) provides that the HTC amount claimed for buildings financed by tax-exempt volume limited bonds by the taxpayer/owner under Section 42(h)(4) may not exceed the amount necessary to support the applicable fraction specified in the use agreement for the buildings.

Based upon the submission of documents, Minnesota Housing will prepare a letter with its preliminary determination pursuant to Section 42(m)(1)(D) as to whether the project satisfies the requirements and any additional conditions identified for an award of HTCs under the QAP. A preliminary determination fee must be submitted to Minnesota Housing prior to release of the letter (refer to Chapter 8). **This process may take eight weeks or more from the time the full application package is submitted. All applicants should develop their timelines and schedules accordingly.**

D. Election of Applicable Percentage

Section 42 of the IRC requires that the owner elect the applicable percentage for the project. **The election is made at the time any tax-exempt volume limited bonds are issued for a project to fix the percentage for the month in which the building is placed in service or the month in which any tax-exempt volume limited bonds are issued.** If the election is not made at the time any tax-exempt volume limited bonds are issued, the percentage will be fixed for the month in which the building is placed in service. Once made, the election is irrevocable.

E. Requests for Building Identification Numbers (BIN)

At the time of application for issuance of a Preliminary Determination letter, the applicant must obtain a Building Identification Number (BIN) for each of the proposed buildings in the development. Minnesota Housing will assign all BINs. An address or other specific legal description is needed to identify with each BIN. The address and BIN will be needed as part of an application for Form 8609.

F. Election of Gross Rent Floor

The owner/taxpayer of a qualified HTC project financed with tax-exempt volume limited bonds is permitted under IRS Revenue Procedure 94-57 to fix the date of the gross rent floor to be the date on which Minnesota Housing initially issues its Preliminary Determination letter to the building or the placed in service date (Gross Rent Floor Election Form). The election of one of the two timing options must be completed, and the election form(s) received by Minnesota Housing by a date no later than the date the project is placed in service. If no election is made and/or Minnesota Housing does not receive forms by a date no later than the date the project is placed in service, then the gross rent floor date will automatically be fixed by Minnesota Housing to be the initial issuance date of the Preliminary Determination letter for the building.

G. Placed in Service/Application for Issuance of IRS Form 8609

Placed in service dates for HTC purposes must be established for all buildings using HTCs, including acquisition HTCs, which are treated as a separate building for HTC purposes. Generally, the placed in service date for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date for acquisition HTCs is generally the date of the acquisition of the building. It is highly recommended that owners/developers of projects financed with the proceeds of tax-exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.

Subsequent to the project being placed in service and prior to Minnesota Housing issuing an IRS Form 8609 for the project, the owner must submit an application for the issuance of IRS Form 8609 to Minnesota Housing.

The application must contain all documents identified in this Section and under Chapter 6.C., in addition to any other submissions deemed necessary and requested by Minnesota Housing. All required application materials are incorporated into the 8609 checklist in the Multifamily Customer Portal. The Owner must also submit an IRS Form 8609 fee based upon the requested annual HTC amount (refer to Chapter 8).

A Minnesota Housing approved Form 8609 must contain the signature of the authorized Minnesota Housing representative. Minnesota Housing will issue an approved IRS Form 8609 within 60 days after all of the following items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized suballocator. An approved Form 8609 must not be created by any other entity. The owner/agent must not file a Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved 8609. In addition, the owner/agent must not electronically file a Form 8609 with the IRS that does not accurately reflect the information contained on Minnesota Housing's signed version of the approved Form 8609 or information contained in the preliminary determination. (Also refer to Chapter 2.J. Unacceptable Practices.)

Evidence of Tax-Exempt Volume Limited Bonds
If the issuer of the bonds is not Minnesota Housing, submit evidence from the issuer of the bonds that the project received an approval of an allocation of a portion of the state ceiling for the issuance of tax-exempt volume limited bonds from the state of Minnesota.

Determination of Credits
Provide evidence that the governmental unit that issued the tax-exempt volume limited bonds (or on behalf of which the bonds were issued) made a determination that the amount of HTCs awarded to the project does not exceed the amount necessary to ensure project feasibility pursuant to Section 42(m)(2)(A) and (B), including a copy of the final written determination (and the analysis on which it was based) that the HTCs awarded to the building did not exceed the maximum HTCs based upon the lesser of the eligible basis or the amount necessary to achieve financial feasibility. The issuer analysis and determination must address all of the items set forth in Section 42(m)(2)(B). The determination must be made by the issuer based upon review of the submission items required in Chapter 6.C.

Chapter 8 – Fees

For estimates of HTC allocation fees, reference the Fee Schedule and Remittance Form. **All fees are non-refundable** and will not be adjusted if the final HTC amount is reduced, recaptured, or the HTCs are returned or unused.

A. Application Fee

An application fee must be submitted with all applications. For dual applications, Minnesota Housing will require a single fee. For multi-building projects, Minnesota Housing will require only one application and a single fee.

B. Supplemental Application Fee

A fee for projects requesting supplemental HTCs. This fee will be charged to projects that resubmit their proposals in Round 2 of the allocation year and were underwritten by Minnesota Housing in Round 1.

1. A non-selected project will be required to submit a new application package as described in Chapter 2.P.
2. A selected project (must have been selected in the same year) requesting additional HTCs will be required to submit a new application package as described in Chapter 2.O.

C. Reservation Fee

After the project has been selected to receive HTCs from the state's HTC volume cap, a reservation fee must be paid to Minnesota Housing. An additional reservation fee must also be paid for any additional HTCs allocated through carryover and must be paid following issuance of the Carryover Agreement.

D. Allocation Fee – Carryover, 8609, Reallocation

At the time the taxpayer/owner submits an application for a carryover allocation or for issuance of IRS Form(s) 8609 (whichever occurs earlier), an allocation fee will be due. Refer to Section C. (immediately above) for fee information relating to additional HTCs allocated at carryover.

A reallocation fee must be submitted to Minnesota Housing for projects requesting a return and reallocation of HTCs.

E. Allocation Late Fee

Developers submitting a carryover package, or, if an owner has elected not to request a carryover, an 8609 package prior to the end of the year of allocation for which the reservation was issued who:

1. Do not submit a carryover/8609 application by the established due date and time; or
2. Submit a substantially incomplete carryover/8609 application by the established due date and time; or
3. Do not submit the carryover CPA final certification by the established due date and time

Must pay a late fee plus an additional penalty fee for each business day from the original due date and time through the date on which Minnesota Housing receives a substantially complete carryover/8609 application.

The fee will not be allowed as an eligible cost in carryover/8609 basis and must be paid at the time the carryover/8609 application is substantially complete.

F. Preliminary Determination Fee

A preliminary determination fee must be submitted to Minnesota Housing prior to issuance of a Preliminary Determination letter for projects for which Minnesota Housing is the Allocating Agency.

G. Monitoring Fee

Minnesota Housing will charge a per unit monitoring fee beginning with the first credit year. The fee will be due annually throughout the compliance period and extended use period. Refer to Sections 4.02 and 9.05 of the Housing Tax Credit Compliance Guide for details on the fee amount. Minnesota Housing reserves the right to adjust the fee depending upon the requirements of the U.S. Treasury, IRS, or Minnesota Housing's increased cost to monitor. The fee will be due in a manner and time as prescribed by Minnesota Housing.

H. Transfer of Ownership Fee

All changes in ownership must be approved by Minnesota Housing. If the transfer occurs prior to a date five years after the project's new construction/rehabilitation placed in service date, a transfer of ownership fee must be submitted to Minnesota Housing, along with updated materials of the new owner/management team for each project in which 50% or more of the ownership entity is new since reservation or carryover allocation. After the five-year period, owners must submit an RFA non-refundable processing fee. Refer to the Servicing page on Minnesota Housing's website (also refer to Chapter 2.J. – Unacceptable Practices) for further details on Transfer of Ownership.

I. Check Cashing Procedure

Applicant's payments for fees (in the form of checks) will be held pending verification of the accuracy of the amount tendered and submitted materials.

J. Right to Adjust Fees

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

K. Appraisal Fee

If the as-is appraisal is ordered by Minnesota Housing, all costs will be the responsibility of the applicant. The appraisal fee will be determined based on fees charged by the appraiser to complete Minnesota Housing's requirement for an as-is appraisal. These fees are subject to change at Minnesota Housing's sole discretion based upon changes in fee structures found in the appraisal marketplace and on the type of appraisal required by Minnesota Housing for a particular application type.

Chapter 9 – Tentative Allocation Schedule of Critical Dates

A. Allocation Dates

A list of important allocation dates is identified in the Multifamily Application Instructions: Consolidated RFP and HTC Round 1 and 2.

B. Previous Year's Allocation of HTCs

Placed in Service Allocation: To optimize timely processing of requests for issuance of IRS Form 8609, it is recommended that the owner make every effort to submit the complete Application for 8609 to Minnesota Housing no later than 30 days following completion of the project.

At the latest, complete 8609 application packages are due no later than 15 days after the last day of the first year of the HTC period. Section 42 states the owner must elect the first year of the HTC period in the year the project is placed in service or the year following.

C. Compliance Dates

Owner Certifications, compliance reporting, and monitoring fees are due February 15 (or the next business day if February 15 is not a business day) of each year.

When filed with IRS: Completed first year 8609 with Part II completed.

Chapter 10 –Index of HTC Forms

A. Application Materials

All HTC Application Forms are available on Minnesota Housing's Multifamily website and in the Multifamily Customer Portal.

B. Post-Selection Materials

All Post-Selection materials are available on Minnesota Housing's Multifamily website and in the Multifamily Customer Portal.

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Amended 2026-20287 Qualified Allocation Plan

Housing Tax Credit Program

Last Updated: December 2025November 2024



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

An equal opportunity employer.

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

Table of Contents

Chapter 1 – Introduction and Preparation of the Qualified Allocation Plan 1

Chapter 2 – Policies and Procedures 4

A. Definitions 4

B. Geographic Distribution 5

C. Nonprofit Set-Aside 6

D. Rural Development/Small Project Set-Aside 7

E. Application Rounds 8

F. Suballocator Procedures 9

G. Multiple Buildings ..... 12~~11~~

H. Developer and Development Limits 12

I. Transfer of Ownership ..... 13~~12~~

J. Unacceptable Practices 13

K. Minimum Underwriting Standards ..... 17~~16~~

L. Identity of Interest and Related Parties 17

M. Disclosure and Eligibility of Development Team 17

N. Determination of HTC Amount ..... 18~~17~~

O. Requests for Additional HTC Amounts ..... 19~~18~~

P. Round 2 Resubmission Process for Non-Select Projects 19

Q. Qualified Census Tracts, Difficult Development Areas and State Designated Basis Boosts. 20~~19~~

R. Reservations 21

S. Administrative Errors/Appeals Process 22

T. Waiting List ..... 23~~22~~

U. Carryover Allocations 23

V. Reallocation 24
W. Final Allocations and Awards 25
X. Monitoring for Compliance 26
Y. Qualified Contract ..... 28~~27~~
Z. Tenant Selection Plan 28
AA. Other Conditions 28
BB. Amendments and Revisions to the Qualified Allocation Plan 28
Chapter 3 – Federal Program Requirements 30
A. Eligible Activities 30
B. Applicable Percentage 30
C. Qualifying Rehabilitation 30
D. Existing Buildings 31
E. Exceptions to the 10-Year Rule 31
F. Federal Subsidies 31
G. Federal Subsidy Layering Review 32
H. Minimum Set-Aside Election 32
I. Affordable Rents 34
J. Tenant Eligibility 35
K. Eligible Basis 36
L. Qualified Basis 37
M. Applicable Fraction 37
N. Annual HTC Amount 37
O. Declaration of Land Use Restrictive Covenants 38
P. Ineligible Properties 38

Q. Passive Loss Restrictions 38
R. State Credit Ceiling Limits 39
S. Loss of Credits 39
T. Market Study 39
U. Right of First Refusal 39
V. Eventual Tenant Ownership 40
W. Contract Compliance, Equal Opportunity and Fair Housing Policy 40
X. Occupancy Restrictions 42
Chapter 4 – Development Standards 43
A. Project Cost Reasonableness 43
B. Eligible Basis HTC Fees 43
C. Reserves/Contingencies 44
D. Comparative Analysis 44
E. Property Standards 44
Chapter 5 – Project Selection 45
A. First Round – Application Requirements 45
B. Strategic Priority 46
C. Selection and Preference Criteria 46
D. Tie Breakers 48
E. Market Review 48
F. Design Review 49
G. Development Team Review 49
H. Site Review 49
I. Multifamily Underwriting Standards 50

J. Financial Feasibility 50

K. Development Cost Review 51

Chapter 6 – Submission Requirements 52

A. Application Requirements 52

B. Carryover Requirements 57

C. Placed in Service/Application for Issuance of IRS Form 8609 58

Chapter 7 – Projects Financed by Tax-Exempt Volume Limited Bonds Seeking HTCs 59

A. General 59

B. Pre-Application for Projects Seeking an Allocation of Tax-Exempt Volume Limited Bonds from Minnesota Management and Budget (MMB) 60

C. Application for Issuance of Preliminary Determination Letter 61

D. Placed in Service/Application for Issuance of IRS Form 8609 62

Chapter 8 – Fees 64

A. Application Fee 64

B. Supplemental Application Fee 64

C. Reservation Fee 64

D. Allocation Fee – Carryover, 8609, Reallocation 64

E. Application Late Fee – 42M, Carryover, 8609 65

F. Preliminary Determination Fee 65

G. Monitoring Fee 65

H. Transfer of Ownership Fee 65

I. Check Cashing Procedure 66

J. Right to Adjust Fees 66

K. Appraisal Fee 66

Chapter 9 – Tentative Allocation Schedule of Critical Dates 67

A. Allocation Dates 67

B. Previous Year's Allocation of HTCs 67

C. Compliance Dates 67

Chapter 10 – Index of HTC Forms 68

A. Application Materials 68

B. Post-Selection Materials 68

Appendix A: Carryover Allocations, 42M and Placed in Service/Issuance of IRS Form 8609 Application Requirements 69

Carryover Allocations, 42M and Placed in Service/Issuance of IRS Form 8609 Application Requirements Descriptions 71

Market Study 71

Owner Certification/Application for Carryover Allocation 71

Election of Applicable Percentage 71

Building Information (HTC 5) 71

Attorney's Opinion Letter 72

Certified Public Accountant Certification 72

Gross Rent Floor Election 72

Affirmative Fair Housing Marketing Plan 72

Tenant Selection Plan 72

Identity of Interest 73

Determination of Bond Issuer 73

Placed in Service Evidence 73

Utility Allowance 73

Reserves, Contingencies and any Cash Savings 74

Minnesota Housing Declaration of Land Use Restrictive Covenants (LURA) 74

8609 Certification by Owner/Application Form 74

Final Loan or Grant Documents 74

Partnership/Operating Agreement 75

Building Map Form 75

Evidence of Tax-Exempt Volume Limited Bonds 75

Chapter 1 – Introduction and Preparation of the Qualified Allocation Plan

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

The Minnesota Housing Finance Agency (Minnesota Housing) was designated by the Minnesota Legislature as the primary HTC Allocating Agency for the State of Minnesota, with certain other cities and counties also designated as Suballocators of HTCs.[1]

Section 42 of the Internal Revenue Code (IRC) requires that HTC allocating agencies develop and adopt a Qualified Allocation Plan (QAP) for the distribution of HTCs within the jurisdiction of the Allocating Agency.

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

The QAP gives preference as required by federal law to:

1. Projects serving the lowest income tenants;
2. Projects obligated to serve qualified tenants for the longest periods; and
3. Projects in Qualified Census Tracts (QCTs) that are part of a concerted community revitalization plan.

[1] Minnesota Statutes sections 462A.221 to 462A.225

[2] Section 42(m) of the Internal Revenue Code; IRS Treasury Regulation 1.42-17.

This document and the Self-Scoring Worksheet, make up Minnesota Housing's QAP. The QAP is subject to modification or amendment to help ensure the provisions conform to the requirements of Section 42 and applicable state statutes.

Minnesota Housing's policies and procedures are incorporated into multiple resources and guides. The list below includes key documents, but this list is not an exclusive list of all Minnesota Housing materials. Visit Minnesota Housing's website (www.mnhousing.gov) or contact Minnesota Housing for more information.

- **Affordable Housing Plan:** Sets forth Minnesota Housing's business plan to carry out the Agency's core work and implement the Strategic Plan.
- **Housing Tax Credit Program Compliance Guide:** Sets out the procedures to be followed by Minnesota Housing and the owners of HTC projects in order to comply with the requirements of Section 42 and the applicable Treasury Regulations.
- **Multifamily Underwriting Standards:** Outlines the Minnesota Housing's general approach to underwriting.
- **Multifamily Rental Housing Design/Construction Standards:** Contains design/construction standards to meet Minnesotans' needs for decent, safe and sustainable affordable housing.
- **Qualified Allocation Plan Methodology Guide:** Provides additional information related to application of Minnesota Housing's geographic priorities, as reflected in the Self Scoring Worksheet, for effectively distributing HTCs throughout the state.
- **Strategic Plan:** Outlines how the Agency will use its financial, programmatic, operational and human resources to achieve its strategic priorities and sustain a healthy organization over the long term.
- **Tenant Selection Plan Guidelines:** Provides requirements and best practices for the tenant selection plans, required of all developments receiving Minnesota Housing funding and those that receive HTC in accordance with this QAP.

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

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

Minnesota Housing is under no obligation to undertake an investigation of the accuracy of the information submitted in an application. Minnesota Housing's review of a proposed housing project does not constitute a warranty of the accuracy of the information, nor of the quality, suitability,

feasibility or marketability of the housing to be constructed or rehabilitated. If any information submitted to Minnesota Housing by the applicant is later found to have been incorrect or there has been a subsequent change in any material respect, it is the responsibility of the applicant to inform Minnesota Housing and to request a reexamination of the application.

This QAP is provided solely for use in applying for HTCs from Minnesota Housing and may not be relied upon in structuring or investing in specific transactions or complying with the IRC, IRS Treasury Regulations or any other laws or regulations governing HTCs. Interested parties should consult with a knowledgeable tax professional prior to entering into any commitment concerning the use and claiming of HTCs.

Minnesota Housing maintains the right not to award or allocate HTCs for any project if it determines, in its sole discretion, that an Allocation or Award for such project does not further the purpose and goals as set forth in this QAP.

Chapter 2 – Policies and Procedures

A. Definitions

As used in this QAP, the following capitalized terms have the definitions set forth below.

4% HTC: HTC which are not taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(4).

9% HTC: HTC which are taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(1).

Allocating Agency: Any entity authorized by the state of Minnesota and Section 42 to allocate or award HTCs in Minnesota.

Allocation: Any amount of HTCs issued to a building which are taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(1).

Award: Any amount of HTCs issued to a building which are not taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(4).

Federally Assisted Building: The term "Federally Assisted Building" as defined by Section 42(d)(6)(C) means any building which is substantially assisted, financed or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), 221(d)(4) or 236 of the National Housing Act, Section 515 of the Housing Act of 1949 or any other housing program administered by the United States Department of Housing and Urban Development (HUD) or by the Rural Housing Service of the United States Department of Agriculture Rural Development (RD).

Greater Minnesota: Greater Minnesota means any area which is not included in the Metropolitan Area as defined below.

Internal Revenue Code (IRC): Title 26 of the United States Code.

Metropolitan Area: As set out in Minnesota Statutes, section 473.121, subdivision 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

Qualified Allocation Plan (QAP): As defined in Section 42 (m)(1)(B) and including the Self-Scoring Worksheet and this document.

Section 42: Low-Income Housing Tax Credit (26 USC § 42), as amended.

Selection: For purposes of an Allocation, the Minnesota Housing board action to select a project for future reservation and allocation of HTC through Round 1 or Round 2. For purposes of an Award, the issuance of the preliminary determination letter by Minnesota Housing.

Suballocator(s): Any Allocating Agency, other than Minnesota Housing, authorized by the state of Minnesota and Section 42 to allocate HTCs in Minnesota.

Substantial Rehabilitation: As used in this QAP, Substantial Rehabilitation means rehabilitation that meets the definition of "Substantial rehabilitation" as defined in Minnesota Statutes, section 462A.221, subdivision 5 and that also meets the rehabilitation expenditure requirements set forth in Section 42(e).

B. Geographic Distribution

The HTC available for allocation within the state of Minnesota are divided into two general geographic pools: (1) the Metropolitan Area pool; and (2) the Greater Minnesota pool. Distribution of HTCs between the two general pools is based on the share of the state's public assistance recipients residing in each area, pursuant to Minnesota Statutes, section 462A.222, subdivision 1a.

Under Minnesota Statute 462A.222, certain cities and counties have been designated as Suballocators to allocate HTCs to eligible projects in their cities or counties. Some Suballocators have entered into a Joint Powers Agreement with Minnesota Housing under which Minnesota Housing will perform the HTC allocation and compliance monitoring. These Suballocators currently are the cities of Duluth, St. Cloud and Rochester. Minnesota Housing will post updates to Suballocator information on Minnesota Housing's website.

The HTC distribution plans for Greater Minnesota and the Metropolitan Area will be formulated in accordance with Minnesota Statutes, section 462A.222, subdivision 4. The Greater Minnesota distribution plan will provide for the allocation of the following HTC: (1) the Rural Development (RD)/Small Project set-aside (refer to Chapter 2.D.); (2) any HTC reserved to a Suballocator located in Greater Minnesota; (3) the portion of the nonprofit set-aside (refer to Chapter 2.C.) allotted to Greater Minnesota; and (4) the balance of the Greater Minnesota pool.

The Metropolitan Area distribution plan will provide for the allocation of the following HTCs: (1) any HTC reserved to a Suballocator located in the Metropolitan Area; (2) the portion of the nonprofit set-aside (refer to Chapter 2.C.) allotted to the Metropolitan Area; and (3) the balance of the Metropolitan Area pool.

Minnesota Housing will update the distribution between the Greater Minnesota pool and the Metropolitan Area pool for the 2026-2028~~7~~ QAP based upon updated demographic data in early 2025, ~~and~~ 2026~~,~~ and 2027. T~~t~~he applicable distribution will be posted on Minnesota Housing's website.

C. Nonprofit Set-Aside

Federal law requires that 10% of the state's HTC credit ceiling be reserved exclusively for projects involving qualified nonprofit organizations (Nonprofit Set-Aside). Minnesota Housing administers the Nonprofit Set-Aside. On an annual basis, Minnesota Housing and Suballocators may agree to reserve an additional 5% of the total annual HTC credit ceiling for a total annual Nonprofit Set-Aside of 15%. Applicants to the Nonprofit Set-aside can also compete in Round 2 if there are Nonprofit Set-Aside HTC still available. If the Nonprofit Set-Aside is not exhausted in Round 1, the Nonprofit Set-Aside will be available in Round 2. If a project is necessary to meet the Nonprofit Set-Aside requirement in Round 2, at Minnesota Housing's sole discretion, the project will have priority over other applicants in Round 2. If the Nonprofit Set-Aside is exhausted during a round, nonprofit applicants with proposed projects in Minnesota Housing's jurisdiction may be eligible for HTCs from the general pool. Any proposal that receives HTCs from the Nonprofit Set-Aside must comply with the nonprofit requirements of IRC Section 42(h)(5)(C) and (D), including material participation for the term of the LURA. This requirement will be recorded as a covenant on the land that will apply to all subsequent owners.

To qualify for the Nonprofit Set-Aside, a qualified nonprofit organization must own an interest in the project (whether directly or through a partnership) materially participate (within the meaning of IRC 469(h)) in the development and operation of the project throughout the term of the LURA. A qualified nonprofit organization means an organization that meets the following requirements:

1. The organization must be exempt from taxation under IRC 501(a) as an organization meeting the requirements of either IRC 501(c)(3) or IRC 501(c)(4);
2. One of the exempt purposes of the organization must include the fostering of low-income housing;
3. The organization must be organized and incorporated in the state of Minnesota and have experience in Minnesota as a sponsor, owner or manager of low-income housing; and
4. The organization must be determined by the Allocating Agency not to be affiliated with or controlled by a for-profit organization.

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

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

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

If there is an identity of interest between or other appearance of affiliation with or control by a for-profit organization, as determined by Minnesota Housing, an applicant may not qualify to receive HTCs from the Nonprofit Set-Aside. In making this determination, Minnesota Housing will consider the following:

1. The nonprofit's funding sources and composition of its board;
2. Past experience and anticipated future activities of the nonprofit, including involvement in the local community;
3. The nonprofit's financial strength and ability to materially participate in the development and operation of the project during the term of the LURA;
4. The relationship of the principals involved in the formation and/or management of the nonprofit organization with for-profit members of the project team; and
5. If requested by Minnesota Housing, an attorney opinion letter.

Determinations will be based on all relevant facts and circumstances. Unless determined otherwise by Minnesota Housing, the following relationships are presumed to show that the nonprofit organization is affiliated with or controlled by a for-profit organization:

a. Having more than a 25% share of common board members/principals; or
b. Having more than 25% of its funding, directly or indirectly, from the parent entity; or

D. Rural Development/Small Project Set-Aside

Minnesota Housing designates a portion of the state's HTC volume cap to Rural Development (RD) - financed or other small projects. The amount of HTCs reserved to the RD/Small Project set-aside ~~for~~ will be:

- ~~2026 is~~ $500,000 in 2026~~and~~
- ~~2027 is~~ $525,000 in 2027
- $525,000 in 2028~~.~~

Eligible projects must either:

1. Have an RD financing commitment or application for RD financing; or

2. Be a small project located in a Rural/Tribal Designated Area, as defined in the Rural/Tribal Methodology in the Methodology Guide, and consist of 24 or fewer units.

First priority will go to projects with applications for financing or a commitment from RD. Applicants to the set-aside first compete in the general pool and if not competitive then move to the RD/Small Project set-aside for consideration. Applicants to the set-aside can also compete in Round 2 if there are RD/Small Project set-aside HTC still available. IRS Form 8609 may not be issued to a new RD project until after financing commitment has been executed.

E. Application Rounds

Minnesota Housing has two HTC application rounds, Round 1 and Round 2, to allocate the state's HTC credit ceiling for a calendar year. Applications for HTCs in association with tax-exempt volume limited bonds are accepted year-round on a pipeline basis.

Round 1

Round 1 is offered through the Multifamily Consolidated Request for Proposals (RFP) and uses a forward selection process, with selections generally taking place in the year proceeding the allocation year of the HTCs. Projects that have previously received a partial reservation or Allocation of HTCs from Minnesota Housing may have priority over other applicants in Round 1.

During Round 1, for-profit applicants must apply directly to the Suballocator for an HTC Allocation if the project falls within a Suballocator's jurisdiction. Except for the nonprofit set-aside, Minnesota Housing will not accept applications for developments located within the jurisdiction of Suballocators in Round 1 unless the Suballocator has entered into a Joint Powers Agreement with Minnesota Housing or has returned all their HTCs to Minnesota Housing. Minnesota Housing will administer the HTCs for all areas outside the jurisdiction of Suballocators. Any unused HTCs are returned by the Suballocators to Minnesota Housing prior to Round 2.

In Round 1, the nonprofit set-aside is divided proportionally between the two geographic pools, the Metropolitan Area pool and the Greater Minnesota pool. Nonprofit applicants with projects located within the jurisdiction of a Suballocator may apply for HTCs from Minnesota Housing, but only in the nonprofit set-aside. Nonprofit applicants with projects located in the jurisdiction of a Suballocator may apply simultaneously to the Suballocator and to the Minnesota Housing nonprofit set-aside. Nonprofit developments not located in the jurisdiction of a Suballocator will compete for HTCs in the respective geographic pool once the nonprofit set-aside has been exhausted.

In Round 1, Minnesota Housing will establish a preservation allocation ceiling of 2/3 for each geographic pool, Metropolitan and Greater Minnesota, but not including the RD/Small Project set-

aside or the nonprofit set-aside. Minnesota Housing reserves the right to exceed the 2/3 ceiling if qualifying new construction proposals are not available or do not rank competitively.

Round 2

Round 2 makes available for allocation any HTCs remaining or returned since Round 1. All remaining or returned HTCs, excluding a return of HTCs for projects requesting a reallocation, will be combined into one unified pool for allocation by Minnesota Housing on a statewide basis, without regard to geographic distribution and with no set-asides. Additionally, Minnesota Housing may, at its sole discretion, establish a waiting list following Round 2 for HTCs that may be returned or otherwise become available. Refer to Chapter 2.T. for additional details.

In Round 2, all projects located in Suballocator jurisdictions may apply directly to Minnesota Housing. Projects that have previously received HTCs from Minnesota Housing or a Suballocator and have an annual HTC shortfall of at least 5%, but not more than 33.33%, of the total qualified annual HTC amount, subject to Minnesota Housing approval, will have priority over other applicants in Round 2 and under the waiting list. If more than one project qualifies under the supplemental priority, Minnesota Housing will evaluate and rank eligible requests according to points awarded.

The RD/Small Projects set-aside will be carried forward until the end of Round 2, or until it is determined that there are no eligible applications for the set-aside. If Minnesota Housing has not met the 10% IRS requirement in Round 1, the nonprofit set-aside will also be carried forward until the end of Round 2.

F. Suballocator Procedures

A city or county is eligible to receive a reserved portion of the state credit ceiling under Minnesota Statutes, section 462A.222, subdivision 1 if it submitted a written request to Minnesota Housing within 45 days after June 2, 1987, to act as a designated Housing Credit Agency as provided in Section 42. A city or county may designate its housing and redevelopment authority as a suballocating agent to allocate HTCs on behalf of the city or county. The city of Minneapolis or the city of Saint Paul may designate the Minneapolis/Saint Paul Housing Finance Board to allocate HTCs on behalf of each city. Minnesota Housing will administer the HTCs for areas outside the jurisdiction of the Suballocators.

A Suballocator may elect to enter into a Joint Powers Agreement with Minnesota Housing. Under a Joint Powers Agreement, Minnesota Housing will perform certain functions related to the HTC Allocation or Award and compliance monitoring. As a condition of the Joint Powers Agreement, the participating Suballocator will transfer its entire annual HTC distribution to Minnesota Housing.

Minnesota Housing, in consultation with the Suballocators, will determine application competition deadlines as required by statute. Minnesota Housing will make an effort to align the application

deadline for the suballocating agencies in Round 1 with Minnesota Housing's deadline. No Allocating Agency may allocate or award HTCs prior to the Minnesota Housing application closing date for Round 1.

Before the application deadline for Round 2, the Suballocators must return all uncommitted and unallocated HTCs to Minnesota Housing, along with copies of the HTC application and commitment agreements for all selected projects.

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

So that all a project's HTCs are allocated by a single Allocating Agency, Minnesota Housing may apportion additional HTCs to a Suballocator for a project that has already received a commitment or Allocation of HTCs from the Suballocator. These supplemental HTCs must be used only for the selected project allocation year for which the apportionment was made. If at any time after the apportionment of the HTCs a Suballocator determines the project cannot use or is no longer eligible for all or a portion of the HTCs apportioned to the project, the HTCs must be returned to Minnesota Housing within 10 business days for reallocation.

Suballocators are responsible for the issuance of the IRS Form 8609 for all projects for which they have allocated HTCs, including HTCs that have been apportioned by Minnesota Housing to the Suballocator. In instances where both a Suballocator and Minnesota Housing have allocated HTCs, that have not been apportioned, both Allocating Agencies will prepare an IRS Form 8609.

As the primary and lead HTC agency for the state of Minnesota, Minnesota Housing is responsible for collecting and filing certain required forms with the IRS each year. Minnesota Housing will prepare a comprehensive IRS Form 8610, incorporating all carryover allocations and IRS Form 8609s issued in the state of Minnesota for filing with the IRS. The local Suballocators shall submit the following materials to Minnesota Housing no later than January 31 for all HTC activity that has occurred in the preceding year:

1. A copy of all resolutions of the Suballocator governing body relating to the reservation and Allocation of HTC;
2. A copy of all Reservation/Binding Agreements, Carryover Agreements and IRS Form 8609s, completed and issued to all projects (including those in connection with tax-exempt volume-limited bonds);

3. A completed HTC application form (Multifamily Workbook) for each development receiving an Allocation or Award through a reservation, carryover or issuance of IRS Form 8609 for HTCs allocated from the credit ceiling or awarded in connection with tax-exempt volume limited bonds;
4. A completed IRS Form 8610 Schedule A for each development receiving a carryover allocation;
5. A Suballocator Monitoring Activity Report containing the results of inspection activity conducted during the calendar year with copies of any forms 8823 filed with the IRS; and
6. Any other information requested by Minnesota Housing necessary to meet federal and state reporting requirements.

Suballocators are responsible for monitoring HTC projects, to which they have allocated or awarded HTC, for the term of the LURA, including any Minnesota Housing requirements if such HTC were apportioned by Minnesota Housing to the Suballocator, in accordance with Section 42(m)(1)(B)(iii) to help ensure compliance with applicable federal, state and local requirements. Compliance records must be available upon request to Minnesota Housing from the Suballocator or its monitoring agent. Projects that receive HTCs that were apportioned to a Suballocator by Minnesota Housing must incorporate Minnesota Housing restrictions that are a condition of the HTC Allocation or Award (e.g., nonprofit set-aside, homeless households).

Before January 31, Suballocators will submit to Minnesota Housing compliance staff a comprehensive updated Suballocator Monitoring Activity report listing all HTC projects allocated or awarded HTCs by the Suballocator. Include the following items in the report:

1. Project name;
2. Address;
3. Building identification number(s) (BIN(s));
4. Ownership entity and taxpayer identification number (TIN);
5. Total number of residential units;
6. Number of HTC units;
7. Year of Allocation or Award;
8. Amount of HTCs allocated or awarded; and
9. Other information as needed.

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

G. Multiple Buildings

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

H. Developer and Development Limits

For applicants applying for a portion of the state's HTC credit ceiling, the per-developer or general partner/managing member HTC limit is the greater of 1) the amount representing 10% of the population component of the state's annual credit ceiling or 2) the amount needed to support two developments in the case that two developments selected are being developed by the same developer or general partner/managing member. Such projects are subject to a development limit of no more than $1,850,000 in 2026 and $1,950,000 in 2027 and 2028 in cumulative HTCs allocated to any one development.

At the sole discretion of Minnesota Housing, these limits may be waived. Applicants should not assume that this waiver will be automatically provided or rely on this statement when determining the scope of the proposed project. Minnesota Housing's goal is to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units that meet the priorities adopted by Minnesota Housing and represent developments that are sustainable, cost effective and geographically diverse. Consistent with this goal, the following criteria will be used to determine if and when Minnesota Housing may provide a waiver to the developer or development limit.

Developer Limit

1. Developer/Sponsor capacity – The ability and capacity of the development team to proceed expeditiously to complete multiple developments, including other projects selected by Minnesota Housing for funding that have not yet been completed.
2. Financial Feasibility – The applicant must demonstrate that the HTCs are necessary for the financial feasibility of the proposed project and that a significant funding gap will remain if the waiver is not granted.

Development Limit

1. Financial Feasibility – The applicant must demonstrate that the HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted.

I. Transfer of Ownership

From Selection through the term of the extended use period, any transfer of title of a selected project, replacement of a general partner or managing member, transfer of more than a 50% interest in a general partner or managing member or change in a nonprofit partner is subject to Minnesota Housing's approval prior to the transfer of ownership.

To request Minnesota Housing's approval for a transfer of ownership, the Owner must submit a completed Request for Action Form (RFA), a transfer of ownership fee if the transfer occurs after Allocation and prior to the issuance of IRS Form 8609 (refer to Chapter 8) or an RFA processing fee if the transfer occurs after issuance of IRS Form 8609 (refer to Servicing Fee on Minnesota Housing's website) and any other documentation that Minnesota Housing deems necessary.

J. Unacceptable Practices

Applicants applying for an Allocation or Award from Minnesota Housing pursuant to this 2026-2028~~7~~ QAP may be subject to unacceptable practice penalties in the following three circumstances. Additionally, failure to comply with the terms of the Selection of may result in cancellation or other loss of HTC. See Chapter 3.S.

1. For projects that receive an Allocation or Award from Minnesota Housing pursuant to this 2026-2028~~7~~ QAP, the following occurrences constitute unacceptable practices. If Minnesota Housing, in its sole discretion, determines that an unacceptable practice has occurred, it may impose penalties of up to negative 35 points on any/all parties involved in the development, ownership and/or management of the project. Such penalties will be applied in one or more future application cycles.

    a. Unapproved Transfer of Ownership

    From Selection through the term of the LURA, failure to obtain prior approval for any transfer for which Minnesota Housing approval is required pursuant to Chapter 2.I is an unacceptable practice.

    b. Displacement of Section 8 Tenants

Rent increases for existing Section 8 tenants above HUD's Payment Standard Rents which result in the displacement of the existing Section 8 tenant(s), whether prior to submission of the application for HTC or after completion of rehabilitation, is an unacceptable practice.

c. Changes to Project

From selection until the project is placed in service, any material change to the project or building design that impacts the selection criteria for which the project received points or a preference is an unacceptable practice.

d. Late 8609 Application Submissions Resulting in the Loss of HTC Authority to the State

Late submission of a complete and acceptable 8609 application package by or on behalf of an owner that results in the loss of any volume of HTC authority to the state of Minnesota is an unacceptable practice.

e. Filing of Non-Allocating Agency Approved IRS Form 8609 with the IRS

Filing with the IRS any IRS Form 8609 which is not the Allocating Agency-signed version of the approved IRS Form 8609 is an unacceptable practice.

f. Non-Compliance with Minnesota Housing's Fair Housing Policies or Tenant Selection Plan Guidelines, Procedures and/or Requirements

Any failure to comply with Minnesota Housing's Fair Housing policies (refer to Chapter 3.W.) or Tenant Selection Plan Guidelines, procedures or requirements is an unacceptable practice.

g. Non-Compliance with Minnesota Housing's Compliance Policies, Procedures and/or Requirements

Failure to comply with Minnesota Housing's compliance policies, procedures or requirements after repeated notices is an unacceptable practice.

h. Violations of Local, State or Federal Law

Violations of local, state, or federal law, including but not limited to violations of law related to habitability, utilities, prevailing wage, wage theft and fair housing, are unacceptable practices.

2. For projects that received an Allocation or Award from Minnesota Housing under a prior QAP, penalties may be applied in the 2026, 2027 and 2028~~7~~ application rounds for unacceptable

practices identified in that prior QAP. In its sole discretion, Minnesota Housing may impose a lesser penalty than the penalty indicated in such prior QAP. If Minnesota Housing determines that an unacceptable practice has occurred, it will notify the parties to which the penalty will be applied.

3. For applicants for an Allocation or Award pursuant to this 2026-2028~~7~~ QAP, the following occurrences constitute unacceptable practices. If Minnesota Housing, in its sole discretion, determines that an unacceptable practice has occurred, it may impose penalties, as set forth below, on the applicant which will be applied in the 2026, 2027 and 2028~~7~~ application rounds.

   a. Failure to Notify

   Throughout the term of the LURA, failure to notify Minnesota Housing in advance of a transfer of title to the project, replacement of a general partner or managing member, transfer of more than a 50% interest in a general partner or managing member or change in a nonprofit partner is an unacceptable practice. Penalties of up to negative 35 points may be applied to any/all individuals/entities that transferred or acquired an ownership interest through the transfer for which notice was not provided.

   b. Displacement of Section 8 Tenants

   Minnesota Housing will not accept applications that have displaced or will displace Section 8 tenants because rents will be increased above the Section 8 Payment Standard limit.

   c. Non-Compliance with Minnesota Housing's Fair Housing Policies or Tenant Selection Plan Guidelines, Procedures and/or Requirements

   Failure to comply with Minnesota Housing's Fair Housing Policies or Tenant Selection Plan Guidelines, procedures or requirements is an unacceptable practice. Penalties of up to negative 35 points may be applied to any/all parties involved in the ownership and/or management of the development.

   d. Non-Compliance with Minnesota Housing's Compliance Policies, Procedures and/or Requirements

   Failure to submit an acceptable correction plan within the time allotted after receipt of a notice of failure to comply involving any of the following violations is an unacceptable practice:

      i. Failure to meet minimum set-aside;

ii. Any exigent health and safety violation under HUD's National Standards for the Physical Inspection of Real Estate;
iii. Rent violations, as stated in the Housing Tax Credit Compliance Guide, including:
    1. Charging rent on any HTC unit in excess of the allowable rent limit;
    2. Violating Minnesota Housing's policy limiting rent increases to once annually;
    3. Violating Minnesota Housing's policy requiring 120 day written notice to the tenant for any rent increase in excess of 5%;
    4. HTC unit rented to an ineligible household (e.g. household not properly certified, over income at initial occupancy or ineligible full-time student);
iv. Project not available to general public;
v. Failure to respond to Minnesota Housing request for inspection; and
vi. Other compliance violations, as determined by Minnesota Housing.

Penalties of up to negative 35 points may be applied to any/all parties involved in the ownership and/or management of the development.

Minnesota Housing may reject applications from any applicant if the applicant, or any party with an identity of interest with the applicant who will have an ownership interest in the proposed development:

i. Has an ownership interest in any development that has been reported to the IRS by Minnesota Housing or a Suballocator as no longer in compliance nor participating in the Section 42 program as indicated on line 11p of IRS Form 8823;
ii. Has an ownership interest in any development that is on Minnesota Housing's list of Properties Not in Good Standing in the Extended Use Period or a similar list maintained by a Suballocator; or
iii. Is on the Minnesota Housing Participant Suspension List.

e. Violations of Local, State or Federal Law

Minnesota Housing may reject applications from any applicant if the applicant, or any party with an identity of interest with the applicant who will have an ownership interest in the proposed development has been found by an enforcement agency or court to have violated local, state, or federal law, including but not limited to violations of law related to habitability, utilities, prevailing wage, wage theft and fair housing.

f. Ineligible Significant Parties

Minnesota Housing may reject applications if any of the significant parties (refer to Chapter 2.L.) are not eligible to participate in the HTC Program.

K. Minimum Underwriting Standards

A development selected for a reservation of or preliminary determination of eligibility for HTCs is selected based upon underwriting standards, including but not limited to, acquisition costs, maintenance and operating expenses and permanent financing as approved by Minnesota Housing (refer to Chapter 5. I. and the Minnesota Housing Multifamily Underwriting Standards). These factors will be monitored throughout the HTC process until Minnesota Housing's issuance of the approved IRS Form 8609. **Modifications from these standards require prior approval from Minnesota Housing.** Not complying with these standards could lead to loss of the HTC Allocation or Award.

L. Identity of Interest and Related Parties

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

M. Disclosure and Eligibility of Development Team

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

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

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

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

N. Determination of HTC Amount

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

After a project meets the development selection criteria, Minnesota Housing will evaluate each proposed project, taking into consideration in accordance with Section 42:

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

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

This analysis to determine the maximum amount of HTCs must be performed by both Minnesota Housing and the owner/developer at the time of application, at the time of allocation and at the time the project is placed in service, provided all project costs are finalized and certified. For each analysis, the applicant must submit the most recent financial information on the project. Misrepresentations of information will result in failure to receive IRS Form 8609, debarment from participation in the HTC Program and possible criminal penalties.

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

O. Requests for Additional HTC Amounts

Projects that have had a justifiable increase in eligible basis or previously received a partial Allocation may be eligible to apply for supplemental HTC amounts. Under extenuating circumstances, such as significant changes in the market, Minnesota Housing may allow additional requests. The determination and approval are at the sole discretion of Minnesota Housing.

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

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

All applications that are submitted for an additional HTC amount will be subject to the eligibility requirements, the determination of HTC amount, the availability of HTCs, as well as limitations on the time period for allocation of additional HTCs under Section 42.

P. Round 2 Resubmission Process for Non-Select Projects

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

1. Re-signed and re-dated Multifamily Workbook (all changes from the initial application must be clearly identified);

2. Any new or revised documentation obtained since the previous application;
3. An updated and revised Self-Scoring Worksheet, including all documentation that clearly supports the points claimed;
4. Any requested documentation Minnesota Housing deems necessary; and
5. The supplemental application fee.

Minnesota Housing reserves the right to require a full, new application for any project.

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

Projects that meet the following criteria may be eligible for a greater amount of HTCs than the legislated maximum HTC percentage.

Qualified Census Tracts

Pursuant to Section 42(d)(5)(B), buildings located in Qualified Census Tracts (QCTs) qualify for a basis boost. QCTs are census tracts designated by HUD in which 50% or more of the households have an income of less than 60% of the area median or which has a poverty rate of at least 25%, where such areas do not comprise more than 20% of the overall population of a metropolitan statistical area. (For a current list of the HUD-designated QCTs, go to Minnesota Housing's website under HTC Reference Materials or go directly to the Qualified Census Tract Table Generator or Qualified Census Tract Map). HUD designates QCTs annually, and each list has a specified effective date. If the designation of the area in which a project is located changes over the course of the pre-development and development of the project, the project may or may not qualify for the basis boost. Effective dates can be based upon year of application, allocation, bond issuance and/or placement in service. Refer to the HUD Designation Notice found on HUD's website for additional details and consult with appropriate legal and tax professionals as necessary.

Difficult Development Areas

Pursuant to Section 42 (d)(5)(B), buildings located in Difficult Development Areas (DDAs) qualify for a basis boost. DDAs are areas designated by HUD as having high construction, land and utility costs relative to area median income. For DDA information, reference the same website as QCTs above. HUD designates DDAs annually, and each list has a specified effective date. If the designation of the area in which the project is located changes over the course of the pre-development and development of the project, the project may or may not qualify for the basis boost. Effective dates can be based upon year of application, allocation, bond issuance and/or placement in service. Refer to the HUD Designation Notice found on HUD's website for additional details and consult with legal and tax professionals as necessary.

State Designated Basis Boost

Pursuant to Section 42(d)(5)(B)(v), Minnesota Housing can designate buildings requesting HTC from the state's credit ceiling for a basis boost. Requests by applicants or developers to Minnesota Housing to apply the 30% state designated basis boost must be made in writing at the time of the HTC Allocation request. The request must clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations.

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

1. The development must meet at least one of the following selection criteria requirements:
    a. Permanent Supportive Housing: Projects that will serve People with Disabilities or High Priority Homeless Households under the Permanent Supportive Housing for High Priority Homeless selection criterion or the People with Disabilities selection criterion;
    b. Preservation: Projects that preserve existing federally-assisted housing or other critical affordable housing projects and are eligible for points under the Preservation selection criterion; or
    c. Tribal: Projects that are sponsored by, or have received a significant financial contribution (as determined by Minnesota Housing) from, a Tribal government, Tribally designated housing entity or Tribal corporate entity.
2. The application must demonstrate that without the basis boost, a significant funding gap will remain for the proposed development, and the HTCs allocated in connection with the basis boost must be no more than needed to achieve financial feasibility.

R. Reservations

Once Minnesota Housing has ranked applications and determined allowable HTC amounts for each application, staff will make recommendations to Minnesota Housing's board for final approval of the reservation of 9% HTCs.

Reservations are site specific. Changing a development's site could lead to the revocation of the HTC reservation/Allocation.

Minnesota Housing's HTC program permits owners to elect the applicable percentage either at the time of reservation or when placed in service. If the election is not made at the time the reservation

letter is issued, the percentage will be fixed for the month in which the building is placed in service or as otherwise established by Section 42. Once made, the election is irrevocable. Upon receipt of the required documents, Minnesota Housing will complete its reservation review and send reservation agreements to be executed by the owner.

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

Selected applicants that will not place a project in service in the allocation year for which the reservation was issued may request a carryover allocation by submitting the required carryover application submissions.

S. Administrative Errors/Appeals Process

Minnesota Housing will consider appeals for applications requesting HTCs from the state's HTC credit ceiling. If the applicant believes that Minnesota Housing has misinterpreted, was not aware of a submission item or miscalculated the applicant's selection points or HTC amount, at the time of application/reservation, the applicant may submit an appeal by the appeal due date and time determined by Minnesota Housing, which is generally five business days after notification of application status. Notification of the appeal request deadline will be in the form of the selection or non-selection letter. The first business day after the date on this letter will be the first day of the appeal period.

The appeal must be written in letter form containing a signature from an authorized representative of the applicant and stating that the communication is an appeal under Chapter 2.S. of this QAP. The applicant should articulate their position and may call Minnesota Housing's attention to particular application submissions that were properly and timely submitted by the application deadline. Minnesota Housing will **not** consider any supporting documentation not previously submitted as part of the application. The appeal letter must be submitted via email to mhfa.htc.appeals@state.mn.us.

An applicant is not permitted to contest the scores of other applicants.

If appeal is resolved in favor of the applicant and the selection points of the project are affected, Minnesota Housing will re-rank all projects in the order of descending selection points.

T. Waiting List

In Round 2, eligible applications that were not selected or that were selected to receive a partial Allocation may be maintained on a waiting list until the end of the year in the event Minnesota Housing receives an increase in credits due to an IRS formula adjustment, National Pool or unused and/or returned HTCs. This excludes a return of credit from projects requesting a reallocation. A project on the waiting list that is selected for its HTC request through the subsequent Round 1 will no longer be eligible to receive HTCs through the waiting list and will be removed from the list. Projects determined to meet the supplemental priority in accordance with this QAP will receive priority over other applicants. The waiting list will follow Minnesota Housing's order of ranking of competitive HTC points. Generally, projects will be chosen in order; however, depending on IRS rules and requirements, time and funds available, Minnesota Housing reserves the right to make modifications to the waiting list or incorporate HTCs into subsequent rounds.

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

U. Carryover Allocations

Federal law (IRC Section 42(h)(1)(E) - (F); IRS Treasury Regulation 1.42-6 Carryover Allocation) provides that Minnesota Housing may give a carryover allocation to certain qualified building(s), which are to be placed in service prior to the deadline established by Section 42, as may be extended by relief issued by the IRS. To receive a carryover allocation, the owner must submit a complete carryover application package to Minnesota Housing no later than October 1 of the allocation year for which the reservation was issued.

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

Federal law requires that more than 10% of the expected basis in the project (including land) must be expended by the date which is one year after the date that the allocation is made. A written certified

public accountant (CPA) certification must be submitted verifying the owner has incurred required expenditures. As decided by the owner, submission of the CPA certification may be made at the time of carryover application or at a later date as provided for by Section 42 and this QAP. However, the carryover allocation agreement must be executed prior to December 31 of the allocation year for which the reservation was issued.

For a carryover agreement to be valid, it must include, among other things:

1. The amount of the reasonably expected basis at the end of the second year after the allocation is made; and
2. The amount of that expected basis that must be expended or incurred by the date which is one year from the date of the allocation.

If the final CPA-certified carryover basis and expenditure information is not available at the time the carryover application is due, an estimate of the expenditure of greater than 10% of the expected basis must be performed by the owner and submitted to Minnesota Housing no later than October 1 of the allocation year for which the reservation was issued. The final CPA certifications must be submitted to Minnesota Housing prior to the deadlines established by Section 42, as may be extended by relief issued by the IRS, and by no later than Minnesota Housing's submission deadlines identified in Chapter 6.B. Failure to comply with the submission dates will result in significant penalties as outlined in Chapter 8.E. Additional carryover requirements are given in Chapter 6.B.

Minnesota Housing's HTC program carryover procedures are intended to conform to the federal laws and are based upon the limited guidance received from the IRS. At any time, additional IRS guidance may be issued that will require further adjustments to the QAP and additional reviews of developments relating to carryover.

V. Reallocation

Notwithstanding any other provisions of this QAP, when a project that has received a carryover allocation of 9% HTCs from Minnesota Housing has determined that it will be unable to place in service by the date required pursuant to Section 42, an owner may request 1) that they be able to return the original Allocation of HTC and 2) that Minnesota Housing reallocate the same amount of HTC in a future credit year.

Minnesota Housing reserves the right, at its sole discretion, to provide a new Allocation of 9% HTCs to a project that received a carryover allocation in a prior calendar year. An owner that requests a return and reallocation will not be required to submit a new application or be scored again under the QAP applicable to the future credit year. To be eligible for this return and reallocation of HTC, at a minimum, the following conditions must be met to Minnesota Housing's satisfaction:

1. The owner must provide written notice to Minnesota Housing in a timely fashion, describing the circumstances surrounding the request, all remedial measures attempted by the developer to mitigate the delay and any other pertinent information related to the inability to meet the required placed in service deadline, as part of their request to return their Allocation;
2. The reason for the request must be extenuating circumstances beyond the reasonable control of the owner. These circumstances may include but are not limited to delays such as fire, natural disaster, pandemic or other large-scale issues with a significant impact to the housing industry;
3. The project is economically viable without additional HTCs or other deferred funding from Minnesota Housing; and
4. Minnesota Housing must find that the project in all respects, except time to place in service, still meets the selection criteria and conditions upon which the HTC were originally allocated and the minimum requirements of the QAP applicable to the future credit year and that the project continues to meet affordable housing needs in the community for which it is planned.

An owner may only return and receive a reallocation once per project. A developer may only return and received a reallocation once per year.

The owner shall submit the required fee listed in Chapter 8 with the written request. The fee is non-refundable regardless of outcome. The request is subject to Minnesota Housing board approval. Applicants should not assume that this reallocation will be automatically provided or rely on this statement when determining the timeline of the proposed project.

Minnesota Housing, in its sole discretion, may assess negative ranking points on subsequent applications from the applicant (or related entity).

A project located in a HUD-designated DDA or QCT at the time of original Allocation may retain its designation if consistent with Section 42. Effective dates can be based upon year of application or allocation. Refer to the HUD Designation Notice found on HUD's website for additional details.

W. Final Allocations and Awards

Except for carryover allocations, no Allocation or Award of HTCs will be made until a building or project is placed in service and the proper documentation and fees have been received. The final amount of HTCs is determined when the project is placed in service.

Final Allocations and Awards (IRS Form 8609) may be requested when all eligible buildings are placed in service and the proper documentation and fees have been received. Minnesota Housing may establish, at its sole discretion, required deadlines prior to year-end for final requests in order to permit timely processing of documents.

If an owner of an HTC development does not intend to obtain a carryover allocation, but instead intends to take a project from HTC reservation directly to placed-in-service status, an Allocation via issuance of IRS Form 8609 must be obtained prior to year-end of the allocation year for which the reservation was issued. For an IRS Form 8609 to be issued by Minnesota Housing prior to year-end, the 8609 application must be submitted to Minnesota Housing on or before October 1 of that year.

A project that has neither received a carryover allocation nor has been placed in service and issued appropriate IRS Form 8609s before December 31 of the year of allocation will lose its entire Allocation of HTCs.

The HTC amount that will be allocated or awarded is based on Minnesota Housing's final determination of the qualified basis for the building or project and a review of the project costs as outlined in the QAP. The Allocation or Award may be reduced to comply with federal law based on the final review of the project.

Prior to final Allocation or Award, the project owner is required to execute and record a LURA.

Non-compliance with the terms of a preliminary determination of HTCs or a carryover allocation may result in a loss of HTCs.

X. Monitoring for Compliance

Federal law requires that Minnesota Housing provide a procedure to monitor for compliance with Section 42 and to notify the IRS of noncompliance. Minnesota Housing is required to apply the monitoring procedure to all HTC projects developed within Minnesota Housing's jurisdiction, including HTCs issued in connection with tax-exempt volume limited bonds since the inception of the HTC program. Minnesota Housing will perform such duties in accordance with its Housing Tax Credit Compliance Guide. HTC projects must comply with the Housing Tax Credit Compliance Guide as it may be amended. In general:

1. All HTC recipients must submit an annual certification to Minnesota Housing in a manner, form and time established by Minnesota Housing. Owners are required to certify whether or not the property is in compliance with Section 42 and the applicable Treasury Regulations and whether or not the property complies with the restrictions and/or set-asides under which the HTCs were allocated or awarded. The certification will include, but is not limited to, certification statements required under IRS Treasury Regulation 1.42-5, the submission of completed IRS forms and occupancy data including demographic data, income, student status and rent. Annual monitoring fees will be due when the owner certification is due.
2. Minnesota Housing will conduct periodic inspections, including reviewing tenant files (including tenant applications, verification of income and income from assets, the tenant income

certification, documentation of eligible student status, etc.), a completing a physical inspection using HUD's National Standards for the Physical Inspection of Real Estate and reviewing administrative records (including utility allowance and source documentation, tenant selection plans, marketing, Affirmative Fair Housing Marketing Plan, etc.) in accordance with the HTC Compliance Guide. If a property received its HTC Allocation or Award based on serving specific targeted population(s), administrative records and/or tenant files must demonstrate that the property and/or unit is serving such population(s). Minnesota Housing will conduct its first monitoring inspection no later than the end of the second year of the compliance period.

3. A similar monitoring inspection will be conducted at least once every three years during the 15-year compliance period. Less frequent inspections may be conducted after the 15-year compliance period has expired. Minnesota Housing, at its sole discretion, reserves the right to conduct more frequent inspections.
4. All official project records or complete copies of such records, including IRS reporting forms, must be made available to Minnesota Housing upon request.
5. To accomplish its compliance monitoring responsibilities, Minnesota Housing will charge a per-unit monitoring fee beginning with the first credit year. The fee will be due annually throughout the compliance period and extended use period. Refer to Sections 4.02 and 9.05 of the Housing Tax Credit Compliance Guide for details on the fee amount. Minnesota Housing reserves the right to adjust the fee depending upon the requirements of the U.S. Treasury, IRS or Minnesota Housing's increased cost to monitor. The fee will be due in a manner and time as prescribed by Minnesota Housing. Minnesota Housing will provide prompt written notice to the owner of a low-income housing project if Minnesota Housing does not receive the annual certification and supporting documentation described above or discovers in an audit, inspection or review, or in some other manner, that the project is not in compliance (or Minnesota Housing cannot determine the project is in compliance because the owner will not cooperate with or respond to monitoring requests) with the provisions of Section 42 and the applicable Treasury Regulations. The owner will be given a period of time to make corrections and supply evidence to Minnesota Housing that corrections have been made. Minnesota Housing will file Form 8823, Housing Credit Agencies Report of Non-Compliance, with the IRS no later than 45 days after the end of the correction period regardless of whether the noncompliance has been corrected.
6. Properties that received an HTC Allocation in 1990 and later are subject to a minimum 15-year extended use period, which begins after the close of the 15-year compliance period. Compliance requirements and monitoring procedures for properties in the extended use period are contained in Chapter 9 of the HTC Compliance Guide.
7. All project owners must maintain records in accordance with IRS Treasury Regulation 1.42-5. Refer to Chapter 3 of the HTC Compliance Guide for details.

Y. Qualified Contract

All properties will be subject to a LURA with a term of 30 years or longer. Section 42(h)(6)(E)(i)(II) of the IRC created a provision that housing credit agencies respond to the request for presentation of a Qualified Contract for HTC developments with expiring compliance periods. The request for presentation of a Qualified Contract is a request that the housing credit agency find a buyer (who will continue to operate the property as a qualified low-income property) to purchase the property for a qualified contract price pursuant to IRS regulations. If the housing credit agency is unable to find a buyer within one year, the extended-use period is terminated, subject to a three-year period following its termination, where existing low-income tenants cannot be evicted or have their tenancy terminated, other than for good cause, and rents cannot exceed the allowable HTC rent limits.

Owners of properties that receive 4% or 9% HTCs are required by Minnesota Housing to waive the right to request a Qualified Contract.

Z. Tenant Selection Plan

Minnesota Housing requires that a Tenant Selection Plan (TSP) be readily available to anyone interested in such TSP for review and/or retention. Minnesota Housing will not develop or provide a TSP to owners or management companies. The TSP must be developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines document, which is published on Minnesota Housing's website.

AA. Other Conditions

No member, officer, agent or employee of Minnesota Housing will be personally liable concerning any matters arising out of, or in relation to, the allocation, award or monitoring of HTCs.

BB. Amendments and Revisions to the Qualified Allocation Plan

This QAP has been prepared to comply with Section 42 and applicable state and federal requirements. The QAP is subject to modification or amendment at any time to help ensure that the provisions conform to the requirements of the IRC and other federal and state requirements, to make population and date changes as needed, to facilitate the allocation of HTCs that would not otherwise be allocated, and to address unforeseen circumstances.

Minnesota Housing may make non-substantive administrative modifications to provisions of the QAP not mandated by Section 42 to the extent deemed necessary to facilitate the administration of the HTC program.

A substantive amendment to this QAP will occur only after public notice and public hearing. Any substantive amendments will require approval of the Minnesota Housing board and the governor or appropriate approval entity. Non-substantive amendments may be made by the Minnesota Housing board. The Minnesota Housing board is authorized to waive any conditions of this QAP that are not mandated by Section 42 on a case-by-case basis for good cause shown. Written explanation will be made available to the general public via the Minnesota Housing website for any Allocation or Award of HTCs that is not made in accordance with Minnesota Housing's established priorities and selection criteria.

To the extent that anything contained in the QAP does not meet the minimum requirements of federal law or regulations, such law or regulation will take precedence.

Chapter 3 – Federal Program Requirements

A. Eligible Activities

Eligible activities for HTCs include new construction, rehabilitation or acquisition with rehabilitation.

B. Applicable Percentage

There are two levels of applicable percentage, depending upon whether the building is new or existing, whether there are rehabilitation expenditures and whether the buildings are federally subsidized.

1. **New Buildings and Qualifying Rehabilitation Expenditures (if neither is federally subsidized):** With respect to new buildings or qualifying rehabilitation expenditures that are not subsidized, the applicable percentage is an amount resulting in aggregate HTCs having a present value of 70% of qualified basis. Traditionally, this has resulted in an HTC percentage of approximately 9%.
2. **New Buildings and Qualifying Rehabilitation Expenditures that are Federally Subsidized and Existing Buildings:** With respect to new buildings and qualifying rehabilitation expenditures that are federally subsidized and the acquisition of existing buildings that are rehabilitated, the applicable percentage is an amount that results in aggregate HTCs having a present value of 30% of qualified basis. Traditionally, this has resulted in an HTC percentage of approximately 4%.

Applicants are strongly advised to consult closely with their HTC professionals (legal and tax) for guidance with respect to structuring a project to use either the 9% or the 4% HTC.

C. Qualifying Rehabilitation

Rehabilitation expenditure requirements are established both by state and federal law.

Under Section 42(e), rehabilitation expenses qualify for HTCs if the expenditures for each building:

1. Are able to be allocated to one or more low-income units or substantially benefit one or more low-income units; and
2. Are equal to the greater of:
    a. An average qualified basis amount per low-income unit for a building that meets the inflation adjusted amount published by the IRS annually in accordance with Section 42(e)(3)(D); or
    b. An amount that is not less than 20% of the adjusted basis of the building, as determined pursuant to Section 42(e)(3).

In addition to the Section 42(e) requirements, Minnesota Statutes, section 462A.221, subdivision 5 requires rehabilitation expenditures for the project of an average of at least $5,000 per unit.

It is necessary to acquire an existing building in order to incur qualifying rehabilitation expenditures with respect to that building. In such a case, the costs of acquiring the existing building may be eligible for the 30% present value HTC and the rehabilitation expenditures may be eligible for the 70% present value HTC.

D. Existing Buildings

Existing buildings must meet the requirements of Section 42(d)(2). In order for an existing building to qualify for the 30% present value acquisition HTC in connection with rehabilitation, the building must meet the 10-year requirement (10-year rule), in accordance with Section 42(d)(2)(B) and have a period of at least 10 years between the date the building was acquired and the date it was last placed in service.

The 10-year rule also applies to existing HTC projects applying for a new Allocation of acquisition HTCs at the end of the original 15-year compliance period.

E. Exceptions to the 10-Year Rule

Exceptions to the 10-year rule are provided in Section 42(d)(6) for federally- or state-assisted buildings, certain low-income buildings subject to mortgage prepayment and buildings acquired from insured financial institutions in default. Certain other situations may be exempt from the 10-year rule, such as:

1. A person who inherits a property;
2. A government unit or qualified nonprofit group if income from the property is exempt from federal income taxation;
3. A person who gains a property through foreclosure (or instrument in lieu of foreclosure) of any purchase money security interest, provided the person resells the building within 12 months after placing the building in service following foreclosure; and/or
4. Single family residences that had no use during the prior 10-year period, except as an owner-occupied principal residence, will not be treated as being placed in service for purposes of the 10-year holding period. Note that although the 10-year rule does not apply, the property must still be rehabilitated to claim the acquisition costs of such a property.

F. Federal Subsidies

The determination of whether a building is federally subsidized is addressed in Section 42(i)(2). In general, a building is treated as federally subsidized if there is financing with interest that is exempt

from tax under Section 103 of the IRC, and the proceeds of which were used (directly or indirectly) in the building or its operation.

Federal grants are not to be taken into account in determining eligible basis. The eligible basis of a building must not include any costs financed with the proceeds of a federally funded grant.

Owners of a property receiving a federal subsidy have the option of treating the subsidy amount as if it were a federal grant and deducting the amount of the subsidy from the qualified basis or costs against which the amount of the HTC is calculated.

G. Federal Subsidy Layering Review

Section 911 of the Housing and Community Development Act of 1992 requires that specific procedures be followed for subsidy laying review when HTCs and HUD assistance are combined in a single project. Sponsors of projects that combine HUD assistance and HTCs should be aware that a subsidy layering review must be completed for their projects and should contact Minnesota Housing to receive additional information prior to submitting their application.

Suballocators are responsible for ensuring that subsidy layering reviews are completed for developments within their jurisdiction where they are the Allocating Agency.

Subsidy layering review is required for, but not limited to, the following programs:

1. HUD Risk Sharing Insurance
2. Section 8 Project-Based Rental Assistance
3. HOME Investment Partnerships Program (HOME)
4. National Housing Trust Fund (NHTF)

H. Minimum Set-Aside Election

Applicants must set aside a minimum number of units that meet both rent and income restrictions to qualify for HTCs for each year of the HTC period. Multifamily Tax Subsidy Project (MTSP) income limits, which are published by HUD, are established for different geographical areas. A project must meet one of the following minimum tests no later than the close of the first year of the credit period and for the full term of the LURA:

1. **20/50 Test (20% at 50% MTSP):** To meet the 20/50 test, a minimum of 20% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50% MTSP income limit, adjusted for family size.

2. **40/60 Test (40% at 60% MTSP):** To meet the 40/60 test, a minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60% MTSP income limit, adjusted for family size.
3. **Average Income Test (AIT):** To meet the AIT, a minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose imputed income average at initial occupancy is at or below the 60% MTSP income limit, adjusted for family size. The set-aside allows projects to restrict a percentage of units at higher rent and income levels by agreeing to restrict a percentage of its units at lower rent and income levels. The allowable income and rent limit restrictions are the 20%, 30%, 40%, 50%, 60%, 70% and 80% MTSP limits. Only properties that are 100% HTC restricted are eligible to elect the AIT, and the owner must agree to and make a proper election per IRS instructions to treat all buildings as one multiple building project. If the AIT is elected, the owner also agrees to maintain the number of 20%, 30% and 40% units throughout the extended use period that it represented it its application. The required number of units will be set forth in the LURA and cannot be changed without Minnesota Housing's prior written approval. The units may float throughout the property, but the owner should be aware of potential fair housing concerns if the lower income and rent restrictions are not available in units with larger bedroom sizes.

After the initial HTC application has been submitted to Minnesota Housing and the project has been selected, the minimum set-aside cannot be changed without Minnesota Housing's prior written approval. Owners must demonstrate good cause for requesting a change. Once the IRS Form 8609(s) are filed with the IRS, the minimum set-aside election is irrevocable.

All HTC units must comply with the respective minimum set-aside income and rent election. For example, for a 20/50 minimum set-aside, if a building's applicable fraction is 100%, all units must have an income and rent restriction at or below 50% MTSP.

The actual number of restricted units within the project must be consistent with the initial applicable fraction selected at the time of application. Also, the IRS defines each building as a separate project unless the owner elects to treat certain buildings as a multiple-building project on IRS Form8609. Refer to the 8609 instructions for making a multiple-building election on IRS Form 8609.

The AIT is not an available minimum set-aside election under IRC Section 142 for tax-exempt bonds. Owners of properties financed with tax-exempt bonds may elect the AIT for the HTC Allocation but will have to comply with the 20/50 or 40/60 minimum set-aside for bonds **AND** the AIT minimum set-aside for HTCs.

I. Affordable Rents

The rent restrictions for the units are governed by Section 42 and regulations, rulings and other announcements by the IRS. The following summary is not intended to be comprehensive. A violation of the tenant income or rent restrictions in Section 42 may result in project ineligibility or a reduction in basis and/or HTC amount.

For a unit to count as a low-income unit, the gross rent may not exceed 30% of the imputed tenant income limitation. The imputed income limitation applicable to a unit equals the permissible income limitations that would apply if the number of individuals occupying the unit were:

1. One individual in the case of a studio apartment; and
2. 1.5 individuals per bedrooms in the case of a unit with one or more separate bedrooms.

Therefore, the rent restrictions applicable to a low-income unit are determined by which test is elected and how many bedrooms are contained in the unit. Current income limits, as published by HUD, for Minnesota counties are described in the Rent and Income Limits tables found on the Housing Tax Credit page of the Minnesota Housing website.

For HTC compliance purposes, “gross rent” means all payments by the tenant, including non-optional charges and payments for utilities other than telephone and cable. If the tenant pays utilities directly, the maximum rent that can be paid to the landlord is reduced by a utility allowance. IRS Treasury Regulation 1.42-10 Utility Allowance, as amended, provides guidance relating to utility allowances and lays out options for establishing them.

The following is a summary of the sources of utility allowances:

1. USDA Rural Housing Service (RHS) financed projects, or units with tenants receiving RHS assistance, must use the RHS utility allowance.
2. HUD regulated buildings must use the HUD utility allowance (project-based HUD financing).
3. Any individual apartments occupied by residents who receive HUD assistance (Section 8 Existing, etc.), must use the HUD utility allowance from the Public Housing Authority (PHA) administering the assistance.
4. For Section 42 buildings without RHS or HUD assistance, the following options may be used:
    a. A PHA utility allowance from the local housing authority administering Section 8 Housing Choice Vouchers for the area in which the property is located;
    b. A utility company estimate;
    c. An Average of Actual Consumption using methodology described in the HUD published Multifamily Notice H2015-4A HUD Utility Schedule Model; or
    d. An Energy Consumption Model using an energy and water and sewage consumption and analysis model.

The HTC Compliance Guide provides additional information and instructions for implementing utility allowances.

Federal, state and local rental assistance payments (such as Section 8 payments) made on behalf of the tenant are not included in gross rent.

Additional rent restrictions may apply if the Allocation or Award of HTCs was made based on such additional restrictions.

J. Tenant Eligibility

To be a low-income unit for purposes of determining the qualified basis, the tenant must have income at or below 50% of the applicable MTSP income limits if the 20/50 test is elected or 60% of MTSP income limits if the 40/60 test is elected. If the AIT is elected, the tenant must have income at or below the correct percent of MTSP income limits according to unit designation. The allowable income limit restrictions under the AIT are the 20%, 30%, 40%, 50%, 60%, 70% and 80% MTSP limits. The unit must be rent restricted as set forth above, and the unit must be suitable for occupancy.

The combined household income of all tenants occupying an HTC eligible unit must be less than or equal to the elected income requirements as shown on Rent and Income Limits. Section 42 does not allow households comprised of full-time students to qualify as low-income units unless certain exceptions are met. There are five exceptions to the limitation on households where all members are full-time students. Full-time student households that are income eligible and satisfy one or more of the following conditions are considered eligible:

1. Students are married and entitled to file a joint tax return. A married couple that is entitled to file a joint tax return, but has not filed one, still satisfies the exception;
2. The household consists of a single parent with child(ren), the parent is not a dependent of someone else and the child(ren) is/are not dependent(s) of someone other than a parent;
3. At least one member of the household receives assistance under Title IV of the Social Security Act (formerly Aid to Families with Dependent Children (AFDC), now known as Temporary Assistance for Needy Families (TANF), or in Minnesota, the Minnesota Family Investment Program (MFIP));
4. At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state or local laws; or
5. At least one member of the household was previously in foster care.

Households are required to certify student status annually, no later than the anniversary date of the previous certification. Refer to Section 5.11 of the HTC Compliance Guide and Chapter 17 of the IRS

Guide for Completing Form 8823, Low-Income Housing Credit Agency's Report of Noncompliance or Building Disposition Audit Technique Guide, for additional guidance.

K. Eligible Basis

In general, the eligible basis of a building is equal to the building's adjusted basis for acquisition, rehabilitation or construction costs for the entire building, subject to certain conditions and modifications set forth in Section 42(d). As a general rule, the adjusted basis rules of IRC Section 1016 apply, with the exception that no adjustments are made for depreciation. Some of the special provisions for determining eligible basis under Section 42(d) are:

1. The eligible basis may be increased for new buildings and rehabilitation to existing buildings that are located in designated QCTs, DDAs or in 9% HTC developments utilizing the state designated basis boost. See Chapter 2.Q.
2. The cost of the non-low-income residential units in a building is included in eligible basis only if the quality of those units does not exceed the average quality of the low-income units. If the cost of a non-low-income unit exceeds the cost of a low-income unit (using the average cost per square foot and assuming the same size) by more than 15%, the entire cost of the non-low-income unit must be excluded from the building's eligible basis. If the excess cost is not more than 15%, the owner may make an election to exclude only the excess cost of the non-low-income unit(s) from eligible basis.
3. The cost of depreciable property used in common areas or provided as comparable amenities to all residential units (e.g., carpeting and appliances) is included in determining eligible basis. The cost of tenant facilities (e.g., parking, garages and swimming pools) may be included in eligible basis if there is no separate charge for use of the facilities and they are available to all tenants in the project.
4. The cost of a community service facility is included in basis only if the building is located in a QCT. The eligible basis of that facility must not exceed 25% of the first $15 million of eligible basis plus 10% of additional basis in the project. All community service facilities that are part of the same qualified low-income housing project will be treated as one facility. A community service facility is defined as a facility that is part of the qualified low-income housing project designed to serve primarily individuals, including tenants and non-tenants, whose income is 60% or less of area median income.
5. Eligible basis is reduced by federal grants, residential rental units that are above the average quality standard of the low-income units, historic rehabilitation credits and nonresidential rental property. Buildings located in areas designated as a QCT, DDA or developments utilizing the state designated basis boost may qualify for an increase in eligible basis.

L. Qualified Basis

Qualified basis is the portion of the eligible basis applicable to low-income housing units in a building. Qualified basis is the product of a building's eligible basis multiplied by the applicable fraction.

M. Applicable Fraction

The applicable fraction is the lesser of:

1. The unit fraction, which is the number of low-income units in a building divided by the total number of residential rental units in the building; or
2. The floor space fraction is the total floor space of the low-income units in the building divided by the total floor space of the residential rental units in the building.

A full-time resident manager's unit is not considered a residential unit and shall be excluded from the numerator and denominator for calculating the applicable fraction.

At initial application and at carryover, the **estimated project applicable fraction** will be used. It is calculated by project in order to obtain a rough estimate of the percentage of eligible units and square footage needed and an estimate of the total amount of HTCs necessary for a particular project.

At the time that the placed in service application for 8609 is made, the **targeted applicable fraction for each building** is calculated. The targeted applicable fraction is determined on a building-by-building basis. Each building in a multiple building development could have a different applicable fraction. Because the estimated project applicable fraction is approximate, the targeted applicable fraction calculated by building will frequently differ unless the project has a 100% applicable fraction. The targeted applicable fraction is also listed as part of the extended use criteria in the LURA, which is recorded and remains with the property.

N. Annual HTC Amount

The HTC is available each year for 10 years. The amount of HTCs allocated or awarded is based on the qualified basis multiplied by the applicable percentage. However, Section 42(m)(2) requires Minnesota Housing to limit the amount of HTCs to the amount necessary to help ensure project feasibility under the rules established by the IRS; therefore, the actual amount of HTCs allocated or awarded could be less than the maximum allowable if the analysis reveals the project would still be feasible with fewer HTCs.

The IRS publishes the applicable percentages on a monthly basis. These figures are used to calculate the maximum allowable annual HTC amount for which the project will be eligible (also refer to Chapter 3.B.).

O. Declaration of Land Use Restrictive Covenants

As a condition of receiving HTCs, a project will be subject to a Declaration of Land Use Restrictive Covenants (LURA) between the owner and Minnesota Housing through which the owner commits the building(s) to low-income use for an extended use period of at least 15 years after the conclusion of the 15-year compliance period (a total of 30 years). The owner can elect to extend the term of the LURA and Section 42 income and rent restrictions up to 50 years. Owners of properties that receive 4% or 9% HTCs are required by Minnesota Housing to waive the right to request a Qualified Contract (refer to Chapter 2.Y.).

The LURA terminates upon foreclosure of the building (or deed in lieu of foreclosure) unless the IRS determines that such acquisition is part of an arrangement with the taxpayer, a purpose of which is to terminate such period.

Throughout the term of the LURA and for a three-year period after the termination or expiration of the LURA, the owner must not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and must not increase the gross rent above the maximum allowed under the IRC with respect to such low-income unit.

The LURA must be recorded in accordance with Section 42(h)(6) as a restrictive covenant and submitted to Minnesota Housing prior to Minnesota Housing issuing the IRS Form 8609. The LURA will set forth the commitments made by the owner to Minnesota Housing in obtaining points, including any additional long term requirements placed upon the building at the time of Selection. Non-compliance with the LURA may result in serious penalties, including but not limited to HTC disallowance or recapture and ineligibility for Minnesota Housing resources, including HTCs. Both Minnesota Housing and certain prospective, current or former tenants have, in addition to all other remedies provided by law or in equity, the right to enforce specific performance of the LURA. At its sole discretion, Minnesota Housing reserves the right to waive any criteria or requirement not required by law.

P. Ineligible Properties

Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, trailer park or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HTCs under Section 42. Projects with buildings having four or fewer residential units must comply with Section 42(i)(3)(C).

Q. Passive Loss Restrictions

There is a limit on the amount of HTCs any individual may effectively use due to passive loss restrictions and alternative minimum tax provisions. Consult your tax attorney or accountant for clarification of this regulation.

R. State Credit Ceiling Limits

Each state is limited to the amount of 9% HTCs it may allocate annually. An estimate of Minnesota's annual credit ceiling is published on Minnesota Housing's website prior to allocation in Round 1.

Projects financed by tax-exempt volume limited bonds that are subject to a separate volume limitation are not counted against the state HTC credit ceiling (refer to Chapter 7 for further details).

S. Loss of Credits

Minnesota Housing reserves the right to cancel a Selection or Allocation of HTCs to projects that do not provide evidence satisfactory to Minnesota Housing of progress toward completion of the project in accordance with the project schedule or noncompliance with the terms of the Selection or Allocation.

Part of the HTCs will also be disallowed or recaptured by the IRS if the qualified basis at the close of any year is less than the amount of such basis at the close of the preceding taxable year or if the minimum number of qualified low-income units is not maintained for the complete extended use period.

T. Market Study

IRC Section 42(m)(1)(A)(iii) requires that all HTC projects conduct a comprehensive market study before an Allocation or Award is made. The study must examine the housing needs of low-income individuals in the area to be served by a developer's HTC project and must be conducted by a disinterested party, at the developer's expense, who is approved by the housing credit agency (refer to the Market Study Guidelines on Minnesota Housing's website).

U. Right of First Refusal

IRC Section 42(i)(7) permits qualified nonprofit organizations to hold a right of first refusal (ROFR) to purchase the property after the close of the compliance period. Minnesota Housing requires that all 4% and 9% HTC projects that involve ownership by a qualified nonprofit organization grant such a ROFR to the nonprofit, on the condition that the nonprofit continue to operate the project as an HTC project for at least the remaining term of the LURA. This includes all HTC projects that involve ownership by a qualified nonprofit organization, not only projects that receive HTC under the nonprofit set aside. Projects that elect Eventual Tenant Ownership as described in Chapter 3.W. are exempt from this requirement.

The ROFR permitted by Section 42(i)(7) is not the same as a right of first refusal under statutory, court-interpreted or common law. The ROFR cannot be conditioned upon receipt of a bona fide purchase offer from any party, including an unrelated third party. The ROFR purchase price must be calculated as

the minimum purchase price permissible under Section 42. This ROFR purchase price must not automatically include unpaid fees or loans and must be calculated by the project accountants and deemed final other than due to manifest error. The ROFR must be included in the partnership/operating agreement, must be recorded against the property and will be reflected in the HTC legal agreements and in the LURA.

V. Eventual Tenant Ownership

Minnesota Housing will review projects incorporating eventual tenant ownership (ETO) provisions in accordance with Section 42(h)(6), IRS Revenue Ruling 95-49 and Minnesota Housing's requirements. Projects that include ETO will receive a preference during the selection process when reviewing tie breakers (refer to Chapter 5.D.).

The LURA will contain provisions ensuring compliance with these ETO commitments by the owner, including a ROFR allowing tenants to purchase their units.

Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full term of the LURA (refer to the Eventual Tenant Ownership Guide on Minnesota Housing's website).

W. Contract Compliance, Equal Opportunity and Fair Housing Policy

It is the policy of Minnesota Housing to practice affirmative action to provide equal opportunity in all our projects, programs and other endeavors. Minnesota Housing's goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and Minnesota Housing's external partners.

Purpose

The purpose of this policy is to make Minnesota Housing's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

Goals

Our goal is to make certain that Black-, Indigenous-, People of Color-owned business enterprises and women-owned business enterprises have equal access to business opportunities resulting from Minnesota Housing-assisted developments. Minnesota Housing expects that projects that receive Allocations or Awards of HTC from Minnesota Housing will comply with the marketing and outreach

requirements and performance goals described in the Multifamily Division Black, Indigenous, and People of Color-owed Business Enterprise and Women-owned Business Enterprise Compliance Standards available on the Minnesota Housing website.

Requirements

Minnesota Housing is required to comply with all applicable local, state and federal laws. These requirements extend to everyone that Minnesota Housing does business with, either by contractual agreement or as a Minnesota Housing policy.

Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;

- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and require those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan (AFHMP) at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of receiving HTC through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

X. Occupancy Restrictions

Under the HTC general public use requirement, residential rental units must be for use by the general public, which incorporates HUD housing policy governing non-discrimination. Residential units provided only for a member of a social organization or provided by an employer for its employees are not considered use by the general public and are examples of restrictions not allowed under the HTC program. Minnesota Housing has an obligation to affirmatively further fair housing, and occupancy restrictions must comply with the Fair Housing Act, the Minnesota Human Rights Act and other civil rights laws. Projects must also comply with any occupancy restrictions imposed in connection with any other funds provided by Minnesota Housing. Age-related occupancy restrictions or preferences will be approved only if set out in the QAP or if the property qualifies as housing for older or elderly persons under the Fair Housing Act, the Minnesota Human Rights Act and their federal regulations.

Chapter 4 – Development Standards

All applications to Minnesota Housing for HTCs will be evaluated according to the following standards. (Small projects, local Community Development Initiative projects and projects developed in a DDA may be considered eligible for variances from these standards, if justified).

A. Project Cost Reasonableness

Minnesota Housing will evaluate the costs of each proposed project in comparison to current comparable projects to determine whether the proposed costs are reasonable, taking into consideration unique characteristics of the project and its comparability to similar projects. Additional documentation will be required if the proposed costs are not comparable or reasonable.

HTC projects are subject to Minnesota Housing's Development Costs and Predictive Cost Model policy. Minnesota Housing will use its Predictive Cost Model to test cost reasonableness for all projects. The model uses cost data from properties that have received Minnesota Housing funding or HTC, industry cost data from RSMeans and a regression analysis to predict total project costs. Based on a project's characteristics (type of development activity, building type, building characteristics, average unit size, project size, project location, population served, financing, etc.), the model predicts the total development costs. If a project's proposed costs exceed the applicable threshold set out in board policy, board action may be required. Developments with costs above the Predictive Cost Model may be notified and, if requested by the owner, will follow Minnesota Housing's process to determine if a waiver will be granted.

Minnesota Housing will evaluate the cost reasonableness of proposed acquisition costs through an as-is appraisal. Refer to the Minnesota Housing Multifamily Underwriting Standards for additional as-is appraisal requirements and details.

Minnesota Housing reserves the right to reject applications that appear, at Minnesota Housing's sole discretion, to have excessive costs or to size an Allocation or Award based on the lesser of the option/purchase agreement purchase price or the appraised value of the property.

B. Eligible Basis HTC Fees

Minnesota Housing will limit the amount of developer fees and general contracting fees (contractor's profit, general requirements, contractor's overhead) based on the requirements contained in the Minnesota Housing Multifamily Underwriting Standards for the purposes of calculating eligible basis to determine the amount of HTCs.

Syndication-related consultant fees are not to be included in the eligible basis of the project.

C. Reserves/Contingencies

Minnesota Housing will require documentation of the amount and disposition of reserves/contingencies. If they revert back to the developer, general partner/managing member or any entity with an ownership interest in the project, Minnesota Housing will consider the reserves/contingencies as deferred developer fees and the above limits will apply. For letters of credit, bonds, etc., use the actual cost, not face value, when completing the development cost section of the Multifamily Workbook.

D. Comparative Analysis

Notwithstanding these development standards and the selection criteria within this QAP, each proposed project is analyzed on a comparative basis in a variety of categories to ensure the highest value for the HTCs allocated and awarded.

E. Property Standards

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost-effective durable building materials and systems and that minimizes the consumption of natural resources during construction, and in the long-term maintenance and operation.

All completed developments **must** comply with the Minnesota Overlay to the Enterprise Green Communities Criteria and Minnesota Housing's Rental Housing Design/Construction Standards. **Significant adjustments to these standards require prior approval from Minnesota Housing**

Additional design requirements will also be imposed if a developer claims and is awarded certain points on the Self-Scoring Worksheet (refer to Chapter 6).

The owner and architect must certify compliance with all required Minnesota Housing Rental Housing Design/Construction Standards, and where points have been awarded, that all applicable standards and development features have been incorporated into the final working plans.

Chapter 5 – Project Selection

A. First Round – Application Requirements

Minnesota Statutes, section 462A.222, subdivision 3(e) requires that all applications statewide applying for a portion of the state's HTC credit ceiling in Round 1 meet one of the following minimum threshold types. The threshold type that the applicant applies under will become part of the HTC Reservation and Commitment and will be included in the LURA. An Allocating Agency will allocate HTCs only to the following types of projects:

1. In the Metropolitan Area:
    a. New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units are single room occupancy, efficiency or one-bedroom units with rents affordable to households whose income does not exceed 30% of the area median income;
    b. New construction or Substantial Rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms; and
    c. Substantial Rehabilitation projects in neighborhoods targeted by the city for revitalization.
2. Outside the Metropolitan Area:
    a. Projects that meet a locally identified housing need and which are in short supply in the local housing market, as evidenced by credible data submitted with the application.
3. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the LURA), a percentage of the units are set aside and rented to persons:
    a. With a serious and persistent mental illness as defined in Minnesota Statutes, section 245.462, subdivision 20, paragraph (c);
    b. With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (8), as amended through December 31, 1990;
    c. Who have been assessed as drug dependent persons as defined in Minnesota Statutes, section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes, section 254A.02, subdivision 2;
    d. With a brain injury as defined in Minnesota Statutes, section 256B.093, subdivision 4, paragraph (a); or

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

4. Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use or (2) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies.
5. Projects financed by Rural Development, which meet statewide distribution goals.

B. Strategic Priority

To be eligible for HTCs from the state's credit ceiling, a developer must demonstrate that the project meets at least one of the HTC statutory strategic priorities or a strategic objective in Minnesota Housing's Strategic Plan. Residential rental housing projects financed with an allocation of tax-exempt bonds under Minnesota Statutes, chapter 474A are the highest strategic priority for tax credits in accordance with Minnesota Statutes, section 462A.222, subdivision 3(d) and such projects need not meet a separate strategic priority.

C. Selection and Preference Criteria

All HTC applications are scored and/or reviewed in accordance with the Selection Criteria and Preference Criteria required by Section 42 and Minnesota Housing.

To be eligible for HTCs from the state's credit ceiling under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **80 points** in the Self-Scoring Worksheet. This excludes projects funded through the RD/Small Projects set-aside, which must be eligible for no less than **30 points.**

To be eligible for HTCs in association with tax-exempt volume limited bonds under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than **40 points** in the Self-Scoring Worksheet.

For applicants requesting HTCs from the state's credit ceiling, Minnesota Housing will first rank proposals. The highest-ranking proposals will then be reviewed in accordance with the project selection requirements described in sections E through K of this chapter. Minnesota Housing reserves the right to reject applications not meeting these project selection requirements or to revise proposal features and decrease associated scoring, to help ensure the project meets the requirements. Lower ranking proposals will only be processed further if HTC remain available after the higher-ranking proposals are processed. Minnesota Housing may elect, at its sole discretion, not to give partial HTCs

to a higher-ranking application but to give the HTCs to the next ranking application that can use the balance of the HTCs.

Selection Criteria consist of the following:

1. Large Family Housing;
2. Senior Housing;
3. Permanent Supportive Housing for Households Experiencing Homelessness: High Priority Homeless and Other Homeless;
4. People with Disabilities;
5. Preservation;
6. Rental Assistance: Project-Based Rental Assistance and Further Restricting Rental Assistance;
7. Serves Lowest Income Tenants/Rent Reduction;
8. Long-Term Affordability;
9. Access to More Affordable Housing;
10. Workforce Housing Communities;
11. Transit and Walkability;
12. Community Development Initiative;
13. Equitable Development;
14. Rural/Tribal;
15. Qualified Census Tracts/Community Revitalization or Tribal Equivalent Area;
16. Multifamily Award History;
17. Black-, Indigenous-, People of Color-owned Business Enterprises- or Women-owned Business Enterprises (BIPOCBE/WBE);
~~17.~~18. Local Actions to Support Housing;
~~18.~~19. Financial Readiness to Proceed/Leveraged Funds;
~~19.~~20. Other Contributions;
~~20.~~21. Intermediary Costs;
~~21.~~22. Innovative Construction Techniques;
~~22.~~23. Universal Design;
~~23.~~24. Enhanced Sustainability;
~~24.~~25. Sponsor Characteristics – Non-scoring selection criteria; and
26. Public Housing waiting lists – Non-scoring selection criteria.

Preference Criteria consist of the following:

1. Serves Lowest Income Tenants/Rent Reduction;
2. Rental Assistance: Project-Based Rental Assistance and Further Restricting Rental Assistance;
3. Long-Term Affordability;
4. QCT/Community Revitalization or Tribal Equivalent Areas; and

5. Eventual Tenant Ownership – Non-scoring selection criteria.

D. Tie Breakers

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

1. **First tie breaker:** Priority will be given to the project with the greater number of points in Preference Criteria; if a tie still remains;
2. **Second tie breaker:** Priority will be given to the project that will have an Eventual Tenant Ownership component; if a tie still remains;
3. **Third tie breaker:** Priority will be given to a project located in a city, township or tribal reservation that has not received an Allocation of HTC from the annual credit ceiling from Minnesota Housing in the last two years; if a tie still remains;
4. **Fourth tie breaker:** Priority will be given to the project with the highest percentage of funds secured, awarded or committed, as measured by the Financial Readiness to Proceed/Leveraged Funds selection criterion; if a tie still remains;
5. **Fifth tie breaker:** Priority will be given to the project with the lowest percentage of intermediary costs as measured by the Intermediary Costs selection criterion; if a tie still remains;
6. **Sixth tie breaker:** Priority will be determined by lot.

E. Market Review

Minnesota Housing will conduct a market review (to determine the housing needs of low-income individuals in the area to be served by the project. Minnesota Housing will evaluate the in-house occupancy data to determine the marketability of the proposed project. Minnesota Housing may contact the applicant if there is a question as to the marketability of the proposed projects. The applicant may be given an opportunity to adjust the unit mix and/or number of units and resubmit information prior to Minnesota Housing scoring of selection priority points.

Minnesota Housing may consult with local communities, Public Housing Authorities (PHAs), Housing and Redevelopment Authorities (HRAs), RD and HUD to determine the marketability of projects. If, in the opinion of Minnesota Housing, the issuance of the HTCs to a project could be detrimental to existing rental property, Minnesota Housing may choose not to issue HTCs to the applicant. Proposed projects that do not appear marketable and do not modify their proposal will not receive further consideration in the current funding round.

F. Design Review

The proposed owner and architect must certify compliance with all required development features outlined in Chapter 5 of the Minnesota Housing Rental Housing Design/Construction Standards before the project will be scored and ranked (refer to Chapter 4.E.).

G. Development Team Review

Minnesota Housing will also consider the following factors when evaluating an application for an HTC Allocation or Award:

1. The ability and capacity of the development team to proceed expeditiously to complete the proposed development and any previously selected projects still in process;
2. The prior record of the development team in meeting Minnesota Housing and IRS reporting requirements; and
3. The experience of the development team in developing and managing similar residential housing.
4. The development team's successful management of projects in its portfolio and in compliance with Minnesota Housing's compliance policies, procedures or requirements.

Proposed projects from applicants that do not appear to have the experience, capacity or ability will not receive further consideration in the current funding cycle.

H. Site Review

Minnesota Housing staff may conduct a site inspection for each project passing the project selection requirements described in this chapter for consistency with the principles of sound, affordable housing developments. Site inspections may be conducted to analyze physical characteristics; the surrounding property and community; the location of schools, shopping, public transportation, employment centers, community and housing service facilities; availability of utilities, water and sewage treatment facilities; and the suitability of the site for the proposed housing.

For purposes of Minnesota Housing's investment in affordable housing, the principles are as follows:

1. **Linkage:** Housing development must be part of a comprehensive community development effort that links housing, jobs, transportation, recreation, retail services, schools and social and other services.
2. **Jobs:** Housing is part of the infrastructure necessary to sustain economic vitality. New housing must be located near jobs and in areas of job growth and must address housing needs of the local work force. Preference will be given to proposals that provide housing in communities with job growth.

3. **Land Use:** Housing must be developed to maximize the adaptive reuse of existing residential rental buildings and the use of existing infrastructure, where financially feasible. In cases of new developments, housing must maximize the efficient use of land and infrastructure and minimizes the loss of agricultural and green space.
4. **Transportation:** Housing must be developed near regional and interregional transportation corridors and transit ways.

Minnesota Housing will consider, but is not limited to, the following environmental criteria when evaluating a proposed site:

1. Noise;
2. Flood plains and wetlands;
3. Site safety;
4. Toxic and hazardous waste;
5. Underground storage tanks; and
6. Asbestos and lead-based paint.

Minnesota Housing may, at its sole discretion, reject applications or cancel an Award or Allocation of HTCs from projects that appear unsuitable for the housing proposed.

I. Multifamily Underwriting Standards

Proposals must meet all applicable Multifamily Underwriting Standards to receive an Allocation or Award of HTCs. The Multifamily Underwriting Standards will be used by Minnesota Housing for underwriting and sizing of the HTC Allocation or Award.

All operating assumptions, including for rent, vacancy, operating expenses, reserves, inflation assumptions and debt coverage ratios, must be consistent with the requirements of the Underwriting Standards. The structure of the development budget, including acquisition price; architect, general contracting and developer fees; sales tax and energy rebates; as well as construction contingency, must also meet the Underwriting Standards.

Refer to the Minnesota Housing Multifamily Underwriting Standards and Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2 for additional information and requirements.

J. Financial Feasibility

Proposals that meet the project selection requirements will be evaluated for financial feasibility as required by Section 42(m)(2), IRS Treasury Regulation 1.42-17(a)(3) and Chapter 2.N. Projects determined not to be financially feasible will not be processed further in the current funding cycle.

An application's structuring may be revised by Minnesota Housing during this review to help ensure financial feasibility and/or to meet required components of the Multifamily Underwriting Standards, as applicable, and a reduction to the application’s scoring may occur as a result of these revisions.

K. Development Cost Review

Minnesota Housing will review project costs based on comparability and reasonableness. Minnesota Housing may, at its sole discretion, reject applications that appear to have excessive project costs (also refer to Chapter 4.A. Project Cost Reasonableness).

Chapter 6 – Submission Requirements

It is the applicant's responsibility to be aware of the submission requirements needed to proceed to the next step in obtaining an HTC Allocation or Award. If the applicant is unable to meet the submission requirements (financing, zoning, site control, syndication, construction start, etc.) in a timely manner, or if approvals have expired, the application will no longer be processed, and the application fee will be forfeited. **Any submissions not meeting the requirements below will be returned to the applicant and fees paid will not be refunded.**

A. Application Requirements

Required HTC application materials are incorporated into the Application Checklist in the Multifamily Customer Portal (Portal), including the Intent to Apply, which is due in advance of the application. The Multifamily Consolidated RFP Standards and the Scoring Guide provide comprehensive resources for these application materials and submittal instructions. The Multifamily and Housing Tax Credit application materials can be found in the Portal and on Minnesota Housing's Application Resources and Housing Tax Credits webpages (www.mnhousing.gov).

If a Minnesota Housing multifamily first mortgage and/or deferred loan are sought in conjunction with the HTC application, many HTC forms and submissions are identical to the forms and submissions required for other Minnesota Housing funding sources under the Multifamily Consolidated RFP or open pipeline.

A complete application must be submitted no later than each of the application due dates in order to be considered for Selection, within the applicable competition.

Minnesota Housing will base its Selection decision upon the application and attachments received on the application due date. Minnesota Housing reserves the right, in its sole discretion, to request additional information or deem an error related to an application to be immaterial.

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

Upon receipt of an application, as required by federal law, Minnesota Housing will notify the Chief Executive Officer (or the equivalent) of the local jurisdiction where the proposed project is planned. This notification will include characteristics of the proposed HTC project and provide an opportunity for the local unit of government to comment on the project.

Much of the information submitted in an application for HTCs is information that is accessible to the public pursuant to Minnesota Statutes, chapter 13.

Self-Scoring Worksheet

The Self-Scoring Worksheet and the Scoring Guide provide comprehensive resources for the documentation materials and submittal instructions.

Minimum Threshold Evidence

For Round 1, all 9% HTC projects are required to provide evidence of meeting one of the threshold types defined in Chapter 5.A. Copies of this QAP and a sample letter format can be found in the Housing Tax Credit Allocation or Housing Tax Credits Reference Materials sections. In meeting the requirements of the minimum thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to next whole unit.

Local HRA/PHA Certification

Section 42 of the IRC requires an Allocating Agency to give preference to owners that agree to utilize the local HRA or PHA waiting list to identify eligible individuals and households to fill vacant units. Applicants applying for HTCs must sign a certification agreeing to utilize the public housing and Section 8 waiting lists as applicable.

People with Disabilities Performance Requirement Relief Provisions

Specific performance requirement relief provisions are available for projects receiving points under the People with Disabilities Selection Criterion of the Self-Scoring Worksheet for PWD Units.

If, for a particular unit meeting the criteria and receiving points under the People with Disabilities Selection Criterion (PWD Unit(s)), the necessary rental assistance or operating support (collectively PWD Unit Subsidy) is 1) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; 2) such withdrawal or termination materially adversely impacts the financial feasibility of the project; 3) alternative funding is unavailable; and 4) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected PWD Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items 1), 2) and 3) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such PWD Unit(s) as PWD Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If

such conversion occurs, in order to retain the Allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time after approving such relief, in its sole discretion, determines that a PWD Unit Subsidy may be available for the remainder of the HTC compliance and extended use periods that would not adversely affect the full availability of the HTC Allocation and would permit the PWD Unit(s) to again serve PWD households, then, at Minnesota Housing's request, the owner shall promptly apply for such PWD Unit Subsidy for the affected PWD Unit(s), upon terms reasonably acceptable to such owner. If such PWD Unit Subsidy is obtained, the owner shall again set aside such PWD Unit(s), when and to the extent then available, to people with disabilities needs qualifying individuals.

If, for a particular PWD Unit(s), the necessary tenant support services funding is 1) withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; 2) alternative funding or an alternative service provider is unavailable; and 3) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected PWD Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items 1) and 2) of this paragraph. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall modify its provision of such tenant support services for the affected PWD Unit(s) in a manner consistent with Minnesota Housing's modified requirements for the provision of tenant services for the PWD Unit(s), **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**.

If Minnesota Housing, at any time after approving such relief, in its sole discretion, determines that PWD Unit tenant support services funding may be available for the remainder of the HTC compliance and extended use periods that would not adversely affect the full availability of the HTC Allocation and would permit the affected PWD Unit(s) to again provide tenant support services to PWD households, then, at Minnesota Housing's request, the owner shall promptly apply for such PWD Unit tenant support services funding for the affected PWD Unit(s), upon terms reasonably acceptable to such owner. If such PWD Unit tenant support services funding is obtained, the owner shall resume providing PWD Unit tenant support services, when and to the extent then available, to people with disabilities needs qualifying individuals.

Evidence of Targeting Units for Permanent Supportive Housing for High Priority Homeless

In accordance with Minnesota's Plan to Prevent and End Homelessness, Minnesota Housing is the lead agency for the action plan to increase affordable and supportive housing units to address the housing

gap for people at risk of and experiencing homelessness. HTCs represent one of several resources identified to attain this goal. To receive points under Permanent Supportive Housing for High Priority Homeless, the proposal must meet all of the requirements contained in the Self-Scoring Worksheet.

High Priority Homeless Performance Requirement Relief Provisions

Specific performance requirement relief provisions are available for projects receiving points under the Permanent Supportive Housing for High Priority Homeless (HPH) selection criterion of the Self-Scoring Worksheet for HPH Units.

The following relief provisions may be considered for developments with HPH Units and are subject to Minnesota Housing approval:

1. An owner may request approval in writing from Minnesota Housing to prioritize filling a vacant HPH Unit(s) with the next highest need household in accordance with the Supportive Housing HPH prioritization procedure, as determined at the sole discretion of Minnesota Housing, if the HPH Unit(s) is unable to be filled with highest priority household on the permanent supportive housing list in the Coordinated Entry system.
2. If, after a minimum 60-day period, or other time period approved by Minnesota Housing when reasonable options have been exhausted, an HPH Unit(s) is unable to be filled by a household through the Coordinated Entry system or the prioritization process outlined above, temporary relief from the HPH Unit may be requested from Minnesota Housing to permit a non-HPH household to fill the unit. The next comparable available unit is subject to the HPH Unit requirements when a vacancy occurs.
3. If a particular HPH Unit(s) experiences unexpected loss of rental or operating support or tenant support services funding (collectively HPH Unit Subsidy) and meets the conditions below, the owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s):
    (i) The HPH Unit Subsidy was withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner;
    (ii) Such withdrawal or termination materially adversely impacts the financial feasibility of the project;
    (iii) Alternative funding or an alternative service provider is unavailable; and
    (iv) The project is otherwise in full compliance with all the terms of the funding for the project.

If all of the conditions of number three above are met, the owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be

unreasonably withheld or delayed, the owner shall no longer be required to treat such HPH Unit(s) as HPH Unit(s) but must convert the rents of those units to the 50% HTC rent limit; provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply. If such conversion occurs, in order to retain the Allocation, the above described 50% HTC rent limit and the IRC Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that an HPH Unit Subsidy may be available for the remainder of the HTC compliance and extended use periods, that would not adversely affect the full availability of the HTC Allocation and would permit the HPH Unit(s) to again serve households experiencing homelessness, then at Minnesota Housing's request, the owner shall promptly apply for such HPH Unit Subsidy for the homeless unit(s), upon terms reasonably acceptable to such owner. If such HPH Unit Subsidy is obtained, the owner shall again set aside such HPH Unit(s), when and to the extent then available, to households experiencing homelessness.

Serves Lowest Income Tenants/Rent Reduction Units Performance Requirement Relief Provisions

Specific performance requirement relief provisions are available for projects receiving points under the Serves Lowest Income Tenants/Rent Reduction selection criterion of the Self-Scoring Worksheet for 30% MTSP Units.

If, for a particular unit meeting the criteria and receiving points under the Serves Lowest Income Tenants/Rent Reduction selection criterion for further restricting rents to at or below 30% MTSP (30% Unit(s)), the owner may petition Minnesota Housing to eliminate its requirements for the affected Further Restricted Rental Assisted Units (FRRA Unit(s)). Such petition shall contain all material facts and supporting documentation substantiating the owner's request. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such 30% Unit(s) as 30% Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the Allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the HTC compliance and extended use periods.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that a 30% Unit may be available for the remainder of the HTC compliance and extended use periods that would not adversely affect the full availability of the Allocation and would permit the 30% Unit(s) to again restrict rents to the 30% HTC rent limit.

Rental Assistance Performance Requirement Relief Provisions

Specific performance requirement relief provisions are available for projects receiving points under the Rental Assistance selection criterion of the Self-Scoring Worksheet for units with project-based rental assistance and Further Restricting Rental Assistance units (collectively, RA Units).

If, for a particular unit meeting the criteria and receiving points under the Rental Assistance selection criterion for RA Unit(s), the necessary rental assistance or operating support (collectively RA Unit Subsidy) is 1) not renewed, withdrawn or terminated due to reasons not attributable to the actions or inactions of the owner; 2) such nonrenewal, withdrawal or termination materially adversely impacts the financial feasibility of the project; 3) alternative funding is unavailable; and 4) the project is otherwise in full compliance with all the terms of the funding for the project, the owner may petition Minnesota Housing to eliminate its requirements for the affected RA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating the owner's request including, but not limited to, items 1), 2) and 3) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, the owner shall no longer be required to treat such RA Unit(s) as RA Unit(s) but must convert the rents of those units to the 50% HTC rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**. If such conversion occurs, in order to retain the Allocation, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the project by the owner must be maintained for the remainder of the 15-year period.

If Minnesota Housing, at any time thereafter, in its sole discretion, determines that an RA Unit Subsidy may be available for the remainder of the 15-year period that would not adversely affect the full availability of the HTC Allocation, then at Minnesota Housing's request, the owner shall promptly apply for such RA Unit Subsidy for the RA Unit(s), upon terms reasonably acceptable to such owner. If such RA Unit Subsidy is obtained, the owner shall again set aside such RA Unit(s), when and to the extent then available, to income qualifying individuals.

B. Carryover Requirements

In addition to meeting requirements of federal law, the applicant of a selected project must provide no later than October 1 (or the next calendar business day if October 1 is not a business day) of the year in which the reservation was issued, a complete carryover package in final form containing all required documents in a form satisfactory to Minnesota Housing. Late fees will be enforced (refer to Chapter 8). All required carryover application materials are incorporated into the Carryover checklist and must be submitted through the Multifamily Customer Portal. See Appendix A for additional guidance.

New requests by applicants/developers to Minnesota Housing to apply the 30% state designated basis boost at the time of carryover application must be formally made in writing. The request must clearly

outline the reasons supporting the request and clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations. (Refer to Chapter 2.Q.)

C. Placed in Service/Application for Issuance of IRS Form 8609

Generally, the placed in service date for HTC purposes, for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date must occur for all buildings within a project by the due date required by Section 42, as may be extended by relief issued by the IRS.

Subsequent to the project being placed in service and prior to Minnesota Housing issuing an IRS Form 8609 for the project, the owner must submit an application for the issuance of IRS Form 8609 to Minnesota Housing. All required application materials are incorporated into the 8609 checklist in the Multifamily Customer Portal. If Minnesota Housing is the Allocating Agency, all required 8609 application materials must be submitted through the Multifamily Customer Portal. The owner may be required to submit an IRS Form 8609 fee based upon the requested annual HTC amount (refer to Chapter 8). See Appendix A for additional guidance.

A Minnesota Housing approved IRS Form 8609 must contain the signature of the authorized Minnesota Housing representative. Minnesota Housing will make reasonable efforts to issue an approved IRS Form 8609 within 60 days after all the required items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized Suballocator. An approved IRS Form 8609 must not be created by any other entity. The owner/agent must not file a IRS Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved IRS Form 8609. In addition, the owner/agent must not electronically file an IRS Form 8609 with the IRS that does not accurately reflect the information contained on the Minnesota Housing signed version of the approved IRS Form 8609 (also refer to Chapter 2.J. Unacceptable Practices). A condition to this effect will be added to the Carryover Agreement.

To optimize timely processing of requests for issuance of IRS Form 8609, it is recommended the owner make every effort to submit the complete 8609 application package to Minnesota Housing no later than 30 days following completion of the project and at least 60 days in advance of any required filing deadline. Applications that are not submitted within this timeframe may be considered late and subject to a fee (refer to Chapter 8).

If a complete 8609 application package is not received within 15 days of the last day of the first year of the HTC period, the application will be considered late and may be subject to a penalty and/or fee (refer to Chapter 2.J. and Chapter 8).

Chapter 7 – Projects Financed by Tax-Exempt Volume Limited Bonds Seeking HTCs

A. General

Section 42 of the IRC establishes a separate set of procedures to obtain 4% HTCs through the issuance of tax-exempt volume limited bonds.[3]

Section 42 (m)(1)(D) provides that in order for a project to receive an Award of HTCs through the issuance of tax-exempt volume limited bonds, the project must satisfy the requirements for allocation contained in the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a Suballocator QAP.

The project must comply with the QAP that is in effect for the calendar year in which tax-exempt volume limited bonds are issued sufficient, together with any tax-exempt volume limited bonds issued in a prior calendar year, to finance at least the required minimum percentage ~~50%~~ of the aggregate basis of the building and the land it is located on. The "required minimum percentage" is established by federal law and is subject to changes in federal law. For each project, Minnesota Housing will determine and apply the minimum percentage required by federal law in accordance with federal effective dates.

Subject to future changes in federal law, the following minimum percentages apply:

1. The required minimum percentage is 25%, if
    a. a project is placed in service after December 31, 2025, and
    b. at least 5% of the aggregate basis of the building and land is financed with bonds issued after December 31, 2025.
2. For all other projects, the required minimum percentage is 50%.

If a development was selected or selected for further processing for tax-exempt bonds with a 4% HTC financial structure through a previous Minnesota Housing Consolidated RFP, and satisfied pointing and

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

related requirements applicable to that Multifamily Consolidated RFP, the development may be deemed to meet the scoring and related requirements of the QAP in effect during the year in which the tax-exempt volume limited bonds are issued sufficient to finance at least the required minimum percentage ~~50%~~ of the aggregate basis of the building and the land that it is located on.

Developers must also be aware of the requirements of Minnesota Statutes, section 474A.047, including subdivision 1, which require the extension of existing HUD Housing Assistance Payment (HAP) contracts to the full extent available.

For projects to which the Minnesota Housing QAP applies, Minnesota Housing must make a determination that all requirements are satisfied. After this determination, Minnesota Housing will issue a preliminary determination letter. **Except as determined by Minnesota Housing, applications for this determination (42(m) application) must be submitted to Minnesota Housing at least 60 days prior to the issuance of the tax-exempt volume limited bonds sufficient, together with any tax-exempt volume limited bonds issued previously for the same project, to finance at least the required minimum percentage ~~50%~~ of the aggregate basis of the building(s) and land it is located on. Applications that are not submitted within this timeframe may be considered late and subject to a fee (refer to Chapter 8).**

The threshold type requirements in Chapter 5.A. do not apply to projects not receiving HTCs counted in the HTC credit ceiling for the state.

To receive the preliminary determination described above, the applicant must submit to Minnesota Housing all documents required for an application for HTCs as established by the Minnesota Housing QAP and any additional information requested. These documents are those required for an application for HTCs under Chapter 6.A. incorporated into the Application Checklist in the Multifamily Customer Portal and any additional information required by Minnesota Housing. The developer must also submit to Minnesota Housing the required application fees identified. See Appendix A for additional guidance.

B. Pre-Application for Projects Seeking an Allocation of Tax-Exempt Volume Limited Bonds from Minnesota Management and Budget (MMB)

Applicants may receive a Predictive Cost Model and scoring determination prior to requesting preliminary determination via the pre-application process. Pre-application is strongly encouraged in order to receive a determination prior to seeking an allocation of a portion of the state ceiling for tax-exempt volume limited bonds.

Preliminary Predictive Cost Model Determination

A Predictive Cost Model analysis can be pursued earlier than the submission of the 42(m) application. Applicants must submit the Predictive Cost Model determination document and will receive a

determination letter upon review. The letter will consist of Minnesota Housing's determination, the expiration date of the determination, the project's current percentage of the Predictive Cost Model and the project cap, beyond which a board action may be required, for per-unit costs. Developments with costs above the Predictive Cost Model will be notified and, if requested by the developer, will follow Minnesota Housing's process to determine if approval will be granted.

Preliminary Scoring Determination

Applicants **must** submit all required pre-application documentation a minimum of 30 days prior to the 42(m) application submittal in order for staff to make a preliminary determination of eligibility. Failure to submit all required pre-application materials may result in rejection of the pre-application.

Pre-application Documents:

1. Multifamily Workbook;
2. Self-Scoring Worksheet – Corresponding with the year in which bond issuance sufficient to meet the required minimum percent ~~50%~~ test is anticipated; and
3. Scoring Documentation.

If the project is determined to be eligible for the required minimum points, the applicant will receive a Preliminary Scoring Determination letter from Minnesota Housing that details the points awarded. This letter is to be submitted with the complete 42(m) application. The 42(m) application may only be submitted following an allocation of a portion of the state ceiling for tax-exempt volume limited bonds.

C. Application for Issuance of Preliminary Determination Letter

For projects in which Minnesota Housing is the Allocating Agency, the developer must submit an application fee (review fee) (refer to Chapter 8). In addition, if the issuer of the bonds is not Minnesota Housing, the 42(m) application must include evidence from the issuer that the project received an approval of an allocation of a portion of the state ceiling for tax-exempt volume limited bonds from the state of Minnesota and a preliminary determination issued by the issuer of the bonds addressing the HTC dollar amount and project costs pursuant to Section 42(m)(2)(D) of the IRC.

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

For projects to which the Minnesota Housing QAP applies, the determination by the issuer must be made in a manner consistent with Minnesota Housing's QAP. Evaluation of the issuer and Allocating Agency must consider in accordance with Section 42:

1. The sources and uses of funds and the total financing planned for the project;
2. Any proceeds or receipts expected to be generated by reason of tax benefits;
3. The percentage of the HTC dollar amount used for project costs other than the cost of intermediaries; and
4. The reasonableness of the developmental and operational costs of the project.

Section 42(h)(6)(C)(ii) provides that the HTC amount claimed for buildings financed by tax-exempt volume limited bonds by the taxpayer/owner under Section 42(h)(4) may not exceed the amount necessary to support the applicable fraction specified in the LURA for the buildings.

Based upon the submission of the 42(m) application, Minnesota Housing will prepare a letter with its preliminary determination pursuant to Section 42(m)(1)(D) as to whether the project satisfies the requirements and any additional conditions identified for an Award of HTCs under the QAP. A preliminary determination fee must be submitted to Minnesota Housing prior to release of the letter (refer to Chapter 8). **This process may take eight weeks or more from the time the full application package is submitted. All applicants should develop their timelines and schedules accordingly.**

D. Placed in Service/Application for Issuance of IRS Form 8609

Placed in service dates for HTC purposes must be established for all buildings using HTCs, including acquisition HTCs, which are treated as a separate building for HTC purposes. Generally, the placed in service date for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date for acquisition HTCs is generally the date of the acquisition of the building. It is highly recommended that owners/developers of projects financed with the proceeds of tax-exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.

Subsequent to the project being placed in service and prior to Minnesota Housing issuing an IRS Form 8609 for the project, the owner must submit an application for the issuance of IRS Form 8609 to Minnesota Housing.

The application must contain all documents identified in this Chapter 7.G. and under Chapter 6.C., in addition to any other submissions deemed necessary and requested by Minnesota Housing. All required application materials are incorporated into the 8609 checklist in the Multifamily Customer Portal. The Owner must also submit an IRS Form 8609 fee based upon the requested annual HTC amount (refer to Chapter 8). See Appendix A for additional guidance.

A Minnesota Housing-approved IRS Form 8609 must contain the signature of the authorized Minnesota Housing representative. Minnesota Housing will make reasonable efforts to issue an approved IRS Form 8609 within 60 days after all of the following items have been received by Minnesota Housing in a satisfactory form and substance. Issuance of the Minnesota Housing approved IRS Form 8609 is to be done only by Minnesota Housing or, as applicable, an authorized Suballocator. An approved IRS Form 8609 must not be created by any other entity. The owner/agent must not file an IRS Form 8609 with the IRS in advance of the owner/agent's receipt of the Minnesota Housing signed version of the approved IRS Form 8609. In addition, the owner/agent must not electronically file an IRS Form 8609 with the IRS that does not accurately reflect the information contained on Minnesota Housing's signed version of the approved IRS Form 8609 or information contained in the preliminary determination. (Also refer to Chapter 2.J. Unacceptable Practices.)

To optimize timely processing of requests for issuance of IRS Form 8609, it is recommended the owner make every effort to submit the complete 8609 application package to Minnesota Housing no later than 30 days following completion of the project and at least 60 days in advance of any required filing deadline. Applications that are not submitted within this timeframe may be considered late and subject to a fee (refer to Chapter 8).

If a complete 8609 application package is not received within 15 days of the last day of the first year of the HTC period, the application will be considered late and may be subject to a fee (refer to Chapter 8).

Chapter 8 – Fees

For estimates of HTC fees, reference the Multifamily Loan Programs and Housing Tax Credit Fee Schedule on the Minnesota Housing website. All fees are non-refundable and will not be adjusted if the final HTC amount is reduced or recaptured or the HTCs are returned or unused.

A. Application Fee

An application fee must be submitted with all applications. For dual applications, Minnesota Housing will require a single fee. For multi-building projects, Minnesota Housing will require only one application and a single fee.

B. Supplemental Application Fee

A fee for projects requesting supplemental HTCs. This fee will be charged to projects that resubmit their proposals in Round 2 of the allocation year and were underwritten by Minnesota Housing in Round 1.

1. A non-selected project will be required to submit a new application package as described in Chapter 2.P.
2. A selected project (must have been selected in the same year) requesting additional HTCs will be required to submit a new application package as described in Chapter 2.O.

C. Reservation Fee

After the project has been selected to receive HTCs from the state's HTC credit ceiling, a reservation fee must be paid to Minnesota Housing. An additional reservation fee must also be paid for any additional HTCs allocated through carryover and must be paid following issuance of the Carryover Agreement.

D. Allocation Fee – Carryover, 8609, Reallocation

At the time the taxpayer/owner submits an application for a carryover allocation or for issuance of IRS Form(s) 8609 (whichever occurs earlier), an allocation fee will be due. Refer to Section C. (immediately above) for fee information relating to additional HTCs allocated at carryover.

A reallocation fee must be submitted to Minnesota Housing for projects requesting a return and reallocation of HTCs.

E. Application Late Fee – 42M, Carryover, 8609

42M or 8609 applications that are not submitted for processing within the applicable timeline set out in this QAP (refer to Chapter 7.A and Chapter 6.C) may be considered late and subject to a fee.

A Taxpayer/owner submitting a carryover application or, if an owner has elected not to request a carryover, an 8609 application prior to the end of the year of allocation for which the reservation was issued who does not submit a carryover/8609 application by the established due date and time (refer to Chapter 7.B), submits a substantially incomplete carryover/8609 application by the established due date and time or does not submit the carryover CPA final certification by the established due date and time may be subject to a fee plus an additional penalty fee for each business day from the original due date and time through the date on which Minnesota Housing receives a substantially complete carryover/8609 application.

The fee will not be allowed as an eligible cost in carryover/8609 basis and must be paid at the time the carryover/8609 application is substantially complete.

F. Preliminary Determination Fee

A preliminary determination fee must be submitted to Minnesota Housing prior to issuance of a preliminary determination letter for projects for which Minnesota Housing is the Allocating Agency.

G. Monitoring Fee

Minnesota Housing will charge a per-unit monitoring fee beginning with the first credit year. The fee will be due annually throughout the compliance period and extended use period. Refer to Sections 4.02 and 9.05 of the Housing Tax Credit Compliance Guide for details on the fee amount. Minnesota Housing reserves the right to adjust the fee depending upon the requirements of the U.S. Treasury, IRS or Minnesota Housing's increased cost to monitor. The fee will be due in a manner and time as prescribed by Minnesota Housing.

H. Transfer of Ownership Fee

Projects that have a transfer of ownership subject to Minnesota Housing approval, as described in Chapter 2.I., may be subject to a transfer of ownership fee.

If the transfer occurs after Allocation and prior to the issuance of IRS Form 8609, a transfer of ownership fee must be submitted to Minnesota Housing. After the issuance of IRS Form 8609, owners must submit an RFA for transfer of ownership and may be subject to an RFA fee. Refer to the Servicing page on Minnesota Housing's website (also refer to Chapter 2.J.– Unacceptable Practices) for further details on Transfer of Ownership.

I. Check Cashing Procedure

Applicant's payments for fees (in the form of checks) will be held pending verification of the accuracy of the amount tendered and submitted materials.

J. Right to Adjust Fees

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

K. Appraisal Fee

If the as-is appraisal is ordered by Minnesota Housing, all costs will be the responsibility of the applicant. The appraisal fee will be determined based on fees charged by the appraiser to complete Minnesota Housing's requirement for an as-is appraisal. These fees are subject to change at Minnesota Housing's sole discretion based upon changes in fee structures found in the appraisal marketplace and on the type of appraisal required by Minnesota Housing for a particular application type.

Chapter 9 – Tentative Allocation Schedule of Critical Dates

A. Allocation Dates

A list of important allocation dates is identified in the Multifamily RFP Standards available on the Minnesota Housing website.

B. Previous Year's Allocation of HTCs

8609 application: To optimize timely processing of requests for issuance of IRS Form 8609, it is recommended that the owner make every effort to submit the complete application for 8609 to Minnesota Housing no later than 30 days following completion of the project.

At the latest, complete 8609 application packages are due no later than 15 days after the last day of the first year of the HTC period. Section 42 states the owner must elect the first year of the HTC period in the year the project is placed in service or the year following.

C. Compliance Dates

Annual Owner Certifications, compliance reporting and monitoring fees are due February 15 (or the next business day if February 15 is not a business day) of each year.

When filed with IRS: Completed first year IRS Form 8609 with Part II completed.

Chapter 10 – Index of HTC Forms

A. Application Materials

All HTC Application Forms are available on Minnesota Housing's website and in the Multifamily Customer Portal.

B. Post-Selection Materials

All Post-Selection materials are available on Minnesota Housing's website and in the Multifamily Customer Portal.

Appendix A: Carryover Allocations, 42M and Placed in Service/Issuance of IRS Form 8609 Application Requirements

The table below outlines certain application requirements for carryover, 42M and Placed in Service/Application for Issuance of IRS Form 8609. For additional information, refer to the help text found in the Multifamily Customer Portal and other resources found on Minnesota Housing's website. See descriptions of the application requirements below the table.

Table 1: Application Requirements for Housing Tax Credits

Application Requirements	Chapter 6B Carryover Application	Chapter 7C 42M Application	Chapter 6C Placed in Service 8609 9% HTC	Chapter 7H Placed in Service 8609 4% HTC
Market Study	Yes	Yes	Not applicable	Not applicable
Owner Certification/Application for Carryover Allocation	Yes	Not applicable	Not applicable	Not applicable
Election of Applicable Percentage	Not applicable (Election completed at Reservation)	Yes	Not applicable- (Election completed at Reservation)	Yes
Building Information (HTC 5)	Yes	Yes	Not applicable	Not applicable
Attorney's Opinion Letter	Yes	Not applicable	Yes	Yes
Certified Public Accountant Certification	Yes	Yes (Minimum Percent~~50%~~ Test Verification Letter)	Yes	Yes
Gross Rent Floor Election	Yes	Yes	Yes	Yes
Affirmative Fair Housing Marketing Plan	Yes	Yes	Yes	Yes
Tenant Selection Plan	Yes	Yes	Yes	Yes
Identity of Interest	Yes	Yes	Yes	Yes
Determination of Bond Issuer	Not applicable	Yes	Not applicable	Yes
Placed in Service Evidence	Not applicable	Not applicable	Yes	Yes
Utility Allowance	Yes	Yes	Yes	Yes
Reserves, Contingencies and any Cash Savings	Yes	Yes	Yes	Yes

Application Requirements	Chapter 6B Carryover Application	Chapter 7C 42M Application	Chapter 6C Placed in Service 8609 9% HTC	Chapter 7H Placed in Service 8609 4% HTC
Minnesota Housing Declaration of Land Use Restrictive Covenants (LURA)	Not applicable	Not applicable	Yes	Yes
8609 Certification by Owner/Application Form	Not applicable	Not applicable	Yes	Yes
Final Loan or Grant Documents	Not applicable	Not applicable	Yes	Yes
Partnership/Operating Agreement	Yes, if available	Yes	Yes	Yes
Building Map Form	Not applicable	Not applicable	Yes	Yes
Evidence of Tax-Exempt Volume Limited Bonds	Not applicable	Yes	Not applicable	Yes

Carryover Allocations, 42M and Placed in Service/Issuance of IRS Form 8609 Application Requirements Descriptions

Market Study

Minnesota Housing will conduct a market study review to determine the housing needs of low-income individuals in the area to be served by the project. Minnesota Housing will evaluate the market study and in-house occupancy data to determine the marketability of the proposed project. For market consideration, applicants are responsible for providing evidence to document market feasibility. Minnesota Housing may contact the applicant if there is a question as to the marketability of the proposed projects.

Minnesota Housing may consult with local communities, Public Housing Authorities (PHAs), Housing and Redevelopment Authorities (HRAs), RD and HUD to determine the marketability of projects. If, in the opinion of Minnesota Housing, the issuance of the HTCs to a project could be detrimental to existing rental property, Minnesota Housing may choose not to issue HTCs to the applicant. Proposed projects that do not appear marketable and do not modify their proposal may not receive further consideration.

Owner Certification/Application for Carryover Allocation

Provide a signed Owner Certification/Application for Carryover Allocation Form.

Election of Applicable Percentage

Section 42 of the IRC requires that the owner make an election to determine the applicable percentage for the project. The applicable percentage will, by default, be the appropriate percentage for the month that the building is placed in service, unless the owner makes an alternate, timely election. For Allocations of 9% HTC, the owner may elect the month in which the owner and Allocating Agency enter into the reservation agreement. For Awards of 4% HTC, the owner may elect the month in which the tax-exempt volume limited bonds are issued. Such an election must be made no later than the 5th day after the close of the month in which the bonds were issued. . Once made, the election is irrevocable.

Building Information (HTC 5)

Provide a completed Building Information Form.

Attorney's Opinion Letter

Provide an attorney's opinion letter in the approved Minnesota Housing form applicable to the application stage. The approved form of opinion can be found in the Multifamily Customer Portal and on Minnesota Housing's Tax Credits webpage.

Certified Public Accountant Certification

Provide a written certification in the approved Minnesota Housing form applicable to the application stage. The approved forms of certification can be found in the Multifamily Customer Portal and on Minnesota Housing's Tax Credits webpage.

Gross Rent Floor Election

The gross rent floor date will, by default, be the date of allocation (for 9% HTC) and the date that the preliminary determination letter is issued (for 4% HTC), unless the owner makes an alternate, timely election. By election, owners may choose to set the gross rent floor date as the date the building is placed in service. To make such an election, the completed election form must be received by Minnesota Housing no later than the date the project is placed in service. Supply a fully executed Statement of Election of Gross Rent Floor and include each building of the development in which there are HTC units. Once made, the election is irrevocable.

Affirmative Fair Housing Marketing Plan

It is the policy of Minnesota Housing to take affirmative action to provide equal opportunity in all of its endeavors. Complete, execute and return the Affirmative Fair Housing Marketing Plan (AFHMP) describing the marketing strategies that the owner will use including, but not limited to, special efforts the owner will make to attract people who are least likely to apply, in addition to a broad cross section of the local population without regard to protected classes under federal fair housing law: race, color, religion, sex, national origin, disability or familial status; or under Minnesota law: marital status, status with regard to public assistance, creed and sexual orientation.

Tenant Selection Plan

Provide a written Tenant Selection Plan (TSP) describing the tenant selection policy that the owner will use. The TSP should be in place prior to closing but in any case, must be submitted and reviewed by Minnesota Housing prior to the issuance of IRS Form 8609. The TSP must be developed and implemented in accordance with Minnesota Housing's Tenant Selection Plan Guidelines document, which is published on Minnesota Housing's website.

Identity of Interest

Provide a written disclosure as to any and all Identity of Interest parties (refer to Chapter 2.L. and 2.M.).

Determination of Bond Issuer

If the issuer of the bonds is not Minnesota Housing, provide evidence from the issuer that the project received an allocation of a portion of the state ceiling for tax-exempt volume limited bonds from the state of Minnesota and the issuer's determination, preliminary or final as applicable to the application stage, that the HTC amount to be claimed does not exceed the amount necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the HTC period. The issuer must consider the sources and uses of funds and the total financing planned for the project; any proceeds or receipts expected to be generated by reason by tax benefits; the percentage of the HTC dollar amount used for project costs other than the cost of intermediaries; and the reasonableness of the developmental and operational costs of the project.

Placed in Service Evidence

Provide evidence that all buildings have been placed in service. Submit a copy of the Certificate of Occupancy or Temporary Certificate of Occupancy provided by the local governmental authority having jurisdiction for each building. If not available from the local government, a Certificate of Substantial Completion prepared by the architect will be accepted. For acquisition and rehabilitation, the developer must provide supporting documentation for the elected date(s).

Utility Allowance

Provide a current utility allowance in a manner consistent with the options provided in IRS Treasury Regulation 1.42-10 (i.e., as appropriate, a utility allowance from RD, HUD, a PHA/HRA, a local utility company, an Agency Estimate Minnesota Housing Average of Actual Consumption using the methodology described in the HUD published Multifamily Notice H-2015-4, a HUD utility Schedule Model, an Energy Consumption Model). Include a breakdown of the utilities that a tenant pays directly or through a submetering arrangement (heat, electricity, etc.), the utility allowance for each type of utility (gas, electric, etc.), for the various unit types (one-bedroom, two-bedroom, etc.) and housing types (apartments, townhomes, etc.). Also include a list of each unit type, total tenant paid utilities, contract rent and gross rent (refer to Chapter 3.I.). For utilities paid through a submetering arrangement, Minnesota Housing may require additional documentation.

Reserves, Contingencies and any Cash Savings

Provide a signed and dated statement documenting the amount and disposition of reserves, contingencies and any cash savings. If any of the above reverts back to developer/owner, general partner/managing member or any entity with an ownership interest in the project, Minnesota Housing will consider them deferred developer fees and, for purposes of the HTC Allocation or Award, restrict the developer fees as specified in the Underwriting Standards.

Minnesota Housing Declaration of Land Use Restrictive Covenants (LURA)

The LURA must be completed, executed and recorded before the end of the first year of the HTC period to preserve the HTCs allocated or awarded to the project. Check with your tax advisor as to timing of filing and claiming of HTCs. HUD may require that certain riders be attached to your HTC LURA if your development has primary financing via a HUD direct insured loan. Check with your financing and legal advisors to determine if this may be required of your development. Minnesota Housing will amend and restate and record all LURAs that have been executed and recorded prior to submission of the 8609 application.

8609 Certification by Owner/Application Form

Provide a completed and executed 8609 Certification by Owner/Application Form (HTC 3), verifying:

1. The placed in service date as defined in IRS Notice 88-116 for each building and/or type of HTC. The month and year must correspond with the Placed In Service evidence (see above).
    a. If the month and year do not correspond, submit a written statement indicating the reason.
    b. It is highly recommended that owners/developers of projects financed with the proceeds of tax- exempt volume limited bonds seek the appropriate legal and bond professional advice on these matters.
2. Compliance with all applicable design requirements.
3. Compliance with all requirements of this QAP, Selection and additional or special conditions of reservation, commitment or carryover or the preliminary determination letter issued by Minnesota Housing on the project.

Final Loan or Grant Documents

Provide copies of the final executed permanent loan and/or grant documents for all sources of funds (loan/grant agreements, mortgage and note) that support the amount, terms and conditions stated on the Multifamily Workbook. Minnesota Housing must evaluate all final sources of funds to help ensure the amount of HTCs allocated or awarded to a project does not exceed the amount necessary for

financial feasibility. Therefore, Minnesota Housing will not issue an IRS Form 8609 prior to the execution of the final permanent loan documents, or its equivalent, for all funding sources.

Partnership/Operating Agreement

Provide a copy of the partnership/operating agreement. The executed final agreement and amendments must be submitted at 8609.

Building Map Form

Provide a completed Building Map Form for each building. The applicable fraction on the building map must be the same applicable fraction for each respective BIN on Exhibit B of the LURA.

Evidence of Tax-Exempt Volume Limited Bonds

If the issuer of the bonds is not Minnesota Housing, submit evidence from the issuer of the bonds that the project received an allocation and issuance, as applicable, of a portion of the state ceiling for the issuance of tax-exempt volume limited bonds from the state of Minnesota.

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Amended 2026-20288~~7~~ Self-Scoring Worksheet

Housing Tax Credits and Deferred Projects[1]

Last Updated: December 2025~~November 2024~~

[1] Includes all 4% and 9% Housing Tax Credit (HTC) projects and deferred funds awarded through the annual Multifamily Consolidated Request for Proposals (RFP) as well as available financing throughout the year.

Table of Contents

Instructions and Requirements 1
A. Strategic Priority 1
B. Pre-Application 1
C. Preference for Eventual Tenant Ownership 2
D. Minimum Point Requirements 2
E. Claiming of Points 2
F. Documentation of Points 2
G. Documentation of Units 3
H. Extended Duration 3
I. Design Standards 3
J. Declarations 3
K. Deeper Rent Targeting 3
L. Hold Harmless Provision 4

Round 1 – Minimum Threshold Requirements 6
A. In the Metropolitan Area 6
B. Outside the Metropolitan Area 6
C. People with Disabilities (Inside or Outside Metropolitan Area) 6
D. Preserve Existing Subsidized Housing (Inside or Outside Metropolitan Area) 7
E. Rural Development (Inside or Outside Metropolitan Area) 7

2026 – 2028 Housing Tax Credit and Deferred Funding Selection Criteria 8
1. Greatest Need Tenant Targeting 8
   A. Large Family Housing (12 to 15 Points) 8
   B. Senior Housing (2 to 8 Points) 8
   C. Permanent Supportive Housing for Households Experiencing Homelessness (7 to 37 Points) 9
   D. People with Disabilities (PWD) (7 to 19 Points) 12
2. Serves Lowest Income for Long Durations 15
   A. Preservation (15 to 45 Points) 15

B. Rental Assistance (6 to 26 Points) 19
C. Serves Lowest Income Tenants/Rent Reduction (8 to 20 Points) 22
D. Long-Term Affordability (8 to 9 Points) 23
3. Increasing Housing Choice 24
A. Access to More Affordable Housing (2 to 6 Points) 24
B. Workforce Housing Communities (3 to 6 Points) 25
C. Transit and Walkability (1 to 9 Points) 25
4. Supporting Community and Economic Development 28
A. Community Development Initiative (3 Points) 28
B. Equitable Development (3 Points) 30
C. Rural/Tribal (4 to 8 Points) 33
D. Qualified Census Tracts/Community Revitalization or Tribal Equivalent Areas (3 Points) 33
E. Multifamily Award History (4 Points) 34
F. Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (1 to 20 Points) 34
G. Local Actions to Support Housing (2 Points) 37
5. Efficient Use of Scarce Resources and Leverage 38
A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 Points) 38
B. Other Contributions (2 to 10 Points) 40
C. Intermediary Costs (1 to 4 Points) 42
6. Building Characteristics 43
A. Innovative Construction Techniques (3 points) 43
B. Universal Design (3 Points) 44
C. Enhanced Sustainability (2 to 12 Points) 45
7. Unacceptable Practices 47

Instructions and Requirements

The Self-Scoring Worksheet sets the selection criteria and funding priorities that Minnesota Housing will use to prioritize applications requesting 4% and 9% Housing Tax Credits (HTCs) and/or deferred funds that are selected through the Multifamily Consolidated Request for Proposals (RFP) or on a pipeline basis for available financing that may be available throughout the year.

Applicants must meet the requirements outlined in the Self-Scoring Worksheet, Qualified Allocation Plan (QAP), Scoring Guide, and Methodology Guide documents to be eligible for points. In the event of any conflict between the Self-Scoring Worksheet and the Scoring Guide or Methodology Guide, the Self-Scoring Worksheet controls. To submit the Self-Scoring Worksheet for an application, all applicants must use the Scoring Wizard in the Multifamily Customer Portal website. All documents referenced in this Self-Scoring Worksheet can be found on Minnesota Housing's website or in the Multifamily Customer Portal.

When selecting projects for funding in the Multifamily Consolidated RFP/HTC Round 1 and HTC Round 2, Minnesota Housing considers the total amount of points achieved in conjunction with such factors as feasibility, amount of total funding requested, available resources, geographic distribution and ability to complete the development in a timely manner.

A. Strategic Priority

1. All projects must meet at least one of the HTC statutory strategic priorities or a strategic objective contained in Minnesota Housing's current Strategic Plan as published on the Minnesota Housing website. Applicants must demonstrate how the project meets the Strategic Plan in the Multifamily Rental Housing Narrative.
2. Residential rental housing projects financed with an allocation of tax-exempt bonds under Minnesota Statutes, chapter 474A are the highest strategic priority for tax credits in accordance with Minnesota Statutes, section 462A.222, subdivision 3(d), and such projects are not required to meet a separate strategic priority.

B. Pre-Application

A pre-application may be required for specific selection preferences or selection criteria. The applicant must provide the required pre-application prior to the application deadline according to the due date established by Minnesota Housing and published on Minnesota Housing's website. Failure to submit required pre-application materials may result in rejection of the pre-application.

C. Preference for Eventual Tenant Ownership

HTC projects are eligible for homeowner conversion. These projects will receive a preference during the selection process when reviewing tie breakers. The Declaration of Land Use Restrictive Covenants (LURA) may contain provisions ensuring compliance with these ETO commitments by the owner, including a right of first refusal allowing tenants to purchase their units.

☐ The project will have an ETO component and agrees to follow the requirements of the ETO Guide.

D. Minimum Point Requirements

1. Requests for Minnesota Housing-administered 9% HTCs from the state's HTC credit ceiling must demonstrate the project is eligible for no fewer than 80 points, excluding projects funded through the Rural Development/Small Projects set-aside.
2. Requests for Minnesota Housing-administered 4% HTCs in association with tax-exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.
3. Minnesota Housing reserves the right to reject applications not meeting its project selection requirements as contained in the QAP, to revise proposal features and associated scoring and to help ensure the project meets the requirements.

E. Claiming of Points

An award and/or allocation is based upon the information provided in the application. The project is required to comply with all selection criteria that are claimed and awarded. This includes any due diligence/reporting requirements after selection and for the term of the declaration. Failure to comply could result in the loss of the award and/or allocation as well as the assessment of penalty points.

F. Documentation of Points

Scoring is submitted in the Multifamily Customer Portal via the Scoring Wizard. In the Scoring Wizard, mark the selection criteria expected for your project. **Where indicated in the Minnesota Housing Self-Scoring Worksheet, the applicant must also submit documentation that clearly supports the points claimed. Refer to the Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points may not be awarded unless the required documentation is provided along with the application to justify the points claimed.**

During the competitive process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant. Many performance obligations are created by the claiming of certain scoring

points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant.

G. Documentation of Units

In the Scoring Wizard, mark the number of units for each selection criteria expected for your project. Minnesota Housing will not award points if the necessary number of units is not included in the Self-Scoring Worksheet. The number of units will also be validated in the Multifamily Workbook and may result in a loss of points if the documentation is not consistent. When calculating a percentage for the criterion, all units must be rounded up to the next full unit.

H. Extended Duration

Request for Minnesota Housing-administered HTCs from the state's HTC credit ceiling and in association with tax-exempt volume limited bonds must maintain the low-income use for a minimum of 30 years or longer, if a longer duration is selected. The owner agrees that the Qualified Contract provisions of Internal Revenue Code, sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provisions would permit the owner to terminate the LURA at the end of the compliance period in the event Minnesota Housing does not present the owner with a Qualified Contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income, rental and occupancy restrictions must apply for the term of the LURA.

I. Design Standards

The project must meet the requirements in the Minnesota Housing Rental Housing Design/Constructions Standards. Additional design requirements will be imposed if points are claimed/awarded that require specific design elements (e.g., Innovative Construction Techniques, Universal Design, Enhanced Sustainability).

J. Declarations

1. A LURA covering the income and rent restrictions and occupancy requirements presented at selection may be recorded against the property.
2. A deferred loan declaration covering the income and rent restrictions and occupancy requirements presented at selection may be recorded against the property.

K. Deeper Rent Targeting

All applicants must meet the minimum deeper rent targeting unit requirements outlined below.

1. Requests for Minnesota Housing deferred financing or Minnesota Housing-administered HTCs from the state's credit ceiling or in association with tax-exempt volume limited bonds must restrict at least 2% of the total units, with a minimum number of one unit, to rents at or below the county 30% Multifamily Tax Subsidy Project (MTSP) rent limit. Units with project-based rental assistance count toward this requirement. Projects where 100% of the units include project-based rental assistance are exempt from this requirement.

   Number of Units: _____

2. Requests for Minnesota Housing deferred financing or Minnesota Housing-administered HTCs from the state's credit ceiling or in association with tax-exempt volume limited bonds must restrict at least 3% of the total units, with a minimum number of one unit, to rents at or below the Housing Assistance Payment (HAP) payment standard as determined by the responsible entity in the jurisdiction. The units must generally be evenly distributed by bedroom type. Projects that are 100% project-based rental assistance or are located on Tribal Reservations, Dakota Communities and Tribal trust lands are exempt from this requirement.

   0 Bedroom Units: _____
   1 Bedroom Units: _____
   2 Bedroom Units: _____
   3 Bedroom Units: _____
   4 Bedroom Units: _____
   5 Bedroom Units: _____
   6 Bedroom Units: _____

   Total Number of Units: _____

L. Hold Harmless Provision

Applicants that apply but that are not selected for funding in the 2025 Multifamily Consolidated RFP/2026 HTC Round 1 and/or 2026 HTC Round 2 (First Cycle) can reapply in the 2026 Multifamily Consolidated RFP/2027 HTC Round 1 and/or 2027 HTC Round 2 (Second Cycle) using EITHER the scores from the First Cycle OR new scores from the Second Cycle for the Increasing Housing Choice selection criteria (3.A, 3.B, and 3.C). Applicants may not mix and match scores from the First Cycle and scores from the Second Cycle.

Applicants that apply but that are not selected for funding in the 2026 Multifamily Consolidated RFP/2027 HTC Round 1 and/or 2027 HTC Round 2 (Second Cycle) can reapply in the 2027 Multifamily Consolidated RFP/2028 HTC Round 1 and/or 2028 HTC Round 2 (Third Cycle) using EITHER the scores from the Second Cycle OR new scores from the Third Cycle for the Increasing Housing Choice selection

criteria (3.A, 3.B, and 3.C). Applicants may not mix and match scores from the Second Cycle and scores from the Third Cycle.

Round 1 – Minimum Threshold Requirements

In accordance with Minnesota Statutes, section 462A.222, subdivision 3(e), all 9% HTC applications submitted statewide in HTC Round 1 must meet one of the following threshold types. Please indicate the threshold item your project meets:

A. In the Metropolitan Area[2]

1. ☐ New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units are single-room occupancy, efficiency or one-bedroom units with rents affordable to households whose income does not exceed 30% of the area median income (AMI);
2. ☐ New construction or Substantial Rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms;
3. ☐ Substantial Rehabilitation projects in neighborhoods targeted by the city for revitalization;

B. Outside the Metropolitan Area

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

C. People with Disabilities (Inside or Outside Metropolitan Area)

1. ☐ Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the LURA), a percentage of the units are set aside and rented to persons:
    a. With a serious and persistent mental illness as defined in Minnesota Statutes, section 245.462, subdivision 20, paragraph (c);
    b. With a developmental disability as defined in the United States Code, Title 42, Section 6001, paragraph (8), as amended through December 31, 1990;

[2] As set out in Minnesota Statutes, section 473.121, subdivision 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

c. Who have been assessed as drug dependent persons as defined in Minnesota Statutes, section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes, section 254A.02, subdivision 2;
d. With a brain injury as defined in Minnesota Statutes, section 256B.093, subdivision 4, paragraph (a);
e. With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules, chapter 1341;

NOTE:

- Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.
- This definition is not limited to persons with mobility impairment.

D. Preserve Existing Subsidized Housing (Inside or Outside Metropolitan Area)

1. ☐ Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use; or (2) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies; **OR**

E. Rural Development (Inside or Outside Metropolitan Area)

1. ☐ Projects financed by United States Department of Agriculture (USDA) Rural Development (RD), which meet statewide distribution goals.

2026 – 2028~~7~~ Housing Tax Credit and Deferred Funding Selection Criteria

1. Greatest Need Tenant Targeting

A. Large Family Housing (12 to 15 Points)

1. The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children.

   Select all that apply:

   a. ☐ At least 75% of the total units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **(12 points)**
   Number of units with:
   2 Bedrooms: _____
   3 Bedrooms: _____
   4 Bedrooms: _____
   5 Bedrooms: _____
   6 Bedrooms: _____

   b. ☐ If eligible under 1.a. above, at least one-third of three or more bedrooms required above must contain four or more bedrooms. **(3 points)**
   Number of units with:
   4 Bedrooms: _____
   5 Bedrooms: _____
   6 Bedrooms: _____

B. Senior Housing (2 to 8 Points)

1. The proposal is for a project that provides housing that is restricted to persons 55 years of age or older.
   a. ☐ Select one:
      i. ☐ 100% of the total units **(4 points)**
      Number of Units: _____
      ii. ☐ 90% to 99.99% of the total units **(3 points)**
      Number of Units: _____
      iii. ☐ 80% to 89.99% of the total units **(2 points)**
      Number of Units: _____

b. ☐ Projects eligible under 1.a. above that agree to restrict the units to households with incomes at or below the county 30% MTSP income limit. The applicant agrees that if units are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, will be restricted to at or below the county 30% MTSP rent limit.

Select one:

i. ☐ 30% to 100% of the total units **(4 points)**
Number of Units: _____
ii. ☐ 20% to 29.99% of the total units **(3 points)**
Number of Units: _____
iii. ☐ 10% to 19.99% of the total units **(2 points)**
Number of Units: _____
iv. ☐ 5% to 9.99% of the total units **(1 point)**
Number of Units: _____

NOTE: The Senior Housing selection criterion 1.B.1.b. cannot be claimed for units that are claimed under the Rental Assistance selection criterion 2.B. Further Restricting Rental Assistance.

C. Permanent Supportive Housing for Households Experiencing Homelessness (7 to 37 Points)

1. High Priority Homeless (HPH)[3] **(7 to 30 Points)**

[3] **Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing for High Priority Homeless selection criterion for "HPH Units."** Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property. Alternative referral and prioritization options are available with approval from Minnesota Housing when there is not an eligible household on the Coordinated Entry waiting list. Reference the relief provisions in Chapter 6.A. of the QAP for additional details.

A minimum of 5% of the total units, but no fewer than four units, are set aside for and rented to High Priority Homeless households, who are households prioritized for permanent supportive housing by the Coordinated Entry System[4] (HPH Units).

Minnesota Housing, at its sole discretion, in consultation with the owner of a selected project and the local community, will consider alternative referral and prioritization processes for populations that have a demonstrated need for supportive housing but are not included in the Coordinated Entry System.

Select one:

a. ☐ 50% to 100% of the total units, but no fewer than 20 units **(30 points)**
   Number of Units: _____
b. ☐ 10% to 49.99% of the total units, but no fewer than 7 units **(10 points)**
   Number of Units: _____
c. ☐ 5% to 9.99% of the total units, but no fewer than 4 units **(7 points)**
   Number of Units: _____

NOTE: The Permanent Supportive Housing for High Priority Homeless (1.C.1.) and People with Disabilities (1.D.) selection criteria cannot be claimed for the same units.

2. Other Homeless **(5 to 7 Points)**

   Projects that are eligible for the High Priority Homeless selection criterion 1.C.1. and agree to set aside and rent additional units to serve Other Homeless households which includes individuals leaving institutions that do not have a permanent residence or other homeless populations not referred by the Coordinated Entry System. The criterion is based upon the total number of Permanent Supportive Housing units for Households Experiencing Homelessness in the project.

   Select One:

   a. ☐ 100% of the total units set aside and rented to HPH and Other Homeless Households **(7 points)**
      Number of Other Homeless Units: _____

[4] Coordinated Entry System is defined by the statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing.

b. ☐ 75% - 99.9% of the total units set aside and rented to HPH and Other Homeless Households **(5 points)**
Number of Other Homeless Units: _____

Requirements for High Priority Homeless and Other Homeless

The applicant agrees to pursue and continue the renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available. If units set aside for High Priority Homeless or Other Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

The documentation requirements to be eligible for Permanent Supportive Housing points is based upon the percentage of total units that are HPH, PWD and Other Homeless households in the project.

The classification determines the Supportive Housing application materials that must be submitted, including the narratives, forms, certifications and submittals identified in the Application Checklist in the Multifamily Customer Portal.

Projects are classified as either:

- Primarily Supportive Housing: 50% or more of the total units will serve HPH, PWD or Other Homeless households.
    - The market need for the proposed HPH units must be verified and documented on the Continuum of Care (CoC) Confirmation form. Minnesota Housing, at its sole discretion, will determine if there is market need for HPH units based upon a number of factors including location, household type, Coordinated Entry waiting list, pending projects, resources etc.
- Partially Supportive Housing: Less than 50% of the total units will serve HPH, PWD or Other Homeless households.
    - Minnesota Housing, at its sole discretion, will determine if there is a market need for HPH units based upon a number of factors including location, household type, Coordinated Entry waiting list, pending projects, etc. This will be verified with the local Continuum of Care during the application review process. If Minnesota Housing determines that there is not a need for additional HPH units within the local market, the applicant agrees that Minnesota Housing may remove the proposed HPH units from the

project and convert the proposed units to units with rent restricted to 30% MTSP and maintain a priority to serve homeless households.

A proposal that claims this criterion and is selected will be required to comply with any due diligence/reporting requirements after selection and for the term of the declaration. Failure to comply could result in the loss of the award and/or allocation as well as the assessment of penalty points. The LURA and Minnesota Housing loan documents may contain performance requirements related to these permanent supportive housing units for High Priority Homeless and Other Homeless may be recorded with the property.

D. People with Disabilities (PWD) (7 to 19 Points)

1. Tier 1: Permanent supportive housing proposals that **are not restricted to persons of a particular age group** and in which a minimum of 5% of the total units, but no fewer than four units, are set aside and rented to **people with a disability as defined below**. The applicant agrees that the units are restricted to households with incomes at or below the county 30% MTSP income limit.

   The applicant agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

   Select one:

   a. ☐ 15% to 25% of the total units, but no fewer than six units **(10 points)**
      Number of Units: _____
   b. ☐ 10% to 14.99% of the total units, but no fewer than five units **(9 points)**
      Number of Units: _____
   c. ☐ 5% to 9.99% of the total units, but no fewer than four units **(7 points)**
      Number of Units: _____

OR

2. Tier 2: People with Disabilities (PWD) units that will use Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA): Permanent housing proposals that are not restricted to people of a particular age group and in which a minimum of

5% of the total units, but no fewer than four units, are set aside and rented to **people with a disability as defined below**. The applicant agrees that the units are restricted to households with incomes at or below the county 30% MTSP income limit.

Projects that are applying for HUD Section 811 PRA and do not have a current eligibility determination must **provide the required HUD Section 811 PRA pre-application by the established deadline.** Failure to submit all required pre-application materials may result in rejection of the pre-application. Minnesota Housing will further evaluate the feasibility of the HUD Section 811 PRA units during the formal application review process and reserves the right not to award the PWD points for HUD Section 811 PRA units.

Select the number of units set aside for People with Disabilities that will use HUD Section 811 PRA. The total number of HUD Section 811 PRA units **cannot** exceed 11 units. HUD Section 811 program requirements limit the percentage of supportive housing units. The total number of supportive housing units (HPH, homeless, PWD) in the project **cannot** exceed 25% of the total units.

Select one:

a. ☐ 15% to 25% of the total units, but no fewer than six units **(19 points)**
   Number of Units: _____
b. ☐ 10% to 14.99% of the total units, but no fewer than five units **(17 points)**
   Number of Units: _____
c. ☐ 5% to 9.99% of the total units, but no fewer than four units **(15 points)**
   Number of Units: _____

Requirements for Tier 1 and Tier 2

A percentage of the units are set aside and rented to persons with any of the following disabilities:[5]

1. A serious and persistent mental illness as defined in Minnesota Statutes, section 245.462, subdivision 20, paragraph (c);
2. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (8), as amended through December 31, 1990;

[5] **Specific performance requirement relief provisions are available for projects that meet the People with Disabilities selection criterion for "PWD Units."** Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

3. Assessed as drug dependent as defined in Minnesota Statutes, section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes, section 254A.02, subdivision 2;
4. A brain injury as defined in Minnesota Statutes, section 256B.093, subdivision 4, paragraph (a); **OR**
5. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules, chapter 1341.

NOTE:

- Projects that claim Round 1 Minimum Threshold C.5. (persons with physical disabilities) and meet any other Round 1 Minimum Threshold Requirement serving People with Disabilities, may count any units rented to persons with a physical disability in their total units, even if the statutory 50% requirement of Threshold C.5. is not met.
- Projects that meet the Round 1 Minimum Threshold only with Threshold C.5. must meet the statutory requirement that 50% of units be accessible. Minnesota Housing considers accessible units to be Type A and B units as identified in the referenced Minnesota Rules Chapter 1341, also known as the Minnesota Accessibility Code.
- If the minimum threshold is not required, then the statutory requirement pertaining to accessible units is not applicable.
- The definition of permanent physical disability is not limited to people with mobility impairment.
- The Permanent Supportive Housing for High Priority Homeless (1.C.1) and People with Disabilities (1.D.) selection criteria may not be claimed for the same units. These units cannot be layered; they must be separate and distinct.
- Projects with unit(s) that are age restricted cannot claim the People with Disabilities (1.D.) selection criterion.

The project must submit documentation that meets all of the following conditions:

1. The applicant must submit the forms and submittals identified in the Application Checklist in the Multifamily Customer Portal.
2. The population, market need and resource plan for the PWD units will be determined after selection in consultation with the county or Tribal human services.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.

A proposal that claims and is eligible for the People with Disabilities selection criterion and is selected will be required to comply with any due diligence/reporting requirements after selection and term of the declaration. Failure to comply could result in the loss of the award and/or allocation as well as the

assessment of penalty points. The LURA and Minnesota Housing loan documents may contain performance requirements related to these permanent supportive housing units for People with Disabilities and may be recorded with the property.

2. Serves Lowest Income for Long Durations

Projects with existing rental assistance that has been in place for 15 years or more can only take points under Preservation (2.A.). Projects with new rental assistance that has been in place for less than 15 years can only take points under Rental Assistance (2.B.). The Serves Lowest Income selection criterion (2.C.) can only be claimed for units that do not have rental assistance. The definitions explained below determine which criteria the project qualifies for, and the project is only eligible for points in those criteria.

The earliest starting point for the reference to 15 years or more is the following:

- For projects applying in the 2025 Multifamily Consolidated RFP/2026 HTC Round 1, the Year 1 must be 2010 or earlier.
- For projects applying in the 2026 HTC Round 2 and/or the 2026 Multifamily Consolidated RFP/2027 HTC Round 1, Year 1 must be 2011 or earlier.
- For projects applying in 2027 HTC Round 2, and/or the 2027 Multifamily Consolidated RFP/2028 HTC Round 1, Year 1 must be 2012 or earlier.
- For projects applying in the 2028 HTC Round 2, Year 1 must be 2013 or earlier.

A. Preservation (15 to 45 Points)

Thresholds

Applicants seeking points under the Preservation (2.A.) selection criterion must read the descriptions and then select one of the following three thresholds:

1. ☐ Risk of Loss Due to Market Conversion
    a. Expiration of contract/use-restrictions
        i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; **OR**
        ii. Existing HTC projects eligible to exercise their option to file for a Qualified Contract that have not previously exercised their option; **AND**
    b. Risk of market conversion evidenced by a low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's sole discretion); **AND**

c. Risk of market conversion evidenced by one or more of the following:
    i. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers that was completed within a year of the application date that shows current rents are below comparable market rents;
    ii. A market study approved by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has a comparable location(s), amenities and condition to convert to market rate; **OR**
    iii. Other verifiable third-party data on comparable properties (dated within one year of application due date) approved by Minnesota Housing.

NOTE: Minnesota Housing, at its sole discretion, must agree that a market exists for a conversion to market rate housing.

2. ☐ Risk of Loss Due to Critical Physical Needs
    a. Critical Physical Needs identified by third party assessment to support one of the following conclusions:
        i. Identified scope of Critical Physical Needs, consistent with the definition in the Minnesota Housing Rental Housing Design/Construction Standards, exceeds the available annual cash flow and reserves, as evidenced by documentation submitted with the application. In the case of distressed properties with negative cash flow, the negative cash flow will offset the reserves balance in the calculation.
        ii. 50% or more of the units within the project are condemned or determined to be no longer habitable, as evidenced by official documentation from a local building official.

NOTE: Minnesota Housing may conduct an inspection of the project and must agree with applicant scope of work, severity levels and cost estimates.

3. ☐ Risk of Loss Due to Ownership Capacity/Program Commitment
    a. One of the following four conditions exist:
        i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessment, ongoing lack of compliance with lenders or terms of the existing federal assistance or self-determination by a nonprofit board are severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party;

ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract has been submitted to Minnesota Housing;
iii. The property has been or will be acquired from an unrelated party within three years of the application date as a result of a Preservation Affordable Rental Investment Fund (PARIF) Right of First Refusal being exercised; **OR**
iv. The acquisition of a property with USDA RD rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA RD mortgage to mature and has turned down offers from USDA RD to re-amortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

NOTE: Minnesota Housing, at its sole discretion, must agree that a change in ownership is necessary for units to remain decent, safe or affordable.

Criteria

Applicants that meet one of the above thresholds must select either Tier 1: Existing Federal Assistance – Projects with Existing Project-Based Rental Assistance or Tier 2: Other Existing Federal Assistance and Critical Affordable Units to be eligible for points under Preservation. Applicants that select either Tier 1 or Tier 2 may also claim points under selection criterion 2.A.1.3: Severity of Critical Physical Needs.

1. ☐ Tier 1: Existing Federal Assistance – Projects with Existing Project-Based Rental Assistance **(20 to 40 points)**

   This includes projects receiving project-based rental assistance or operating subsidies under a program of U.S. Department of Housing and Urban Development (HUD), USDA RD or the Native American Housing Assistance and Self Determination Act (NAHASDA). Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration Program (RAD), Component 2 (RAD 2) and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Project-based voucher contracts through a local public housing authority or housing and redevelopment authority are eligible. Such assistance must have been committed to the property at least 15 years prior to the year of application.

   For eligible projects, 15 or more years must have passed since the award of the federal project based rental assistance.

   The owner will continue renewals of the existing project-based rental assistance contract(s) for as long as the assistance is available. Except for “good cause,” the owner will not evict existing subsidized residents and must continue to renew leases for those residents.

Developments with qualified existing federal assistance and which have secured additional federal rental assistance (including through a Section 8bb transfer) must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance (2.B).

Select one:

a. Existing Federally Assisted Units:
   i. ☐ 50.01% to 100% of the total units are federally assisted **(40 points)**
      Number of Units: _____
   ii. ☐ 50% or Less of the total units are federally assisted **(20 points)**
      Number of Units: _____

NOTE:

- The Rental Assistance (2.B.) selection criterion cannot be claimed if the project is of a type covered under Preservation – Tier 1: Existing Federal Assistance, even if the project is not claiming Preservation points because it does not meet a risk of loss threshold.
- Rental assistance for preservation projects under the Rental Assistance Demonstration Program (Component I) or the Public Housing Program are not eligible under Preservation - Tier 1: Existing Federal Assistance. Any public housing repositioning for preservation projects that results in project-based vouchers or project-based rental assistance is also not eligible.
- The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units that have new or existing rental assistance. This would include People with Disabilities – Tier 2 – HUD Section 811 PRA (1.D.2.), Preservation – Tier 1 and Tier 2 (2.A.1. and 2.A.2.) and Rental Assistance (2.B.).

OR

2. ☐ Tier 2: Other Existing Federal Assistance and Critical Affordable Units **(15 points)**

This includes rental housing with existing federal, state, local or intermediary funding with a current recorded deed restriction that limits rents for at least 50% of the total units to at or below the county 60% MTSP limit (or utilizes another rent limitation whose current maximum is at or below the 60% MTSP limit) without long-term project-based rental assistance. This may include units with HTCs, RD units without Rental Assistance, other existing federal assistance not described above or a loan funded by federal, state, local or intermediary sources. This includes current and former public housing units converted under RAD Component I or under Section 18 Demolition and Disposition and any other successor programs developed for public housing. Applicants who claim these points must agree to continue to limit the rents to at or below 60% MTSP for the term of the deferred declaration or the LURA.

For eligible projects, 15 or more years must have passed since the award of the existing federal assistance, the most recent HTC placed in service date or the closing of the loan that created rent restrictions.

AND

3. ☐ Severity of Critical Physical Needs **(3 to 5 points)**

   Projects that are eligible for 2.A.1 and 2.A.2 and have documented critical physical needs that meet the requirements of the Risk of Loss Due to Critical Physical Needs threshold may also claim points based on particularly severe Critical Physical Needs. This applies to Tier 1 and 2, regardless of the Risk of Loss.

   Select one:

   a. ☐ Critical Physical Needs greater than $25,000 per unit **(5 points)**
   b. ☐ Critical Physical Needs greater than $15,000 per unit **(3 points)**

NOTE:

- The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units that have new or existing rental assistance. This would include People with Disabilities – Tier 2 –HUD Section 811 PRA (1.D.2.), Preservation – Tier 1 and Tier 2 (2.A.1. and 2.A.2) and Rental Assistance (2.B.).
- Preservation – Tier 2 (2.A.2) and the Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) may not be claimed for the same units. These units cannot be layered; they must be separate and distinct.

B. Rental Assistance[6] (6 to 26 Points)

1. Project-Based Rental Assistance

For projects that have a commitment for project-based rental assistance. This includes:

- New or transferred project-based rental assistance that was executed within the past 15 years.

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[6] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion 2.B. for "RA Units."** Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

- Transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no existing federal assistance. Refer to the 15 years definition at the beginning of the Preservation selection criterion.

The binding commitment is project-based by written contract or for project-based vouchers awarded in accordance with 24 Code of Federal Regulations, Chapter IX, Section 983.51. For the purposes of this category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden and provides for the tenant paid portion of rent to be no greater than 30% of household income.

The project agrees to continue renewals of the existing project-based rental assistance contract(s) for a minimum of 15 years from the later of the last placed-in-service date for any building in the property or loan closing. The applicant agrees that rents will remain affordable at the county 50% MTSP income limit for a 15-year period if the rental assistance is not available for the full period.

Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant-paid portion of rent as a percentage of household income, program structure, goals and population served.

The list below includes potential programs that may be considered project-based rental assistance, but the list is not all-inclusive:

- Moving to Work
- Site-based Housing Support[7]
- Project-based McKinney Vento Continuum of Care funding will be considered project-based rental assistance.

[7] Formerly known as Group Residential Housing.

- Project-based rental assistance provided by a Tribe, Tribally designated housing[8] entity or Tribal corporate entity[9].
- Native American Housing Assistance and Self Determination Act (NAHASDA)
- A past award of existing rental assistance, including HUD Section 811 PRA, will be counted toward meeting the required percentages.

Minnesota Housing has determined that the following do not qualify for this selection criterion:

- An operating subsidy will not be considered project-based rental assistance.
- Privately funded rental assistance does not qualify an applicant to claim this criterion.
- A current request for rental assistance, such as HUD Section 811 PRA, does not qualify an applicant to claim this criterion. The HUD Section 811 PRA letter of determination letter is only a notice of eligibility determination and is not a commitment.

Select one:

a. ☐ 100% of the total units will have project-based rental assistance **(19 points)**
   Number of Units: _____
b. ☐ 51.1% to 99.9% of the total units **(16 points)**
   Number of Units: _____
c. ☐ 20.1% to 51% of the total units **(13 points)**
   Number of Units: _____
d. ☐ 10.1% to 20% of the total units, but no fewer than four units **(10 points)**
   Number of Units: _____
e. ☐ 5% to 10% of the total units, but no fewer than four units **(7 points)**
   Number of Units: _____
f. ☐ Fewer than 5% of the total units, but no fewer than four units **(6 points)**
   Number of Units: _____

[8] Tribally designated housing entities are entities designated by the Tribe to administer its housing programs funded by HUD.

[9] For purposes of this Self-Scoring Worksheet, "Tribal corporate entity" means a business entity formed by a Tribe under Tribal, state, or federal law and wholly owned by such Tribe.

2. Further Restricting Rental Assistance

Projects that are eligible under 2.B.1. a-f above that agree to further restrict units to households whose incomes do not exceed the county 30% MTSP income limit for a 15-year period.

Select one:

a. ☐ 75.1% to 100% of the total units **(7 points)**
Number of Units: _____
b. ☐ 50.1% to 75% % of the total units **(6 points)**
Number of Units: _____
c. ☐ 25.1% to 50% of the total units **(5 points)**
Number of Units: _____
d. ☐ 15.1% to 25% of the total units **(4 points)**
Number of Units: _____
e. ☐ 5% to 15% of the total units, but no fewer than four units **(3 points)**
Number of Units: _____

NOTE:

- The Rental Assistance (2.B.) selection criterion cannot be claimed if the project is of a type covered under Preservation - Tier 1 criterion Existing Federal Assistance (2.A.1), even if the project is not claiming Preservation points because it does not meet a risk of loss threshold. Rental assistance for preservation projects under the Rental Assistance Demonstration Program (Component I) or the Public Housing Program are also not eligible. Any public housing repositioning for preservation projects that results in project-based vouchers or project-based rental assistance is also not eligible.
- The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units that qualify as units that have new or existing rental assistance. This would include units that meet the requirements of People with Disabilities – Tier 2 – HUD Section 811 PRA (1.D.2.), Preservation – Tier 1 – Existing Federal Assistance (2.A.1.) or Rental Assistance (2.B.).

C. Serves Lowest Income Tenants/Rent Reduction (8 to 20 Points)

1. The project agrees to restrict the rents for a percentage of the units in the project. Eligible units **cannot** have project-based rental assistance, and the rents must be based on the monthly gross rent level, including tenant paid utilities. Rents will be affordable to households whose incomes do not exceed the county 30% MTSP or 50% MTSP income limit as published by HUD. MTSP rent limits are available on Minnesota Housing's website.

The applicant agrees to maintain the deeper rent structuring for which selection points are requested for the term of the LURA or deferred declaration.

This selection will restrict rents only. (Tenant incomes will not be restricted to the county 50% MTSP income limit by claiming this selection criterion).

Select one:

a. ☐ 100% of the total units will restrict rents at or below the county 50% MTSP rent limit. **(13 points)**
   Number of Units: _____
b. ☐ At least 50% of the total units will restrict rents at or below the county 50% MTSP rent limit. **(8 points)**
   Number of Units: _____

2. ☐ Projects that are eligible for 1.a. or 1.b. above and agree to further restrict the following percentage of units to the county 30% MTSP rent limit:

Select one:

a. ☐ 30% to 40% of the total units **(7 points)**
   Number of Units: _____
b. ☐ 20% to 29.99% of the total units **(6 points)**
   Number of Units: _____
c. ☐ 10% to 19.99% of the total units **(5 points)**
   Number of Units: _____
d. ☐ 5% to 9.99% of the total units **(4 points)**
   Number of Units: _____

NOTE: The Serves Lowest Income Tenants/Rent Reduction (2.C.) selection criterion cannot be claimed for units that qualify for units that have new or existing project-based rental assistance. This would include units that meet the requirements of People with Disabilities – Tier 2 –HUD Section 811 PRA (1.D.2.), Preservation – Tier 1 – Existing Federal Assistance (2.A.1.) or Rental Assistance (2.B.).

D. Long-Term Affordability (8 to 9 Points)

1. For an HTC project, the owner agrees to extend the long-term affordability of the project by agreeing to extend the term of the LURA beyond 30 years by choosing an option below. The owner also agrees that the Qualified Contract provisions of IRC Sections 42(h)(6)I(i)(II) and 42(h)(6)(F) (which provisions would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not

present the owner with a Qualified Contract for the acquisition of the project) do not apply to the project for the term of the LURA.

For a deferred loan project, the owner agrees to extend the term of the Declaration beyond 30 years.

Select one:

a. ☐ The HTC project will extend the term of the LURA and waive the right to a Qualified Contract for a minimum of 50 years and/or the deferred loan project will extend the term of the deferred loan Declaration to 50 years. **(9 points)**
b. ☐ The HTC project will extend the term of the LURA and waive the right to a Qualified Contract for a minimum of 40 years and/or the deferred loan project will extend the term of the deferred loan Declaration to 40 years. **(8 points)**

3. Increasing Housing Choice

A. Access to More Affordable Housing (2 to 6 Points)

1. Projects located in communities where there is a low share of affordable rental housing compared to all housing options or a large share of renters that are cost burdened by their rent, as outlined in the Access to More Affordable Housing Methodology in the Methodology Guide. Projects that were previously not selected may be eligible for Hold Harmless provisions. See Section 1.L of the Self-Scoring Worksheet and Methodology Guide for additional details.

   Select one:

   a. ☐ The proposed housing is in a Tier 1 Tract or City(ies), Tribal Reservation(s), Dakota Communities or Tribal trust lands**:** Those in the 66.67th percentile or higher for the share of cost burdened renters or in the 0 to 33.33rd percentile for having a low share of affordable rental housing compared to all housing options in a community. Tribal Reservations, Dakota Communities and Tribal trust lands are also considered Tier 1 for having a need for more affordable housing. **(6 points)**
   b. ☐ The proposed housing is in a Tier 2 Tract or City(ies)**:** Those in the 33.34th to 66.66th percentile for the share of cost burdened renters or in the 33.34th to 66.66th percentile for having a low share of affordable rental housing compared to all housing options in a community. **(4 points)**
   c. ☐ The proposed housing is in a Tier 3 Tract or City(ies): Those in the 0 to 33.33rd percentile for the share of cost burdened renters or in the 66.67th to 100th percentile for having a low share of affordable rental housing compared to all housing options in a community. **(2 points)**

B. Workforce Housing Communities (3 to 6 Points)

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth or having a large share of their workforce commuting long distances, as outlined in the Workforce Housing Communities Methodology in the Methodology Guide). Projects that were previously not selected may be eligible for Hold Harmless provisions. See Section 1.L of the Self-Scoring Worksheet and Methodology Guide for additional details.

   Select one:

   a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community. **(6 points)**
   b. ☐ The proposed housing is in an Individual Employer Growth Community where an individual employer has added at least 100 net jobs (for permanent employees of the company) in that community during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing. **(6 points)**
   c. ☐ The proposed housing is in a Long Commute Community. **(3 points)**

In the Metropolitan Area, project locations must be within five miles of a workforce housing city or township. In Greater Minnesota, project locations must be within ten miles of a workforce housing city or township.

C. Transit and Walkability (1 to 9 Points)

Communities with access to transit, either fixed route or demand response and/or walkable areas with nearby amenities.

If applicants would like to request revisions of a location's Walk Score, they should email Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make any necessary adjustments to scoring with 45 business days. If an address cannot be found in the Walk Score tool, use the closest intersection within one-quarter mile of the proposed location.

Projects that were previously not selected may be eligible for Hold Harmless provisions. See Section 1.L of the Self-Scoring Worksheet and Methodology Guide for additional details.

Select one:

1. ☐ **Metropolitan Area.** For projects in the Metropolitan Area, indicate if the project is located in a community with transportation, access to transit and/or walkability.

a. Access to Transit: To claim access to transit in the Metropolitan Area, a project must be (Select one):
   i. ☐ Located within one-half mile of a planned or existing Light Rail Transit (LRT), Bus Rapid Transit (BRT), commuter rail station or a Metro Transit Hi-Frequency Network transit stop. Planned stations include those eligible for Metropolitan Council Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grants but does not include express bus stations; **(7 points)**
   ii. ☐ Located within one-quarter mile of a high service public transportation fixed route stop, which is defined as those with service from 6 a.m. to 7 p.m. that have a frequency of service approximately every half hour during that time, located within one-half mile of an express bus route stop or located within one-half mile of a park and ride lot; or **(4 points)**
   iii. ☐ Served by demand response/dial-a-ride with prior day notice. This excludes Metro Transit's Transit Link Service. Transit service must be available daily, Monday through Friday, for a minimum of 8 hours per day. **(2 points)**

b. Walkability: To claim walkability in Minneapolis and Saint Paul, a project must be (Select one):
   i. ☐ Located in an area with a Walk Score of 80 or more according to www.walkscore.com; or **(2 points)**
   ii. ☐ Located in an area with a Walk Score between 60 and 79 according to www.walkscore.com. **(1 point)**

c. Walkability: To claim walkability in Metropolitan Area communities other than Minneapolis and Saint Paul (Suburban Communities), a project must be (Select one):
   i. ☐ Located in an area with a Walk Score of 60 or more according to www.walkscore.com; or **(2 points)**
   ii. ☐ Located in an area with a Walk Score between 50 and 59 according to www.walkscore.com. **(1 point)**

2. ☐ **Greater Minnesota Urbanized Areas.** For projects in Greater Minnesota urbanized areas (population greater than 50,000), indicate if the project is located in a community with transportation, access to transit and/or walkability.

   Urbanized areas are defined by the U.S. Census as places with populations greater than 50,000, and urbanized areas in Greater Minnesota are defined by the Minnesota Department of Transportation (MnDOT) (Greater Minnesota Transit Investment Plan) as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud.

a. Access to Transit: To claim access to transit, a project in a Greater Minnesota urbanized area must be (Select one; refer to the Transit and Walkability Methodology of the Methodology Guide to determine points):
    i. ☐ Located within one-quarter mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information, including time and frequency of service, along with evidence of service availability from the transit authority providing service. Both planned and existing stops must be available daily, Monday through Friday, and provide service every 60 minutes for a minimum of 10 hours per day. **(7 points)**
    ii. ☐ Located between one-quarter mile and one-half mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information, including time and frequency of service, along with evidence of service availability from the transit authority providing service. Both planned and existing stops must be available daily, Monday through Friday, and provide service every 60 minutes for a minimum of 10 hours per day. **(4 points)**
    iii. ☐ Located less than one-half mile from an express bus route stop or park and ride lot. **(4 points)**
b. Walkability: To claim walkability, a project in a Greater Minnesota urbanized area must be (Select one):
    i. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com; or **(2 points)**
    ii. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com. **(1 point)**

3. ☐ **Greater Minnesota Rural and Small Urban Areas.** For projects in Greater Minnesota rural and small urban areas (population fewer than 50,000), indicate if the project is located in a community with transportation, access to transit and/or walkability.

   According to the U.S. Census, rural and small urban areas are places with populations fewer than 50,000.

   For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride and walkability. Route deviation service is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated

route stops without advance notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

a. Access to Transit: To claim access to transit, a project in a Greater Minnesota rural and small urban area must be (Select one):
    i. ☐ Within one-half mile of a designated transit stop **OR** served by demand response/dial-a-ride **OR** within one-half mile of a commuter rail station, and the applicable transit option is available daily, Monday through Friday, providing same day service. Commuter rail stations include the Elk River and Big Lake Stations serviced by Metro Transit's Northstar Commuter Rail. **(7 points)**
    ii. ☐ Served by demand response/dial-a-ride with prior day or greater notice needed, and service is available daily, Monday through Friday. **(4 points)**
b. Walkability: To claim walkability, a project in a Greater Minnesota rural and small urban area must be (Select one):
    i. ☐ Located in an area with a Walk Score of 50 or more according to www.walkscore.com; or **(2 points)**
    ii. ☐ Located in an area with a Walk Score between 30 and 49 according to www.walkscore.com. **(1 point)**

4. Supporting Community and Economic Development

A. Community Development Initiative (3 Points)

1. ☐ The project contributes to the **active implementation** of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities or other community stakeholders. The initiative must contain more components than the project itself.

Applicants must complete the Community Initiative Narrative (using the Minnesota Housing template). The narrative must clearly identify the Community Development Initiative and articulate how the applicant's proposed project contributes to the active implementation of that Community Development Initiative. Applicants must also provide a full copy of at least one of the Community Development Initiative supporting documents (CDI Documentation) referenced in the Community Development Initiative Narrative. Acceptable forms of CDI Documentation includes neighborhood plans, city or county plans, charters, or comprehensive plans. To qualify for the points under this

selection criterion, the CDI Documentation must meet the requirements set forth in Table 1 and Table 2, as applicable, below.

Table 1: CDI Documentation Requirements

Required Elements of CDI Documentation	Description of Requirement
Description and Map of Targeted Geographic Area	The CDI Documentation must describe the geographic area to be targeted by the Community Development Initiative (Targeted Geographic Area) and include a map of the Targeted Geographic Area. The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Geographic Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.
Current Implementation Plan	The CDI Documentation must describe an implementation plan with goals or outcomes specific to the need(s) identified by the Community Development Initiative. Within the Community Development Initiative Narrative, describe milestones or steps of the plan that are: 1. Completed; 2. Underway; and 3. Planned.
Affordable Housing as a Key Strategy	The CDI Documentation must clearly identify affordable housing, not housing generally, as a key strategy of the Community Development Initiative.
List of Stakeholders and Their Roles	The CDI Documentation must list local stakeholders involved and a description of their role in the active implementation of the Community Development Initiative.

Table 2: CDI Documentation Requirements – Additional Requirements for Projects in a QCT

Required Element of CDI Documentation	Description of Requirement
Public or Private Investment (non-housing) Required if the Project is Located in a QCT	The CDI Documentation must demonstrate a strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities or services that could include, but are not limited to: • Commercial/retail development; • Economic development; • Education-related initiative/ development; • Environmental clean-up; • Public works/infrastructure; • Parks, green space and recreation; and • Transit-oriented development or transit initiatives.

B. Equitable Development (3 Points)

1. ☐ The project will address the needs of a Community Most Impacted (CMI) by housing disparities and a Qualified Stakeholder Group (QSG), with meaningful participation from that CMI, has a significant role in the project proposal as defined below. Occupancy restrictions or services provided as a result of the selection criteria are excluded.

A QSG:

- Is not required to be a registered nonprofit organization and could consist of a group of community members, advocates, people with lived experiences, etc.;
- Must demonstrate meaningful and inclusive representation and participation of a CMI;
- Must include at least three participants who belong to the CMI the project is proposing to serve; and
- Must be an independent body separate and apart from the proposed project owner, sponsor, developer, development team, service provider and management agent of record for the project. The developer or other members of the development team may initiate or convene a QSG, but the participants and opinions of the group must be independent of the development team organizations.
    - Federally Recognized Tribes of Minnesota or Tribally designated housing entities or Tribal corporate entities developing on Tribal Reservations, Dakota Communities or Tribal trust lands meet the definition of a QSG and are not required to be an independent body separate and apart from the proposed project owner, sponsor,

developer, development team, service provider and management agent of record for the project due to the Tribal ownership structure.

Examples of a QSG include:

- A local nonprofit organization that serves the needs of indigenous individuals and families;
- A neighborhood organization concerned about healthcare access and inequities;
- A parent group formed to influence a youth-centered development;
- A group of individuals with lived experience of homelessness informing the service model of a supportive housing development; and
- Tenants of an existing building, either a tenant association or individual tenants organized, informing on the rehabilitation of an existing building or construction of a new development.

To be eligible for Equitable Development, applicants must complete the Equitable Development Narrative and submit documentation into the Multifamily Customer Portal that meets all the following threshold criteria:

1. Housing Disparity Addressed by the project.
    a. Identity which of the following CMI(s) this project proposes serving. If the project is focused on serving multiple populations, select the CMI(s) participating in the QSG that have a significant role in the proposal.
        i. Lowest Income (e.g., <= 30% of MTSP);
        ii. People of Color;
        iii. Indigenous People;
        iv. LGBTQ+ People;
        v. People Experiencing Homelessness;
        vi. People with Disabilities;
        vii. Immigrants;
        viii. Large Families;
        ix. Seniors; and/or
        x. Families with Children.
2. Meaningful Participation of Communities Most Impacted: A QSG must have meaningful participation of the CMI that is the focus of the project proposal as documented in the narrative.
    a. Describe the QSG's mission and purpose in elevating the voices of the identified CMI.
    b. Identify and describe what leadership and/or advisory roles people belonging to the identified CMI have in the QSG, which must include one or more of the following:
        i. A paid leadership position; list position (if applicable);
        ii. A member of the board (if applicable);

iii. A paid staff position (if applicable);
iv. A member role, such as serving on an advisory committee; and/or
v. Other meaningful role, such as a volunteer (describe).

c. Provide a list of the QSG's previous activities related to the identified CMI and community development. If there have been no previous activities, describe who formed the QSG and why.

3. Meaningful Engagement with the Identified CMI through the QSG: The development team must evidence that the QSG and specifically the CMI participants have been meaningfully engaged in the project concept by conducting, at minimum, two engagement opportunities with the same QSG prior to submission of the current application. Engagement opportunities can be in person or virtual and may include meetings, focus groups, surveys, or similar venues where the QSG is participating in the development process.
    a. Documentation must be provided to evidence attendance and engagement. Acceptable evidence of attendance includes sign-in sheets or attendance confirmation. Acceptable evidence of engagement includes meeting minutes, meeting notes, survey results, presentation slides, etc.
    b. **NOTE:** Any in-process engagement with the QSG must include a detailed timeline for work done to-date, next steps and future completion.
4. Significant Involvement of the QSG**:** The developer or other members of the development team must partner with the QSG and the identified CMI to develop the project proposal. Identify and submit a narrative explaining how the QSG was involved in one or more of the following aspects of the development, the specific input they provided and how the project addresses or responds to that input. These must be in addition to any mandatory minimum requirements of the QAP and in addition to the minimum requirements for which points are claimed in other selection criteria, such as Serves Lowest Income Tenants and/or Large Families. Applicants may select more than one of the following:
    a. Design;
    b. Services;
    c. Community Benefits: An agreement, between the developer and local community, to provide a benefit as identified by CMI(s). (i.e., projects that support paying a competitive wage, employing union workers and/or individuals from the neighborhood, or participating in a Worker-Driven Social Responsibility compliance and monitoring system, community services, training, shared green space, etc.); and/or
    d. Other (describe in the narrative).
5. Provide a signed letter from the QSG. The letter must be signed by group participants who are willing to sign the document. The letter must address each of the following questions:

a. How has the developer or other members of the development team engaged with the QSG and the identified Communities Most Impacted to create a project responsive to the vision of the group and needs of the CMI?
b. How will this project help in fulfilling a need in your community?
c. How often did the QSG engage with the developer or other members of the development team and what was discussed?
d. How has the project changed in response to the input from the QSG?
e. If the development is selected, what are your expectations for the QSG's continued involvement in the project?

C. Rural/Tribal (4 to 8 Points)

1. Projects located in Rural/Tribal Designated Areas outside of the Metropolitan Area as defined by the 2026-2028~~7~~ QAP and urbanized areas in Greater Minnesota. Urbanized areas in Greater Minnesota are areas with population over 50,000. They include Duluth, East Grand Forks, La Crescent, Mankato, Moorhead, Rochester and St. Cloud. Projects that were previously not selected may be eligible for Hold Harmless provisions. See Section 1.L of the Self-Scoring Worksheet and Methodology Guide for additional details.

   Select one:

   a. ☐ Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and within a community that has a population fewer than or equal to 2,000. Tribal Reservations, Dakota Communities and Tribal trust lands are also considered Tier 1. **(8 points)**
   b. ☐ Tier 2: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and within a community that has a population between 2,001 and 5,000. **(6 points)**
   c. ☐ Tier 3: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and within a community that has a population between 5,001 and 10,000. **(5 points)**
   d. ☐ Tier 4: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and within a community that has a population greater than 10,000. **(4 points)**

D. Qualified Census Tracts/Community Revitalization or Tribal Equivalent Areas (3 Points)

Select one:

1. ☐ The proposed housing is located in a Qualified Census Tract (QCT)/Community Revitalization Area. To be eligible as a QCT/Community Revitalization component, the project must be in a Qualified Census Tract (refer to Qualified Census Tract – Reference Materials Index on the Minnesota Housing website) **and** be part of a concerted plan that provides for community revitalization consistent with the definition described in the Community Development Initiative selection criteria. **(3 points)**

2. ☐ The proposed housing is located in a Tribal Equivalent Area. Projects located in a Tribal Equivalent Area are eligible for the criteria solely based on geographic location. **(3 points)** Projects that were previously not selected may be eligible for Hold Harmless provisions. See Section 1.L of the Self-Scoring Worksheet and Methodology Guide for additional details.

E. Multifamily Award History (4 Points)

1. ☐ Projects located in communities that have not received an award or allocation of funding or HTCs from Minnesota Housing for a resource offered through the Multifamily Consolidated RFP/HTC Round 1, HTC Round 2, in any pipeline funding round if the funding source is available in the RFP/HTC Round 1 or for projects receiving an allocation of bonding authority from Minnesota Management and Budget (MMB) with an award of 4% Minnesota Housing HTCs in the last five years. Projects that received Low and Moderate Income Rental (LMIR)-only financing are excluded. Refer to the Multifamily Award History Methodology in the Methodology Guide for more information. **(4 points)**

F. Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (1 to 20 Points)

Projects that include business entities that are owned or led by individuals who are Black-, Indigenous or other Person of Color or business entities that are owned or led by one or more women. A Person of Color includes a person from Native and Indigenous North and South American, Black and African-descendant, Hispanic or Latinx, Asian and Pacific Islander and other non-white communities.

A Black-, Indigenous-, People of Color-owned Business Enterprise is a Tribe, Tribally designated housing entity, Tribal corporate entity or other entity which is at least 51% owned by one or more individuals that are Black, Indigenous or other Person of Color.

A Women-owned Business Enterprise is an entity which is at least 51% owned by one or more women.

This includes nonprofits and governmental entities where the executive director or equivalent is Black, Indigenous or other Person of Color, or a woman, as applicable. The individual(s) must also control and manage the daily business operations.

1. Provide documentation demonstrating that the entity meets the definition. This should include an organization chart and must include one or more of the following: a signed and dated certification statement, qualification form(s), ownership documentation or third-party verification.

    a. Ownership and Sponsorship

    Select one:

    i. ☐ The project owner and sponsor is a Tribe, Tribally designated housing entity, Tribal corporate entity or for-profit Black-, Indigenous-, People of Color-owned Business Enterprise. **(8 points)**
    ii. ☐ The project owner and sponsor is a for-profit Women-owned Business Enterprise. **(5 points)**
    iii. ☐ The project owner and sponsor is a nonprofit Black-, Indigenous-, People of Color-owned Business Enterprise or a nonprofit Women-owned Business Enterprise. **(4 points)**

    b. Development Team

    The developer*, general contractor, architect, service provider, management agent or development consultant, with primary responsibility for the applicable development team function, is a Black-, Indigenous-, People of Color-owned Business Enterprise or a Women-owned Business Enterprise. Eligibility will be determined at the time of application and will be monitored through the deferred loan construction completion and/or 8609.

    Select one:

    i. ☐ Two or more entities are each a Black-, Indigenous-, People of Color-owned Business Enterprise. **(7 points)**
    ii. ☐ Two or more entities are each a Women-owned Business Enterprise or a combination of one Black-, Indigenous-, People of Color-owned Business Enterprise and one Women-owned Business Enterprises. **(4 points)**
    iii. ☐ One entity is a Black, Indigenous, People of Color-owned Business Enterprise or a Women-owned Business Enterprise. **(1 point)**

***NOTE:** If there is an identity of interest between the project owner and sponsor and the developer, an applicant cannot BOTH claim points based on the owner and sponsor under Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (4. F.1.a) AND based on

the developer under Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (4. F.1.b) selection criteria.

c. Capacity Building Partnership

The project owner and sponsor, developer, general contractor, architect, service provider or management agent partners with a Black-, Indigenous-, People of Color-owned Business Enterprise or a Women-owned Business Enterprise with the goal of building that entity's capacity to develop, manage, construct, design or own affordable housing in the future. Documentation must show that the partnership is necessary to help build the entity's capacity. Minnesota Housing, at its sole discretion, must agree that the partnership will increase the entity's capacity.

Provide an agreement executed between the partnering entities that defines the division of specific duties and roles, ownership, profit, fee structure and/or cashflow projection if applicable based on the ownership structure. The agreement must be specific to the applicant's proposed project and explicitly state the goal of building the Black-, Indigenous-, People of Color-owned Business Enterprise or Women-owned Business Enterprise's capacity to develop, manage, construct, design or own affordable housing in the future. The agreement must meet one or more of the following criteria:

i. ☐ The project owner and sponsor agree to partner with a Black-, Indigenous-, People of Color-owned Business Enterprise or a Women-owned Business Enterprise sponsor that will have at least a 50.1% stake in all aspects of the development including, but not limited to, ownership in the general partner(s)/managing member(s), fee structure and/or cash flow and voting rights; **(4 points) OR**

ii. ☐ The project owner and sponsor agree to partner with a Black-, Indigenous-, People of Color-owned Business Enterprise or a Women-owned Business Enterprise owner and sponsor that will have at least a 30% stake in all aspects of the development including, but not limited to, ownership in the general partner(s)/managing member(s), fee structure and/or cash flow and voting rights; **(2 points) AND/OR**

iii. ☐ The project developer, general contractor, architect, service provider or management agent agrees to partner with a Black-, Indigenous-, People of Color-owned Business Enterprise or a Women-owned Business Enterprise entity to perform a defined portion of the contracted work. **(1 point)**

NOTE:

- An applicant may claim either 4.F.1.c.i or 4.F.1.c.ii but not both.
- If there is an identity of interest between the project owner and sponsor and the developer, an applicant cannot BOTH claim points based on the project owner and sponsor under Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (4. F.1.c.i/4. F.1.c.ii) AND based on the developer under Black-, Indigenous-, People of Color-owned Business Enterprises or Women-owned Business Enterprises (4. F.1.c.iii).

G. Local Actions to Support Housing (2 Points)

1. Projects located in a jurisdiction that meets one or more of the following criteria to reduce barriers to affordable housing development. **(2 Points)**

Select all that apply:

a. ☐ The jurisdiction allows for the development of multifamily housing in at least 50% of the area within the jurisdiction zoned as a commercial district, excluding areas covered by state or local shoreland regulations;

b. ☐ The jurisdiction allows for duplexes, accessory dwelling units, or townhomes within 50% of the area within the jurisdiction zoned for single-family housing, excluding areas covered by state or local shoreland regulations;

c. ☐ The jurisdiction does not have parking mandates greater than one stall per unit of housing for single-family housing;

d. ☐ The jurisdiction does not have parking mandates greater than one stall per unit of housing for multifamily developments;

e. ☐ The jurisdiction does not mandate lot sizes larger than one-eighth of an acre for new single-family home construction, excluding areas covered by state or local shoreland regulations;

f. ☐ The jurisdiction does not place aesthetic mandates on new single-family construction, including type of exterior finish materials, including siding; the presence of shutters, columns, gables, decks, balconies, or porches; or minimum garage square footage, size, width, or depth;

g. ☐ The jurisdiction has a density bonus for affordable housing that provides for an increase in floor area and lot coverage if the housing is affordable housing; **OR**

h. ☐ The jurisdiction has adopted an inclusionary zoning policy for the purpose of increasing the supply of affordable housing.

5. Efficient Use of Scarce Resources and Leverage

A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 Points)

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application must count the source in this calculation. Funding can only be included in the calculation if funds are committed, not the subject of a current request.

   Calculate your total using the formula below. Exclude any commitments for the amortizing first mortgage financing and any anticipated syndication proceeds from the current HTC request.

   Total eligible funding secured, awarded or committed (excluding amortizing first mortgages and any anticipated proceeds from the current HTC request. If applicable, the Tax Increment Financing (TIF) amount provided by the city can be included as a commitment).

   $_____ divided by Total Development Costs $_____ equals Percentage of Permanent Capital Funding Sources Committed _____% (round to the nearest tenth):

   a. ☐ 10.51% or more of funding secured, awarded or committed **(16 points)**
   b. ☐ 9.01% to 10.5% of funding secured, awarded or committed **(14 points)**
   c. ☐ 7.51% to 9.0% of funding secured, awarded or committed **(12 points)**
   d. ☐ 6.01% to 7.5% of funding secured, awarded or committed **(10 points)**
   e. ☐ 4.51% to 6.0% of funding secured, awarded or committed **(8 points)**
   f. ☐ 3.01% to 4.5% of funding secured, awarded or committed **(6 points)**
   g. ☐ 1.51% to 3.0% of funding secured, awarded or committed **(4 points)**

For scoring purposes, the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval or statement of agreement or eligibility. Commitment documentation must state the amount and be executed or approved by the lender or contributor. Commitments must contain no contingencies other than receipt of an HTC allocation or award from Minnesota Housing or the applicable conditions with which any recipient of similar funds would have to comply with to receive such funding. Documentation containing words synonymous with “consider” or “may,” (as in “may award”) regarding the commitment will not be acceptable.

Funding commitments, or an equivalent commitment, must be maintained and cannot be eliminated or reduced.

The list below includes potential Financial Readiness/Leveraged Funding Commitments, but the list is not all inclusive:

- Syndication proceeds due to previously allocated or awarded HTCs: Syndication proceeds from HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is a letter from the allocating agency and an executed syndicator agreement or executed Letter of Intent from the syndicator that is acceptable to Minnesota Housing. The executed Letter of Intent must be current within 30 days of submission of the application.
- Monetary grants/donations
- The portion of the amortizing first mortgage supported by payments in lieu of taxes (PILOT): PILOT is only available for owners that are unit of local government. Be aware that Minnesota Housing may disallow points if the application is considered for a structure in which the project owner will not be a unit of local government, such as a structure with HTCs.
- Tax Increment Financing (TIF) and/or Property Tax Abatement: Provide satisfactory documentation that the contribution is committed to the project at the time of application. The documentation must include a resolution from the local government unit indicating its intention to provide TIF or property tax abatement assistance. The anticipated amount must be included in the resolution or a letter from the local government unit.
- Deferred loans
- Grants from nonprofit charitable organizations converted to deferred loans. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a project source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application, provide written documentation of eligibility through evidence of Historic Register listing or Part 1 – Evaluation of Significance form that is certified and signed by the National Park Service (NPS), along with a syndicator/investor Letter of Intent. NPS must check a box on the form indicating that the property contributes to the significance or appears to contribute to the significance.
- General Partner (GP) commitments can count if satisfactory documentation is provided. Commitments cannot be eliminated or reduced. Examples include:
    - GP cash: Information provided in the applicant's Multifamily Workbook is satisfactory documentation and is considered a commitment.
    - Seller loans: Information provided in the applicant's Multifamily Workbook is satisfactory documentation and is considered a commitment, unless it is a third-party seller. In the case of a third-party seller, commitment documentation must also be provided.
    - Deferred developer fee: Information provided in the applicant's Multifamily Workbook is satisfactory documentation and is considered a commitment. For a committed

deferred developer fee that cannot be paid back within 10 years on a pro forma basis (based on the pro forma submitted with the application), approval by the syndicator/investor is required.
    - Interim income and purchased reserves: Provide satisfactory documentation to demonstrate that the identified amount of reserves are available and will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include a purchase agreement or financial statements, along with a commitment letter from the applicant.
    - Energy or Sales Tax Rebate: Information provided in the applicant's Multifamily Workbook is satisfactory documentation and is considered a commitment.
- State Housing Tax Credit (SHTC):
    - A project expecting to receive a SHTC designated contribution at a later date: A commitment from a prospective SHTC contributor at application is similar to other funding commitments from an outside party. The third party is committing to contribute a certain amount of funds to the project. A commitment may not include a contingency regarding the availability of SHTC. All funding commitments, or an equivalent commitment, must be maintained and cannot be eliminated or reduced. The expectation is that the funds will be disbursed to the project whether or not the funds are received via from the SHTC program.
    - A project that was designated as a designee of a designated contribution or received an SHTC award through an RFP process: All funding commitments, or an equivalent commitment, must be maintained and cannot be eliminated or reduced. The expectation is that the funds will be disbursed to the project whether or not the funds are received via from the SHTC program. Submit the SHTC letter from Minnesota Housing with the amount.
- Funder commitments to modify existing debt will not be counted in this criterion.

NOTE: The Financial Readiness to Proceed/Leveraged Funds (5.A.) and Other Contributions (5.B.) selection criteria cannot be claimed for the same sources.

B. Other Contributions (2 to 10 Points)

1. For projects that receive **non-capital contributions**: Contributions can come from any entity, including the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. This is a non-capital contribution to the development budget unless specified below. Calculate your total using the formula below and select the appropriate option.

This calculation is based on Total Development Costs. Do not use any exclusions. Total "Other" non-capital funding contributions and sources $_____ divided by Total Development Costs $_____ equals Other Contributions (rounded to the nearest tenth):

a. ☐ 6.00% and above **(10 points)**
b. ☐ 4.50% to 5.99% **(8 points)**
c. ☐ 3.00% to 4.49% **(6 points)**
d. ☐ 1.5% to 2.99% **(4 points)**
e. ☐ .01% to 1.49% **(2 points)**

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility or memorandum of understanding.

For scoring purposes, the documentation must state the amount and must be executed or approved, at a minimum, by the contributor. Commitments must contain no contingencies other than receipt of a funding selection from Minnesota Housing or the applicable conditions with which any recipient of similar funds would have to comply with to receive such funding. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable.

The list below includes potential Other Contributions, but the list is not all inclusive:

- Land donation or write-down of the project site: Documentation used to determine the as-is market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties or other data deemed acceptable by Minnesota Housing. If submitting a purchase agreement, the purchase agreement must reflect the reduced price.
- In-kind work and materials that benefit the project are donated at a lower or no cost value.
- Local government reduction, donation or waiver of project specific costs, assessments or fees (e.g., Sewer/Water Access Charge [SAC/WAC], Park Dedication Fees).
- Reservation land not subject to local property taxes: Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by the applicable federal rate (AFR) for the term. This can be a contribution to the operating budget.
- Land with long-term low-cost leases: Calculate net present value (NPV) of the cumulative lease payments by using NPV discounted by applicable federal rate (AFR) for the term of the deferred loan/LURA or the term of the land lease, whichever is later. The contribution amount is determined by deducting the NPV amount and any capitalized acquisition costs from the value

of the property. Documentation must include the proposed terms of the lease, including the length of lease and any annual payments required. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties or other data deemed acceptable by Minnesota Housing. The final land lease must be equal to or exceed the term of the LURA or the deferred loan and must be approved by Minnesota Housing prior to closing. This can be a contribution to the operating budget.

- Tax Increment Financing (TIF) and/or Property Tax Abatement for properties that cannot support an amortizing first mortgage. In this situation, the TIF or Property Tax Abatement is generally provided in the form of an operating subsidy. Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the TIF or Property Tax Abatement. Provide satisfactory documentation that the contribution is committed to the project at the time of application. The documentation must include a resolution from the local unit of government indicating its intention to provide TIF and/or Property Tax Abatement assistance. The anticipated amounts must be included in the resolution or a letter from the local unit of government. The documentation should include the TIF or Property Tax Abatement analysis from the local unit of government or its consultant. This can be a contribution to the operating budget.
- Payments in lieu of taxes (PILOT) for properties that cannot support an amortizing first mortgage: PILOT is only available for owners that are unit of local government. Be aware that Minnesota Housing may disallow points if the application is considered for a structure in which the project owner will not be a unit of local government, such as a structure with HTCs. Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA). This can be a contribution to the operating budget.
- Funder commitments to modify existing debt will not be counted in this criterion.

NOTE: The Financial Readiness to Proceed/Leveraged Funds (5.A) and Other Contributions (5.B.) selection criteria cannot be claimed for the same resources.

C. Intermediary Costs (1 to 4 Points)

1. Intermediary costs are third-party service costs related to the project development. Costs excluded from Intermediary costs include Park Dedication Fees; Surveys; Soil Borings; Payment and Performance Bond Premium; Sewer/Water Access Charge (SAC/WAC); Fixtures, Furnishing and Equipment (FFE); Hazard and Liability Insurance; and Building Permits.

This calculation is based upon the amount of intermediary costs on a sliding scale based on the percentage of Total Development Costs. For selected projects, this percentage may be enforced at the time of closing for deferred loans or at issuance of IRS Form 8609 for HTC developments. Calculate your total using the formula below.

Intermediary cost amount $_____ divided by Total Development Costs $_____ equals Intermediary Percentage _____% (rounded to the nearest tenth):

a. ☐ 0.0% to 15% **(4 points)**
b. ☐ 15.1% to 20% **(3 points)**
c. ☐ 20.1% to 25% **(2 points)**
d. ☐ 25.1% to 30% **(1 point)**

6. Building Characteristics

A. Innovative Construction Techniques (3 points)

1. ☐ The project will use Innovative Construction Techniques (ICT).

To be eligible for the ICT selection criterion, a proposed project pre-application and final application submittal must meet all of the following conditions:

a. The proposed technique will achieve one or both of the following goals, or it will pilot a technique that has the potential to achieve the goal(s) in the future after it is tested, and implementation issues have been worked out:
    i. Reduce total construction cost by at least 10%; and/or
    ii. Reduce the time a project is under for construction by at least 20%.
b. The proposed technique is one that Minnesota Housing typically does not see in projects that receive Minnesota Housing resources. For example, conventional wood frame construction with panelized walls is a construction technique often used in Minnesota and is not an alternative way to frame this condition. The proposed technique needs to be new and innovative.
c. The proposed technique is feasible, can be replicated in future projects and has the potential to be brought to scale and used to meet different housing needs and in different settings. The technique has wide applicability.
d. The development team is required to write and publicly release a report after the project has been completed, outlining lessons learned, such as: What worked well with the technique? What did not work well? What challenges and barriers did the development team run into, and how did it overcome them? How can future projects

more effectively implement and use the construction technique, outlining promising practices and lessons learned?

e. The use of the proposed technique is appropriate for the project and will not hinder its ability to provide quality housing on a timely basis, will last a long time and will meet the needs of tenants. The technique makes sense for this development.
f. The project complies with Minnesota Housing's design standards and guidance. Minnesota Housing may grant waivers if they will allow particularly promising techniques to be tested, and the waivers will not substantially impact the quality and durability of the housing.

The applicant must provide the required pre-application documentation by the required pre-application deadline. The due date will be established prior to the application deadline for the Multifamily Consolidated RFP or HTC Round 2. Failure to submit all required pre-application materials may result in rejection of the pre-application. Applicants must complete the ICT narrative and submit documentation via the pre-application process to demonstrate how the project meets the requirements outlined in the ICT narrative. Provide Minnesota Housing's innovative construction techniques confirmation letter with the application.

Projects applying via 4% HTC Only Round are not required to submit a pre-application and can submit the materials as part of the application.

B. Universal Design (3 Points)

1. The project will incorporate Universal Design Features. A Universal Design unit is a unit that includes all Minimum Essential Universal Design Features, along with eight Optional Features for units in a new construction or adaptive re-use project, and four Optional Features for units in a rehabilitation project. Type A accessible units (as referenced in Minnesota Housing's Rental Housing Design and Construction Standards) also meet the definition of a Universal Design Unit.

   The Universal Design Worksheet must be included with the application. A list of the required Minimum Essential Universal Design and Optional Features can be found in the Universal Design Worksheet.

   Select one:

   a. ☐ An elevator building with 100% of the total units meeting the definition of a Universal Design Unit **(3 points)**
      Number of units: _____
   b. ☐ A non-elevator building with at least 10% of the total units meeting the definition of a Universal Design Unit **(3 points)**
      Number of units: _____

C. Enhanced Sustainability (2 to 12 Points)

The project will incorporate additional sustainability criteria into its design. **The applicant must complete the "How Will Criteria Be Implemented" column within the applicable year's Multifamily Intended Methods Worksheet and clearly explain how each selected Optional Criteria point and alternative building performance pathway (Tier 3 and Tier 4) will be implemented.** The selected Optional Criteria point total on the Multifamily Intended Methods Worksheet must reconcile with the minimum number of Optional Criteria points required for the applicable tier, if claiming Tier 1 or Tier 2 points.

Applicants can select just Tier 1, Tier 2, Tier 3 or Tier 4; or a combination of Tiers 1 and 3, Tiers 2 and 3, Tiers 1 and 4 or Tiers 2 and 4 for a maximum of 12 points. Please note all buildings in the project with residential units, regardless, if claiming or not claiming point(s) for enhanced sustainability, must be certified through the ENERGY STAR Residential New Construction Program using ENERGY STAR Multifamily New Construction (MFNC), ENERGY STAR Manufactured Homes and/or ENERGY STAR Certified Homes as relevant. Refer to applicable MN Overlay for additional information regarding baseline requirements. Actual enrollment of project with Enterprise Green Communities Criteria (EGCC) is not required for any selected tier or combination of tiers.

1. ☐ Tier 1: The project will include at least two times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year's Minnesota Overlay to Enterprise Green Communities Criteria (EGCC) and as claimed in the Multifamily Intended Methods Worksheet. **(2 points)**
2. ☐ Tier 2: The project will include at least three times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year's Minnesota Overlay to EGCC and as claimed in the Multifamily Intended Methods Worksheet. **(4 points)**
3. ☐ Tier 3: The project will conform to at least one of the following alternative building performance pathways as claimed in the Multifamily Intended Methods Worksheet: **(6 points)**

a. Pathway 1[10] (applicable to new construction and rehabilitation (rehab) projects): The project meets Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard.
b. Pathway 2[11] (applicable to new construction projects only): Certify the project with the Department of Energy (DOE)Zero Energy Ready Home (ZERH) program.
c. Pathway 3 (applicable to rehabilitation (rehab) projects only): The project meets the 2020EGCC – Criterion 5.1b Building Performance Standard. To receive points for Pathway 3, the project must follow the Performance Pathway as described in the applicable year's Minnesota Overlay to EGCC – Criterion 5.1b by providing an Energy Rater Index (ERI) Pathway by achieving one of the following ERI thresholds:
    i. An ERI score of 80 or less for properties built in or after 1980;
    ii. An ERI score of 100 or less for properties built before 1980; or
    iii. A post-rehab ERI score at least 15% less than the pre-rehab ERI score.

4. ☐ Tier 4: The project will be certified by one of the following alternative building performance pathways as claimed in the Multifamily Intended Methods Worksheet **(8 points)**:
    a. Passive House Institute (PHI) Classic;
    b. Passive House Institute United States (PHIUS); or
    c. PHI EnerPHit (applicable to rehabilitation projects only)
    d. PHIUS CORE/Zero REVIVE (applicable to rehabilitation projects only)
    e. One of the following 2020 Enterprise Green Communities Criteria, Criterion 5.4 Achieving Zero Energy, Option 2 programs:
        i. PHIUS + Source Zero;
        ii. PHI Plus;
        iii. PHI Premium;
        iv. International Living Future Institute's Zero Energy Petal;
        v. Zero Carbon Petal; or
        vi. Living Building Challenge.

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[10] Follow Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard. Compliance with SB 2030 Standard is achieved by a combination of on-site renewable energy generation and energy efficiency. Projects meeting SB 2030 Standard are evaluated for compliance during design, during construction and for a period of 10 years of occupancy. Compliance will be monitored through the B3-MSBG Tracking Tool. All buildings with residential units in the project must be certified through the ENERGY STAR Residential New Construction Program. Refer to applicable MN Overlay for additional information regarding baseline requirements.

[11] Follow 2020 EGCC – Criterion 5.2b Moving to Zero Energy: Near Zero Certification.

7. Unacceptable Practices

Minnesota Housing may impose penalty points for unacceptable practices as set forth in Chapter 2.J. of the QAP. **(-1 to -35 points)**

Item: Approval, Amendment and Extension of the Direct Purchase Revolving Line of Credit Notes with Royal Bank of Canada

Action Item: 7.I
Date: 12/18/2025
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of the attached resolution authorizing the amendment of certain terms of the Agency's Direct Purchase Revolving Line of Credit Note Agreement.

Fiscal Impact

The proposed amendment and extension will raise the maximum cumulative issuance of these notes from $1,700,000,000 to $2,000,000,000 and extend the agreement expiration from 12/26/2025 to 12/26/2026, facilitating continued recycling of single-family tax-exempt volume cap.

Agency Priorities

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

Attachments

- Background
- Resolution

Background

At the meeting on 4/26/2018, the board authorized the issuance and sale of a Direct Purchase Revolving Line of Credit Note. The Credit Note is a tool to preserve tax-exempt private-activity-bond volume cap. Volume cap is valuable in supporting the Agency's financing of its homeownership and rental housing programs.

The resolution adopted 4/26/2018 limited the amount of the Credit Note advances outstanding at any point in time to $80 million. Subsequently, the board approved raising the outstanding limit to $120 million at its 10/17/2019 meeting and to $200 million at its 2/25/2021 meeting. While the board-approved outstanding limit on advances is $200 million, the Agency may choose to set the outstanding limit at a lower dollar amount. The Agency pays an unutilized fee to RBC that is a percentage of the outstanding limit on advances. To limit the dollar amount of the unutilized fee, the outstanding limit is periodically adjusted as anticipated need for advances changes. The outstanding limit on advances is currently set at $75 million with RBC.

As the Agency continues to issue tax-exempt bonds and the mortgage loans financed by those bonds continue to repay, the Agency regularly needs to increase the cumulative limit of these Credit Note advances to continue to recycle tax-exempt volume cap. The cumulative limit is currently $1,700,000,000. Cumulative advances to date total $1,397,437,279. To ensure continued ability to recycle additional tax-exempt volume cap, staff seeks to raise the cumulative limit to $2,000,000,000. There are no fees associated with maintaining a higher cumulative limit.

RESOLUTION NO. MHFA 25-093

RESOLUTION RELATING TO THE APPROVAL AND AUTHORIZATION OF AN INCREASE IN PRINCIPAL AMOUNT OF A NOTE ISSUED PURSUANT TO, AND AN EXTENSION OF THE TERM OF, A REVOLVING CREDIT AGREEMENT

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

Section 1. Recitals.

1.01. Authority. The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Section 462A.08 thereof, as amended to issue bonds and notes and enter into loan agreements and request advances thereunder from time to time for the purpose of refunding any bonds or notes of the Agency then outstanding.

1.02. Purpose. Pursuant to Resolution No. MHFA 18-004, adopted April 26, 2018, the Agency determined to enter into a Revolving Credit Agreement dated as of June 1, 2018 (the "Original Revolving Credit Agreement"), between the Agency and Royal Bank of Canada, acting through a branch now located at 200 Vesey Street, New York, New York (the "Bank") whereby the Agency approved the issuance and sale of a note (the "Original Note") to evidence and secure cash advances from the Bank to the Agency pursuant to the terms of the Original Revolving Credit Agreement (the "Advances"); those Advances are used to preserve funding for the Agency's program (the "Program") of purchasing mortgage loans made to low and moderate income persons and families to finance owner-occupied single family housing by refunding eligible bonds and notes of the Agency from time to time (the "Refundings"). The Original Revolving Credit Agreement and the Original Note have been amended from time to time to reflect changes in their terms (as so amended, including as amended by the Ninth Amendment to Revolving Credit Agreement as described herein, the "Revolving Credit Agreement" and the "Note", respectively).

Pursuant to Resolution No. MHFA 20-055, adopted by the Agency on October 22, 2020 (the "2020 Note Resolution"), the Agency authorized (i) the Third Amendment to Revolving Credit Agreement, dated November 12, 2020 between the Agency and the Bank, and (ii) an amended and restated note payable to the order of the Bank in a maximum cumulative principal amount of $1,100,000,000 (as such note was amended and restated on November 12, 2020, the "Second Amended Note").

Resolution No. MHFA 21-007 (the "2020 Note Resolution Amendment"), adopted by the Agency on February 25, 2021, amended the 2020 Note Resolution to provide that the outstanding principal amount of the Second Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby may not exceed $200,000,000 at any one time; a related Fourth Amendment to Revolving Credit Agreement dated February 25, 2021 occurred after the 2020 Note Resolution Amendment.

Pursuant to Resolution No. MHFA 21-070, adopted by the Agency on December 16, 2021, the Agency authorized (i) the Fifth Amendment to Revolving Credit Agreement, dated

December 23, 2021 between the Agency and the Bank, and (ii) an amended and restated note payable to the order of the Bank in a maximum cumulative principal amount of $1,700,000,000 (as such note was amended and restated on November 12, 2020, the "Third Amended Note").

In order to continue the Program, the Revolving Credit Agreement was further amended, including that Sixth Amendment to Revolving Credit Agreement dated December 14, 2022, that Seventh Amendment to Revolving Credit Agreement dated December 22, 2023, and that Eighth Amendment to Revolving Credit Agreement dated December 12, 2024 (the "Eight RCA Amendment").

It is determined to be in the best interests of the Agency to further amend the Revolving Credit Agreement by entering into (i) a Ninth Amendment to Revolving Credit Agreement (the "Ninth Amendment to Revolving Credit Agreement"), and (ii) an amendment and restatement of the Third Amended Note by the execution and delivery of a Fourth Amended and Restated Note (as amended and restated, the "Fourth Amended Note"), each to increase the maximum cumulative principal amount of the Fourth Amended Note from $1,700,000,000 to $2,000,000,000, extend the term of the Revolving Credit Agreement from December 26, 2025 to not later than December 26, 2026, as reflected in the terms of the Indenture (herein defined), the Fourth Amended Note and the Revolving Credit Agreement, respectively. The Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby are secured by the allocation, for federal income tax purposes, from time to time, of the transferred and replacement proceeds of each of the Refundings to the Cash Collateral Fund established by the hereinafter defined Indenture as a subaccount within the Alternative Loan Fund maintained pursuant to Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"). Subsequent to the redemption, repayment or maturity of the Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby, the amounts made available from the refunding of the Fourth Amended Note at redemption, repayment or maturity will be made available for the Program.

1.03. Indenture. The Amended and Restated Trust Indenture dated as of June 1, 2018 (the "Original Indenture"), between the Agency and Wells Fargo Bank, National Association (the "Original Trustee"), as amended by the First Amendment to Amended and Restated Trust Indenture, dated as of October 28, 2020, between the Agency and the Original Trustee, the Second Amendment to the Amended and Restated Trust Indenture, dated as of November 12, 2020, between the Agency and the Original Trustee, and the Third Amendment to Amended and Restated Trust Indenture, dated as of December 23, 2021, between the Agency and Computershare Trust Company, National Association as successor in interest to the Original Trustee (the "Successor Trustee"), which provides security for the Third Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby, will be further amended by the Agency and the Successor Trustee to reflect the terms of the Fourth Amended Note and the Revolving Credit Agreement, pursuant to that Fourth Amendment to Amended and Restated Trust Indenture (the "Fourth Amendment to Amended and Restated Trust Indenture") dated as of December 23, 2025 (the Original Indenture, as so amended by the First Amendment to Amended and Restated Trust Indenture, the Second Amendment to Amended and Restated Trust Indenture, the Third

Amendment to Amended and Restated Trust Indenture, and the Fourth Amendment to Amended and Restated Trust Indenture, is referred to in this resolution as the "Indenture").

1.04. Fourth Amended Note, Revolving Credit Agreement and Indenture. Pursuant to the terms of the Revolving Credit Agreement, the Bank will continue to make Advances to the Agency for the purpose of providing funds for the Refundings. The Fourth Amended Note will be issued by the Agency to the Bank to evidence and secure any Advances. Moneys received by the Agency pursuant to the Refundings funded by those Advances will be deposited to the Cash Collateral Fund created and held under the Indenture.

The obligation to pay principal of the Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby when due will be payable from and secured by amounts on deposit in the Cash Collateral Fund. As security to pay principal of the Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby, upon any Refunding funded with any Advance, the Agency will cause funds to be transferred from the Revenue Account, Bond Principal Account and/or Redemption Account of the Bond Resolution or Resolution No. MHFA 09-71, adopted December 11, 2009 (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein), as applicable, and such funds will be deposited into the Cash Collateral Fund. The amount of funds held in the Cash Collateral Fund will at all times be at least equal to the outstanding principal amount of the Fourth Amended Note and the principal portion of Advances under the Revolving Credit Agreement evidenced thereby.

The obligation to pay interest due with respect to the Fourth Amended Note and the interest portion of the Advances under the Revolving Credit Agreement evidenced thereby will be a general obligation of the Agency payable from and secured by amounts on deposit in the Cash Collateral Fund and any moneys, assets or revenues of the Agency, 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 enacting appropriating particular funds for a specified purpose. The Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby will not constitute or give rise to a pecuniary liability of the State of Minnesota (the "State") or any political subdivision thereof or constitute a debt or loan of the credit of the State or any political subdivision thereof.

1.05. Public Hearing. The Agency has conducted a public hearing, duly noticed, on the proposal that the Agency issue qualified mortgage bonds in the additional maximum principal amount of $300,000,000 as required by Section 147(f) of the Internal Revenue Code. All parties who appeared at the hearing (if any) were given an opportunity to express their views with respect to that proposal and interested persons were given the opportunity to submit written comments to the Agency prior to the date of each of the hearing.

1.06. Documentation. Draft forms of the following documents (collectively, the "Amended Note Documents") relating to the Fourth Amended Note have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency and its agents and representatives:

(a) A proposed form of the Fourth Amendment to Amended and Restated Indenture; and

(b) A proposed form of the Ninth Amendment to Revolving Credit Agreement (which includes the proposed form of the Fourth Amended Note).

Section 2. Authorization of the Fourth Amended Note and Approval of the Amended Note Documents.

2.01. To provide sufficient funds to be used and expended for the purposes set forth in Section 1.01, it is now determined to be necessary to issue the Fourth Amended Note pursuant to the Amended Note Documents, provided that (a) the cumulative amount of Advances made pursuant to the Revolving Credit Agreement and evidenced by the Fourth Amended Note may not exceed $2,000,000,000, (b) the Fourth Amended Note will mature at any time or times in the amount or amounts not later than 35 years from the date of initial issuance thereof, and (c) the Fourth Amended Note will have a redemption or payment date not later than 2 years from the date of initial issuance thereof, unless the repayment date is otherwise extended pursuant to the Amended Note Documents. The Agency is hereby authorized and directed to enter into and perform the Amended Note Documents and the Revolving Credit Agreement and issue the Fourth Amended Note to the Bank, including any further amendments thereto conforming to the parameters set forth in the preceding sentence, to provide funds to be used to refund outstanding bonds or notes of the Agency from time to time to preserve funding for the Program.

2.02. The forms of the Amended Note Documents and the Fourth Amended Note, the provisions of which are incorporated herein by reference, are hereby approved, subject to those modifications as are deemed appropriate and approved by an Authorized Officer (as hereinafter defined), which approval will be conclusively evidenced by execution of the Amended Note Documents by an Authorized Officer. Copies of all the documents will be delivered, filed or recorded as provided therein. An Authorized Officer is also authorized and directed to execute any other instruments as may be required to give effect to the transactions herein contemplated.

Section 3. Terms of Note.

(A) Terms. The Fourth Amended Note will be issued in a maximum cumulative principal amount of $2,000,000,000, provided that the outstanding principal amount of the Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby may not exceed the lesser of $200,000,000 or the "commitment amount" set forth in the Revolving Credit Agreement, and will be dated the date of its initial delivery. The Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby will be payable as to principal and interest on the dates, will bear interest at an interest rate and will be subject to prepayment, repayment and mandatory purchase at times and upon the terms and conditions to be set forth in the Amended Note Documents. Unless the Fourth Amended Note and the Advances under the Revolving Credit Agreement evidenced thereby is bearing interest at a default rate or a taxable rate, the interest rate on the Fourth Amended Note will not exceed a rate for any accrual period of more than the sum of (i) the greater of the Floor (initially 0.00% pursuant to the Eighth RCA Amendment) or the Term SOFR Rate (or such other Benchmark Replacement adopted pursuant to the terms of the Revolving Credit Agreement), plus (ii) initially 65 basis points

(capitalized terms used in this Section 3(A) are defined in the Revolving Credit Agreement), subject to adjustment as set forth in the Revolving Credit Agreement. Any Authorized Officer is authorized to approve the final terms and conditions of the Fourth Amended Note, that approval to be evidenced by the execution and delivery of the Fourth Amended Note by that Authorized Officer.

(B) Registration and Transfer. The Fourth Amended Note will not be subject to registration and initially will be held directly by the Bank; the Fourth Amended Note will be subject to transfer and participation pursuant to the Indenture and the Revolving Credit Agreement.

Section 4. Preparation and Execution. The Fourth Amended Note will be prepared in substantially the form attached to the Ninth Amendment to Revolving Credit Agreement, and will be executed by the manual or facsimile signature of the Chair or Vice-Chair, attested by the manual or facsimile signature of the Commissioner and authenticated by manual signature of the Successor Trustee.

Section 5. General Tax Covenant. The Agency recognizes the obligation to comply with the provisions of the Code regarding the exclusion of interest from federal gross income of the interest on the Fourth Amended Note and the Agency will not take, or permit or cause to be taken, any action that would adversely affect that exclusion of interest, and will take or cause to be taken any action necessary to maintain that exclusion from gross income and, if it should fail to take or permit, or cause to be taken, as appropriate, any of those actions, the Agency will use its best efforts to take all lawful actions necessary to rescind or correct those actions or omissions promptly upon having knowledge thereof.

Section 6. Authentication of Proceedings. The Chair, Vice-Chair, Commissioner, Executive Investment Officer, and Executive Finance Officer, and other officers of the Agency (each an "Authorized Officer") are authorized and directed to furnish to the Successor Trustee and bond counsel certified copies of all proceedings and records of the Agency relating to the Fourth Amended Note and the other Amended Note Documents, and any other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Fourth Amended Note and the other Amended Note Documents as those facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all those certified copies, certificates and affidavits, including any heretofore furnished, will constitute representations of the Agency as to the truth of all statements of fact contained therein.

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Adopted by the Minnesota Housing Financing Agency this 18th day of December, 2025.

By:_____
Chair

Attest:_____
Commissioner

[Signature page to Resolution No. MHFA 25-093]

MINNESOTA HOUSING

Item: Approval, 12-month Extension of Investment Banking/Underwriting Team

Action Item: 7.J
Date: 12/18/2025
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Motion

Request Summary

At the 12/15/2022 board meeting, the board approved the selection of the Agency's investment banking/bond underwriting team for an initial three-year appointment, with the option of two 12-month extensions before needing to undergo a new request for proposals (RFP) selection process. The initial three-year appointment period will end 12/31/2025 and Agency staff recommends a 12-month extension to 12/31/2026.

Additionally, Agency staff and its financial advisors recommend and request approval to promote Northland Securities from the bond selling group to a regular co-manager.

Fiscal Impact

Agency staff will continue to support the Agency's bond issuance and minimize cost of funds.

Agency Priorities

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

Attachments:

- Background
- Underwriter Review by the Agency's financial advisor, CSG Advisors

Background

At the 12/15/2022 board meeting, the board approved the selection of the Agency's investment banking/bond underwriting team for an initial three-year appointment, with the option of two 12-month extensions. This team was selected by the request for proposals (RFP) process. The initial three-year appointment period ends 12/31/2025. A 12-month extension would expire 12/31/2026.

The investment banking/underwriting team is comprised of Royal Bank of Canada as senior manager on the Agency's bond issues with Morgan Stanley, Piper Sandler and Wells Fargo serving as regular co-managers. The senior manager leads the strategy, structuring and sales of the Agency's bonds with input and support from the co-managers. This investment banking/underwriting team provides additional support to the Agency, such as interest-rate swaps, liquidity and remarketing for variable rate bonds, credit facilities to provide liquidity and recycling of tax-exempt volume cap.

A selling group of firms is used to expand sales reach to retail investors. While the senior and co-managers provide bond-purchase orders from both retail and institutional investors, the selling group only covers retail investors. The Agency has maintained a rotating co-manager appointment for each single-family bond issuance for the best performing selling-group member on the prior bond issuance.

Agency staff and its financial advisor, CSG Advisors, are very satisfied with the underwriting team's collective performance. Northland Securities, as a member of the selling group, was appointed to the rotating co-manager position on three of the five single-family bond issuances in 2025. Despite serving as a co-manager for only three of those five bond issues, Northland Securities provided more institutional-investor orders than the regular co-managers. While preserving the current senior manager and regular co-manager appointments, staff believe service to the Agency would be improved by promoting Northland Securities from the selling group to a regular co-manager role. This would eliminate the rotating co-manager position.

The attached underwriter review provided by the Agency's financial advisor, CSG Advisors, offers further context and discussion of the recommendations.

Attachment 2 to Board Agenda Item: 7.J
Date: 12/18/2025

MINNESOTA HOUSING FINANCE AGENCY

Underwriter Performance Review:
January through December 2025

As financial advisor to Minnesota Housing Finance Agency (the "Agency"), we have prepared this review of the Agency's underwriters' performance for the calendar year 2025. The purpose is to help the Agency evaluate the performance of the members of the current underwriting team as the Agency considers the extension of the current underwriting team for an additional twelve months as well as the makeup of the team.

Summary of Recommendations

- Due to the continued successful pricings of the Agency's bonds, CSG recommends that the Agency extend the current banker underwriting team by twelve months through December 2026.
- The only recommended change to the current underwriting team would be to elevate Northland Securities from a selling group position to the role of co-manager, given their repeated success in identifying and soliciting orders from unique institutional investors that otherwise haven't participated in the Agency's bond sales.

1. CURRENT UNDERWRITING TEAM

Members

The Agency selected its current underwriting team in December 2022. The appointment was for 3 years, and thus absent an extension, would end in December 2025.

The current team consists of: RBC (Royal Bank of Canada) as senior manager and three co-managers, Morgan Stanley, Piper Sandler and Wells Fargo.

In addition to these managers, the Agency also has a selling group that most recently included nine firms (JP Morgan, Northland Securities, Amerivet, Blaylock, DA Davidson, Huntington, Mesirow, Raymond James and TD Financial) that may submit orders from retail customers. The selling group can help maximize orders, especially from Minnesota retail customers, and broaden retail distribution of the bonds. The Agency has recently elevated to a fourth rotating co-manager position the selling group member who had provided the most orders for bonds allotted to retail investors on its prior issue. This approach provided an incentive for members of the selling group to submit retail orders and meaningfully support each bond sale.

Roles

The different members of the underwriting team perform, and are expected to perform, distinct functions:

Senior Manager, RBC.

a) Serves as the lead underwriting manager between bond sales, helping to provide numerous services in evaluating the market, keeping track of the Agency's ongoing bond yield compliance requirements on past issues (both single family and multifamily), participating in and providing analyses at annual finance team meetings, and making suggestions and recommendations as to potential financing alternatives.

b) Represents the underwriting team in pricing the bonds, accepting orders, allotting bonds to orders, and committing the managers to underwrite unsold bonds;

c) As the 'book-running' manager on each bond sale, leads the marketing campaign for the bonds and typically receives most institutional investor orders (and generally receives the largest share of sales compensation, or "takedown," from each institutional order); and

d) Receives the largest share of the management fee on each bond issue while also assuming the largest share of the risk on any bonds that are underwritten but not purchased by the public on the date of sale.

Regular Co-Managers. Morgan Stanley, Piper Sandler and Wells Fargo are expected to:

a) Actively assist the Agency between bond sales in evaluating the market, participating in annual finance team meetings, and making suggestions and recommendations as to potential financings.

b) At each bond sale, provide input as to potential bond pricing levels, and actively solicit both retail and institutional orders.

c) Receive a share of the management fee and take on a share of the risk on any unsold bonds; and

d) If for any reason the senior manager is unable to perform its functions (as happened in 2008 when the prior senior manager, UBS, abruptly closed its public finance offices) or is removed by the Agency, be able to immediately step into the role of senior manager and perform it quickly and well. Regular co-managers need to be thoroughly familiar with Agency financial needs and concerns, bond issues, and loan production.

Selling Group Members. These firms are included in the team solely to expand the retail distribution network for bond sales. They do not provide input into bond pricing, receive any management fee, or take risk on unsold bonds. Their salespeople receive a sales commission ("takedown") on orders they submit and for which bonds are allotted.

Team Structure Compared to Other State HFAs

This team structure is different from that used by the majority of state housing finance agencies. Many housing finance agencies use a team of rotating co-senior managers; a different regular co-senior manager becomes the book-running on each transaction. Over the course of a year this approach spreads the work and compensation among those selected as co-senior managers. In practice, however, this also means that no one firm takes on the primary ongoing responsibility between issues to keep track of bond yield compliance or the Agency's financing needs and opportunities. Some agencies feel that using rotating

managers may encourage more firms to present financing ideas, but this is usually at the expense of continuity in working relationships and of in-depth understanding of the HFA's needs.

In practice, rotation is either simply automatic regardless of performance or, in the case of some agencies, the HFA creates a 'jump ball' for each new bond issue by asking for competing proposed structures from all the co-managers and then selecting whoever has the best ideas or has performed best or might be best suited to a structure that the HFA has already decided on (or, frequently, who hasn't recently had a chance to be the senior manager).

Minnesota Housing's approach places more responsibility on the senior manager and in return expects a very high level of ongoing service and a long-term perspective on the needs of the Agency – as opposed to the best outcome for the underwriter on one particular bond sale.

In 2022, the Agency continued this same structure of a single senior manager that it has used since the Agency's inception and that it has found – and CSG believes from our active participation with the Agency and other HFAs – serves it well in meeting the Agency's objectives.

2. 2025 BOND SALES

Sales Performance

Retail Sales. Table 1 shows each firm's total retail orders received on all RHFB and Housing Infrastructure Bond transactions sold in 2025. (There are no retail orders on HFB bonds or received by anyone other than RBC on Rental Housing Bonds). It also shows the actual allotments of bonds, based on subscription levels for particular maturities and rules giving higher priority to Minnesota retail than national retail orders. Allotments thus measure how important the orders were to the Agency in selling bonds in particular maturities.

Table 1. 2025 Retail Sales Summary (in $000's)
Firms Ranked by Retail Orders
(RHFB and Housing Infrastructure Bonds)

Firm	Role	Orders	As %	Allotments	As %
RBC Capital Markets	Senior Manager	29,680	61.5%	22,050	62.0%
Morgan Stanley	Co-Manager	2,230	4.6%	1,870	5.3%
Piper Sandler	Co-Manager	555	1.1%	555	1.6%
Wells Fargo	Co-Manager	1,365	2.8%	145	0.4%
J.P. Morgan	Selling or Co-Mgr	8,255	17.1%	6,120	17.2%
Northland	Selling or Co-Mgr	500	1.0%	355	1.0%
Amerivet	Selling Group	-	-	-	-
Blaylock	Selling Group	-	-	-	-
D.A. Davidson	Selling Group	500	1.0%	450	1.3%
Huntington	Selling Group	-	-	-	-
Mesirow	Selling Group	-	-	-	-
Raymond James	Selling Group	5,185	10.7%	4,015	11.3%
TD Financial	Selling Group	-	-	-	-
All Firms		**48,270**	**100%**	**35,560**	**100%**

Observations from Retail Sales Performance:

- As expected, RBC as the senior manager received the largest number of retail orders at just over 60% of total orders and allotments. Their significant retail strength in Minnesota also contributed to this performance.
- Of the co-managers and selling group members, J.P. Morgan and Raymond James provided a higher share of both retail orders and allotments than other firms.

Institutional Sales. Although orders from institutional buyers can be brought in by either the senior manager or co-managers (and are then allocated among multiple firms), institutional orders have historically been received predominately by the senior manager on most housing bond transactions. In recent years, however, both with the Agency and other housing issuers, co-managers have sometimes supplied institutional orders, which can contribute to a successful bond sale.

During 2025, the following amounts of institutional orders were provided by the various managers (in $ thousands):

Firm	Role	Orders
RBC Capital Markets	Senior Manager	$ 1,371,395
Northland	Selling or Co-Mgr	10,255
Piper Sandler	Co-Manager	8,285
Morgan Stanley	Co-Manager	325
J.P. Morgan	Selling or Co-Mgr	5
Wells Fargo	Co-Manager	-
All Firms		**$ 1,390,265**

- Of the five total issues in 2025, Northland served as an elevated co-manager for three transactions, while J.P. Morgan served as an elevated co-manager for two transactions.

Observations from Institutional Sales Performance:

- As expected, RBC as the book-running senior manager received over 98% of all institutional orders in 2025.
- Despite only serving as a co-manager for 3 of the 5 issues in 2025, Northland brough $10.2 million in institutional orders not otherwise obtained by the senior manager. Additionally, Northland was a buyer of several bonds on deals where they were not a co-manager, thus providing additional support to the Agency's sales not accounted for in the figures above.
- ***Given Northland's continued success in providing institutional orders for the Agency's bonds when in a co-manager position (which cannot be supported when serving as a selling group member), we believe the Agency would be best served elevating Northland to a co-manager position in 2026.***

Bond Pricing

As the Agency's financial advisor, we both participate actively in each bond pricing and provide post-sale memos including charts comparing pricing levels to that of bond issues of other HFAs during the same period. As described in the post-sale memos, the bond pricings for Minnesota Housing have been highly competitive, with the Agency's RHFB AA-rated bonds often comparing favorably with AAA rated issues from other agencies.

3. PERFORMANCE BETWEEN ISSUES

RBC. Active investment banking contributions between bond sales is a key role for the senior manager and to a lesser extent for the regular co-managers. From our participation in and review of those efforts, our view is that RBC has played as strong and valuable a role as any senior manager for any of our state HFA clients. The significant depth of assigned personnel, range of expertise (including rental housing issuance and lending), timely provision of arbitrage yield and maintenance of bond volume genealogy, experience with and knowledge of the Agency's indentures and balance sheet, and input from their trading desk between sales were all extremely strong. As the Agency had sought, RBC helped provide significant continuity and brought a long-range perspective to the Agency's financing needs.

In addition, RBC's innovation of pass-through bonds backed by mortgage-backed securities and their leadership in developing the market for these bonds was uniquely valuable for Minnesota Housing's ability to continue to finance its production at attractive rates when traditional financing structures were uneconomic.

RBC has provided numerous financing facilities for the Agency. One of the most important has been the recycling line of credit for preserving private activity bond volume cap, described below. In addition, RBC has provided highly competitive standby bond purchase contracts, often at the same or lower rates for extended facilities as the Federal Home Loan Bank, that has been the other major provider for Minnesota Housing. RBC is also one of the four swap providers, along with Bank of America, Bank of New York Mellon and Wells Fargo, with whom the Agency has a standard ISDA.

Co-Managers. Co-manager roles and participations vary between HFAs. From our experience, each of the co-managers were cooperative and informed.

An important vehicle for mutual sharing between the entire finance team, including co-managers, and the Agency has been the annual meetings.

In terms of financing facilities, Wells Fargo has provided and bids on swaps of the Agency, and can provide standby bond purchase contracts.

4. PERFORMANCE OF THE UNDERWRITING TEAM IN MEETING MINNESOTA HOUSING OBJECTIVES

The most important measure of the underwriting team's performance is how well they helped Minnesota Housing achieve its particular financing objectives on both a long-term as well as short-term basis. We have looked at this in terms of structuring approaches and consequences as well as bond sales, since all are essential to Minnesota Housing achieving its goals.

Single Family Financing

The underwriters help the Agency find effective ways to finance single-family production that meets Agency objectives. Specifically, the underwriters have been asked to meet two Agency criteria:

- assure that financing new production is (a) at least as profitable for the Agency as selling loans directly in the secondary market and (b) crucially, helps stabilize future Agency income, by being at least at the equivalent of full spread (1.125%);

- leverage and minimize the use of new volume cap, which is needed for rental housing projects including to help qualify for 4% low income housing tax credits.

The underwriting team has helped address these criteria in four key ways, three of which have been most prevalent in 2025:

Recycling Bond Volume Cap. Recognizing that the carryforward volume cap from past years is gradually being utilized and the increasing pressures on new cap, the underwriters created in 2016 and have continued the recycling bond line of credit. At the end of each month, the principal on existing loans that would otherwise be used to call old bonds is refunded instead into the drawdown facility. The underwriter provides the short-term financing for the Agency to preserve and recycle this bond cap until several months later when the Agency can efficiently issue long-term bonds to make new loans. Since January 2019, the Agency has preserved over $1.3 billion in volume cap through its drawdown facility with RBC.

Utilization of Taxable Debt. The key single-family achievement by the underwriters over the past five years has been increasing the amount of taxable debt used to finance single-family production. This has enabled the Agency to finance record amounts of production (over $1 billion in FY 22) with a limited amount of volume cap. The tools for doing this have been taxable pass-through bonds, taxable variable rate bonds with interest rate swaps, and taxable fixed rate debt.

Managing Zero Participations. Zero participations help the Agency be able to earn full spread on each transaction. The underwriters monitor and manage these zero participations. This includes helping design RHFB bond issues with refundings to generate additional zeros and then using these zeros efficiently on RHFB and HFB issues to assure full spread. These zeros played a critical role when bond interest rates spiked up dramatically during the course of pipeline production, such as in 2022.

Innovating and Marketing Single-Family Pass-Through Bonds. The Agency's underwriters helped the Agency issue the first pass-through bonds in the country and in the years since continued to develop and expand the market for such bonds. Minnesota Housing has been by far the national leader in such issues, though it hasn't issued pass-through bonds since 2022, given the steep increase in interest rates and reduced valuation of mortgage-backed securities and similar products. Most important, the pass-through approach provides alternative executions in often-challenging markets, in meeting the dual criteria for adding future spread income while stretching volume cap.

Rental Housing and State Appropriation Bonds

The underwriters have performed well in structuring and marketing these bonds which help provide funding for affordable multi-family developments in the State.

Rental Housing Bonds. These financings have consisted of small short-term issues for individual multi-family loans, that are often taken out with permanent loans from Pool 2, though more recently the Agency has issued long-term bonds to finance certain perm loans. The most important role of the underwriter on each issue has been managing the transaction to help assure the bond amounts, sources and uses, and timing work for the project as it goes through numerous changes in finalizing its details. Many of the financings involve multiple sources of subsidy and public approvals.

State Appropriation Bonds. The State Appropriation (or Housing Infrastructure) Bonds are issued by Minnesota Housing but are backed by annual appropriations by the State of Minnesota. The most important innovation on these issues has been to design these issues so that the soft gap loans made from these funds can help projects meet the requirements for other funding sources, including in many cases 4% tax credits. The key role of the underwriters is helping structure these issues so that they meet the needs of the underlying projects to be assisted, while using the limited amount of annual State appropriation as efficiently as possible so the Agency can assist the most projects. The in-state retail orders on these issues have been modest, but the overall issues have been well-received.

Summary

The underwriting team has played a very effective role in helping Minnesota Housing meet its financing needs in each of these areas.

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Item: Approval, 2025 Single Family Request for Proposals (RFP Selections

Action Item: 7. K
Date: 12/18/2025
Staff Contacts: Sam Dyer, 651.296.6903, sam.dyer@state.mn.us
Amanda Hedlund, 651.284.0465, amanda.hedlund@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund (Impact Fund) and Workforce and Affordable Homeownership Development (Workforce Homeownership) through the 2025 Single Family Request for Proposals (RFP).

Fiscal Impact

Impact Fund recommendations include Economic Development and Housing Challenge (EDHC) funds, Housing Infrastructure Appropriations (HIA), Pool 2 resources and State Housing Tax Credit (SHTC) funds. Workforce Homeownership includes Workforce and Affordable Homeownership Development funds. EDHC, HIA and Workforce Homeownership funds are state-appropriated resources provided in the form of grants that do not earn interest for the Agency. Interim loans made from Pool 2 are repayable and earn interest for the Agency. SHTC funds are contributions by taxpayers that will reduce the interest rate on Pool 2 interim loans.

Agency Priorities

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

Attachments

- Background
- Funding Recommendations
- Map of Recommended Projects
- Project Summaries
- Summary Spreadsheet
- Non-Recommended Applications
- Resolution

Background

Minnesota Housing accepted proposals for the 2025 Single Family RFP with applications due July 10, 2025. The Agency received 62 single family proposals totaling $101,620,008. Of the funds requested, $53,773,054, or 53% of total requests, proposed to serve communities in Greater Minnesota. Applicants requested $47,846,954, or 47% of total requests, to serve the seven-county Twin Cities metropolitan area.

Funding partner, Greater Minnesota Housing Fund (GMHF), also received six applications requesting a total of $990,000 through the Single Family RFP, using a common application form and procedure. GMHF will select projects in its separate funding process.

Impact Fund Eligible Activities

The Impact Fund is available statewide, and provides grants and interim loans for the following eligible activities:

- New construction of homes;
- Acquisition, rehabilitation and resale of housing units;
- Affordability gap and downpayment assistance;
- Owner-occupied rehabilitation programs; and
- Tribal Indian Housing Program, which provides first mortgage financing, downpayment assistance, construction loans, and owner-occupied rehabilitation

The Agency provides value gap, affordability gap, and interim loans for new construction and acquisition, rehabilitation, resale projects. Value gap is the difference between the total development cost of a unit and the purchase price. Affordability gap is the difference between the purchase price of a home and the mortgage financing a homebuyer can secure through a first mortgage.

Interim loans provide construction financing to developers creating or rehabilitating affordable housing units. Although interim loans are unsecured, by requiring monthly interest payments and including covenants requiring the borrower to maintain certain financial ratios, these loans are viewed as investment quality and appropriate to be funded from Pool 2. SHTC will be used to reduce interim loan interest rates, with SHTC funding projected to support a reduction from approximately 6.00% to an estimated 2.91%, subject to market conditions.

Funding Recommendations

Staff recommends funding 31 proposals for a total of $29,269,572 to create or preserve 279 affordable homeownership opportunities. Sixteen selections, or 52% of recommended projects, with funds totaling $18,163,172, will serve Greater Minnesota communities. Fifteen selections, or 48% of recommended projects, with funds totaling $11,106,400, will serve the seven-county Twin Cities metropolitan area. Thirty-one proposals are not recommended for funding, and some proposals are

recommended for less funding than requested. Below is a summary of recommendations by funding source:

- Economic Development and Housing Challenge (EDHC): $6,527,424 for eight proposals;
- Workforce Homeownership: $11,428,198 for 14 proposals;
- Housing Infrastructure Appropriations (HIA): $8,210,950 for 18 proposals;
- Pool 2: $2,828,000 for five interim loans; and
- State Housing Tax Credits (SHTC): $275,000 to reduce the interest rate of five interim loans.

Strengthen Communities

The recommended projects will advance our strategic objective to strengthen communities by supporting Tribal Nations and Indigenous communities, investing in Greater Minnesota communities and supporting affordable homeownership opportunities in disinvested communities.

The Agency received $2,084,824 in competitive applications from one Tribal-affiliated entity that is recommended for their full request. This allocation fully expends the Indian set-aside allocation of $1,208,000 appropriated for EDHC (Challenge) for 2025.

Twenty-six recommended projects will serve the state's top employment centers, as well as growing communities and long commute communities. These proposals will create or preserve 255 housing units in these areas. Of those proposals, eleven will serve Greater Minnesota communities and fifteen are in the seven-county Twin Cities metropolitan area. Three projects will serve Greater Minnesota communities that have not previously received funds through the Single Family RFP. These cities are New York Mills, Parkers Prairie and Warren. Sixteen proposals will create or preserve 186 housing opportunities in location efficiency areas, increasing workforce housing on or near transit corridors.

One project will serve households in disinvested communities where there are lower median household incomes, older housing stock and lower than average increases in home sales prices. This project will create or preserve five homeownership housing units. Eleven additional projects have broader target areas that include disinvested communities. These projects will provide additional housing choice and investment in and near disinvested communities.

Improve the Housing System

The recommended projects will improve the housing system through diversifying the partners with whom we work and focusing on the people and places most impacted by housing instability.

Staff engaged with Black, Indigenous and people of color (BIPOC)-led organizations to diversify the partners with whom we work, which represent 31% of applicants and 26% of applicants recommended for funding. This represents an increase over last year's record highs. Women-led or -owned entities represent 69% of applicants and 63% of applicants recommended for funding. Non-governmental BIPOC-led or -owned entities represent 20% of proposals received and 19% of proposals recommended

for funding. Non-governmental women-led or -owned entities represent 46% of proposals received and 45% of proposals recommended for funding.

While all recommended selections market to the people most impacted by housing instability, such as BIPOC households, large families, seniors and people with disabilities, 26 projects focus outreach specifically on people most impacted by housing instability in their target area. Fourteen of these projects will serve the seven-county Twin Cities metropolitan area and 12 will serve Greater Minnesota.

Three projects will create or preserve 18 homes with four or more bedrooms to serve larger and multigenerational families. Twenty-four projects, or 77% of recommended projects, will serve households at or below 80% of the area median income (AMI), providing affordable homeownership for 228 low-income households.

Statewide, in the 2025 Affordable Housing Plan year, 47% of households served under the Impact Fund were Black, Indigenous and people of color. Ninety-nine percent of households served in the seven-county Twin Cities metropolitan area and 98% of households served in Greater Minnesota had a household income below 80% AMI.

Preserve and Create Housing Opportunities

Twenty-two recommended proposals will result in 147 affordable units created or preserved.

Twelve projects will create 52 new construction units across Minnesota. Ten of these projects will create 42 affordable homes in Greater Minnesota, and two projects will create 10 affordable homes in the seven-county Twin Cities metropolitan area. Six proposals intend to utilize modular home construction to lower construction costs for 31 units. On average, proposals that include planned modular construction in their proposals have total development costs (TDC) 4.3% lower than the average 2025 Impact Fund proposal.

Five projects will result in the preservation of 35 existing homes through acquisition, rehabilitation and resale of the units to be affordable to low- and moderate-income homebuyers.

Of the new and rehabilitated units, 69 units will be placed into a community land trust (CLT), preserving the long-term affordability of the homes.

Five projects will provide grants or loans to 60 low- to moderate-income homeowners to repair and improve their homes to make the homes safe, accessible and habitable, enabling the homeowners to remain in their homes.

Make Homeownership More Accessible

Eight projects will provide stand-alone affordability gap for 136 homebuyers to purchase homes. Three projects will serve 39 homebuyers in Greater Minnesota, and five proposals will serve 97 homebuyers

in the seven-county Twin Cities metropolitan area. Stand-alone affordability gap is used either to support the purchase of a home on the open market, or to provide affordability gap financing for affordable homeownership units without Agency value gap funding.

All applicants providing affordability gap will offer or provide resources to homebuyers to access homebuyer and financial education and counseling to support successful homeownership.

Proposal Review and Selection Process

To determine these recommendations, staff first assessed whether each application met the threshold criteria for eligibility, completeness and timely submission. Proposals were then scored based on the Competitive Selection Standards Criteria: Organizational Capacity, Project Feasibility, and Community Need, as approved by the Agency's board of directors on March 24, 2022. Staff reviewers scored proposals on a scale of zero to five points for each of the three Competitive Selection Standards Criteria, and proposals needed to receive ten or more total points to be considered for funding.

Applicants that met the ten-point minimum score were then considered under the Pre-Award Risk Assessment required under Minn. Stat. § 16B.981. All applicants passed the Pre-Award Risk Assessment.

Staff then evaluated proposals to determine the number of units, dollar amount, and funding source(s) to be recommended, considering organizational capacity to complete the awarded number of units within the contract period, alignment with funding priorities, geographic coverage and funding availability.

To consider organizational capacity, staff assessed:

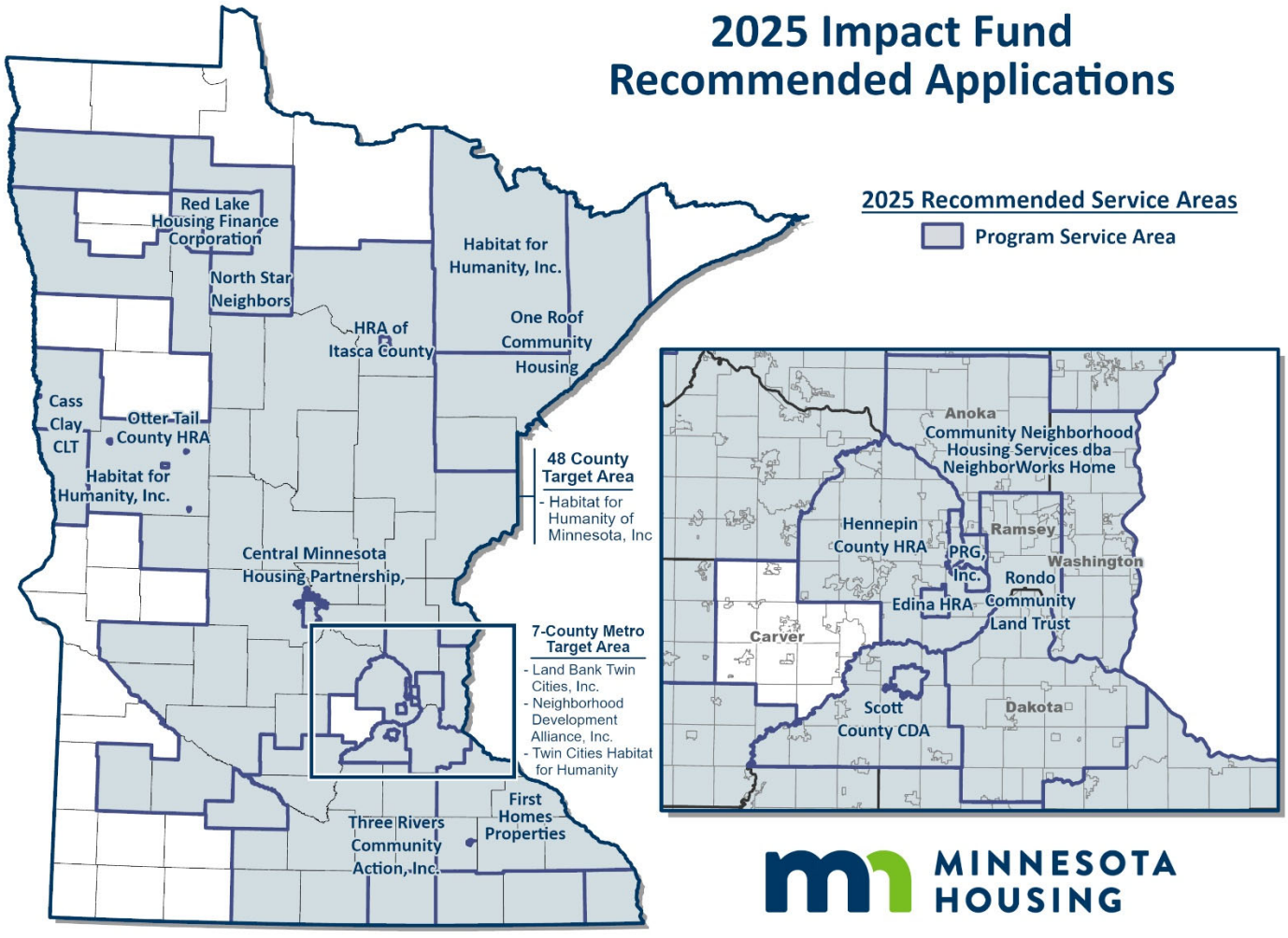
- The extent of the applicant's previous experience completing units of a similar nature.
- The applicant's past performance on Impact Fund awards.
- The applicant's open Impact Fund awards, including how many units have been completed, how much has been committed and remaining uncommitted funds. This assessment was particularly important in light of the large dollar amounts and large number of units awarded through the 2023 and 2024 Single Family RFPs.
- The number of proposals the applicant submitted, including the applicant's prioritization of its multiple proposals.

Next Steps

Final funding selection letters will be sent to all organizations recommended for funding if approved by the Agency board. Selections are subject to the program requirements as outlined in individual Grant Contract Agreements and Loan Contracts, which will be sent to recipients in Spring 2026.

Applicants not selected for funding through the 2025 Single Family RFP will receive a letter notifying them that they have not been selected. Program staff will contact each applicant and offer a one-on-one opportunity to discuss their proposal and receive technical assistance.

Map of Recommended Projects



Project Summaries

Cass Clay Community Land Trust	
	New Construction
Location	Clay and Wilkin counties
Activity	New Construction

Project Funding Details			
Requested		**Recommended**	
# of units:	4	**# of units:**	3
Funding Requested:	$ 1,149,000	**Funding Recommended:**	$ 873,000
		Housing Infrastructure Appropriations	$ 459,000
		Workforce Homeownership Grant	$ 414,000

Organization Information

Cass Clay CLT (CCCLT) operates primarily to produce and preserve the quality, availability, and affordability of owner-occupied homes needed in their service area. CCCLT also advocates for expanding the pool of permanently affordable, income-targeted, resale-restricted housing throughout the region.

Over the last five years, CCCLT has built 13 single-family homes. They received their first Impact Fund award in 2020.

Project Description

Funds will be used to build homes and provide affordability gap loans to homeowners in Clay and Wilkin counties. The applicant will serve households at or below 115% AMI.

CCCLT entered into an agreement with Wilkin County to bring “forever affordable” homeownership to residents. CCCLT’s new construction strategy empowers buyers to select homes that align with their family size, accessibility needs and neighborhood preferences. They design their approach to reflect the needs of diverse populations and prioritize single-level, ADA-compliant homes to accommodate individuals with disabilities and seniors who wish to age in place. Recognizing the needs of larger and multigenerational households, their new builds often feature three to four bedrooms. CCCLT actively connects with Indigenous, Black, LGBTQIA+ and first-generation buyers, helping address barriers to homeownership rooted in systemic inequities.

Typical Development Cost Per Unit: $468,000

Typical Impact Fund Value Gap Subsidy Per Unit: $153,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $137,000

Administration Fee Per Unit: $1,000

Central Minnesota Housing Partnership, Inc.	
Project	Central Minnesota Community Land Trust, Inc.
Location	St. Cloud, Waite Park, Sauk Rapids, Sartell, St. Augusta and St. Joseph
Activity	Affordability Gap

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	10
Funding Requested:	$ 760,000		**Funding Recommended:**	$ 760,000
			EDHC Grant	$ 260,000
			Housing Infrastructure Appropriations	$ 500,000

Organization Information

Central Minnesota Housing Partnership's (CMHP) community land trust's (CLT) purpose is to provide opportunities for low- and moderate-income households to secure housing that is safe, healthy and affordable, and that is controlled by the resident on a long-term basis.

CMHP has a history of administering affordability gap financing and downpayment assistance programs and has created new construction and preserved existing community land trust homes.

Project Description

Funds will be used to provide forgivable affordability gap loans in the cities of St. Cloud, Waite Park, Sauk Rapids, Sartell, St. Augusta and St. Joseph. The applicant will serve households at or below 80% AMI.

CMHP's Homebuyer Initiated Program (HIP) will use grant funds for land acquisition and offer forgivable loans for additional affordability gap assistance to help eligible homebuyers purchase homes of their choice. The homes will be placed in the CLT, ensuring long-term affordability through the land lease.

Typical Land Acquisition Subsidy Per Unit: $50,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000

Administration Fee Per Unit: $1,000

Central Minnesota Housing Partnership, Inc.	
Project	Central Minnesota Community Land Trust, Inc.
Location	St. Cloud, Waite Park, Sauk Rapids, Sartell, St. Augusta and St. Joseph
Activity	Owner-Occupied Rehabilitation

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	10
Funding Requested:	$ 270,000		**Funding Recommended:**	$ 270,000
			Housing Infrastructure Appropriations	$ 270,000

Organization Information

Central Minnesota Housing Partnership's (CMHP) community land trust's (CLT) purpose is to provide opportunities for low- and moderate-income households to secure housing that is safe, healthy and affordable, and that is controlled by the resident on a long-term basis.

CMHP has completed 71 similar owner-occupied rehabilitation projects over the last five years through the Minnesota DEED Small Cities Development Program. CMHP provides full administration and construction management services for all projects. CMHP is a woman-led organization.

Project Description

Funds will be used to provide forgivable loans for owner-occupied rehabilitation in the cities of St. Cloud, Waite Park, Sauk Rapids, Sartell, St. Augusta and St Joseph. The applicant will serve households at or below 80% AMI.

CMHP will provide forgivable loans to CLT homeowners for the rehabilitation of homes purchased through its homebuyer-initiated program (HIP). A separate application requests funding to purchase the homes, which will be added to the Community Land Trust (CLT).

Funds will be used to address health and safety issues, as well as large home systems in need of repair or replacement.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $25,000

Administration Fee Per Unit: $2,000

Community Neighborhood Housing Services dba NeighborWorks Home Partners	
Project	Community Keys Plus
Location	Ramsey, Hennepin, Washington, Anoka and Dakota counties
Activity	Affordability Gap

Project Funding Details					
Requested			**Recommended**		
# of units:	50		**# of units:**	50	
Funding Requested:	$ 1,300,000		**Funding Recommended:**	$	1,300,000
			EDHC Grant	$	1,300,000

Organization Information

NeighborWorks Home Partners' (NWHP) mission is "empowering individuals and communities by helping people buy, fix, and keep their homes." NWHP helps prepare potential homebuyers through financial capabilities education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers downpayment assistance to assist low- and moderate-income households in purchasing a home.

NWHP has a long history of running downpayment assistance programs and recruiting qualified homebuyers for these programs. NWHP has closed 1,496 downpayment assistance loans in the past five years.

Project Description

Funds will be used to provide downpayment assistance in Ramsey, Hennepin, Washington, Anoka and Dakota counties. The applicant will serve households at or below 80% AMI.

Funds will provide downpayment assistance to low- to-moderate income homebuyers purchasing eligible one- to four-unit homes in the form of forgivable loans. This is a continuation of NWHP's Community Keys Plus down payment program.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000

Administration Fee Per Unit: $1,000

Edina Housing and Redevelopment Authority	
Project	Affordable Ownership Preservation Program
Location	Edina
Activity	Acquisition, Rehabilitation, Resale

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	4
Funding Requested:	$ 800,000		**Funding Recommended:**	$ 800,000
			EDHC Grant	$ 200,000
			Housing Infrastructure Appropriations	$ 600,000

Organization Information

The Edina Housing and Redevelopment Authority (HRA) was established in 1974 for the purpose of undertaking urban redevelopment projects and assisting with the development of affordable housing.

The HRA supports commercial and mixed-use areas in the city, and in addition, the HRA has facilitated the development of several low- and moderate-income housing developments.

In partnership with Homes Within Reach and Twin Cities Habitat for Humanity, the Edina HRA has helped finance the acquisition and rehabilitation of 20 homes since 2021, 16 of which have been placed in a community land trust and sold to income-eligible buyers.

Project Description

Funds will be used to acquire, rehabilitate and resell affordable homes in Edina. The applicant will serve households at or below 80% AMI.

The applicant will acquire and rehabilitate one- or two-story homes with at least three bedrooms and one-and-a-half bathrooms to accommodate larger families where the high cost of entry-level properties is a barrier for most workforce households. Renovation scope typically includes plumbing, asbestos testing, exterior repairs, driveway and garage conditions, electrical, lead-based paint, HVAC and hot water system, radon testing, and ventilation in kitchens and bathrooms. Homebuyer selection is highly structured and conducted using a rubric system. Edina HRA is continuing the partnership with Twin Cities Habitat for Humanity and Homes Within Reach to identify, acquire and rehabilitate homes, which will then be placed into a community land trust to preserve long-term affordability.

Typical Development Cost Per Unit: $535,000

Typical Impact Fund Value Gap Subsidy Per Unit: $150,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $50,000

First Homes Properties	
Project	Kasson Twin Homes/First Homes
Location	Dodge County
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	4
Funding Requested:	$ 1,966,800		**Funding Recommended:**	$ 983,400
			Housing Infrastructure Appropriations	$ 663,400
			Workforce Homeownership Grant	$ 320,000

Organization Information

First Homes' mission is to provide leadership to create a permanent supply of workforce housing through collaborative partnerships in the greater Rochester area.

First Homes has extensive experience with similar programs and has completed 35 new construction homes, including stand-alone single-family homes, row homes, townhomes and twin homes in Rochester and the surrounding communities. First Homes has been a leader in affordable housing development and associated lending in the greater Rochester area since 2000 and has helped to produce and finance more than 1,200 units of workforce housing, single family gap loans and multifamily rental properties. First Homes currently manages 300 community land trust (CLT) homes and has provided more than 220 home resales since 2004. First Homes is a woman-led organization.

Project Description

Funds will be used to build homes in Dodge County. The applicant will serve households at or below 80% AMI.

First Homes will build new slab-on-grade twin homes designed to support Kasson's senior and workforce population. All homes will be added to First Homes' community land trust to preserve affordability.

Typical Development Cost Per Unit: $465,850

Typical Impact Fund Value Gap Subsidy Per Unit: $165,850

Typical Impact Fund Affordability Gap Subsidy Per Unit: $80,000

First Homes Properties	
Project	Scattered Site Infill/First Homes
Location	Olmstead, Wabasha, Fillmore, Mower, Goodhue, Winona and Dodge counties
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	4
Funding Requested:	$ 948,000		**Funding Recommended:**	$ 948,000
			EDHC Grant	$ 500,000
			Housing Infrastructure Appropriations	$ 448,000

Organization Information

First Homes' mission is to provide leadership to create a permanent supply of workforce housing through collaborative partnerships in the greater Rochester area.

First Homes has extensive experience with similar programs and has completed 35 new construction homes, including stand-alone single-family homes, row homes, townhomes and twin homes in Rochester and the surrounding communities. First Homes has been a leader in affordable housing development and associated lending in the greater Rochester area since 2000 and has helped to produce and finance more than 1,200 units of workforce housing, single family gap loans and multifamily rental properties. First Homes manages 300 community land trust (CLT) homes and has provided more than 220 home resales since 2004. First Homes is a woman-led organization.

Project Description

Funds will be used to build homes in Olmstead, Wabasha, Fillmore, Mower, Goodhue, Winona and Dodge counties. The applicant will serve households at or below 80% AMI.

First Homes will build new construction homes. Upon sale to a qualified homebuyer, homes will be placed in the CLT to preserve affordability.

The applicant is working with local communities to offer Energy Star based utility rebates for appliances and other energy costs. These rebates are passed to the homebuyers, ensuring they see the financial benefits of these incentives.

Typical Development Cost Per Unit: $472,000

Typical Impact Fund Value Gap Subsidy Per Unit: $112,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $125,000

Habitat for Humanity of Minnesota, Inc.	
Project	Habitat for Humanity of Minnesota Impact Fund 11 - Affordability Gap
Location	Aitkin, Beltrami, Benton, Blue Earth, Carlton, Cass, Chippewa, Chisago, Clay, Clearwater, Crow Wing, Dodge, Douglas, Faribault, Goodhue, Houston, Hubbard, Isanti, Itasca, Kanabec, Kandiyohi, Lake, Le Sueur, Lyon, Martin, McLeod, Meeker, Morrison, Nicollet, Olmstead, Otter Tail, Pine, Polk, Redwood, Renville, Rice, Saint Louis, Sherburne, Sibley, Stearns, Steele, Swift, Wabasha, Wadena, Wahtonwan, Waseca, Winona and Wright counties
Activity	Affordability Gap

Project Funding Details			
Requested		**Recommended**	
# of units:	20	**# of units:**	10
Funding Requested:	$ 1,040,000	**Funding Recommended:**	$ 510,000
		Workforce Homeownership Grant	$ 510,000

Organization Information

Habitat for Humanity of Minnesota (Habitat MN) is a statewide resource development and support organization. Through advocacy, collaboration and leadership, Habitat MN advances the work of Minnesota's Habitat for Humanity affiliates to create and preserve affordable homeownership.

Habitat MN was founded in 1997 and has funded 141 downpayment assistance loans in Greater Minnesota since November 2019. Since receiving their first Impact Fund Affordability Gap awards in 2023 and 2024, they have closed 26 loans totaling more than $1.7 million. Habitat MN is a woman-led organization.

Project Description

Funds will be used to provide downpayment and closing cost assistance in Aitkin, Beltrami, Benton, Blue Earth, Carlton, Cass, Chippewa, Chisago, Clay, Clearwater, Crow Wing, Dodge, Douglas, Faribault, Goodhue, Houston, Hubbard, Isanti, Itasca, Kanabec, Kandiyohi, Lake, Le Sueur, Lyon, Martin, McLeod, Meeker, Morrison, Nicollet, Olmstead, Otter Tail, Pine, Polk, Redwood, Renville, Rice, Saint Louis, Sherburne, Sibley, Stearns, Steele, Swift, Wabasha, Wadena, Wahtonwan, Waseca, Winona or Wright counties. The applicant will serve households at or below 80% AMI.

Habitat MN will provide affordability gap subsidy for its downpayment and closing cost assistance programs to help low-income households purchase homes. Habitat MN will provide each family accessing this affordability gap subsidy with homeowner advising before closing, as well as for one year after purchasing their home.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $50,000

Administration Fee Per Unit: $1,000

Habitat for Humanity of Minnesota, Inc.	
Project	Habitat for Humanity of Minnesota Impact Fund 11b - Fergus Falls Area Value Gap
Location	City of Ottertail
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	2		**# of units:**	2
Funding Requested:	$ 200,000		**Funding Recommended:**	$ 200,000
			Housing Infrastructure Appropriations	$ 200,000

Organization Information

Habitat for Humanity of Minnesota (Habitat MN) is a statewide resource development and support organization. Through advocacy, collaboration and leadership, Habitat MN advances the work of Minnesota's Habitat for Humanity affiliates to create and preserve affordable homeownership.

Habitat MN was founded in 1997 and has funded 141 downpayment assistance loans in Greater Minnesota since November 2019. Since receiving their first Impact Fund Affordability Gap awards in 2023 and 2024, they have closed 26 loans totaling more than $1.7 million. Habitat MN is a woman-led organization.

Project Description

Funds will be used to build homes in Ottertail. The applicant will serve households at or below 80% AMI.

Fergus Falls Area Habitat for Humanity (FFAHFH) will construct two rambler homes and will work in partnership with local cities, community leaders, faith organizations and suppliers to create stable affordable housing for low- to moderate-income families. FFAHAH intends to purchase modular homes from Dynamic Homes in Detroit Lakes.

Habitat MN must enter into an agreement with FFAHFH regarding the development partnership and allocation of value gap grant funds.

Typical Development Cost Per Unit: $386,977

Typical Impact Fund Value Gap Subsidy Per Unit: $100,000

Habitat for Humanity of Minnesota, Inc.	
Project	Habitat for Humanity of Minnesota Impact Fund 11c - North St. Louis Co. Value Gap
Location	St. Louis County
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	8
Funding Requested:	$ 200,000		**Funding Recommended:**	$ 200,000
			Housing Infrastructure Appropriations	$ 200,000

Organization Information

Habitat for Humanity of Minnesota (Habitat MN) is a statewide resource development and support organization. Through advocacy, collaboration and leadership, Habitat MN advances the work of Minnesota's Habitat for Humanity affiliates to create and preserve affordable homeownership.

Habitat MN was founded in 1997 and has funded 141 downpayment assistance loans in Greater Minnesota since November 2019. Since receiving their first Impact Fund Affordability Gap awards in 2023 and 2024, they have closed 26 loans totaling more than $1.7 million. Habitat MN is a woman-led organization.

Project Description

Funds will be used to build homes in St. Louis County. The applicant will serve households at or below 80% AMI.

North St. Louis County Habitat for Humanity is the builder for the eight homes included in this project. These homes will provide affordable homeownership opportunities across the Iron Range region. The project will leverage a combination of private fundraising, public funding, volunteer labor and the skills of subcontractors to build the homes. They have already acquired lots where the homes will be built.

Typical Development Cost Per Unit: $228,000

Typical Impact Fund Value Gap Subsidy Per Unit: $25,000

Hennepin County Housing and Redevelopment Authority	
Project	Healthy Homes Assistance Project
Location	Hennepin County
Activity	Owner-Occupied Rehabilitation

Project Funding Details				
Requested			**Recommended**	
# of units:	12		**# of units:**	12
Funding Requested:	$ 99,600		**Funding Recommended:**	$ 99,600
			EDHC Grant	$ 99,600

Organization Information

The Hennepin County Housing and Redevelopment Authority's (HCHRA) mission is to serve the housing, economic development and redevelopment needs of the citizens of Hennepin County and its municipalities.

Hennepin County has administered local, federal and state-funded housing programs for nearly 50 years. Staff have extensive experience in deferred loan rehabilitation programs and grant programs. HCHRA is a lender for other Minnesota Housing resources as well as federally-funded home rehabilitation.

Project Description

Funds will be used to provide loans to homeowners to rehabilitate homes in Hennepin County. The applicant will serve households at or below 80% AMI.

The Hennepin County HRA will use funds to assist homeowners with typical repairs, including priority health and safety items such as hot water heaters, sewer problems, major plumbing leaks, and fall prevention or other immediate health or safety hazards. They will also use funds as needed to address lead-based paint in homes whose hazards exceed available funding and in areas where no other rehabilitation funds are readily available.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $8,300

Housing and Redevelopment Authority of Itasca County	
Project	Itasca County HRA Community Land Trust - Phase 3
Location	Grand Rapids
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	8
Funding Requested:	$ 2,694,000		**Funding Recommended:**	$ 1,694,000
			Housing Infrastructure Appropriations	$ 1,020,000
			Workforce Homeownership Grant	$ 674,000

Organization Information

Itasca County Housing and Redevelopment Authority (HRA) offers affordable housing opportunities to individuals in Itasca County.

The Itasca County HRA has experience in both homeownership and rental housing development, with experience using Minnesota Housing resources including Housing Infrastructure Bonds and Challenge funds.

Project Description

Funds will be used to build homes in Grand Rapids. The applicant will serve households at or below 80% AMI.

Itasca County HRA will build new construction units at the former Forest Lake School site where 16 units have already been built or are under construction from previous phases. The lots for this phase are being heavily discounted to the Itasca County HRA via the Grand Rapids Economic Development Authority. The HRA will manage the selections process for each home, with preference given to homebuyers living or working in Itasca County, first-generation homebuyers, households facing displacement and underserved households.

Unit 1 – Two Bedroom Units
Typical Development Cost Per Unit: $555,675

Typical Impact Fund Value Gap Subsidy Per Unit: $120,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $75,000

Unit 2 – Three Bedroom Units
Typical Development Cost Per Unit: $595,675

Typical Impact Fund Value Gap Subsidy Per Unit: $135,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $93,500

Land Bank Twin Cities, Inc.	
Project	Value Gap
Location	7-County Twin Cities Metro Area
Activity	Acquisition, Rehabilitation, Resale

Project Funding Details				
Requested			**Recommended**	
# of units:	7		**# of units:**	7
Funding Requested:	$ 875,000		**Funding Recommended:**	$ 875,000
			EDHC Grant	$ 875,000

Organization Information

The mission of Land Bank Twin Cities (LBTC) is to capture strategic real estate opportunities to benefit people with low- to moderate-income, prioritizing Indigenous, Black, and people of color, as well as other populations facing barriers.

LBTC has a strong history of performing similar work. Founded in 2009, LBTC surpassed $65 million in community lending by 2016. By 2020, they had deployed $109 million in land acquisition enabling 3,544 housing units. Over the past five years, LBTC has deployed more than $34.3 million in community lending. They plan to partner with emerging developers to rehabilitate these properties.

Project Description

Funds will be used to acquire, rehabilitate and resell homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 115% AMI.

LBTC will serve as the intermediary lender and technical assistance partner, overseeing all aspects of the project.

This initiative is part of a broader cross-sector effort led by the nonprofit organization Brick by Brick. In partnership with a public, private and nonprofit coalition, LBTC helped acquire 345 single-family homes previously owned by a national private equity firm. LBTC has already implemented a successful phase of this initiative in collaboration with the City of Minneapolis. In that phase, they facilitated the transfer of 11 properties to emerging developers and created affordable homeownership opportunities in neighborhoods heavily impacted by investor ownership. In this next phase, LBTC will serve as the community lender and technical assistance partner.

Typical Development Cost Per Unit: $480,000

Typical Impact Fund Value Gap Subsidy Per Unit: $125,000

Neighborhood Development Alliance, Inc.	
Project	Down Payment Assistance
Location	7-County Twin Cities Metro Area
Activity	Affordability Gap

Project Funding Details				
Requested			**Recommended**	
# of units:	30		**# of units:**	15
Funding Requested:	$ 930,000		**Funding Recommended:**	$ 465,000
			Workforce Homeownership Grant	$ 465,000

Organization Information

The Neighborhood Development Alliance (NeDA) is a nonprofit organization that advances equitable access to homeownership and financial stability for Latino, immigrant and low-income families across the Twin Cities, with a deep focus on Saint Paul's West side. NeDA's mission is to build affordable housing and empower communities to create sustainability through financial education and guidance.

NeDA has a strong history of originating downpayment assistance and home improvement loans. Since becoming a certified CDFI in 2018, they have designed and deployed credit-building and home improvement loans to support economic mobility for low- and moderate-income households.

Project Description

Funds will be used to provide downpayment assistance in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

NeDA prioritizes serving borrowers with credit barriers, as well as first-time homebuyers, and uses a clearly defined set of eligiblity criteria to ensure that potential homebuyers are income qualified, first-time homebuyers, and mortgage ready. NeDA fills gaps in the current market by providing both financial assistance and homebuyer education and counseling. To reach their target market, they pair multilingual homebuyer resources with flexible DPA funding. This model empowers families to make informed decisions and build equity in both practice and outcomes.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $30,000

Administration Fee Per Unit: $1,000

Neighborhood Development Alliance, Inc.	
Project	Owner-occupied Rehabilitation Program
Location	7-County Twin Cities Metro Area
Activity	Owner-Occupied Rehabilitation

Project Funding Details				
Requested			**Recommended**	
# of units:	30		**# of units:**	20
Funding Requested:	$ 954,000		**Funding Recommended:**	$ 369,000
			Housing Infrastructure Appropriations	$ 369,000

Organization Information

The Neighborhood Development Alliance (NeDA) is a nonprofit organization that advances equitable access to homeownership and financial stability for Latino, immigrant and low-income families across the Twin Cities, with a deep focus on Saint Paul's West side. NeDA's mission is to build affordable housing and empower communities to create sustainability through financial education and guidance.

NeDA has a strong history of originating downpayment assistance and home improvement loans. Since becoming a certified CDFI in 2018, they have designed and deployed credit-building and home improvement loans to support economic mobility for low- and moderate-income households.

Project Description

Funds will be used to provide owner-occupied rehabilitation loans and to reduce Community Fix Up Loan interest rates for homeowners in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI for owner-occupied rehabilitation projects, and at or below 100% AMI for Community Fix Up Loan interest rate reduction clients.

For Owner-Occupied Rehabilitation units, NeDA will aid existing homeowners with repair projects, which will cover long-term maintenance on their properties. Typical repairs will include accessibility, safety and code issues, environmental hazards (such as asbestos, lead and radon), long-term habitability, and energy efficiency improvements.

For Community Fix Up Loan (CFUL) units, interest rates are expected to be reduced to 4%.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $30,800

Typical CFUL Subsidy Per Unit: $5,500

Administration Fee Per Unit: $300

North Star Neighbors	
Project	CLT Development: 10 Units Bemidji and Warren
Location	Warren and Bemidji
Activity	New Construction

Project Funding Details			
Requested		**Recommended**	
# of units:	10	**# of units:**	6
Funding Requested:	$ 4,189,700	**Funding Recommended:**	$ 2,561,243
		Housing Infrastructure Appropriations	$ 160,000
		Workforce Homeownership Grant	$ 1,742,898
		Interim Loan	$ 600,000
		State Housing Tax Credit	$ 58,345

Organization Information

North Star Neighbors (NSN) is a non-profit community land trust focused on addressing affordable housing challenges in Northwest Minnesota.

North Star Neighbors was established as a community land trust in 2023, with their first Impact Fund award-supported closings occurring earlier in 2025. NSN has experienced staff and a strong network of partners, including Grand Forks Community Land Trust.

Project Description

Funds will be used to build homes in Warren and Bemidji. The applicant will serve households at or below 80% AMI.

North Star Neighbors will construct new homes with a focus on providing affordability and accessibility to the local workforce and multigenerational families. Homes will be placed in the community land trust to preserve long-term affordability.

Bemidji Homes

Typical Development Cost Per Unit: $491,700

Typical Impact Fund Value Gap Subsidy Per Unit: $111,700

Typical Impact Fund Land Acquisition Subsidy Per Unit: $30,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $179,000

Administration Fee Per Unit: $1,000

Warren Homes

Typical Development Cost Per Unit: $479,050

Typical Impact Fund Value Gap Subsidy Per Unit: $119,050

Typical Impact Fund Land Acquisition Subsidy Per Unit: $20,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $168,000

Administration Fee Per Unit: $1,000

One Roof Community Housing	
Project	Acquisition-Rehab-Resale - Duluth/Small Communities
Location	Carlton, St. Louis and Lake counties
Activity	Acquisition, Rehabilitation, Resale

Project Funding Details			
Requested		**Recommended**	
# of units:	20	**# of units:**	10
Funding Requested:	$ 6,100,000	**Funding Recommended:**	$ 3,122,931
		Housing Infrastructure Appropriations	$ 350,000
		Workforce Homeownership Grant	$ 1,950,000
		Interim Loan	$ 750,000
		State Housing Tax Credit	$ 72,931

Organization Information

One Roof's mission is to strengthen the foundations of their communities by providing housing services and building and sustaining affordable homes and contributing to healthy neighborhoods.

Since January 2020, One Roof has developed and sold 70 acquisition, rehabilitation, resale properties.

Project Description

Funds will be used to acquire, rehabilitate and resell homes in Carlton, St. Louis and Lake counties. The applicant will serve households at or below 80% AMI.

One Roof will use grant funds from this award to reduce the purchase price of these properties and place them in their Community Land Trust (CLT) to preserve long-term affordability. Rehabilitation will range from moderate to major modifications. This may include new windows, doors, updates to kitchens and bathrooms, new flooring, roofing, siding, and other similar repairs. One Roof plans to work primarily in Duluth and the surrounding communities of Cloquet, Hermantown, Proctor, Two Harbors and Wrenshall, but will consider other locations within the target area.

Typical Development Cost Per Unit: $435,000

Typical Impact Fund Value Gap Subsidy Per Unit: $105,000

Typical Impact Fund Land Acquisition Subsidy Per Unit: $35,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $95,000

Otter Tail County Housing and Redevelopment Authority	
Project	New York Mills Country View
Location	New York Mills
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	5		**# of units:**	2
Funding Requested:	$ 1,462,100		**Funding Recommended:**	$ 824,341
			Housing Infrastructure Appropriations	$ 562,100
			Interim Loan	$ 239,000
			State Housing Tax Credit	$ 23,241

Organization Information

The mission of the Otter Tail County Housing and Redevelopment Authority (Otter Tail HRA) is to promote creation, preservation and access to a range of safe, decent and affordable housing options, and to provide opportunities for community investment, greater housing stability and economic self-reliance.

The Otter Tail HRA has recent experience with new construction projects including a similar Impact Fund new construction award in 2021. The applicant's sister organization, Otter Tail County Community Development Agency, also had a similar 2023 Impact Fund award that is on track to be completed without an extension. In 2024, the HRA built a six-unit, attached, senior rental housing development that it manages.

Project Description

Funds will be used to build homes in New York Mills. The applicant will serve households at or below 115% AMI.

The applicant will build single family homes on infill lots reserved for the project by the city of New York Mills, the owner of the lots. The units will include modular or site-built homes, slab-on-grade, with three bedrooms and two bathrooms, and an attached two-car garage.

Typical Development Cost Per Unit: $566,050

Typical Impact Fund Value Gap Subsidy Per Unit: $281,050

Otter Tail County Housing and Redevelopment Authority	
Project	Parkers Prairie Oakwood Estates
Location	Parkers Prairie
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	3		**# of units:**	3
Funding Requested:	$ 2,040,450		**Funding Recommended:**	$ 1,617,297
			Housing Infrastructure Appropriations	$ 840,450
			Interim Loan	$ 708,000
			State Housing Tax Credit	$ 68,847

Organization Information

The mission of the Otter Tail HRA is to promote the creation, preservation and access to a range of safe, decent and affordable housing options and to provide opportunities for community investment, greater housing stability and economic self-reliance.

The Otter Tail HRA has recent experience with new constructions projects including a similar Impact Fund new construction award in 2021. The applicant's sister organization, Otter Tail County CDA, also had a similar 2023 three-unit new construction Impact Fund award that is on track to be completed without an extension. In addition, in 2024 the HRA has built a six-unit, attached, senior rental housing development that it manages.

Project Description

Funds will be used to build homes in Parkers Prairie. The applicant will serve households at or below 115% AMI.

The applicant will build single family homes on infill lots that have been identified for the project. The units will include modular or site-built homes, slab-on-grade, with three bedrooms and two bathrooms, and an attached two-car garage.

Typical Development Cost Per Unit: $565,150

Typical Impact Fund Value Gap Subsidy Per Unit: $280,150

Otter Tail County Housing and Redevelopment Authority	
Project	Pelican Rapids Pinewood Estates
Location	Pelican Rapids
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	2		**# of units:**	2
Funding Requested:	$ 1,461,000		**Funding Recommended:**	$ 1,143,636
			Housing Infrastructure Appropriations	$ 561,000
			Interim Loan	$ 531,000
			State Housing Tax Credit	$ 51,636

Organization Information

The mission of the Otter Tail HRA is to promote the creation, preservation and access to a range of safe, decent and affordable housing options and to provide opportunities for community investment, greater housing stability and economic self-reliance.

The Otter Tail HRA has recent experience with new constructions projects including a similar Impact Fund new construction award in 2021. The applicant's sister organization, Otter Tail County CDA, also had a similar 2023 three-unit new construction Impact Fund award that is on track to be completed without an extension. In addition, in 2024 the HRA has built a six-unit, attached, senior rental housing development that it manages.

Project Description

Funds will be used to build homes in Pelican Rapids. The applicant will serve households at or below 115% AMI.

The applicant will build single-family homes on infill lots that have been reserved for the project by their leverage partner, the Otter Tail CDA. The units will include modular or site-built homes, slab-on-grade, with three bedrooms and two bathrooms, and an attached two-car garage.

Typical Development Cost Per Unit: $565,500

Typical Impact Fund Value Gap Subsidy Per Unit: $280,500

PRG, Inc.	
Project	PRG-Mpls-New Home Opportunities
Location	Minneapolis
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	5		**# of units:**	5
Funding Requested:	$ 1,508,000		**Funding Recommended:**	$ 1,508,000
			Workforce Homeownership Grant	$ 1,508,000

Organization Information

PRG is a nonprofit organization established in 1976 that develops quality, affordable housing and provides related services. Their purpose is to enhance neighborhood stability and family self-sufficiency.

Since 2020, PRG has completed and sold 36 new construction single family homes. PRG has experience developing new construction homes and acquisition rehabilitation homes, and experience implementing Energy Star and Zero Energy Ready Home (ZERH) guidelines. In the last five years, 93% of PRG-developed homes were purchased by Indigenous, Black and people of color households.

Project Description

Funds will be used to build homes in Minneapolis. The applicant will serve households at or below 80% AMI.

PRG's proposal is designed to address vacant infill lots and increase the supply of quality, affordable homeownership opportunities for lower-income families, particularly families of color.

Two Story Single Family Homes
Typical Development Cost Per Unit: $572,000

Typical Impact Fund Value Gap Subsidy Per Unit: $262,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $45,000

Administration Fee Per Unit: $1,000

One Story Bungalow Single Family Homes
Typical Development Cost Per Unit: $556,000

Typical Impact Fund Value Gap Subsidy Per Unit: $246,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $45,000

Administration Fee Per Unit: $1,000

Red Lake Housing Finance Corporation	
Project	Red Lake Homownership IV
Location	Beltrami County and within the boundaries of the Red Lake Band of Chippewa Indians Reservation
Activity	Tribal Indian Housing Program

Project Funding Details				
Requested			**Recommended**	
# of units:	14		**# of units:**	14
Funding Requested:	$ 2,084,824		**Funding Recommended:**	$ 2,084,824
			EDHC Grant	$ 2,084,824

Organization Information

Red Lake Housing Finance Corporation's (Red Lake) mission is to provide financing for the low-income members of the Tribe for the purchase and rehabilitation of safe, decent and affordable homes. The role of Red Lake is to administer lending programs and provide home financing for Tribal members who would not be able to obtain financing without their assistance.

In the past five years, Red Lake has completed 12 units of new construction and 12 owner-occupied rehabilitation units. It originated first mortgage loans for the 12 new construction units and home improvement loans for the 12 owner-occupied rehabilitation units. Red Lake is servicing the loans for all 24 units.

Project Description

Funds will be used to provide construction to permanent first mortgage financing to homebuyers in Beltrami County and within the boundaries of the Red Lake Band of Chippewa Indians Reservation. The applicant will serve households at or below 115% AMI. Funds will be provided to Red Lake in the form of a grant.

This project is a recapitalization of the applicant's Tribal Indian Housing Program (TIHP), which is a Minnesota Housing program that provides first mortgage financing. This loan product will be made to eligible homebuyers in accordance with the guidelines and procedures established by Red Lake in its Housing Plan through the TIHP. This project includes the option for homebuyers to purchase newly constructed modular homes.

Red Lake's role in the proposed project is to procure the modular home units, originate first mortgage financing for eligible homebuyers, and service the mortgage loans. The homebuyer will be responsible for site identification and obtaining a land lease. The Red Lake Land Office will manage the land lease with the homebuyers, and Red Lake Utilities will manage the installation of water and sewer services.

Typical TIHP Loan Per Unit: $147,916

Administration Fee Per Unit: $1,000

The Rondo Community Land Trust	
Project	Homebuyer Initiated Program (HIP) - Affordability Gap
Location	Ramsey and Dakota counties
Activity	Affordability Gap

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	8
Funding Requested:	$ 2,265,000		**Funding Recommended:**	$ 1,208,000
			EDHC Grant	$ 1,208,000

Organization Information

Rondo Community Land Trust (Rondo CLT)'s mission is to strengthen and preserve communities by providing permanently affordable, sustainable housing for families and individuals with low- to moderate-incomes, and to promote the community land trust model as a method of preserving affordable housing, economic growth and neighborhood stabilization.

Over the past five years, Rondo CLT has completed 50 affordability gap projects and has a waitlist of 46 eligible buyers.

Project Description

Funds will be used to provide affordability gap subsidy in Ramsey and Dakota counties. The applicant will serve households at or below 80% AMI.

The funds will be used for the Rondo CLT Homebuyer Initiated Program (HIP), a buyer-driven homeownership program providing affordability gap and rehabilitation grants to eligible buyers.

Eligible buyers select an open-market home to purchase and place in the community land trust. After purchase, the home is rehabilitated using funds requested in a separate Impact Fund application. Through the community land trust model, the affordability gap subsidy and the value of improvements is retained in the land lease long-term, benefiting both current and future eligible buyers.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $150,000

Administration Fee Per Unit: $1,000

The Rondo Community Land Trust	
Project	Homebuyer Initiated Program (HIP) - Owner-occupied Rehab
Location	Ramsey and Dakota counties
Activity	Owner-Occupied Rehabilitation

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	8
Funding Requested:	$ 915,000		**Funding Recommended:**	$ 488,000
			Housing Infrastructure Appropriations	$ 488,000

Organization Information

Rondo Community Land Trust (Rondo CLT)'s mission is to strengthen and preserve communities by providing permanently affordable, sustainable housing for families and individuals with low to moderate incomes, and to promote the land trust model as a method of preserving affordable housing, economic growth and neighborhood stabilization.

Over the past five years, Rondo CLT has completed 18 owner-occupied rehabilitation projects and has a waitlist of 46 eligible buyers.

Project Description

Funds will be used to provide loans for owner-occupied rehabilitation in Dakota and Ramsey counties. The applicant will serve households at or below 80% AMI.

The funds will be used for the Rondo CLT Homebuyer Initiated Program (HIP), a buyer-driven homeownership program as described in the affordabilty gap report for this applicant. After purchase, the home is rehabilitated using the funds requested in this proposal. The HIP enables buyers to purchase older homes and make improvements that enhance safety, livability, energy efficiency and accessibility.

Through the community land trust, the value of these improvements is retained long-term through the land lease for future buyers.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $60,000

Administration Fee Per Unit: $1,000

Scott County Community Development Agency	
Project	Scott County CLT Acquisition/Rehab./Resale
Location	Scott County
Activity	Acquisition, Rehabilitation, Resale

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	4
Funding Requested:	$ 1,084,800		**Funding Recommended:**	$ 1,084,800
			Workforce Homeownership Grant	$ 1,084,800

Organization Information

Scott County Community Development Agency (CDA) provides a variety of services, including the development of affordable homeownership and rental homes for low- and moderate-income families and individuals, seniors, and those with mental or physical disabilities.

In the last five years, the Scott County CDA has acquired, rehabilitated and resold six homes. They have experience building new construction homes as well.

Project Description

Funds will be used to acquire, rehabilitate and resell homes in Scott County. The applicant will serve households at or below 80% AMI.

The Scott County CDA will acquire and rehabilitate single-family homes. The homes have not been acquired to date, and the specific location of the homes will depend on availability of homes on the market. Through the acquisition, rehabilitation and resale of existing homes, the CDA will ensure that properties are safe, move-in ready, and free of immediate capital needs for buyers. Homes are placed in the community land trust upon sale to an income qualified buyer. Long-term affordability is preserved through resale restrictions, which require that each home be resold to income-qualified buyers.

Typical Development Cost Per Unit: $514,200

Typical Impact Fund Value Gap Subsidy Per Unit: $135,200

Typical Impact Fund Affordability Gap Subsidy Per Unit: $136,000

Administration Fee Per Unit: $1,000

Scott County Community Development Agency	
Project	Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH) - Phase 3
Location	Prior Lake
Activity	Affordability Gap

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	4
Funding Requested:	$ 404,000		**Funding Recommended:**	$ 404,000
			Housing Infrastructure Appropriations	$ 300,000
			Workforce Homeownership Grant	$ 104,000

Organization Information

Scott County Community Development Agency (CDA) provides a variety of services, including the development of affordable homeownership and rental homes for low- and moderate-income families and individuals, seniors, and those with mental or physical disabilities.

The Scott County CDA has closed affordability gap on 11 homes in the last five years.

Project Description

Funds will be used to provide affordability gap to qualified homebuyers in Prior Lake. The applicant will serve households at or below 80% AMI.

Scott County CDA will provide downpayment subsidy for homes to be built in partnership with Twin Cities Habitat for Humanity. This is the third and final phase of this development, with other homes either sold or under construction. These homes will be placed the Scott County Community Land Trust, with a ground lease and right of first refusal enacted to ensure long-term affordability.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000

Typical Impact Fund Land Acquisition Subsidy Per Unit: $75,000

Administration Fee Per Unit: $1,000

Three Rivers Community Action, Inc.	
Project	Gap Financing Program
Location	Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan and Winona counties.
Activity	Affordability Gap

Project Funding Details					
Requested			**Recommended**		
# of units:	19		**# of units:**		19
Funding Requested:	$ 389,500		**Funding Recommended:**	$	370,500
			Workforce Homeownership Grant	$	370,500

Organization Information

Three Rivers Community Action (TRCA) has a mission to work with community partners to provide warmth, transportation, food, housing, advocacy and education to individuals and families. Programs include Head Start, home delivered meals, Family Self-Sufficiency programs, crisis programs, public transportation, senior services, weatherization, energy assistance, homeless prevention, Rapid Re-housing, transitional and permanent supportive housing, financial literacy and coaching, pre-purchase counseling, homebuyer education, Family Assets for Independence (FAIM), downpayment assistance, and housing development.

TRCA has more than 25 years of experience in housing. Since 1996, they have developed 45 housing projects in 25 communities in Greater Minnesota, resulting in 1,042 places to live. This includes 882 multifamily units and 151 single-family homes. TRCA provided downpayment assistance and gap financing loans to 73 first-time homebuyer households in 2024 and has closed 267 affordability gap loans over the past five years. They administer Minnesota Housing Impact Fund loans, Greater Minnesota Housing Fund downpayment assistance loans, and Midwest Minnesota Community Development Corporation First Generation Homebuyers Community Down Payment Assistance Fund loans. TRCA is a woman-led organization.

Project Description

Funds will be used for downpayment assistance and closing cost loans in Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan or Winona counties. The applicant will serve households at or below 80% AMI.

Three Rivers will provide deferred, forgivable loans to qualified homebuyers. Three Rivers targets their downpayment assistance to households of color and immigrant households.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $18,500

Administration Fee Per Unit: $1,000

Twin Cities Habitat for Humanity, Inc.	
Project	2025 New Construction - Scattered Sites
Location	7-County Twin Cities Metro Area
Activity	New Construction

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	5
Funding Requested:	$ 1,010,000		**Funding Recommended:**	$ 505,000
			Workforce Homeownership Grant	$ 505,000

Organization Information

Twin Cities Habitat for Humanity (TC Habitat)'s mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. Their primary role is carrying out all development, construction and marketing functions in-house through a vertically integrated production model.

The applicant serves more than 100 households annually and has extensive lending experience. Over the past five years, the applicant has completed 113 new construction homes. Acting as builder, they acquire properties, rehabilitate homes and market them to eligible homebuyers. As a lender, they provide low-interest first mortgages and forgivable second mortgages. They combine these resources with additional public funding. Homebuyers are required to take a Habitat homeownership course in addition to a first-time homebuyer course. This has resulted in a less than 1% foreclosure rate for homebuyers.

Project Description

Funds will be used to build homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

TC Habitat will build homes at sites scattered throughout the metro region. They have already secured multiple lots and are actively pursuing three more. They anticipate using the funds to serve the communities of Maplewood, St. Paul, Minneapolis, White Bear Lake and Roseville, among others. TC Habitat focuses on helping Black, Indigenous and households of color, large families, families with children, people with special needs and immigrants obtain access to safe, stable and affordable places to live.

Typical Development Cost Per Unit: $425,000

Typical Impact Fund Value Gap Subsidy Per Unit: $50,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $50,000

Administration Fee Per Unit: $1,000

Twin Cities Habitat for Humanity, Inc.	
Project	A Brush with Kindness - Owner Occupied Repair 2025
Location	7-County Twin Cities Metro Area
Activity	Owner-Occupied Rehabilitation

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	10
Funding Requested:	$ 337,500		**Funding Recommended:**	$ 220,000
			Housing Infrastructure Appropriations	$ 220,000

Organization Information

Twin Cities Habitat for Humanity (TC Habitat)'s mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. Their primary role is carrying out all development, construction and marketing functions in-house through a vertically integrated production model.

TC Habitat serves approximately 30 households annually and has strong repair experience. Over the past five years, the applicant has completed 153 owner-occupied rehabilitation projects.

Project Description

Funds will be used rehabilitate owner-occupied homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

TC Habitat will provide affordability gap in the form of forgivable loans. Typical rehabilitation work includes critical repairs such as roofs, windows and mechanical systems, as well as accessibility modifications such as ramps, flooring, bathroom modifications and more.

The program includes a staff social worker who connects clients to wraparound services such as mental health, food support, government benefits enrollment and more. They keep costs low by using volunteer labor and material donations where possible.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $20,000

Administration Fee Per Unit: $2,000

Twin Cities Habitat for Humanity, Inc.	
Project	Scattered Site Acquisition/Rehabilitation 2025
Location	7-County Twin Cities Metro Area
Activity	Acquisition, Rehabilitation, Resale

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	10
Funding Requested:	$ 860,000		**Funding Recommended:**	$ 860,000
			Workforce Homeownership Grant	$ 860,000

Organization Information

Twin Cities Habitat for Humanity (TC Habitat)'s mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. Their primary role is carrying out all development, construction and marketing functions in-house through a vertically integrated production model.

TC Habitat serves more than 100 households annually and has extensive lending experience. Over the past five years, the applicant has completed 122 acquisition, rehabilitation, resale projects. Acting as the builder, they acquire properties, rehabilitate homes, and market them to eligible homebuyers. As the bank, they provide low-interest first mortgages and forgivable second mortgages. They combine these resources with additional public funding. Homebuyers are required to take a Habitat homeownership course in addition to a first-time buyer HomeStretch or Framework course. This has resulted in a less than 1% foreclosure rate for homebuyers.

Project Description

Funds will be used to acquire, rehabilitate and resell homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

Typical rehabilitation work includes required lead and asbestos abatement or encapsulation and radon mitigation; replacing components in need of repair, including siding, windows, carpentry, flooring, doors and more; providing EnergyStar appliances, plumbing, HVAC, electrical, weatherproofing, roof repair, and accessibility modifications as needed.

The applicant uses volunteer labor and donated materials, services and land to keep costs low. In-kind donations typically make up 10-15% of products installed in homes.

Typical Development Cost Per Unit: $382,000

Typical Impact Fund Value Gap Subsidy Per Unit: $42,500

Typical Impact Fund Affordability Gap Subsidy Per Unit: $42,500

Administration Fee Per Unit: $1,000

Twin Cities Habitat for Humanity, Inc.	
Project	Twin Cities Habitat for Humanity, 2025 SAAG Open Market Program
Location	7-County Twin Cities Metro Area
Activity	Affordability Gap

Project Funding Details				
Requested			**Recommended**	
# of units:	70		**# of units:**	20
Funding Requested:	$ 3,220,000		**Funding Recommended:**	$ 920,000
			Workforce Homeownership Grant	$ 920,000

Organization Information

Twin Cities Habitat for Humanity (TC Habitat)'s mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. Their primary role is carrying out all development, construction and marketing functions in-house through a vertically integrated production model.

Over the last five years, TC Habitat has closed 273 affordability gap loans. The applicant serves more than 100 households annually and has extensive lending experience. Acting as the builder, TC Habitat acquires properties, builds or rehabilitates homes, and markets them to eligible homebuyers. As the lender, they provide low-interest first mortgages and forgivable second mortgages. They combine these resources with additional public funding. Homebuyers are required to take a Habitat homeownership course in addition to a first-time buyer HomeStretch or Framework course. This has resulted in a less than 1% foreclosure rate for homebuyers.

Project Description

Funds will be used to provide affordability gap loans to homebuyers in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

TC Habitat will fund forgivable loans to open market homebuyers. They provide extensive coaching to prospective homebuyers to prepare them for success. The Open Market program increases homeownership access in suburban areas that have historically been unavailable to lower income buyers, and the goal of the program is to reduce the homeownership gap for households of color.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $45,000

Administration Fee Per Unit: $1,000

Summary Spreadsheet

2025 Single Family RFP Recommended Applications Summary

	Unit Counts		Strategic Priorities			Minnesota Housing Funding					Total Funding
Applicant – Project Name – Activity	**Total Existing Units**	**Total New Units**	**80% AMI**	**BIPOC-Led Entity**	**Workforce Housing**	**Economic Development & Housing Challenge**	**Housing Infrastructure Appropriations**	**Pool 2 Interim Loan**	**State Housing Tax Credits**	**Workforce & Affordable Homeownership Development**	**Total Minnesota Housing Funding**
METRO AREA											
Minneapolis											
PRG, Inc. – PRG-Minneapolis-New Home Opportunities – New Construction	0	5	Yes	Yes	Yes	$ -	$ -	$ -	$ -	$ 1,508,000	$ 1,508,000
Total Minneapolis	**0**	**5**	**1**	**1**	**1**	$ -	$ -	$ -	$ -	$ 1,508,000	$ 1,508,000
Saint Paul											
No St. Paul-only applications are recommended this year.						$ -	$ -	$ -	$ -	$ -	$ -
Total Saint Paul	**0**	**0**	**0**	**0**	**0**	$ -	$ -	$ -	$ -	$ -	$ -
Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)											
Community Neighborhood Housing Services dba NeighborWorks Home Partners – Community Keys Plus – Stand-Alone Affordability Gap	50	0	Yes	No	Yes	$ 1,300,000	$ -	$ -	$ -	$ -	$ 1,300,000
Edina Housing and Redevelopment Authority – Affordable Ownership Preservation Program – Acquisition, Rehabilitation, Resale	4	0	Yes	No	Yes	$ 200,000	$ 600,000	$ -	$ -	$ -	$ 800,000
Hennepin County Housing and Redevelopment Authority – Healthy Homes Assistance Project – Owner-Occupied Rehabilitation	12	0	Yes	No	Yes	$ 99,600	$ -	$ -	$ -	$ -	$ 99,600
Land Bank Twin Cities – Value Gap - Acquisition, Rehabilitation, Resale	7	0	No	Yes	Yes	$ 875,000	$ -	$ -	$ -	$ -	$ 875,000
Neighborhood Development Alliance – Down Payment Assistance – Stand-Alone Affordability Gap	15	0	Yes	Yes	Yes	$ -	$ -	$ -	$ -	$ 465,000	$ 465,000
Neighborhood Development Alliance – Owner-Occupied Rehabilitation Program – Owner-Occupied Rehabilitation	20	0	No	Yes	Yes	$ -	$ 369,000	$ -	$ -	$ -	$ 369,000
Rondo Community Land Trust – Rondo CLT Homebuyer Initiated Program (HIP) Affordability Gap – Stand-Alone Affordability Gap	8	0	Yes	Yes	Yes	$ 1,208,000	$ -	$ -	$ -	$ -	$ 1,208,000
Rondo Community Land Trust – Rondo CLT Homebuyer Initiated Program (HIP) Owner Occupied Rehab – Owner-Occupied Rehabilitation	8	0	Yes	Yes	Yes	$ -	$ 488,000	$ -	$ -	$ -	$ 488,000
Scott County Community Development Agency – Scott County CLT Acquisition/Rehab. /Resale – Acquisition, Rehabilitation, Resale	4	0	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 1,084,800	$ 1,084,800
Scott County Community Development Agency – Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH)--Phase 3 – Stand-Alone Affordability Gap	0	4	Yes	No	Yes	$ -	$ 300,000	$ -	$ -	$ 104,000	$ 404,000
Twin Cities Habitat for Humanity – Scattered Site Acquisition/Rehabilitation 2025 – Acquisition, Rehabilitation, Resale	10	0	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 860,000	$ 860,000
Twin Cities Habitat for Humanity – Twin Cities Habitat for Humanity- 2025 SAAG Open Market Program – Stand-Alone Affordability Gap	20	0	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 920,000	$ 920,000
Twin Cities Habitat for Humanity – 2025 New Construction-Scattered Sites – New Construction	0	5	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 505,000	$ 505,000

	Unit Counts		Strategic Priorities			Minnesota Housing Funding					Total Funding
Applicant – Project Name – Activity	**Total Existing Units**	**Total New Units**	**80% AMI**	**BIPOC-Led Entity**	**Applicant – Project Name – Activity**	**Total Existing Units**	**Total New Units**	**80% AMI**	**BIPOC-Led Entity**	**Applicant – Project Name – Activity**	**Total Existing Units**
Twin Cities Habitat for Humanity – A Brush with Kindness - Owner Occupied Repair 2025 – Owner-Occupied Rehabilitation	10	0	Yes	No	Yes	$ -	$ 220,000	$ -	$ -	$ -	$ 220,000
Total Seven-County Metro Area	**160**	**9**	**12**	**5**	**14**	$ 3,682,600	$ 1,977,000	$ -	$ -	$ 3,938,800	$ 9,598,400
Total METRO AREA	**160**	**14**	**13**	**6**	**15**	$ 3,682,600	$ 1,977,000	$ -	$ -	$ 5,446,800	$ 11,106,400

GREATER MINNESOTA												
	Unit Counts		Strategic Priorities			Minnesota Housing Funding					Total Funding
Applicant – Project Name – Activity	Total Existing Units	Total New Units	80% AMI	BIPOC-Led Entity	Workforce Housing	Economic Development & Housing Challenge	Housing Infrastructure Appropriations	Pool 2 Interim Loan	State Housing Tax Credits	Workforce & Affordable Homeownership Development	Total Minnesota Housing Funding
Central											
Central Minnesota Housing Partnership, Inc. - Central Minnesota Community Land Trust, Inc.– Stand Alone Affordability Gap	10	0	Yes	No	Yes	$ 260,000	$ 500,000	$ -	$ -	$ -	$ 760,000
Central Minnesota Housing Partnership, Inc. - Central Minnesota Community Land Trust, Inc.– Owner-Occupied Repair	10	0	Yes	No	Yes	$ -	$ 270,000	$ -	$ -	$ -	$ 270,000
Total Central	**10**	**0**	**2**	**0**	**2**	$ 260,000	$ 770,000	$ -	$ -	$ -	$ 1,030,000
Northeast											
Habitat for Humanity of Minnesota, Inc. - Habitat for Humanity of Minnesota Impact Fund 11c - North St. Louis Co. Value Gap – New Construction	0	8	Yes	No	Yes	$ -	$ 200,000	$ -	$ -	$ -	$ 200,000
Housing and Redevelopment Authority of Itasca County - Itasca County HRA Community Land Trust - Phase 3 – New Construction	0	8	Yes	No	Yes	$ -	$ 1,020,000	$ -	$ -	$ 674,000	$ 1,694,000
One Roof Community Housing - Acquisition-Rehab-Resale - Duluth/Small Communities – Acquisition, Rehabilitation, Resale	10	0	Yes	No	Yes	$ -	$ 350,000	$ 750,000	$ 72,931	$ 1,950,000	$ 3,122,931
Total Northeast	**10**	**16**	**3**	**0**	**3**	$ -	$ 1,570,000	$ 750,000	$ 72,931	$ 2,624,000	$ 5,016,931
Northwest											
North Star Neighbors – CLT Development: 10 Units Bemidji and Warren – New Construction	0	6	Yes	No	Yes	$ -	$ 160,000	$ 600,000	$ 58,345	$ 1,742,898	$ 2,561,243
Red Lake Housing Finance Corporation – Red Lake Homeownership IV – Tribal Indian Housing Program	0	14	No	Yes	Yes	$ 2,084,824	$ -	$ -	$ -	$ -	$ 2,084,824
Total Northwest	**0**	**20**	**1**	**1**	**2**	$ 2,084,824	$ 160,000	$ 600,000	$58,345	$ 1,742,898	$ 4,646,067
Southeast											
First Homes Properties – Kasson Twin Homes/First Homes – New Construction	0	4	Yes	No	Yes	$ -	$ 663,400	$ -	$ -	$ 320,000	$ 983,400
First Homes Properties – Scattered Site Infill/First Homes – New Construction	0	4	Yes	No	Yes	$ 500,000	$ 448,000	$ -	$ -	$ -	$ 948,000
Three Rivers Community Action, Inc. – Gap Financing Program – Stand-Alone Affordability Gap	19	0	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 370,500	$ 370,500
Total Southeast	**19**	**8**	**3**	**0**	**3**	$ 500,000	$ 1,111,400	$ -	$ -	$ 690,500	$ 2,301,900
Southwest											
No Southwest MN-only applications are recommended this year.						$ -	$ -	$ -	$ -	$ -	$ -
Total Southwest	**0**	**0**	**0**	**0**	**0**	$ -	$ -	$ -	$ -	$ -	$ -
West Central											
Cass Clay Community Land Trust – New Construction – New Construction	0	3	No	No	Yes	$ -	$ 459,000	$ -	$ -	$ 414,000	$ 873,000
Habitat for Humanity of Minnesota, Inc. – Habitat for Humanity of Minnesota Impact Fund 11b Fergus Falls Area Value Gap – New Construction	0	2	Yes	No	Yes	$ -	$ 200,000	$ -	$ -	$ -	$ 200,000
Otter Tail Housing and Redevelopment Authority – New York Mills Country View – New Construction	0	2	No	No	Yes	$ -	$ 562,100	$ 239,000	$ 23,241	$ -	$ 824,341

	Unit Counts		Strategic Priorities			Minnesota Housing Funding					Total Funding
Applicant – Project Name – Activity	**Total Existing Units**	**Total New Units**	**80% AMI**	**BIPOC-Led Entity**	**Workforce Housing**	**Economic Development & Housing Challenge**	**Housing Infrastructure Appropriations**	**Pool 2 Interim Loan**	**State Housing Tax Credits**	**Workforce & Affordable Homeownership Development**	**Total Minnesota Housing Funding**
Otter Tail Housing and Redevelopment Authority – Parkers Prairie Oakwood Estates - New Construction	0	3	No	No	No	$ -	$ 840,450	$ 708,000	$ 68,847	$ -	$ 1,617,297
Otter Tail Housing and Redevelopment Authority – Pelican Rapids Pinewood Estates – New Construction	0	2	No	No	No	$ -	$ 561,000	$ 531,000	$ 51,636	$ -	$ 1,143,636
Total West Central	**0**	**12**	**1**	**0**	**3**	$ -	$ 2,622,550	$ 1,478,000	$ 143,724	$ 414,000	$ 4,658,274
Multiple Regions/Statewide											
Habitat for Humanity of Minnesota, Inc. – Habitat for Humanity of MN Impact Fund 11 Affordability Gap – Stand-Alone Affordability Gap	0	10	Yes	No	Yes	$ -	$ -	$ -	$ -	$ 510,000	$ 510,000
Total Multiple Regions/Statewide	**0**	**10**	**1**	**0**	**1**	$ -	$ -	$ -	$ -	$ 510,000	$ 510,000
Total GREATER MINNESOTA	**39**	**66**	**11**	**1**	**14**	$ 2,844,824	$ 6,233,950	$ 2,828,000	$ 275,000	$ 5,981,398	$ 18,163,172
Total STATEWIDE	**199**	**80**	**24**	**7**	**29**	$ 6,527,424	$ 8,210,950	$ 2,828,000	$ 275,000	$ 11,428,198	$ 29,269,572

KEY:

Existing: Includes Acquisition/Rehabilitation/Resale, Stand-Alone Affordability Gap, Owner-Occupied Rehabilitation

New: Includes New Construction, Stand-Alone Affordability Gap when new units are constructed

80% AMI: Proposals will serve households at or below 80% AMI

BIPOC-Led Entity: Applicant entity is owned or led by a Black, Indigenous or person of color

Workforce Housing: Proposed units will be in communities that have had job growth, are top job centers, have seen employers significantly increase jobs, or have long commutes

Non-Recommended Applications

2025 Single Family RFP Non-Recommended Applications	
Applicant - Project Name	**Funding Requested**
METRO AREA	
Minneapolis	
Amani Construction & Development - Humboldt Triangles Townhouses - New Construction	$ 7,117,622
City of Lakes Community Land Trust - Project: Sustained Legacy – Owner-Occupied Rehabilitation	$ 650,000
City of Minneapolis CPED - Minneapolis Homes: Community Fix Up Program – Owner-Occupied Rehabilitation	$ 3,120,000
NRRC Financial LLC - NRRC Fi Owner Occupied Rehabilitation Loan – Owner-Occupied Rehabilitation	$ 810,000
PRG, Inc. - PRG-Investor Intervention III - Acquisition, Rehabilitation, Resale	$ 1,584,000
St. Paul	
The Rondo Community Land Trust - The Beasley - 642 Selby Avenue Affordable Condo Project - New Construction	$ 8,624,802
Twin Cities Habitat for Humanity, Inc. - 2025 New Construction - The Heights - Continuation - New Construction	$ 2,801,400
7-County Metropolitan Area	
Change Inc. - YouthBuild St. Paul West Side - New Construction	$ 90,000
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) - Critical Repair Projects for Low-Income Homeowners in 7-County Metro Owner-Occupied Rehabilitation	$ 630,000
Two Rivers Community Land Trust - Wide PATH (Preserving Affordable Tracks to Homeownership) Phase 3 - Acquisition, Rehabilitation, Resale	$ 1,796,230
West Hennepin Affordable Housing Land Trust - HWR CLT Owner Occupied Rehab – Owner-Occupied Rehabilitation	$ 640,000
West Hennepin Affordable Housing Land Trust - HWR Scattered Site ARR - Acquisition, Rehabilitation, Resale	$ 3,420,000
Total METRO - 12 projects	$ 31,284,054

GREATER MINNESOTA		
Statewide		
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) - Roof Repair or Replacement Projects for Low-Income Homeowners throughout Minnesota – Owner-Occupied Rehabilitation	$	443,750
Central		
Central Minnesota Housing Partnership - Central Minnesota Community Land Trust, Inc. - New Construction	$	1,860,000
Northeast		
Housing and Redevelopment Authority of Duluth - Duluth Housing Preservation 2025 - Acquisition, Rehabilitation, Resale	$	245,547
Housing and Redevelopment Authority of Duluth - Duluth HRA Single Family Sewer Line Replacement Program – Owner-Occupied Rehabilitation	$	85,000
Housing and Redevelopment Authority of Virginia - Mill 40 - Single Development Project - New Construction	$	409,954
One Roof Community Housing - New Construction - Duluth - New Construction	$	4,480,000
One Roof Community Housing - New Construction - Small Communities - New Construction	$	2,420,000
One Roof Community Housing - One Roof Community Housing Down Payment Program - Affordability Gap	$	330,000
Northwest		
STS Developments LLC - East Grand Forks, MN Single Family Housing Project 1 - New Construction	$	1,363,002
Southeast		
Build Wealth MN, Inc. - Flowing Brook Valley - Rochester - New Construction	$	1,438,020
Build Wealth MN, Inc. - London Brook Ponds - Rochester - New Construction	$	1,438,020
CoNorth - New North Neighborhood Cooperative Community - New Construction	$	3,649,988
Southwest Minnesota Housing Partnership - Lime Avenue Homes - Madison - New Construction	$	1,023,575
Southwest		
Partnership Community Land Trust - PCLT Scattered Regional - New Construction - 2025 - New Construction	$	2,970,000

Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) - Critical Repair Projects for Low-Income Homeowners in Cottonwood, Jackson, Murray, Nobles, Pipestone, and Rock Counties – Owner-Occupied Rehabilitation	$	280,000
West Central		
Cass Clay Community Land Trust - Acquisition, Rehabilitation, Resale - Acquisition, Rehabilitation, Resale	$	430,000
Cass Clay Community Land Trust - Homebuyer Initiated Program - Affordability Gap	$	1,260,000
West Central Minnesota Communities Action, Inc. - West Central Community Land Trust - Affordability Gap	$	606,000
Total GREATER MINNESOTA - 18 projects	$	24,732,856
Total STATEWIDE - 30 projects	$	56,016,910

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

RESOLUTION NO. MHFA 25-XXX

RESOLUTION APPROVING SELECTIONS OF ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT (WORKFORCE), STATE HOUSING TAX CREDITS (SHTC), HOUSING INVESTMENT FUND (POOL 2), AND HOUSING INFRASTRUCTURE APPROPRIATIONS (HIA)

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds and construction financing for single family homeownership housing units, affordability gap, owner-occupied rehabilitation, and Tribal Indian Housing Program serving persons and families of low- and moderate-income; and

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

NOW THEREFORE, BE IT RESOLVED:

The board hereby authorizes Agency staff to enter into grant and loan contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

2025 Applicant Name	Project/Program Name Title	Funding Source	$ Awarded
Cass Clay Community Land Trust	New Construction	HIA – Grant Workforce – Grant	$ 459,000 $ 414,000
Central Minnesota Housing Partnership, Inc.	Central Minnesota Community Land Trust, Inc. – Owner-Occupied Rehab	HIA – Grant	$ 270,000
Central Minnesota Housing Partnership, Inc.	Central Minnesota Community Land Trust, Inc. – Affordability Gap	Challenge – Grant HIA – Grant	$ 260,000 $ 500,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners	Community Keys Plus	Challenge – Grant	$ 1,300,000
Edina Housing and Redevelopment Authority	Affordable Ownership Preservation Program	Challenge – Grant HIA – Grant	$ 200,000 $ 600,000
First Homes Properties	Kasson Twin Homes/First Homes	HIA – Grant Workforce – Grant	$ 663,400 $ 320,000
First Homes Properties	Scattered Site Infill/First Homes	Challenge – Grant HIA – Grant	$ 500,000 $ 448,000

Habitat for Humanity of Minnesota, Inc.	Habitat for Humanity of Minnesota Impact Fund 11 - Affordability Gap	Workforce – Grant	$ 510,000
Habitat for Humanity of Minnesota, Inc.	Habitat for Humanity of Minnesota Impact Fund 11b - Fergus Falls Area Value Gap	HIA – Grant	$ 200,000
Habitat for Humanity of Minnesota, Inc.	Habitat for Humanity of Minnesota Impact Fund 11c - North St. Louis Co. Value Gap	HIA – Grant	$ 200,000
Hennepin County Housing and Redevelopment Authority	Healthy Homes Assistance Project	Challenge – Grant	$ 99,600
Housing and Redevelopment Authority of Itasca County	Itasca County HRA Community Land Trust - Phase 3	HIA – Grant Workforce – Grant	$ 1,020,000 $ 674,000
Land Bank Twin Cities, Inc.	Value Gap	Challenge – Grant	$ 875,000
Neighborhood Development Alliance, Inc.	Down Payment Assistance	Workforce – Grant	$ 465,000
Neighborhood Development Alliance, Inc.	Owner-occupied Rehabilitation Program	HIA – Grant	$ 369,000
North Star Neighbors	CLT Development: 10 Units Bemidji and Warren	HIA – Grant Pool 2 – Loan SHTC – Grant Workforce – Grant	$ 160,000 $ 600,000 $ 58,345 $ 1,742,898
One Roof Community Housing	Acquisition-Rehab-Resale - Duluth/Small Communities	HIA – Grant Pool 2 – Loan SHTC – Grant Workforce – Grant	$ 350,000 $ 750,000 $ 72,931 $ 1,950,000
Otter Tail County Housing and Redevelopment Authority	Parkers Prairie Oakwood Estates	HIA – Grant Pool 2 – Loan SHTC – Grant	$ 840,450 $ 708,000 $ 68,847
Otter Tail County Housing and Redevelopment Authority	Pelican Rapids Pinewood Estates	HIA – Grant Pool 2 – Loan SHTC – Grant	$ 561,000 $ 531,000 $ 51,636
Otter Tail County Housing and Redevelopment Authority	New York Mills Country View	HIA – Grant Pool 2 – Loan SHTC – Grant	$ 562,100 $ 239,000 $ 23,241
PRG, Inc.	PRG-Mpls-New Home Opportunities	Workforce – Grant	$ 1,508,000
Red Lake Housing Finance Corporation	Red Lake Homeownership IV	Challenge – Grant	$ 2,084,824

Scott County Community Development Agency	Scott County CLT Acquisition/Rehab./Resale	Workforce – Grant	$ 1,084,800
Scott County Community Development Agency	Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH)-- Phase 3	HIA – Grant Workforce – Grant	$ 300,000 $ 104,000
The Rondo Community Land Trust	Homebuyer Initiated Program (HIP) - Affordability Gap	Challenge – Grant	$ 1,208,000
The Rondo Community Land Trust	Homebuyer Initiated Program (HIP) - Owner-occupied Rehab	HIA – Grant	$ 488,000
Three Rivers Community Action, Inc.	Gap Financing Program	Workforce – Grant	$ 370,500
Twin Cities Habitat for Humanity, Inc.	2025 New Construction - Scattered Sites	Workforce – Grant	$ 505,000
Twin Cities Habitat for Humanity, Inc.	A Brush with Kindness - Owner Occupied Repair 2025	HIA – Grant	$ 220,000
Twin Cities Habitat for Humanity, Inc.	Scattered Site Acquisition/Rehabilitation 2025	Workforce – Grant	$ 860,000
Twin Cities Habitat for Humanity, Inc.	Twin Cities Habitat for Humanity, 2025 SAAG Open Market Program	Workforce – Grant	$ 920,000
		Total Awarded:	$ 29,269,572

1. The execution of the grant contract agreement or loan agreement for all funds awarded by the Agency in form and substance acceptable to the Agency shall occur no later than nine months from the adoption date of this Resolution; all Housing Investment Funds (Pool 2) must be repaid within 42 months from the effective date of the loan agreement contract; and all other funds must be expended and all reporting of the use of funds shall be completed within 36 months from the effective date of the grant contract agreement or loan agreement; and

2. The Commissioner is authorized to approve non-material changes in the selections and may approve changes in the geographic area served; and

3. The applicant shall execute all such documents relating to the grant contract agreement or loan agreement, to the construction or rehabilitation of the homeownership housing units, provision of grants for land acquisition, affordability gap or owner-occupied rehabilitation, and the origination and closing of repayable or deferred loans, subject to such terms and conditions as Agency staff, in its sole discretion, deems necessary.

Adopted this 18th day of December 2025

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CHAIR

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MINNESOTA HOUSING

Item: 2025 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2026 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) Programs

Action Item: 7.L
Date: 12/18/2025
Staff Contacts: Que Vang, 651.296.7613, que.vang@state.mn.us
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests the following approvals related to the 2025 Multifamily Consolidated RFP/2026 HTC Round 1:

1. Adoption of a resolution approving the selection of projects for an allocation of federal 9% Low Income Housing Tax Credits (HTC) and applicable waivers;
2. Adoption of a resolution approving the selection of projects, applicable waivers for further processing, the commitment of deferred financing and, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources:
    - Economic Development and Housing Challenge (EDHC),
    - Housing Infrastructure (HI) Program,
    - HOME Investment Partnership (HOME),
    - National Housing Trust Fund (NHTF),
    - Preservation Affordable Rental Investment Fund (PARIF);
3. Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR) Program loans and Bond Bridge Loans (BBL); and
4. Adoption of a resolution approving the selection of projects and units for further processing under the HUD Section 811 PRA and, subject to final underwriting and due diligence, to execute the Rental Assistance Contract (RAC).

Fiscal Impact

The 2025 Multifamily Consolidated RFP funding recommendations include numerous funding sources, and the fiscal impacts of these selections vary. HTCs are a federal resource, and Minnesota Housing earns administrative fees for the costs to implement the HTC Program. Generally, deferred financing from state or federal appropriations do not earn interest for the Agency but do provide fee income for the Agency. LMIR Program loans and BBLs earn interest income and certain fee income for the Agency.

Agency Priorities

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

Attachments

- Background
- Resolutions
- Summary of Recommendations
  - Non-Select
  - Consolidated
  - Detailed
  - Strategic Priorities
  - Strategic Priorities, Details
- Selection Maps
- Development Summaries and Community Profiles

BACKGROUND

On November 21, 2024, Minnesota Housing's board members approved the 2026 – 2027 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP), including the Self-Scoring Worksheet. These two documents set the policies and procedures used to score, evaluate and select multifamily applications for funding that are submitted to the 2025 Multifamily Consolidated RFP/2026 HTC Round 1.

Minnesota Housing's annual Multifamily Consolidated RFP/HTC Round 1 coordinates multiple housing funding resources into one multifamily application process to help maximize the number of projects that can be selected and to allocate funds as efficiently as possible. The process allows multifamily affordable housing development sponsors to apply for resources from the Agency and public entity RFP partner's using a common application and procedure.[1] The 2025 Multifamily Consolidated RFP/2026 HTC Round 1 application resources and materials were issued on April 9, 2025. Applicants were required to submit an intent to apply by May 8, 2025, and final applications were due July 10, 2025.

The Agency received 98 intents to apply, and applicants chose to submit 55 applications for consideration in the 2025 Multifamily Consolidated RFP/ 2026 HTC Round 1. The requests for funds were just under $70 million in competitive federal 9% HTCs and $182 million in deferred loans[2] for primary proposal types. For this 2025 Multifamily Consolidated RFP, Minnesota Housing staff proposes allocating approximately $12.6 million of 9% HTCs and nearly $108 million of deferred loans.

The Multifamily evaluation process is separated into three phases: 1) eligibility, 2) scoring and 3) feasibility review. The eligibility review determines if a complete application was submitted as defined by the Multifamily RFP Standards.

In the second phase, scoring consists of ranking applications based on the requirements in the QAP, Self-Scoring Worksheet and Scoring Guide. Applications are then categorized by project type within geographic areas and prioritized based on the program requirements of the funding sources available. Only projects that are both competitive in scoring and appropriate for the available funding advance to the feasibility review.

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[1] For the 2025 Multifamily Consolidated RFP, the Metropolitan Council will utilize Minnesota Housing's application tool, Multifamily Customer Portal, and access applications submitted in the Multifamily Consolidated RFP. RFP partner's selections are subject to their own review and approval processes. Minnesota Housing does not select applications on behalf of the RFP partner.

[2] This amount was based on the deferred request from the primary financing structure. Many applicants submit more than one financial structure in their proposal to increase flexibility and allow the use of 9% HTCs, deferred with 4% HTCs or deferred loan-only financing structures.

The final phase—feasibility review—is a detailed analysis of the project's costs, funding structure, and financial and operational capacity. A high score alone is not sufficient for selection. Applicants must also demonstrate that the proposed project can be successfully implemented and operated over time. Applications that focus on points without substantiating feasibility may not move forward in the selection process. The feasibility review is conducted by the internal development team, which includes a program manager(s), underwriter, architect, housing management officer, compliance officer, credit risk officer, and, when applicable, a housing stability officer. The review assesses:

- Consistency with the Agency's mission and strategic priorities;
- Compliance with statutes and program rules, including geographic distribution of resources;
- Consistency with program requirement, eligible uses and priorities; and
- Consistency with the Agency's policy standards which includes financial feasibility, market need, architectural quality and overall development team capacity.

SELECTION OVERVIEW

From the 55 submitted applications, Agency staff propose selecting 20 projects with 1,145 units. All 20 projects are proposed to be selected for further processing to allocate various combinations of 9% HTCs, deferred loans, LMIR Program loans, BBLs and HUD Section 811 PRA.

When an application is selected for funding, the proposed project and financing structure may still require modifications to meet Minnesota Housing requirements and any conditions of approval. Additional funding conditions will apply to certain projects to address potential concerns or program requirements. Potential modifications may relate to such factors as management and operating numbers, underwriting and design requirements. If a project cannot meet funding requirements and conditions, a funding selection approval may be withdrawn.

FUNDING RESOURCES

The following totals represent the proposed selection amounts, which are further detailed in the attached Consolidated Report, Detailed Report and Development Summaries.

Table 1: Multifamily Consolidated RFP Funding Types and Total Allocated/ Awarded

Funding Type	Projects per Funding Type	Total Allocated/ Awarded
Housing Tax Credits (9%)	8	$ 12,651,138
Minnesota Housing Deferred Loans	18	$ 107,915,235
LMIR Program Loans	8	$ 19,670,000
Bond Bridge Loans	2	$ 9,640,000
HUD Section 811 PRA	6	$ 668,748

The total number of projects in the Table 1 exceeds 20 because a project may receive more than one funding source from the Agency.

Housing Tax Credits

For 2026, Minnesota Housing has estimated that the state of Minnesota credit ceiling from the federal government is approximately $19.7 million of 9% HTCs, not including returned or carryforward credits from prior allocation years or credits available from the national pool.[3] The HTC distribution plans for Greater Minnesota and the Metropolitan Area are formulated in accordance with Minnesota Statutes 462A.222, subdivision 4. The distribution of HTCs from the state annual credit ceiling (9% HTC) between the two pools is 38% in the Greater Minnesota Pool and 62% in the Metropolitan Area Pool. Through the authority specified in Minnesota Statutes sections 462A.222 and 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer a portion of 9% HTC allocations as suballocators. Minneapolis, St. Paul, Dakota County and Washington County administer their 9% HTCs locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements (JPA) with the Agency through which the Agency will perform the 9% HTC allocation, 4% HTC awards and compliance monitoring. Just over $5 million of the total $19.7 million will be administered by suballocators.

In 2026 HTC Round 1, staff recommend reserving and allocating approximately $12.6 million of 9% HTC, which includes the suballocator HTCs administered by Minnesota Housing, the nonprofit and RD set-asides, and HTCs carried forward from the 2025 credit ceiling. Most of the 9% HTCs administered by the Agency are issued in this 2026 HTC Round 1.

The second round of 9% HTC applications, 2026 HTC Round 2, will close in the first quarter of 2026, which includes any remaining or returned 9% HTCs from previously selected projects and any additional 9% HTCs resulting from changes in population.

[3] There were no carryforward or returned credit amounts available for 2026 at the time the estimate was distributed, and the national pool is unknown. The Agency now anticipates $375,000 for the returned credit component and $140,524 in carryforward credits from 2025. These numbers are subject to change, and excess credits will be available in Round 2.

Eight projects are recommended for 9% HTCs: four in Greater Minnesota and four in the Metropolitan Area.[4] Of the eight projects with 9% HTCs, two are progressing with no Agency loans and six are recommended with an Agency deferred loan, a LMIR Program loan and/or a BBL.

Section 42 of the Internal Revenue Code (IRC) establishes procedures for obtaining 4% HTCs through the issuance of tax-exempt volume limited bonds. Projects that are selected for deferred loans with a 4% HTC financial structure must still undergo a process known as Preliminary Determination to receive an award.

Seven projects are recommended for bond-financed loans with a 4% HTC financial structure. These projects will be eligible for 4% HTCs from the Agency at a later date. Of the seven, two are recommended for BBLs eligible for 4% HTC and five are recommended for HIBs eligible for 4% HTC. Four projects receiving deferred loan only financing from the Agency are anticipated to receive an award of 4% HTCs from suballocators.

Altogether, 19 of the 20 projects recommended for selection are anticipated to generate approximately $218.4 million in HTC equity proceeds from 9% HTCs or 4% HTCs.

Minnesota Housing Deferred Loans

Projects recommended for deferred loans will be funded through state and federal appropriations. The deferred loans will have at least a 30-year term and are generally structured as repayable upon maturity. For the 2025 Multifamily Consolidated RFP, the Agency proposes to award deferred loans through five programs:

1. The **EDHC Program** provides funds appropriated by the Minnesota Legislature to finance new construction and workforce housing. Five projects are recommended for EDHC.
2. The **HI Program** is a state program that funds permanent supportive housing, senior housing, preservation and housing with rents at or below 50% of area median income (AMI) applications. The program has three types of resources: HI Appropriations (HIA), which are direct state appropriations not associated with the issuance of bonds; HI Bonds (HIB), which are the proceeds of limited obligation tax-exempt bonds issued by the Agency; and HIB Repayments, which do not include the same bond-related limitations or help meet the bond test to qualify for 4% HTCs. Seven projects are recommended for the HI Program, including six projects for HIB

[4] Metropolitan Area includes only the counties of Anoka; Carver; Dakota excluding the cities of Northfield and Cannon Falls; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington.

and one project recommended for HIB Repayments, and are structured as deferred loans only or deferred loans with HTCs financial structure.

3. The **PARIF Program** provides funds appropriated by the Minnesota Legislature to preserve federally assisted housing units that are at risk of being lost. The program may also be used to preserve existing supportive housing properties. Four projects are recommended for PARIF Program funding.
4. The **HOME Program** is a federal resource which is used to provide financing for the acquisition, new construction, or rehabilitation of federally and non-federally assisted multifamily rental housing. Five projects are recommended for HOME Program funding.
5. The **NHTF Program** is a federal resource to increase or preserve the supply of multifamily rental housing for extremely low- and very low-income families. This program provides funding to add a supply of affordable housing to markets where there is strong evidence of an inadequate supply. One project is recommended for NHTF Program funding.

LMIR Program Loans and Bond Bridge Loans

Eight projects are recommended for a permanent LMIR Program loan and are anticipated to be funded through Housing Investment Fund (HIF) resources, long-term Tax Exempt Bonds (TEB) or Taxable Bonds (TXB), or other mortgage capital. The LMIR Program loan terms will generally be a 30- to 40-year amortization with fixed interest rates and must be in first lien position. LMIR Program loans over $1 million are anticipated to be insured under the HUD Risk-Share Mortgage Insurance Program, which may also be securitized through the Federal Financing Bank (FFB) / Section 542(c) Risk-Sharing Program. The HUD Risk-Share Mortgage Insurance Program reduces the risk to the Agency in the unlikely event a property is unable to repay the loan. The FFB tool supports the Agency's liquidity position by effectively buying the loan from the Agency.

Two projects will be recommended for a BBL funded with the proceeds of short-term TEB or TXB issued by the Agency. TEB must be sufficient to fund at least 25% of aggregate basis to qualify the developments to be eligible for 4% HTCs, which is a change from prior years when federal law required 50% of the aggregate basis to qualify developments for the 4% HTC. The Agency is currently proposing an amendment to the 2026-2027 QAP which includes this change. Bridge loans funded by TXB are included when the amount of bridge funding exceeds approximately 30% of aggregate basis.

Selections for the LMIR Program loans and/or the BBLs through this 2025 Multifamily Consolidated RFP/2026 HTC Round 1 do not represent commitments for funding. Board approval is required prior to closing to enter into loan commitments.

HUD Section 811 PRA

HUD Section 811 PRA expands the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. This program also

advances Minnesota's Olmstead Plan, a series of key activities to help ensure people with disabilities live, learn, work and enjoy life in the most integrated setting possible.

Six projects are recommended for HUD Section 811 PRA funding for a total of 39 units. HUD Section 811 PRA are long-term subsidy contracts and the initial Rental Assistance Contract term is five years renewable up to 20 years. The award amount in Table 1 illustrates an estimated annualized gross rent based on the application workbook. The HUD Section 811 PRA proposed total award amount may change at the time of contract execution and will be adjusted over time to reflect updated Fair Market Rate rents, Operating Cost Adjustment Factors and other factors that may affect award amounts.

Geographic Distribution

Over the last five years, all regions of the state have been represented in the annual Multifamily Consolidated RFP, Workforce Housing Development Program, Publicly Owned Housing Program and/or Rental Rehabilitation Deferred Loan Program.

The 20 proposals recommended for board approval by Minnesota Housing include:

- Ten in Greater Minnesota or 50% of the overall recommended projects, which include a total of 435 units or 38% of the total units; and
- Ten in the seven-county Metropolitan area or 50% of the overall recommended projects, which include 710 units or 62% of the total units. Of the ten, six are in the cities of Minneapolis or St. Paul and four are in suburban locations.

MINNESOTA HOUSING'S 2024 – 2027 STRATEGIC PLAN

The 2024-2027 Strategic Plan established five focus areas:

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

The five focus areas included 14 strategic objectives. The Strategic Plan is the foundation for the QAP and the Self-Scoring Worksheet criteria, which are collectively implemented in the proposed Multifamily Consolidated RFP selections. This section highlights how the proposed selections advance the focus areas and select strategic objectives found in the Strategic Plan. The number of projects and/or units for each strategic objective can be found in the attachments, the Multifamily Consolidated RFP Priorities Report and/or the Strategic Priorities Report.

Improving the Housing System

Strategic Objective: Focus on the people and places most impacted by housing instability.

Minnesota Housing continues to prioritize developing new units that are deeply affordable to households at or below the 30% Area Median Income (AMI) level. The proposed selections include new deeply affordable units with rents restricted to 30% AMI, units with rental assistance and/or permanent supportive housing units.

In addition to developing new deeply affordable units, several projects meet the Workforce Housing Communities selection criterion and will contribute new units to the workforce housing supply in Minnesota communities. The units respond to housing needs of workers in communities: (1) that have a large number of jobs, (2) that have experienced job growth in recent years or (3) an individual employer added a large number of new jobs in that community within the past five years. A combination of federal and state appropriated programs support the creation of workforce housing units including the 9% HTCs, EDHC Program, HI Program, HOME Program, NHTF Program and funding partner support.

Strategic Objective: Create a more inclusive, equitable and just housing system.

The Strategic Plan focuses on ways to continually engage and empower communities facing barriers to create more opportunities for participation in program decision-making and to better serve households with different needs and different backgrounds. Minnesota Housing first implemented the Equitable Development policy in the 2021 Multifamily Consolidated RFP. The goal of the selection criteria is to center the voices, opinions and needs of Communities Most Impacted (CMI) by housing disparities in the development planning process. The input of the CMI is used to inform the development team of how various project elements should be structured to best serve the CMI and provide a community benefit. This year 75% of the selected projects received points for engaging in Equitable Development.

Another objective in the Strategic Plan is diversifying the partners with which we work and incentivizing developments that have Black-, Indigenous- and People of Color-owned or Women-owned Business Enterprises[5] on the development team(s). This year 100% of selected projects received points for having a Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise as part of their development teams. Development teams include sponsor(s) or owner(s), developer, architect, general contractor, service provider and management company. Eighteen projects recommended for board approval are sponsored by a Black-, Indigenous-, People of Color-

[5] The Self-Scoring Worksheet defines Black-, Indigenous- and People of Color-owned or Women-owned Business Enterprises as business entities that are owned or led by individuals who are Black-, Indigenous or other Person of Color or business entities that are owned or led by one or more women. A Person of Color includes a person from Native and Indigenous North and South American, Black and African-descendant, Hispanic or Latinx, Asian and Pacific Islander and other non-white communities.

owned Business Enterprise or Women-owned Business Enterprise, which includes ten projects that are nonprofit entities. Of the eight for-profit sponsors: one is Tribally owned, a Tribal designated housing entity or a Tribal corporate entity; four are Black-, Indigenous-, People of Color-owned Business Enterprises; and three are for-profit Women-owned Business Enterprises.

Preserve and Create Housing Opportunities

Strategic Objective: Preserve and improve the condition and affordability of existing housing.
This year, six projects with 29% of the total units will be rehabilitated and preserved. Of the 29%, 205 units have project-based rental assistance and 290 units meet the Preservation selection criteria based upon a risk of loss due to market conversion, critical physical needs, and ownership capacity/program commitment. Investing in these units will address critical capital needs and/or support the transfer to a preservation minded owner. It will also position the properties to maintain their project-based rental subsidies for the long term.

Eighteen percent of the total applications submitted were preservation projects and 30% of the recommended applications are preservation, the higher proportion supports the overall preservation needs.

Strategic Objective: Increase the development of new housing that is affordable.
Fourteen projects with 71% of total units in this year's recommended selections will increase housing units and create new rental homes that are affordable. In the Metropolitan area, 542 units of new housing units will be created through new construction. The number of units created in Greater Minnesota is 274. Seventy percent of the recommended applications are new construction and adaptive reuse.

Strategic Objective: Develop green, energy-efficient, climate-resilient, sustainable housing.
The recommended selections this year include projects that meet the key metrics of improving Minnesota's environment. One project will be certified, designed and constructed to Passive House standards, which emphasizes strategies that aggressively reduce whole building energy loads by reducing the need to heat and cool, reducing utility bills, reducing associated greenhouse gas emissions and increasing project capacity to sustain habitability during loss of power.

Support People Needing Services

Strategic Objective: Prevent and end homelessness.
The recommended selections include 15% of the total units to serve households experiencing homelessness and will advance the Agency's efforts to end homelessness. Ninety-one percent of these units will serve high priority homeless households.

Strategic Objective: Support people with disabilities to live full, independent and integrated lives in the community.

Selections continue to advance the objectives of Minnesota's Olmstead Plan, with 7% of total units specifically set aside to serve people with disabilities. This includes 39 units that will also receive HUD Section 811 PRA.

Strategic Objective: Support older adults and create age-friendly communities.
The recommended selections include 20% of the total units for seniors, ages 55 years and older. A total of 98 new senior units will be preserved in Greater Minnesota. All selected projects will serve senior households at or below 50% AMI with 45% of these units will provide deeply affordable rents to households at or below the 30% AMI.

Strengthen Communities

Strategic Objective: Support Tribal Nations and Indigenous communities.
The Agency recommends one project that is Tribally-sponsored and anticipated to serve Tribal and Indigenous communities. The project was the top scoring application for the Greater Minnesota, preservation project type. This project will preserve 48 units.

TRENDS

Market Conditions

Minnesota continues to have a shortage of rental housing that is affordable. According to the U.S. Census Bureau, the percentage of Minnesota renter households that are cost burdened (paying 30% or more of their income on rent) has increased from 37% in 2000 to 48% in 2024. Among lower-income renters with incomes less than $50,000, 80% (or nearly 235,000 households) are cost burdened.

Low vacancy rates for the last decade drove up rents and increased the need for rental housing that is affordable. The rental vacancy rates in many parts of Minnesota have been consistently well below the 5% threshold that is generally considered optimal for a balanced market. For the last couple of years, the vacancy rate has been higher (between 4% - 5%), and rents, after controlling for inflation, have largely stabilized, but rent increases are still outpacing income increases for the lowest income Minnesotans. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 4.5% in the third quarter of 2025. In addition, rental eviction filings are above pre-pandemic levels.

The low vacancy rates were primarily created by limited rental production between 2006 and 2017. The number of new rental units did not keep pace with the growth in renter households. Since 2017, the level of production finally reached and has now surpassed the level of annual household growth and unit replacement, which is needed to fill the gap created by the lack of production prior to 2017. However, the market is still slightly below the 5% vacancy rate that characterizes a balanced market.

Total Development Cost (TDC) per Unit and Subsidy per Unit

In this 2025 Multifamily Consolidated RFP/2026 HTC Round 1, 65% of the selected applications had TDCs per unit at or above $400,000, compared to 50% from 2024 Multifamily Consolidated RFP. Nearly 35% of this year's selected applications had TDCs per unit at or above $450,000 and 25% are above $500,000 TDCs per unit. While $400,000 per unit is not a formal threshold, it is a marker we have used for tracking costs in recent years.

Though some of the projects have a TDC per unit above $400,000, the project may not need a predictive cost model waiver due to the specific funding sources and characteristics of the project. The list of projects in Table 2 are recommended for selection and have a TDC per unit above $400,000.

Table 2: Total Development Cost per Unit Above $400K

Project Name	Region	Construction Type	TDC Per Unit
Cedar View Apartments	Southeast	New Construction	$ 445,466
Flour Exchange*	Metro	Adaptive Reuse/New	$ 602,703
Hamm's Brewery - East End Apartments	Metro	New Construction	$ 429,225
Heights Ridge Apartments	Metro	New Construction	$ 408,503
Hilltop Square Apartments*	Central	Adaptive Reuse/New	$ 661,802
Innsbruck Townhomes	Southeast	Rehabilitation	$ 452,877
Kendall Pointe	Southeast	New Construction	$ 565,317
Missabe Manor	Central	New Construction	$ 514,730
Terrano Apartments	Metro	New Construction	$ 525,825
Third Rapids Apartments	Central	New Construction	$ 443,575
Torre de San Miguel	Metro	Rehabilitation	$ 401,586
West Transit Village ph. 1	Southeast	New Construction	$ 454,486
Zaria	Metro	New Construction	$ 440,777

*Project has state and federal historic tax credits which will generate additional equity to pay for a portion of the costs.

Table 3 provides an overview of average TDC/unit and deferred subsidy/unit for new construction developments and preservation of projects for the last four Multifamily Consolidated RFPs.

Table 3: 2022 – 2025 Multifamily Consolidated RFPs, Average New Construction and Preservation Costs/Unit by Region at Selections

RFP Year	Region	New Construction		Preservation	
		TDC/Unit	*Deferred/Unit*	*TDC/Unit*	*Deferred/Unit*
2022					
	GM	$ 355,847	$ 213,860	$ 234,132	$ 83,314
	Metro	$ 393,305	$ 30,115	$ -	$ -

RFP Year	Region	New Construction		Preservation	
2023					
	GM	$ 445,759	$ 179,896	$ 244,881	$ 114,710
	Metro	$ 453,004	$ 129,385	$ 367,327	$ 164,220
2024					
	GM	$ 432,991	$ 199,836	$ 296,858	$ 161,448
	Metro	$ 492,102	$ 64,036	$ 289,079	$ 92,187
2025					
	GM	$ 503,937	$ 130,288	$ 353,349	$ 212,808
	Metro	$ 463,822	$ 76,146	$ 395,058	$ 42,254

WAIVER REQUESTS

Housing Tax Credits Waiver of Development Allocation Credit Limits

Chapter 2.H of the 2026-2027 QAP states that during the 2026 HTC allocation year no developer or development may receive HTCs in excess of the per developer or development limit without a waiver. Applications are subject to a development limit of no more than $1,850,000 in cumulative HTCs.

The Agency's goal is to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units that meet the strategic priorities adopted by the Agency and represent developments that are sustainable, cost effective and geographically diverse. The board may waive these limits for applications that exhibit developer/sponsor capacity or financial need.

Waiver of Development Allocation Credit Limits

Of the applications recommended for selection of 9% 2026 HTCs, the three applications listed below exceed the development limit. These developments are eligible for the Agency's per development waiver criteria because they have demonstrated the HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted. A waiver of the development limit will allow the applicants to maximize the amount of equity available to fund development costs. All proposed waivers will be identified in the board report.

1. Missabe Manor | City Center Housing Corporation & Hibbing Housing and Redevelopment Authority
   Staff recommends a waiver to the $1,850,000 per development limit to allow for an aggregate amount of $2,647,213 in 2026 HTCs for the Missabe Manor project in Hibbing submitted by City Center Housing Corporation. The amount exceeds the limit by $797,213. If the waiver is not granted a funding gap of approximately $6,417,708 would remain and undermine the financial feasibility of the proposed development.

2. Third Rapids Apartments | TTT Housing, LLC
   Staff recommends a waiver to the $1,850,000 per development limit to allow for an aggregate amount of $1,950,000 in 2026 HTCs for the Third Rapids Apartment project in Sartell submitted by TTT Housing, LLC. The amount exceeds the limit by $100,000. If the waiver is not granted a funding gap of approximately $819,915 would remain and undermine the financial feasibility of the proposed development.

3. Terrano Apartments | TTT Housing, LLC
   Staff recommends a waiver to the $1,850,000 per development limit to allow for an aggregate amount of $1,904,659 in 2026 HTCs for the Terrano Apartments project in Blaine submitted by TTT Housing, LLC. The amount exceeds the cap by $54,659. If the waiver is not granted a funding gap of approximately $464,600 would remain and undermine the financial feasibility of the proposed development.

Predictive Cost Model Waiver

The predictive cost model is a tool that the Agency uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued HTCs and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 51% to 73% of the variation in historical costs, it cannot capture all components of every proposed project. Rehabilitation projects tend to have a wider variation because the scope of work can range from minimal to modest to extensive rehabilitation depending on the building.

In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

Table 5: Waiver of Predictive Cost Model - Selections

Project Name	Use	TDC per Unit	Predictive Model	Over
Hilltop Square	Adaptive Reuse	$ 661,802	$ 394,121	68%
Kendall Pointe	New Construction	$ 565,317	$ 375,582	51%
Missabe Manor	New Construction	$ 514,730	$ 351,697	46%
Terrano Apartments	New Construction	$ 525,825	$ 374,220	41%
White Earth Homes VI	Preservation	$ 340,057	$ 189,757	79%

1. Hilltop Square Apartments | Central Minnesota Housing Partnership, Inc.
   The scope of work includes the construction of a new underground parking garage, additional surface parking on the roof of the new underground garage structure, an underground tunnel

between the garage and a new elevator into the building's lobby. The elevator will provide access to all three floors of the existing historic building.

This specific adaptive reuse project of a state or federal historic building using historic tax credits is unique and there are not many similar projects from which to draw comparable development costs. Based on the information provided and our assessment, the costs appear reasonable.

2. Kendall Pointe | Woda Cooper Companies, Inc. & Housing Service Alliance
   The scope of work is new construction and a partial above ground parking garage with additional surface parking. The costs are attributable to: the goal of meeting the Department of Energy Zero Energy Ready Home costs, partial above ground parking garage, including raising the building to five stories, and higher acquisition costs. Based on the information provided and our assessment, the costs appear reasonable.

3. Missabe Manor | Center City Housing Corp. & Hibbing Housing and Redevelopment Authority
   The scope of work for Missabe Manor is new construction. Based on the application review and analysis, it is possible that the high costs are attributable to the goal of meeting the Department of Zero Energy Ready Home costs. However, potential reduced operating savings will contribute to long-term affordability. The costs for Missabe Manor are nearly the same as its adjacent sister project, Cobb Cook Place, which the Agency selected in 2024. Based on the information provided and our assessment, the costs appear reasonable.

4. Terrano Apartments | TTT Housing, LLC
   The scope of work includes new construction of three stories with underground parking. The costs are partially driven by the Passive House or Passive Housing Institute US standards for maximum long-term sustainability. The potential reduced operating savings will contribute to long-term affordability. Based on the information provided and our assessment, the costs appear reasonable.

5. White Earth Homes VI | White Earth Reservation Housing Authority
   The project is located on Tribal land in a rural area. This limits the number of contractors available to bid on the construction work. The scope of work is extensive, with the construction cost being approximately 87% of the TDC. The planned significant rehabilitation includes replacing a majority of building components as well as gutting bathrooms due to water infiltration issues. The predictive cost model classifies rehab projects into two types: extensive and more limited rehabilitation. However, there can be wide variation in rehabilitation costs within these two classifications and the model does not always capture this variation in estimating costs for rehab projects. Based on the information provided and our assessment, the costs appear reasonable.

Next Steps

Selection

With board approval, the 20 projects recommended to be selected for funding and/or an allocation of 9% HTCs from the Agency will receive a notice informing that they have been selected for additional processing. The developers will work with Agency staff, other funding partners and the local community to finalize project details, including final underwriting and due diligence so that they may close on funding to start construction.

Due to the time period between the original application submittals and the start of construction, it is common for project costs and funding sources to evolve. The board will have final approvals for projects that are selected for LMIR Program loans, BBLs and/or projects using tax-exempt volume limited bonds.

Attachment Summary

The following 2025 Multifamily Consolidated RFP/2026 HTC Round 1 selection attachments include the resolutions, reports, geographic maps, and application narratives with community profiles.

1. Resolutions for Housing Tax Credits Round 1, Deferred Loans, LMIR Program loans and BBLs and HUD Section 811 PRA;
2. Summary Reports, including:
    a. Non-Select Report, lists the applications recommended for non-select;
    b. Consolidated Report, lists the projects recommended for funding including Agency resources to support the project;
    c. Detailed Report, lists the projects recommended for funding including the programs and resources to support the project;
    d. Strategic Priorities Report, outlines the strategic priorities met by the 2025 Multifamily Consolidated RFP recommendations; and
    e. Selection Criteria Report, details specifics strategic priorities and the selection criteria met;
3. Geographic Maps illustrates the applications locations; and
4. Development Summaries and Community Profiles includes the recommended project overview and community profiles.

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

RESOLUTION NO. MHFA 25-XXX

RESOLUTION APPROVING ALLOCATION OF
FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2026
TO CERTAIN QUALIFIED LOW-INCOME HOUSING DEVELOPMENTS

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit (HTC) program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied the criteria for selection in Minnesota Housing's Qualified Allocation Plan (QAP), adopted by the Agency for 2026; and

WHEREAS, the Agency has reserved, for future allocation, portions of the 2026 state credit ceiling of HTC to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

NOW, THEREFORE, BE IT RESOLVED:

1. The board hereby authorizes Agency staff to reserve and allocate portions of the state credit ceiling of HTC as set out below upon meeting the requirements for allocation contained in Section 42 of the IRC and QAP, subject to the terms and conditions contained herein:

GREATER MINNESOTA SELECTIONS			
Property #	**Project #**	**Project Name**	**HTC 9% Selection Amount**
D8826	M19976	Missabe Manor	$2,647,213
D8698	M19983	Third Rapids Apartments	$ 1,950,000
D8828	M19985	Kendall Pointe	$ 1,850,000
D0552	M21061	Freeport Square Apartments	$ 425,666
		Selection Amount:	**$6,872,879**

METRO SELECTIONS			
Property #	**Project #**	**Project Name**	**HTC 9% Selection Amount**
D8608	M20028	The Community Corner	$1,344,050
D3124	M21047	Lindquist Apartments	$679,550
D8699	M19981	Terrano Apts	$1,904,659
D8847	M21017	Heights Ridge Apartments	$1,850,000
		Selection Amount:	**$5,778,259**

SUMMARY OF HOUSING TAX CREDIT SELECTIONS

Total Number of Housing Tax Credit Selections	**8**
Total Amount of Housing Tax Credit Selections	**$12,651,138**

2. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the QAP when applied to the applications submitted, Agency staff is hereby authorized to make the HTC reservations and allocations for the above developments in the amounts shown for calendar year 2026, upon compliance with all of the requirements contained in Section 42 of the IRC and the QAP; and

3. Agency staff is authorized to allocate the portions of the state of Minnesota's ceiling of HTCs to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP; and

4. All selections are subject to available resources and the requirements of the HTC program, including any conditions of approval; and

5. The Commissioner is authorized to approve non-material changes to the selections; and

6. Agency staff is hereby authorized to provide notification letters concerning the reservations and allocations described herein to the approved applicants; and

7. Agency staff is hereby authorized to execute all documents related to the reservations and allocations described herein, subject to such terms and conditions as Agency staff, in their sole discretion, deem necessary; and

8. A waiver to Chapter 2.H of the 2026-2027 QAP to exceed the $1,850,000 per development limit is hereby granted to Missabe Manor, Third Rapids Apartments and Terrano Apartments; and

9. A waiver to Board Policy No. 15 to exceed the new construction predictive cost model threshold of 25% is hereby granted to Missabe Manor, Terrano Apartments and Kendall Pointe.

Adopted this 18th day of December 2025

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CHAIR

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

RESOLUTION NO. MHFA 25-XX

RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME), HOUSING INFRASTRUCTURE BONDS (HIB), HOUSING INFRASTRUCTURE BONDS REPAYMENTS (HIB-R), NATIONAL HOUSING TRUST FUND (NHTF) AND PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff have reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

NOW THEREFORE, BE IT RESOLVED:

1. The board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the applications and in the amounts set forth below, subject to available appropriated funding and the terms and conditions contained herein:

Property #	Project #	Project Name	Funding Source	Selection Amount
D8698	M19983	Third Rapids Apartments	EDHC	$2,963,000
D8512	M21007	Hilltop Square Apartments	HIB	$4,308,000
D0552	M21061	Freeport Square Apartments	PARIF	$1,606,200
D8828	M19985	Kendall Pointe	HOME	$4,001,000
D1288	M20022	Innsbruck Townhomes	HIB PARIF	$9,269,000 $218,000
D8705	M21002	West Transit Village ph. 1	HIB	$9,700,000
D8846	M21010	Cedar View Apartments	EDHC	$2,700,000

Property #	Project #	Project Name	Funding Source	Selection Amount
			HOME	$5,716,000
D0603	M20004	Henry Hill Apartments	PARIF	$10,476,000
D2892	M21132	White Earth Homes VI	HIB	$12,100,000
D8548	M20038	Logan Avenue Flats Senior	HIB	$8,083,000
D8599	M21059	Zaria	EDHC HOME	$2,097,500 $3,444,500
D8878	M21096	Flour Exchange	EDHC	$2,267,000
D1569	M21027	Torre de San Miguel	PARIF	$5,500,000
D8787	M20000	Hamm's Brewery - East End	EDHC HOME	$3,689,600 $5,832,500
D8291	M21033	Trails Edge Senior Apartments	HIB	$6,540,000
D8608	M20028	The Community Corner	HIB-R	$3,572,000
D8699	M19981	Terrano Apts	NHTF	$2,820,935
D8847	M21017	Heights Ridge Apartments	HOME	$1,011,000
TOTAL SELECTION AMOUNT				**$107,915,235**

2. Agency staff shall review and approve the mortgagor; and

3. The issuance of a mortgage loan commitment for all EDHC, HOME, HIB, HIB-R, NHTF and PARIF loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 24 months from the date of End Loan Commitment; and

4. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and

5. The Commissioner is authorized to approve non-material changes to the selections; and

6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in their sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as Agency staff, in their sole discretion, deem necessary; and

7. The PARIF mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2025, chapter 32, article 1, section 2, subdivision 12) or the requirements that apply to the appropriation year of the applicable PARIF funds.

8. A waiver to Board Policy No. 15 to exceed the preservation and adaptive reuse predictive cost model threshold of 35% is hereby granted to White Earth Homes VI and Hilltop Square.

Adopted this 18th day of December 2025

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CHAIR

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

RESOLUTION NO. MHFA 25-XXX

RESOLUTION APPROVING SELECTIONS OF LOW AND MODERATE INCOME RENTAL PROGRAM LOANS AND BOND BRIDGE LOANS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions, and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

NOW THEREFORE, BE IT RESOLVED:

1. The board hereby selects the below referenced developments for further processing for Low and Moderate Income Rental (LMIR) Program loans and Bond Bridge Loans (BBLs):

Property #	Project #	Project Name	Funding Source	Selection Amount
D8698	M19983	Third Rapids Apartments	LMIR	$1,400,000
D8826	M19976	Missabe Manor	LMIR	$735,000
D8828	M19985	Kendall Pointe	LMIR	$1,431,000
D1288	M20022	Innsbruck Townhomes	LMIR	$2,710,000
D8705	M21002	West Transit Village Phase 1	LMIR	$7,808,000
D8846	M21010	Cedar View Apartments	LMIR BBL	$721,000 $5,160,000
D0603	M20004	Henry Hill Apartments	BBL	$4,480,000
D8291	M21033	Trails Edge Senior Apartments	LMIR	$1,646,000
D8699	M19981	Terrano Apartments	LMIR	$3,219,000
			Total Selection Amount:	**$29,310,000**

2. Agency staff are authorized to continue underwriting and reviewing the developments for applicable funding as set out above; and

3. Selected entities must provide such information and documentation as is deemed necessary by Agency staff; and

4. Agency staff must bring each LMIR Program loan or BBL back to the board for final approval prior to obtaining authorization to close the loan.

Adopted this 18th day of December 2025

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CHAIR

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

RESOLUTION NO. MHFA 25-XXX

RESOLUTION APPROVING SELECTION AND COMMITMENT OF UNITED STATES HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 811 PROJECT-BASED RENTAL ASSISTANCE

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide HUD Section 811 Project-Based Rental Assistance Contracts for properties serving individuals who are extremely low-income and disabled; and

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

NOW THEREFORE, BE IT RESOLVED:

1. The board hereby authorizes Agency staff to enter into Rental Assistance Contracts (RACs) using federal resources as set forth below, subject to changes allowable under the HUD Section 811 Project-Based Rental Assistance Program, upon the following conditions:

Property #	Project #	Project Name	Funding Source	Number of Units	Selection Amount
D8698	M19983	Third Rapids Apartments	HUD Section 811	5	$55,140
D8828	M19985	Kendall Pointe	HUD Section 811	6	$90,840
D8878	M21096	Flour Exchange	HUD Section 811	6	$108,072
D8787	M20000	Hamm's Brewery-East End	HUD Section 811	11	$225,588
D8699	M19981	Terrano Apts	HUD Section 811	6	$101,160
D8847	M21017	Heights Ridge Apartments	HUD Section 811	5	$87,948
Total:				**39**	**$668,748**

2. Agency staff shall review and approve the recommended RACs for up to the total recommended amount for up to 20 years; and
3. The amount reflected illustrates an estimated annualized gross rent based on the application workbook and may be adjusted at the time of contract, and annually, to reflect updated Fair Market Rate rents, Operating Cost Adjustment Factors and other factors; and
4. The issuance of the Agreement to Enter into a Rental Assistance Contract (ARAC) in form and substance acceptable to Agency staff shall occur no later than 20 months from the adoption date of this Resolution; and

5. Any extension of an Agency provided capital funding commitment for a project listed above shall also extend the deadline for that project's ARAC for the same term; and
6. All selections are subject to available resources and the requirements of the HUD Section 811 Project-Based Rental Assistance Program; and
7. The Commissioner is authorized to approve non-material changes to the selections; and
8. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as Agency staff, in their sole discretion, deem necessary.

Adopted this 18th day of December 2025

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CHAIR

MINNESOTA HOUSING

2025 Multifamily Consolidated RFP/2026 HTC Round 1

Non-Select Report

Property Number	Project Number	Project Name	Sponsor | Developer	Location (City)	Region	9 %Tax Credits	4% Tax Credits	Deferred Loans	First Mortgage
D1563	M20999	Ramsey Hill	Trellis Co.	Saint Paul	Metro	$ 1,596,000			
D1563	M21000	Ramsey Hill	Trellis Co.	Saint Paul	Metro		$ 611,192	$ 8,452,864	
D8565	M21023	Eastgate II - Workforce	JTM Real Properties, LLC | LWO Development LLC	Owatonna	Southeast	$ 2,109,284			
D8565	M21024	Eastgate II - Workforce	JTM Real Properties, LLC | LWO Development LLC	Owatonna	Southeast		$ 728,685	$ 10,942,321	
D8568	M19993	2116 Nicollet	Alliance Housing Inc.	Minneapolis	Metro	$ 1,488,183		$ 2,733,675	
D8568	M19994	2116 Nicollet	Alliance Housing Inc.	Minneapolis	Metro			$ 13,388,594	
D8589	M21031	Prairie View Townhomes	Midwest Minnesota Community Development Corporation	Mahnomen	Northwest	$ 384,440			
D8593	M20001	Aster Commons	Beacon Interfaith Housing Collaborative	Richfield	Metro	$ 1,152,545			
D8593	M20002	Aster Commons	Beacon Interfaith Housing Collaborative	Richfield	Metro		$ 625,975	$ 4,419,875	
D8621	M20007	Mountain Iron Senior Housing	RCIL Mountain Iron Senior Housing, LP | JT Senior Consulting, LLC	Mountain Iron	Northeast	$ 2,169,936		$ 524,256	$ 1,094,000
D8621	M20008	Mountain Iron Senior Housing	RCIL Mountain Iron Senior Housing, LP | JT Senior Consulting, LLC	Mountain Iron	Northeast		$ 730,221	$ 11,492,681	$ 1,094,000
D8628	M21086	Clare 5	Clare Housing	Minneapolis	Metro	$ 1,897,051			
D8628	M21087	Clare 5	Clare Housing	Minneapolis	Metro		$ 851,537	$ 9,426,101	
D8636	M20011	F2F@Arcade	Face to Face Health & Counseling, Inc.	Saint Paul	Metro			$ 6,475,968	
D8696	M20026	White Oak Apartments	KOOTASCA Community Action	Deer River	Northeast	$ 1,850,000		$ 2,446,526	
D8696	M20027	White Oak Apartments	KOOTASCA Community Action	Deer River	Northeast		$ 791,101	$ 10,383,426	
D8700	M20036	Penn Wood Village	James Archer | Matrix Development LLC	Minneapolis	Metro		$ 1,780,832	$ 12,112,597	$ 7,140,000
D8701	M19991	GloryVille	GloryVille LLC	Saint Paul	Metro		$ 1,356,488	$ 11,045,658	
D8701	M19992	GloryVille	GloryVille LLC	Saint Paul	Metro			$ 11,594,200	
D8712	M20030	EPIC+R	Renewable Energy Partners | VY Enterprise	Minneapolis	Metro		$ 1,278,086	$ 14,404,938	$ 4,842,000
D8712	M20031	EPIC+R	Renewable Energy Partners | VY Enterprise	Minneapolis	Metro			$ 15,416,815	$ 4,842,000
D8714	M20997	Cambridge Senior Apartments	Reuter Walton Development, LLC	Cambridge	Central	$ 2,073,582		$ 145,550	
D8714	M20998	Cambridge Senior Apartments	Reuter Walton Development, LLC	Cambridge	Central		$ 836,817	$ 10,088,890	
D8715	M21078	Sunrise Apartments	Reuter Walton Development, LLC	Wyoming	Central	$ 2,247,760			
D8715	M21079	Sunrise Apartments	Reuter Walton Development, LLC	Wyoming	Central		$ 1,010,771	$ 11,007,546	
D8722	M21015	Wyoming Senior Apartments	Duffy Development Company	Wyoming	Central		$ 730,563	$ 8,500,000	$ 4,799,000
D8763	M21029	Westminster Place / Vista Village	CommonBond Communities	Saint Paul	Metro			$ 9,989,990	
D8776	M21021	The Vista on Pinecone	Central Minnesota Housing Partnership, Inc.	Saint Cloud	Central		$ 872,430	$ 13,128,673	$ 2,472,000
D8776	M21022	The Vista on Pinecone	Central Minnesota Housing Partnership, Inc.	Saint Cloud	Central			$ 19,263,817	$ 2,472,000
D8777	M20009	Lindstrom Apartments	Reuter Walton Development, LLC	Lindstrom	Central	$ 2,230,113		$ 102,500	
D8777	M20010	Lindstrom Apartments	Reuter Walton Development, LLC	Lindstrom	Central		$ 877,424	$ 11,193,745	
D8781	M21108	Highland Bridge Phase III	Project for Pride in Living, Inc.	Saint Paul	Metro	$ 2,056,087		$ 3,910,530	$ -
D8781	M21109	Highland Bridge Phase III	Project for Pride in Living, Inc.	Saint Paul	Metro		$ 925,050	$ 12,918,471	$ -
D8827	M19978	Mission Heights	Union Gospel Mission & Housing and Redevelopment Authority of Dulut	Duluth	Northeast	$ 2,239,004		$ 975,166	
D8827	M19979	Mission Heights	Union Gospel Mission & Housing and Redevelopment Authority of Dulut	Duluth	Northeast		$ 970,782	$ 10,354,488	
D8829	M19997	Monument Place	Commonwealth Development Corporation of America	Hinckley	Central	$ 1,850,000		$ 1,903,121	
D8829	M19998	Monument Place	Commonwealth Development Corporation of America	Hinckley	Central		$ 651,862	$ 10,290,164	$ 1,982,708
D8830	M19995	The Wilden	Commonwealth Development Corporation of America	Grand Rapids	Northeast	$ 1,399,201		$ 1,859,145	
D8830	M19996	The Wilden	Commonwealth Development Corporation of America	Grand Rapids	Northeast		$ 488,995	$ 8,502,062	$ 214,000
D8844	M20034	The Aragon	Beacon Interfaith Housing Collaborative	Saint Paul	Metro	$ 2,322,740		$ 1,401,892	
D8844	M20035	The Aragon	Beacon Interfaith Housing Collaborative	Saint Paul	Metro		$ 1,242,336	$ 10,303,367	
D8848	M21013	Lyndale Avenue Apartments	Trellis Co.	Minneapolis	Metro	$ 1,681,000			
D8848	M21014	Lyndale Avenue Apartments	Trellis Co.	Minneapolis	Metro		$ 665,243	$ 8,819,927	

D8849	M21011	Marshall Family Housing II	Marshall Family Housing, LLC | JT Senior Consulting, LLC	Marshall	Southwest	$	2,371,230			$	1,258,576	$ 1,503,000
D8849	M21012	Marshall Family Housing II	Marshall Family Housing, LLC | JT Senior Consulting, LLC	Marshall	Southwest			$	810,925	$	13,854,275	$ 1,503,000
D8850	M21037	Prairie Vista Apartments	HRA of Stevens County | Beyond Shelter, Inc.	Morris	West Central	$	2,100,000					
D8852	M21019	Decker 2	One Roof Community Housing | Decker Dwellings II Developer, LLC	Duluth	Northeast	$	2,540,103			$	503,994	$ 2,050,000
D8852	M21020	Decker 2	One Roof Community Housing | Decker Dwellings II Developer, LLC	Duluth	Northeast			$	848,527	$	12,761,741	$ 2,050,000
D8854	M21057	OSCS-VOA Housing Project	Volunteers of America National Services & Our Savior Community Servic	Minneapolis	Metro	$	2,550,297					
D8854	M21058	OSCS-VOA Housing Project	Volunteers of America National Services & Our Savior Community Servic	Minneapolis	Metro			$	1,403,261	$	10,621,727	
D8855	M21041	South Shore & Westonka	CommonBond Communities	Excelsior	Metro			$	1,087,917	$	5,110,000	$ 8,945,000
D8860	M21082	1108-1112 East Lake Street	Unidos Properties, LLC | Grass Roots Developer	Minneapolis	Metro			$	1,440,548	$	11,670,545	$ 4,662,000
D8860	M21083	1108-1112 East Lake Street	Unidos Properties, LLC | Grass Roots Developer	Minneapolis	Metro					$	11,942,580	$ 4,675,000
D8863	M21084	Tower Apartments LLC	Vermilion Housing Corporation	Tower	Northeast	$	1,765,708					
D8863	M21085	Tower Apartments LLC	Vermilion Housing Corporation	Tower	Northeast					$	11,867,453	
D8864	M21080	Scattered Site Missing Middle Project	Minneapolis Public Housing Authority | MPHA Development Co.	Minneapolis	Metro	$	1,405,915					
D8864	M21081	Scattered Site Missing Middle Project	Minneapolis Public Housing Authority | MPHA Development Co.	Minneapolis	Metro	$	1,405,915					
D8865	M21122	Waters Edge	HRA of Itasca County | D. W. Jones, Inc.	Grand Rapids	Northeast	$	1,850,000			$	3,383,790	$ 3,427,000
D8865	M21123	Waters Edge	HRA of Itasca County | D. W. Jones, Inc.	Grand Rapids	Northeast			$	842,330	$	11,087,443	$ 3,427,000
D8874	M21071	Newlander Crossing	Woda Cooper Development, Inc.	Lindstrom	Central	$	1,850,000			$	2,120,000	$ 1,375,000
D8874	M21072	Newlander Crossing	Woda Cooper Development, Inc.	Lindstrom	Central			$	755,927	$	11,050,000	$ 1,375,000
D8885	M21142	Jackson Park Apartments	Jackson Park Apartments, LLC | Awsumb & Associates Inc.	Mankato	Southeast	$	2,065,433					$ 13,257,000
D8885	M21143	Jackson Park Apartments	Jackson Park Apartments, LLC | Awsumb & Associates Inc.	Mankato	Southeast			$	2,065,433			$ 13,257,000

MINNESOTA HOUSING

2025 Multifamily Consolidated RFP/2026 HTC Round 1

Summary of Recommendations: Consolidated Report

Project Type	Property Number	Project Number	Project Name	Sponsor | Developer	City	Total Units	Total Development Cost	[ESTIMATED] Other Committed/ Pending Resources	[ESTIMATED] Syndication	9% HTC	Agency Deferred Loans Total	Amortizing Loan: LMIR (HIF)	BBL (TEB)	HUD Section 811 Annualize Amount
GREATER MINNESOTA														
Central														
Workforce	D8698	M19983	Third Rapids Apartments	TTT Housing, LLC. | TTT Development, LLC	Sartell	48	$ 21,291,601	$ 355,258	$ 16,573,343	$ 1,950,000	$ 2,963,000	$ 1,400,000		$ 55,140
Senior	D8512	M21007	Hilltop Square Apartments	Central Minnesota Housing Partnership, Inc.	Eagle Bend	23	$ 15,221,466	$ 7,329,568	$ 3,583,898		$ 4,308,000			
Preservation, Workforce	D0552	M21061	Freeport Square Apartments	Central Minnesota Housing Partnership, Inc.	Freeport	19	$ 5,425,713	$ 584,775	$ 3,234,738	$ 425,666	$ 1,606,200			
Northeast														
Workforce	D8826	M19976	Missabe Manor	Center City Housing Corp & Hibbing Housing and Redevelopment Authority	Hibbing	48	$ 24,707,084	$ 3,325,887	$ 20,646,197	$ 2,647,213		$ 735,000		
Southeast														
Workforce	D8828	M19985	Kendall Pointe	Woda Cooper Companies, Inc. & Housing Service Alliance	Rochester	40	$ 22,612,666	$ 2,012,183	$ 15,168,483	$ 1,850,000	$ 4,001,000	$ 1,431,000		$ 90,840
Preservation, Workforce	D1288	M20022	Innsbruck Townhomes	Twin Cities Housing Development Corporation	Rochester	40	$ 17,853,246	$ 594,851	$ 5,061,395		$ 9,487,000	$ 2,710,000		
Senior	D8705	M21002	West Transit Village ph. 1	Aeon	Rochester	75	$ 34,629,558	$ 7,196,007	$ 9,925,551		$ 9,700,000	$ 7,808,000		
Workforce	D8846	M21010	Cedar View Apartments	Three Rivers Community Action, Inc.	Austin	40	$ 17,818,654	$ 1,872,771	$ 6,808,883		$ 8,416,000	$ 721,000	$ 5,160,000	
Southwest														
Preservation, Senior	D0603	M20004	Henry Hill Apartments	Kimberly Cooper & Associates, Thomas Cooper & Associates, and Christopher M. Cooper & Associates	Granite Falls	54	$ 17,014,424	$ 2,191,227	$ 4,347,197		$ 10,476,000		$ 4,480,000	
West Central														
Preservation, Workforce	D2892	M21132	White Earth Homes VI	White Earth Reservation Housing Authority	Mahnomen	48	$ 16,262,254	$ 4,162,254	$ -		$ 12,100,000			
				GREATER MINNESOTA TOTALS		***435***			***$ 85,349,684***	***$ 6,872,879***	***$ 63,057,200***	***$ 14,805,000***	***$ 9,640,000***	***$ 145,980***
METROPOLITAN														
Minneapolis														
Preservation, Supportive	D3124	M21047	Lindquist Apartments	RS EDEN	Minneapolis	26	$ 9,344,469	$ 4,044,509	$ 5,299,960	$ 679,550				
Senior	D8548	M20038	Logan Avenue Flats Senior	James Archer | Matrix Development LLC	Minneapolis	48	$ 15,782,381	$ 1,996,223	$ 5,703,158		$ 8,083,000			
Workforce	D8599	M21059	Zaria	Noor Development Group & Project for Pride in Living	Minneapolis	90	$ 39,669,977	$ 18,461,432	$ 15,666,545		$ 5,542,000			
Workforce	D8878	M21096	Flour Exchange	Trellis Co.	Minneapolis	110	$ 66,297,357	$ 41,607,414	$ 22,422,943		$ 2,267,000			$ 108,072
Saint Paul														
Preservation, Workforce	D1569	M21027	Torre de San Miguel	CommonBond Communities	Saint Paul	142	$ 57,025,274	$ 31,296,997	$ 20,228,277		$ 5,500,000			
Workforce	D8787	M20000	Hamm's Brewery - East End Apartments	JB Vang Partners	Saint Paul	110	$ 47,214,790	$ 18,891,500	$ 18,801,190		$ 9,522,100			$ 225,588
Suburban														
Senior	D8291	M21033	Trails Edge Senior Apartments	Carver County Community Development Agency	Waconia	43	$ 15,799,395	$ 3,529,880	$ 4,083,514		$ 6,540,000	$ 1,646,000		
Supportive	D8608	M20028	The Community Corner	New Generations LLC | VY Enterprise LLC	Brooklyn Center	31	$ 15,636,856	$ 1,851,098	$ 10,213,759	$ 1,344,050	$ 3,572,000			
Workforce	D8699	M19981	Terrano Apts	TTT Housing, LLC | TTT Development, LLC	Blaine	48	$ 25,238,641	$ 5,861,658	$ 16,187,983	$ 1,904,659	$ 2,820,935	$ 3,219,000		$ 101,160
Workforce	D8847	M21017	Heights Ridge Apartments	Duffy Development Company	Columbia Heights	62	$ 25,327,207	$ 9,888,648	$ 14,427,559	$ 1,850,000	$ 1,011,000			$ 87,948
				METROPOLITAN TOTALS		***710***			***$ 133,034,887***	***$ 5,778,259***	***$ 44,858,035***	***$ 4,865,000***	***$ -***	***$ 522,768***
				STATE TOTALS		***1145***			***$ 218,384,571***	***$ 12,651,138***	***$ 107,915,235***	***$ 19,670,000***	***$ 9,640,000***	***$ 668,748***

MINNESOTA HOUSING

2025 Multifamily Consolidated RFP/2026 HTC Round 1

Summary of Recommendations: Detailed Report

Project Type	Property Number	Project Number	Project Name	Sponsor | Developer	City	Total Units	Total Development Cost	[ESTIMATED] Other Committed/ Pending Resources	[ESTIMATED] Syndication	9% HTC	Deferred Loan: EDHC MF	Deferred Loan: Hsg Infrastructure Bonds Preservation	Deferred Loan: Hsg Infrastructure Bonds Senior	Deferred Loan: Hsg Infrastructure Bonds Repayments	Deferred Loan: HOME MF	Deferred Loan: NHTF	Deferred Loan: PARIF	Agency Deferred Loans Total	LMIR (HIF)	BBL (TEB)	HUD Section 811 Annualize Amount	HUD Section 811 Total Units
GREATER MINNESOTA																						
Central																						
Workforce	D8698	M19983	Third Rapids Apartments	TTT Housing, LLC. | TTT Development, LLC	Sartell	48	$ 21,291,601	$ 355,258	$ 16,573,343	$ 1,950,000	$ 2,963,000							$ 2,963,000	$ 1,400,000		$ 55,140	5
Senior	D8512	M21007	Hilltop Square Apartments	Central Minnesota Housing Partnership, Inc.	Eagle Bend	23	$ 15,221,466	$ 7,329,568	$ 3,583,898				$ 4,308,000					$ 4,308,000				
Preservation, Workforce	D0552	M21061	Freeport Square Apartments	Central Minnesota Housing Partnership, Inc.	Freeport	19	$ 5,425,713	$ 584,775	$ 3,234,738	$ 425,666						$ 1,606,200		$ 1,606,200				
Northeast																						
Workforce	D8826	M19976	Missabe Manor	Center City Housing Corp & Hibbing Housing and Redevelopment Authority	Hibbing	48	$ 24,707,084	$ 3,325,887	$ 20,646,197	$ 2,647,213									$ 735,000			
Southeast																						
Workforce	D8828	M19985	Kendall Pointe	Woda Cooper Companies, Inc. & Housing Service Alliance	Rochester	40	$ 22,612,666	$ 2,012,183	$ 15,168,483	$ 1,850,000					$ 4,001,000			$ 4,001,000	$ 1,431,000		$ 90,840	6
Preservation, Workforce	D1288	M20022	Innsbruck Townhomes	Twin Cities Housing Development Corporation	Rochester	40	$ 17,853,246	$ 594,851	$ 5,061,395			$ 9,269,000					$ 218,000	$ 9,487,000	$ 2,710,000			
Senior	D8705	M21002	West Transit Village ph. 1	Aeon	Rochester	75	$ 34,629,558	$ 7,196,007	$ 9,925,551				$ 9,700,000					$ 9,700,000	$ 7,808,000			
Workforce	D8846	M21010	Cedar View Apartments	Three Rivers Community Action, Inc.	Austin	40	$ 17,818,654	$ 1,872,771	$ 6,808,883		$ 2,700,000				$ 5,716,000			$ 8,416,000	$ 721,000	$ 5,160,000		
Southwest																						
Preservation, Senior	D0603	M20004	Henry Hill Apartments	Kimberly Cooper & Associates, Thomas Cooper & Associates, and Christopher M. Cooper & Associates	Granite Falls	54	$ 17,014,424	$ 2,191,227	$ 4,347,197								$ 10,476,000	$ 10,476,000		$ 4,480,000		
West Central																						
Preservation, Workforce	D2892	M21132	White Earth Homes VI	White Earth Reservation Housing Authority	Mahnomen	48	$ 16,262,254	$ 4,162,254	$ -			$ 12,100,000						$ 12,100,000				
					GREATER MINNESOTA TOTALS	***435***			***$ 85,349,684***	***$ 6,872,879***	***$ 5,663,000***	***$ 21,369,000***	***$ 14,008,000***	***$ -***	***$ 9,717,000***	***$ -***	***$ 12,300,200***	***$ 63,057,200***	***$ 14,805,000***	***$ 9,640,000***	***$ 145,980***	***11***
METROPOLITAN																						
Minneapolis																						
Preservation, Supportive	D3124	M21047	Lindquist Apartments	RS EDEN	Minneapolis	26	$ 9,344,469	$ 4,044,509	$ 5,299,960	$ 679,550												
Senior	D8548	M20038	Logan Avenue Flats Senior	James Archer | Matrix Development LLC	Minneapolis	48	$ 15,782,381	$ 1,996,223	$ 5,703,158				$ 8,083,000					$ 8,083,000				
Workforce	D8599	M21059	Zaria	Noor Development Group & Project for Pride in Living	Minneapolis	90	$ 39,669,977	$ 18,461,432	$ 15,666,545		$ 2,097,500				$ 3,444,500			$ 5,542,000				
Workforce	D8878	M21096	Flour Exchange	Trellis Co.	Minneapolis	110	$ 66,297,357	$ 41,607,414	$ 22,422,943		$ 2,267,000							$ 2,267,000			$ 108,072	6
Saint Paul																						
Preservation, Workforce	D1569	M21027	Torre de San Miguel	CommonBond Communities	Saint Paul	142	$ 57,025,274	$ 31,296,997	$ 20,228,277								$ 5,500,000	$ 5,500,000				
Workforce	D8787	M20000	Hamm's Brewery - East End Apartments	JB Vang Partners	Saint Paul	110	$ 47,214,790	$ 18,891,500	$ 18,801,190		$ 3,689,600				$ 5,832,500			$ 9,522,100			$ 225,588	11
Suburban																						
Senior	D8291	M21033	Trails Edge Senior Apartments	Carver County Community Development Agency	Waconia	43	$ 15,799,395	$ 3,529,880	$ 4,083,514				$ 6,540,000					$ 6,540,000	$ 1,646,000			
Supportive	D8608	M20028	The Community Corner	New Generations LLC | VY Enterprise LLC	Brooklyn Center	31	$ 15,636,856	$ 1,851,098	$ 10,213,759	$ 1,344,050				$ 3,572,000				$ 3,572,000				
Workforce	D8699	M19981	Terrano Apts	TTT Housing, LLC | TTT Development, LLC	Blaine	48	$ 25,238,641	$ 5,861,658	$ 16,187,983	$ 1,904,659						$ 2,820,935		$ 2,820,935	$ 3,219,000		$ 101,160	6
Workforce	D8847	M21017	Heights Ridge Apartments	Duffy Development Company	Columbia Heights	62	$ 25,327,207	$ 9,888,648	$ 14,427,559	$ 1,850,000					$ 1,011,000			$ 1,011,000			$ 87,948	5
					METROPOLITAN TOTALS	***710***			***$ 133,034,887***	***$ 5,778,259***	***$ 8,054,100***	***$ -***	***$ 14,623,000***	***$ 3,572,000***	***$ 10,288,000***	***$ 2,820,935***	***$ 5,500,000***	***$ 44,858,035***	***$ 4,865,000***	***$ -***	***$ 522,768***	***28***
					STATE TOTALS	***1145***			***$ 218,384,571***	***$ 12,651,138***	***$ 13,717,100***	***$ 21,369,000***	***$ 28,631,000***	***$ 3,572,000***	***$ 20,005,000***	***$ 2,820,935***	***$ 17,800,200***	***$ 107,915,235***	***$ 19,670,000***	***$ 9,640,000***	***$ 668,748***	***39***

MINNESOTA HOUSING

2025 Multifamily Consolidated RFP/2026 HTC Round 1

Summary of Recommendations: Strategic Priorities Overview

Strategic Priorities and Objectives	# of Projects	% of Projects	# of Units	% of Units
Improving the Housing System				
Strategic Objective: Focus on the people and places most impacted by housing instability.				
Deeply affordable new construction	14	70%	295	36%
Communities with job growth and limited housing supply	20	100%	1145	100%
Strategic Objective: Create a more inclusive, equitable and just housing system.				
Continually engage and empower communities facing barriers	15	75%	799	70%
Diversifying the partners with which we work	20	100%	1145	100%
Preserve and Create Housing Opportuni. es				
Strategic Objective: Preserve and improve the condition and affordability of existing housing.[1]	6	30%	329	29%
Strategic Objective: Increase the development of new housing that is affordable	14	70%	816	71%
Strategic Objective: Develop green, energy-efficent, climate-resilient, sustainable housing	18	90%	1057	92%
Support People Needing Services				
Strategic Objective: Prevent and end homelessness	20	100%	169	15%
Strategic Objective: Support people with disabilities to live full, independent and integrated lives in the community.	11	55%	73	6%
Strategic Objective: Support older adults and create age-friendly communities.	5	25%	233	20%
Strengthen Communities				
Strategic Objective: Support tribal nations and indigenous communities	1	5%	48	4%

[1] Includes 5 projects with 290 units that have existing federal subsidies.

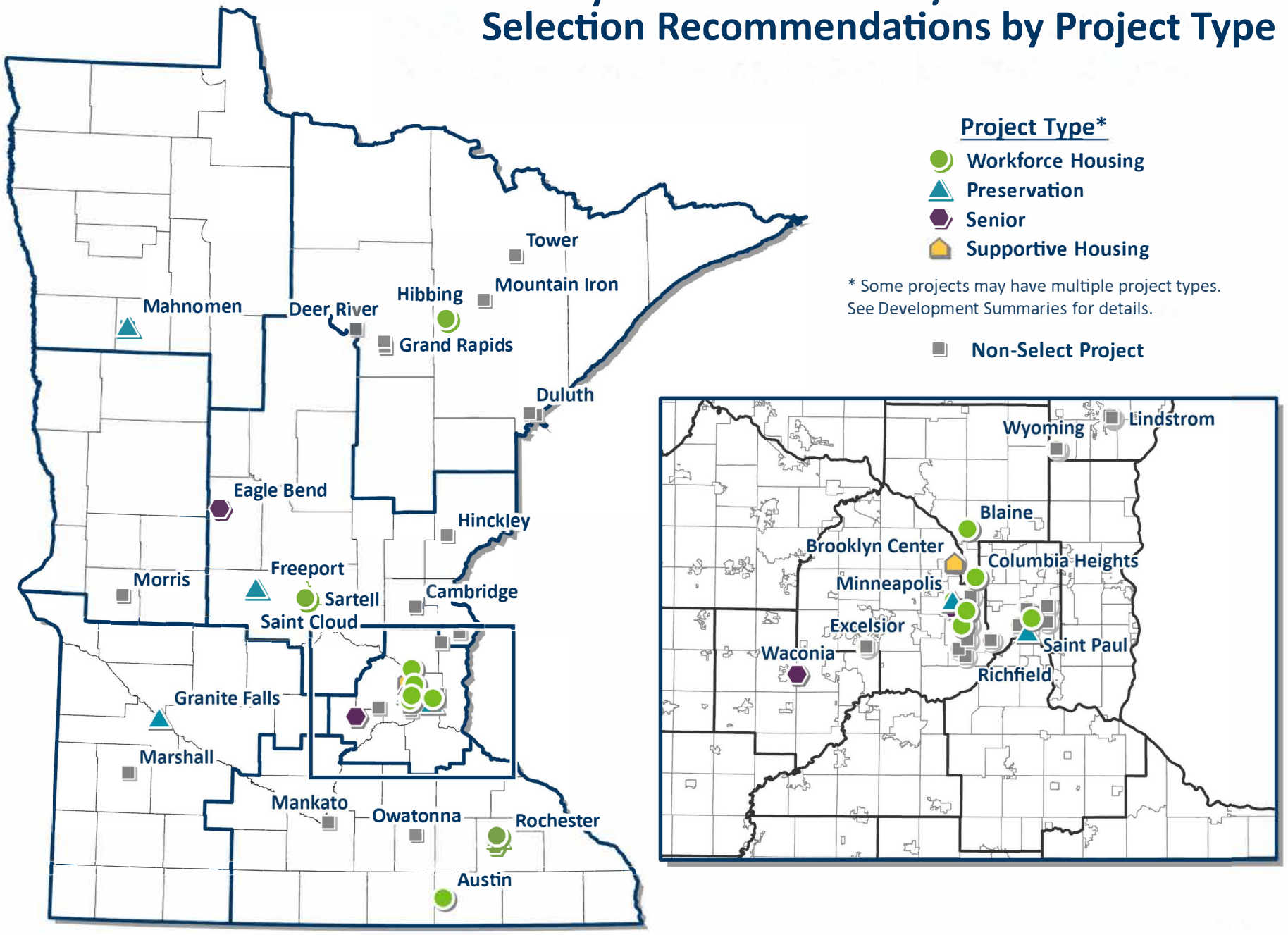
MINNESOTA HOUSING

2025 Multifamily Consolidated RFP/2026 HTC Round 1

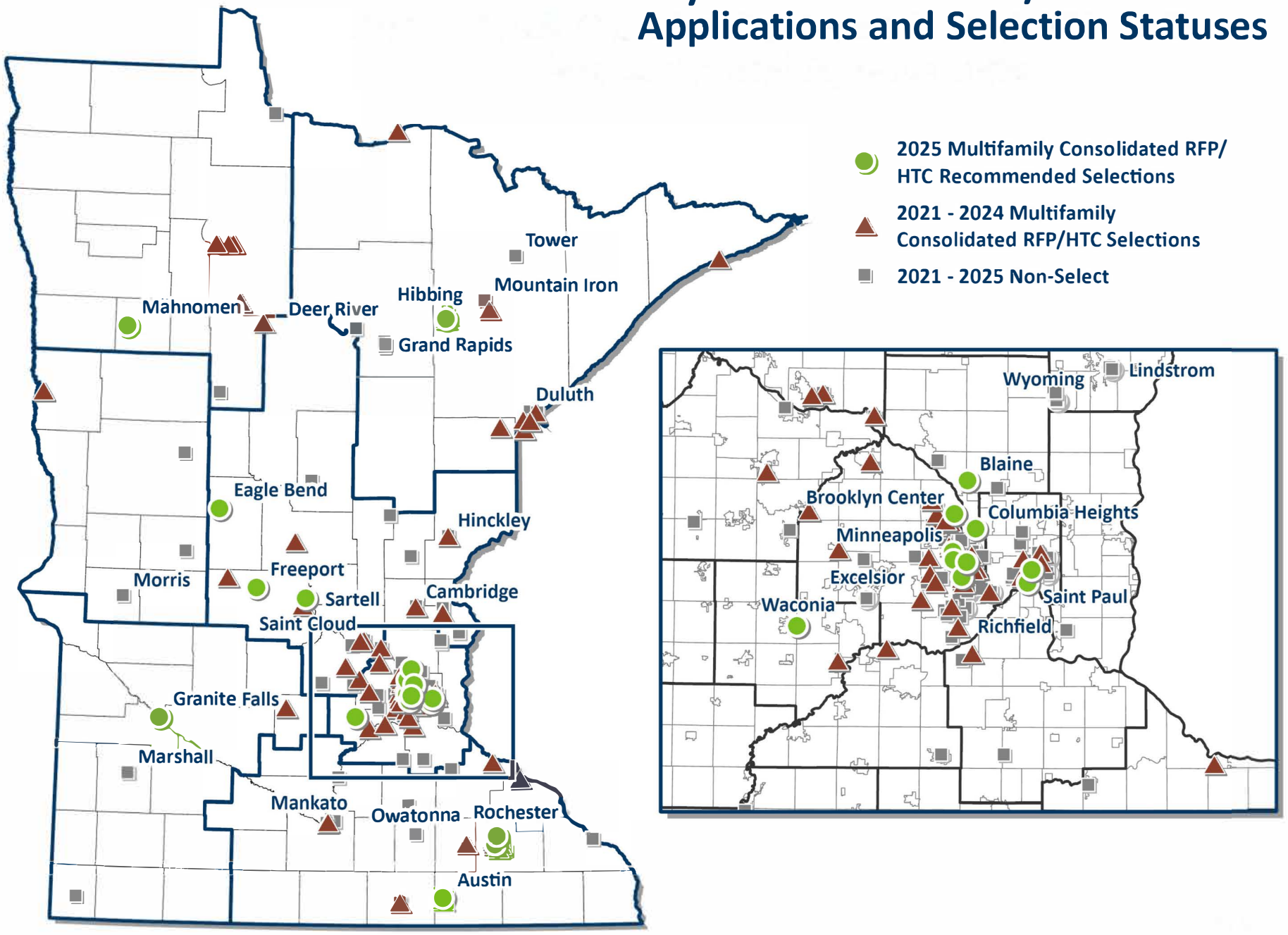
Summary of Recommendations: Strategic Priorities, Details

Project Type	Property Number	Project Number	Project Name	Sponsor | Developer	City	Total Units	Preservation Units	Preserving Federal Subsized Units	High Priority Homeless Units	Other Homeless Units	People with Disabilities Units	Senior Units
GREATER MINNESOTA												
Central												
Workforce	D8698	M19983	Third Rapids Apartments	TTT Housing, LLC. | TTT Development, LLC	Sartell	48			4		5	
Senior	D8512	M21007	Hilltop Square Apartments	Central Minnesota Housing Partnership, Inc.	Eagle Bend	23			4			23
Preservation, Workforce	D0552	M21061	Freeport Square Apartments	Central Minnesota Housing Partnership, Inc.	Freeport	19	19		4			
Northeast												
Workforce	D8826	M19976	Missabe Manor	Center City Housing Corp & Hibbing Housing and Redevelopment Authority	Hibbing	48			7		8	
Southeast												
Workforce	D8828	M19985	Kendall Pointe	Woda Cooper Companies, Inc. & Housing Service Alliance	Rochester	40			4		6	
Preservation, Workforce	D1288	M20022	Innsbruck Townhomes	Twin Cities Housing Development Corporation	Rochester	40	40	40	4		5	
Senior	D8705	M21002	West Transit Village ph. 1	Aeon	Rochester	75			11			75
Workforce	D8846	M21010	Cedar View Apartments	Three Rivers Community Action, Inc.	Austin	40			4		5	
Southwest												
Preservation, Senior	D0603	M20004	Henry Hill Apartments	Kimberly Cooper & Associates, Thomas Cooper & Associates, and Christopher M. Cooper & Associates	Granite Falls	54	54	54	4			44
West Central												
Preservation, Workforce	D2892	M21132	White Earth Homes VI	White Earth Reservation Housing Authority	Mahnomen	48	48	48	0			
					GREATER MINNESOTA TOTALS	***435***	***161***	***142***	***46***	***0***	***29***	***142***
METROPOLITAN												
Minneapolis												
Preservation, Supportive	D3124	M21047	Lindquist Apartments	RS EDEN	Minneapolis	26	26	24	20	4		
Senior	D8548	M20038	Logan Avenue Flats Senior	James Archer | Matrix Development LLC	Minneapolis	48			7			48
Workforce	D8599	M21059	Zaria	Noor Development Group & Project for Pride in Living	Minneapolis	90			9		5	
Workforce	D8878	M21096	Flour Exchange	Trellis Co.	Minneapolis	110			12		6	
Saint Paul												
Preservation, Workforce	D1569	M21027	Torre de San Miguel	CommonBond Communities	Saint Paul	142	142	124	8			
Workforce	D8787	M20000	Hamm's Brewery - East End Apartments	JB Vang Partners	Saint Paul	110			12		11	
Suburban												
Senior	D8291	M21033	Trails Edge Senior Apartments	Carver County Community Development Agency	Waconia	43			9			43
Supportive	D8608	M20028	The Community Corner	New Generations LLC | VY Enterprise LLC	Brooklyn Center	31			20	11	11	
Workforce	D8699	M19981	Terrano Apts	TTT Housing, LLC | TTT Development, LLC	Blaine	48			4		6	
Workforce	D8847	M21017	Heights Ridge Apartments	Duffy Development Company	Columbia Heights	62			7		5	
					METROPOLITAN TOTALS	***710***	***168***	***148***	***108***	***15***	***44***	***91***
					STATE TOTALS	***1145***	***329***	***290***	***154***	***15***	***73***	***233***

2025 Multifamily Consolidated RFP/2026 HTC Round 1 Selection Recommendations by Project Type



2021- 2025 Multifamily Consolidated RFP/HTC Round 1 Applications and Selection Statuses



Development Summary

Third Rapids Apartments

Sponsor	TTT Housing, LLC		
Location	Sartell	**Project Type(s)**	Workforce Housing
Property #	D8698	**Project #**	M19983

Project Description

Third Rapids Apartments in Sartell is a new construction development that will provide 48 affordable rental units. The development will be owned by an affiliated entity of TTT Housing, LLC. Unit sizes will include one-, two-, three- and four-bedroom apartments. Seventeen units will benefit from project based rental assistance, including eight project-based vouchers for general occupancy units. The site is located near transit routes, grocery stores, parks, retail and major highways providing access to the St. Cloud metropolitan area.

The City of Sartell waived the covered parking requirement, which saved the project an estimated $1.9M in construction costs. Stearns County has committed project based rental assistance.

Additional population notes

- The development will provide 48 units of workforce housing.
- The development is partially supportive housing, with four units dedicated to High Priority Homeless (HPH) households and five units dedicated to People with Disabilities (PWD) households.
- Housing Support will be the rental assistance for the HPH units and HUD Section 811 Rental Assistance will be the rental assistance for the PWD units.

Third Rapids Apartments

Property Number: D8698

Total Units: 48

Address: XXXX 15th St S

City of Sartell, Stearns

Developer:
TTT Development

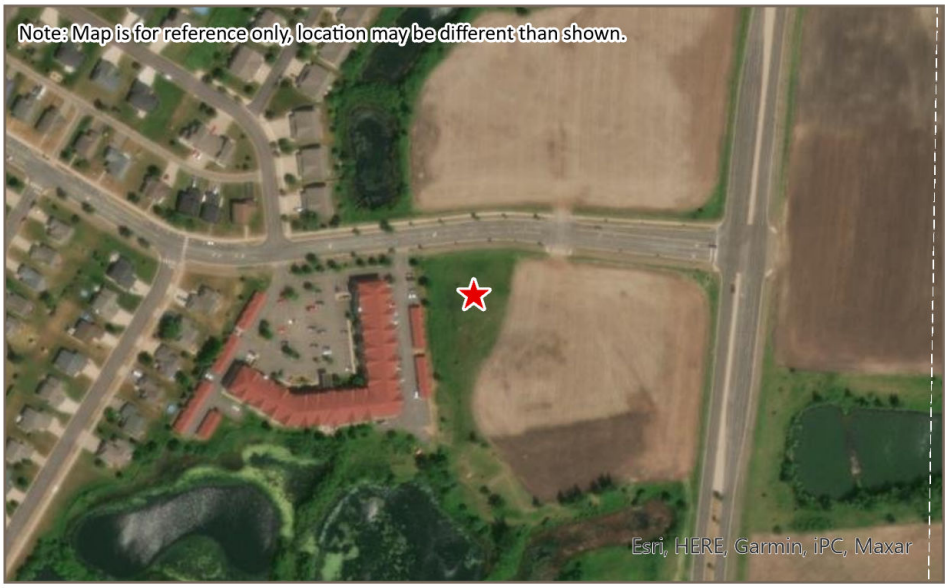
Sponsor Name:
TTT Housing

Management Company:
Sand Property Management

Service Provider:
Stearns County Service Provider (TBD)

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**6,565**	Current Households:**7,614**	Current Population:**19,955**
Five Year Change:**546**	10 Year Change:**1,249**	10 Year Change:**3,006**
Percent Change:**9%**	Percent change:**20%**	Percent Change:**18%**

Unemployment Rate: **4.2%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$874
1 Bedroom	$919
2 Bedrooms	$1,206
3+ Bedrooms	$1,604

Local Area Incomes and Rents

In census tract 27145010104 **(Region: Non-Metro MSA)**,

- the median household income is **$62,757**.
  (Tract household income is in the **20-39th percentile** based on region type)
- the median renter household income is **$46,696**.
  (Tract renter income is in the **60-79th percentile** based on region type)
- **89%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80-99th percentile** based on region type)
- **10%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **10%** % of people are in poverty.
  (Tract share of people in poverty is in the **60-79th percentile** statewide)
- the median rent for all units is **$1,300**.
  (Tract median rent is in the **80-99th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Hilltop Square Apartments

Sponsor	Central Minnesota Housing Partnership, Inc.		
Location	Eagle Bend	**Project Type(s)**	Senior Housing
Property #	D8512	**Project #**	M21007

Project Description

Hilltop Square Apartments is the proposed adaptive reuse of the vacant Eagle Valley High School in Eagle Bend. It will convert the old high school into 23 one-bedroom units serving the senior population in the Eagle Bend area. Five of the units will benefit from project-based vouchers. The project has community support, with over 500 letters of support being received by community members, organizations, school alumni and elected officials. An online pledge campaign as well as community bake sales were organized to raise over $100,000 of funding, which will supplement several other capital sources including equity from federal and state historic tax credits. The school building currently houses the Hilltop Regional Kitchen, which provides Meals on Wheels. The school auditorium will also be restored and host community events.

Central Minnesota Housing Partnership has demonstrated support for the project by securing $1,000,000 in city legislative bonds and just over $138,000 from Eagle Bend Area Development Community.

Additional population notes

- The development will provide 23 units of senior housing.
- The development is partially supportive housing, with four units dedicated to High Priority Homeless households.
- The development will serve households with incomes at or below 50% Multifamily Tax Subsidy Projects (MTSP) and rents at 30-50% MTSP. Eleven units will be deeply affordable to households with incomes at or below 30% MTSP.

Hilltop Square Apartments

Property Number: D8512

Total Units: 23

Address: 405 Main Street

City of Eagle Bend, Todd

Developer:
Hilltop Square Apartments

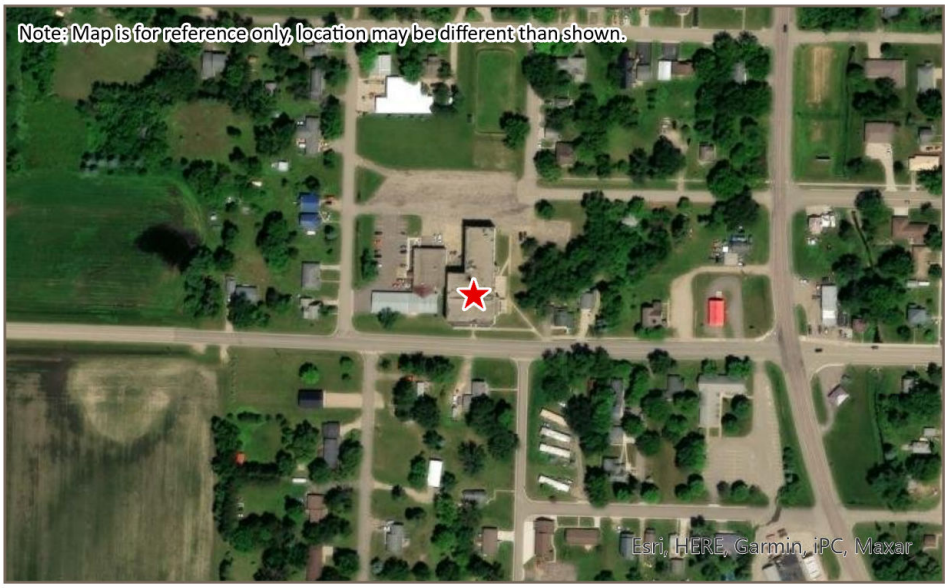
Sponsor Name:
Central MN Housing Partnership

Management Company:
Central MN Housing Partnership

Service Provider:
TBD

Project Type(s):
Preservation; Senior

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**116**	Current Households:**239**	Current Population:**545**
Five Year Change:**9**	10 Year Change:**-3**	10 Year Change:**28**
Percent Change:**8%**	Percent change:**-1%**	Percent Change:**5%**

Unemployment Rate: **4.9%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$737
1 Bedroom	$742
2 Bedrooms	$973
3+ Bedrooms	$1,318

Local Area Incomes and Rents

In census tract 27153790300 **(Region: Greater MN Non-MSA)**,

- the median household income is **$53,508**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$38,750**.
  (Tract renter income is in the **40-59th percentile** based on region type)
- **28%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0-19th percentile** based on region type)
- **8%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **20-39th percentile** statewide)
- **16%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$802**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Freeport Square Apartments

Sponsor	Central Minnesota Housing Partnership, Inc.		
Location	Freeport	**Project Type(s)**	Preservation
Property #	D0552	**Project #**	M21061

Project Description

Freeport Square Apartments is the acquisition and rehabilitation of a 19 unit family rental property in the City of Freeport. The development was built in 1988 with United States Department of Agriculture (USDA) Rural Development (RD) 515 financing. The current owner listed the property for sale with the intention of paying off the existing RD 515 loan that secures rental assistance for 14 of the 19 units. Central Minnesota Housing Partnership now has a purchase agreement with the intent to preserve the rental assistance and affordability. Only two other rental properties with a total of nine units are located in the City.

Central Minnesota Housing Partnership has demonstrated support for the project by securing a $10,000 grant and Stearns County committing $100,000.

Additional population notes

- The development is partially supportive housing, with four units dedicated to High Priority Homeless households.
- The development will preserve 19 units that benefit from an RD first mortgage and 14 units of RD rental assistance.
- The development is general occupancy.

Freeport Square Apartments

Property Number: D0552

Total Units: 19

Address: 109 3rd Avenue NE

City of Freeport, Stearns

Developer:
TBD - LLC

Sponsor Name:
Central MN Housing Partnership

Management Company:
Central Minnesota Housing Partnership

Service Provider:
TBD

Project Type(s):
Preservation; Workforce Housing

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**267**	Current Households:**288**	Current Population:**689**
Five Year Change:**78**	10 Year Change:**1**	10 Year Change:**21**
Percent Change:**41%**	Percent change:**0%**	Percent Change:**3%**

Unemployment Rate: **4.2%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$874
1 Bedroom	$919
2 Bedrooms	$1,206
3+ Bedrooms	$1,604

Local Area Incomes and Rents

In census tract 27145010500 **(Region: Non-Metro MSA)**,

- the median household income is **$83,500**.
  (Tract household income is in the **60-79th percentile** based on region type)
- the median renter household income is **$50,000**.
  (Tract renter income is in the **60-79th percentile** based on region type)
- **44%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0-19th percentile** based on region type)
- **2%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **0-19th percentile** statewide)
- **4%** % of people are in poverty.
  (Tract share of people in poverty is in the **20-39th percentile** statewide)
- the median rent for all units is **$954**.
  (Tract median rent is in the **40-59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Missabe Manor

Sponsor	Center City Housing Corporation and Hibbing Housing and Redevelopment Authority		
Location	Hibbing	**Project Type(s)**	Workforce Housing
Property #	D8826	**Project #**	M19976

Project Description

Missabe Manor is an infill property located in a Hibbing neighborhood. The site is located in a mostly single-family neighborhood within walking distance of retail, an elementary school, entry-level employment and community services. Missabe Manor is a proposed three-story elevator building that will incorporate universal design elements in all units. The building has four four-bedroom, eight three-bedroom, 24 two-bedroom and 12 one-bedroom units. Common areas include a property management office, a supportive services office and a community room. There will also be an outdoor picnic and play area.

Missabe Manor is the second phase of development to decommission the remainder of the Haven Court project. Haven Court is an old style 102-unit public housing property built in the 1950s with a backlog of critical needs. The first phase of replacement for Haven Court was Cobb Cook Place which was selected for 9% Housing Tax Credits (HTCs) and deferred funding from Minnesota Housing in 2024. After completion of Cobb Cook, 52 of the current residents of Haven Court will be given the first opportunity to move to Cobb Cook Place and the first part of Haven Court can be demolished.

The City of Hibbing has demonstrated support for the project by contributing the land to the project and has committed to developing the road and utilities to the site as well as any environmental remediation or soil balancing on the site. In addition, there is significant local funding of over $2,660,000 from the City of Hibbing, Hibbing Housing and Redevelopment Authority and St. Louis County.

Additional population notes

- The development will provide 48 units of workforce.
- The project will serve households with incomes at or below 50% Multifamily Tax Subsidy Projects (MTSP), with 15 units to be affordable at or below 30% MTSP.
- The development is partially supportive housing, with 15 units dedicated to seven High Priority Homeless and eight People with Disabilities households.
- Housing Support is used as rental assistance for all 15 supportive housing units. The service provider for the project is Range Transitional Housing.

Missabe Manor

Property Number: D8826

Total Units: 48

Address: 3900 5th Avenue West

City of Hibbing, Saint Louis

Developer:
Center City Housing Corp.

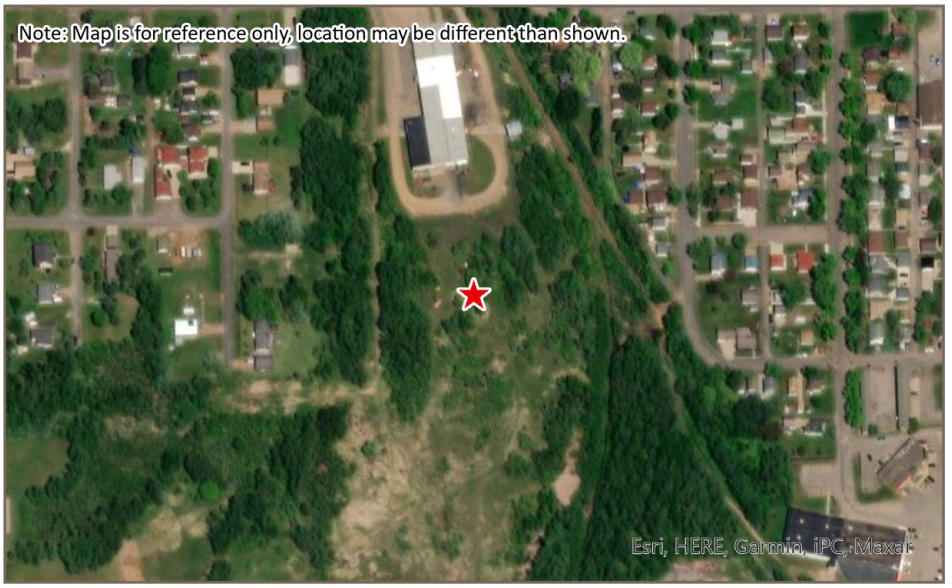
Sponsor Name:
Center City Housing Corp.

Management Company:
HRA of Hibbing

Service Provider:
Range Transitional Housing

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**8,054**	Current Households:**7,356**	Current Population:**16,015**
Five Year Change:**-584**	10 Year Change:**-111**	10 Year Change:**-325**
Percent Change:**-7%**	Percent change:**-1%**	Percent Change:**-2%**

Unemployment Rate: **5%** (county) **6.8%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$849
1 Bedroom	$978
2 Bedrooms	$1,232
3+ Bedrooms	$1,689

Local Area Incomes and Rents

In census tract 27137012500 **(Region: Non-Metro MSA)**,

- the median household income is **$48,130**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$-999**.
  (Tract renter income is in the **0-19th percentile** based on region type)
- **59%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **40-59th percentile** based on region type)
- **3%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **0-19th percentile** statewide)
- **14%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$861**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Kendall Pointe

Sponsor(s)	Woda Cooper Companies, Inc. and Housing Services Alliance		
Location	Rochester	**Project Type(s)**	Workforce Housing
Property #	D8828	**Project #**	M19985

Project Description

Kendall Pointe is a 40 unit new construction building in Rochester proposed by Woda Cooper Development, Inc. in collaboration with Housing Services Alliance, Inc. (co-developer and co-sponsor) and HACI LLC (co-developer). The development will provide 10 one-bedroom, 20 two-bedroom, six three-bedroom and four four-bedroom units. Five of the general occupancy units will have project based rental assistance. The site is near childcare, an elementary school, transit and shopping.

Woda Cooper Companies, Inc. and Housing Services Alliance have demonstrated support for the project by securing $530,000 deferred loan from Coalition for Rochester Area Housing.

Additional population notes

- The development will provide 40 units of workforce housing.
- The development is partially supportive housing, with four units for persons experiencing High Priority Homeless (HPH) households and six units for People with Disabilities (PWD) households.
- Housing Support is the proposed rental assistance for the HPH units and HUD Section 811 is the proposed rental assistance for the PWD units.

Kendall Pointe

Property Number: D8828

Total Units: 40

Address: 18th Ave NW & 55th St NW

City of Rochester, Olmsted

Developer:
Woda Cooper Development

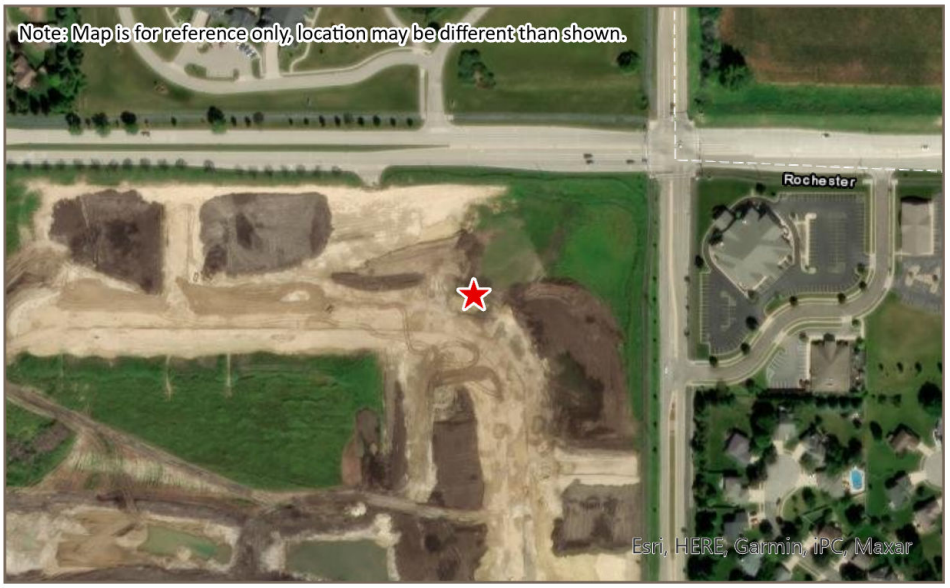
Sponsor Name:
Woda Cooper Companies

Management Company:
Woda Management & Real Estate

Service Provider:
TBD

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**95,529**	Current Households:**52,567**	Current Population:**124,220**
Five Year Change:**2,315**	10 Year Change:**7,914**	10 Year Change:**13,213**
Percent Change:**2%**	Percent change:**18%**	Percent Change:**12%**

Unemployment Rate: **3.2%** (county) **3.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,112
1 Bedroom	$1,189
2 Bedrooms	$1,407
3+ Bedrooms	$1,957

Local Area Incomes and Rents

In census tract 27109001701 **(Region: Non-Metro MSA)**,

- the median household income is **$59,518**.
  (Tract household income is in the **20-39th percentile** based on region type)
- the median renter household income is **$45,458**.
  (Tract renter income is in the **40-59th percentile** based on region type)
- **78%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60-79th percentile** based on region type)
- **33%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **15%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,072**.
  (Tract median rent is in the **60-79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Innsbruck Townhomes

Sponsor	Twin Cities Housing Development Corporation		
Location	Rochester	**Project Type(s)**	Preservation
Property #	D1288	**Project #**	M20022

Project Description

Innsbruck Townhomes is a preservation and rehabilitation development located in Rochester. The development is owned and proposed by Twin Cities Housing Development Corporation (TCHDC). Built in 1982, the development provides two-, three- and four-bedroom units. All 40 units that are under an existing project-based Section 8 Housing Assistance Payments (HAP) contract that will expire on January 1, 2028. The property had the potential to convert to market rate housing. TCHDC acquired the property ahead of applying to preserve the subsidy. The project-based Section 8 HAP contract will be extended with the closing.

TCHDC has demonstrated support for the project by deferring $100,000 of the developer fee and the general partner committing $250,000.

Additional population notes

- The development is partially supportive housing, with four units dedicated to High Priority Homeless households and five units serving People with Disabilities households.
- The development will preserve 40 units that benefit from a project-based Section 8 HAP contract.
- The development is general occupancy.

Innsbruck Townhomes

Property Number: D1288

Total Units: 40

Address: 1530 50th Street NW

City of Rochester, Olmsted

Developer:
Twin Cities HDC

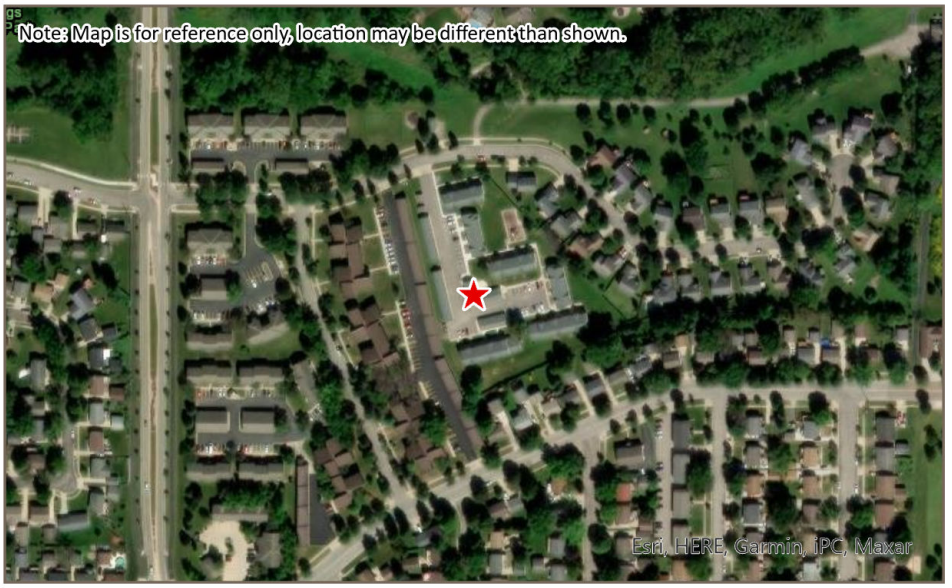
Sponsor Name:
Twin Cities HDC

Management Company:
Lloyd Management

Service Provider:
TBD

Project Type(s):
Preservation; Workforce Housing

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**95,529**	Current Households:**52,567**	Current Population:**124,220**
Five Year Change:**2,315**	10 Year Change:**7,914**	10 Year Change:**13,213**
Percent Change:**2%**	Percent change:**18%**	Percent Change:**12%**

Unemployment Rate: **3.2%** (county) **3.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,112
1 Bedroom	$1,189
2 Bedrooms	$1,407
3+ Bedrooms	$1,957

Local Area Incomes and Rents

In census tract 27109001702 **(Region: Non-Metro MSA)**,

- the median household income is **$64,961**.
  (Tract household income is in the **20-39th percentile** based on region type)
- the median renter household income is **$45,065**.
  (Tract renter income is in the **40-59th percentile** based on region type)
- **71%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60-79th percentile** based on region type)
- **34%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **16%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,236**.
  (Tract median rent is in the **60-79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

West Transit Village Phase 1

Sponsor	Aeon		
Location	Rochester	**Project Type(s)**	Senior Housing
Property #	D8705	**Project #**	M21002

Project Description

West Transit Village Phase 1 is a 75 unit new construction senior development in Rochester proposed by Aeon. The development will include 61 one-bedroom and 14 two-bedroom units. As the name indicates, the site is part of the "West Transit Village" master-planned redevelopment, which is a collection of development projects and infrastructure upgrades at the western terminus of a new three mile, bus rapid transit line. The transit line will connect the site directly to downtown Rochester, the main Mayo Clinic campus and a number of other central locations via high-frequency electric buses. The design features several major sustainability elements, including a centralized geothermal heating and cooling system, on-site solar generation, and building specifications that meet Zero Energy Ready Homes standards.

The funding structure for West Transit Village Phase 1 has local support, with land donated by Mayo Clinic and $4,650,000 in deferred loans committed from the Coalition for Rochester Area Housing and the Destination Medical Center public-private partnership.

Additional population notes

- The development will provide 75 units of senior housing.
- The development is partially supportive housing with 11 units dedicated to High Priority Homeless households.

West Transit Village ph. 1

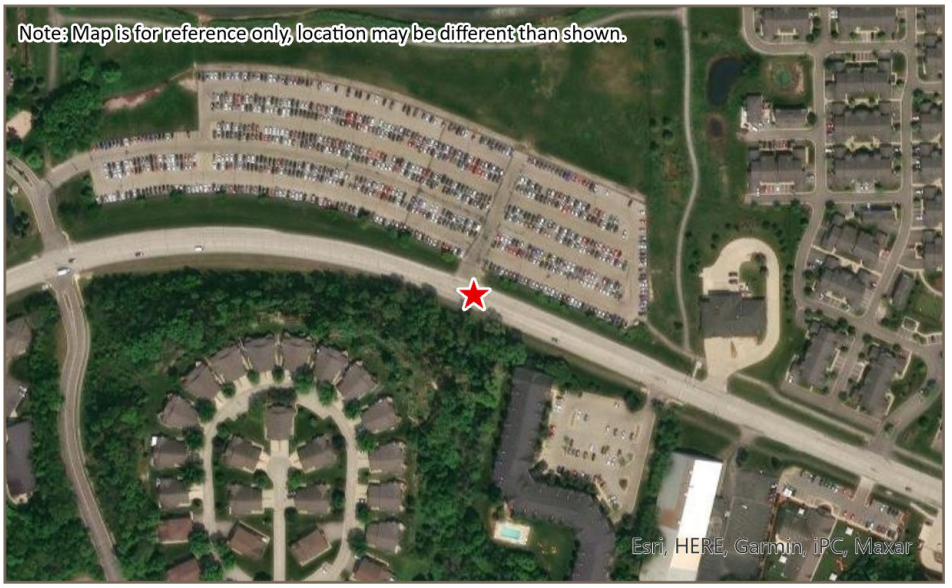
Property Number: D8705

Total Units: 75

Address: 2905 2nd St SW

City of Rochester, Olmsted

Developer: Aeon
Sponsor Name: Aeon
Management Company: Aeon Management
Service Provider: Family Service Rochester
Project Type(s): Senior;
Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**95,529**	Current Households:**52,567**	Current Population:**124,220**
Five Year Change:**2,315**	10 Year Change:**7,914**	10 Year Change:**13,213**
Percent Change:**2%**	Percent change:**18%**	Percent Change:**12%**

Unemployment Rate: **3.2%** (county) **3.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,112
1 Bedroom	$1,189
2 Bedrooms	$1,407
3+ Bedrooms	$1,957

Local Area Incomes and Rents

In census tract 27109001301 **(Region: Non-Metro MSA)**,

- the median household income is **$109,567**.
  (Tract household income is in the **80-99th percentile** based on region type)
- the median renter household income is **$87,636**.
  (Tract renter income is in the **80-99th percentile** based on region type)
- **82%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80-99th percentile** based on region type)
- **23%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60-79th percentile** statewide)
- **7%** % of people are in poverty.
  (Tract share of people in poverty is in the **40-59th percentile** statewide)
- the median rent for all units is **$1,799**.
  (Tract median rent is in the **80-99th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Cedar View Apartments

Sponsor	Three Rivers Community Action, Inc.		
Location	Austin	**Project Type(s)**	Workforce Housing
Property #	D8846	**Project #**	M21010

Project Description

Cedar View Apartments is a 40 unit new construction development proposed for a site along the Cedar River in Austin. The site is owned by the Austin Housing and Redevelopment Authority (HRA) and is being donated to the project, which is being sponsored and developed by Three Rivers Community Action, Inc. The building itself contains units from one- to four-bedrooms, with heating and cooling provided by a ground-source geothermal heat pump system.

Cedar View has public and private entities support with $500,000 from Austin HRA and Mower County and the $900,000 from the Hormel Foundation.

Additional population notes

- The development will provide 40 units of workforce housing.
- The development is partially supportive housing, with four units dedicated to High Priority Homeless (HPH) and five units dedicated to People with Disabilities (PWD) households.
- Housing Support will be the rental assistance source for the HPH and four of the PWD units.

Cedar View Apartments

Property Number: D8846

Total Units: 40

Address: 300 Block of 15th Ave NE

City of Austin, Mower

Developer:
Three Rivers Community Action

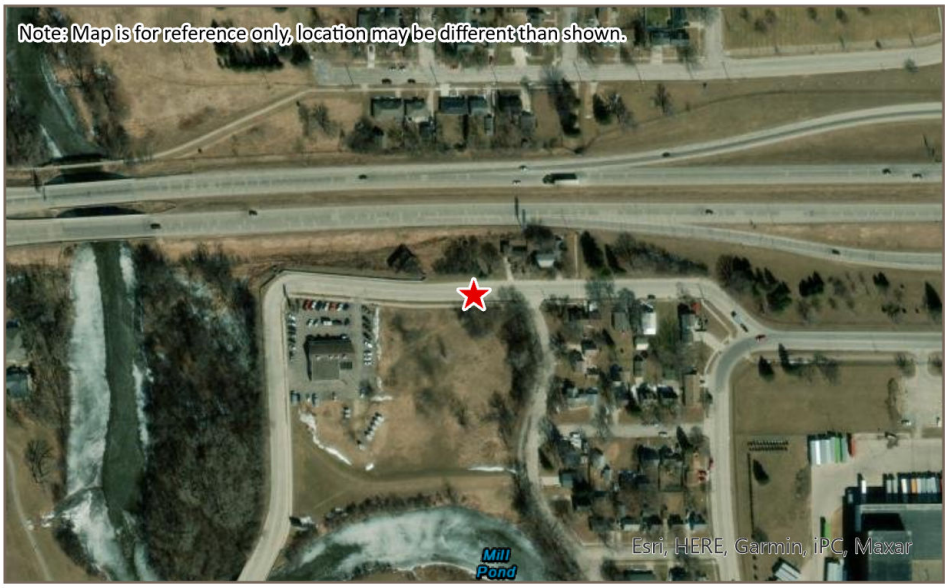
Sponsor Name:
Three Rivers Community Action

Management Company:
Lloyd Management

Service Provider:
Independent Management Services

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**14,004**	Current Households:**10,454**	Current Population:**26,915**
Five Year Change:**337**	10 Year Change:**207**	10 Year Change:**1,905**
Percent Change:**2%**	Percent change:**2%**	Percent Change:**8%**

Unemployment Rate: **3.8%** (county) **3.9%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$723
1 Bedroom	$799
2 Bedrooms	$1,049
3+ Bedrooms	$1,350

Local Area Incomes and Rents

In census tract 27099000410 **(Region: Greater MN Non-MSA)**,

- the median household income is **$43,692**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$43,078**.
  (Tract renter income is in the **40-59th percentile** based on region type)
- **69%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60-79th percentile** based on region type)
- **34%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **33%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$842**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Henry Hill Apartments

Sponsor(s)	Kimberly Cooper & Associates, Christopher M. Cooper & Associates and Thomas Cooper & Associates		
Location	Granite Falls	**Project Type(s)**	Preservation, Senior Housing
Property #	D0603	**Project #**	M20004

Project Description

Henry Hill Apartments is an acquisition and rehabilitation development in Granite Falls being proposed by Kimberly Cooper & Associates, Christopher M. Cooper & Associates and Thomas Cooper & Associates. This 54 unit development is a six-story elevator building providing 53 one-bedroom and one two-bedroom units. The development was constructed in 1978 and has not had a substantial renovation. The development has an existing project-based Section 8 Housing Assistance Payments (HAP) contract that will expire on October 18, 2029, and will be renewed at that time. All 54 units provide housing for seniors or people with disabilities and four of the units will be designated for High Priority Homeless (HPH) individuals.

The sponsors has demonstrated support for the project by deferring $810,000 of the developer fee.

Additional population notes

- The development is partially supportive housing, with four units dedicated to HPH households.
- The development will preserve 54 units that benefit from a project-based rental assistance contract.
- The development serves seniors and people with disabilities.

Henry Hill Apartments

Property Number: D0603

Total Units: 54

Address: 150 7th Avenue

City of Granite Falls, Yellow Medicine

Developer:
Christopher M. Cooper & Ass.

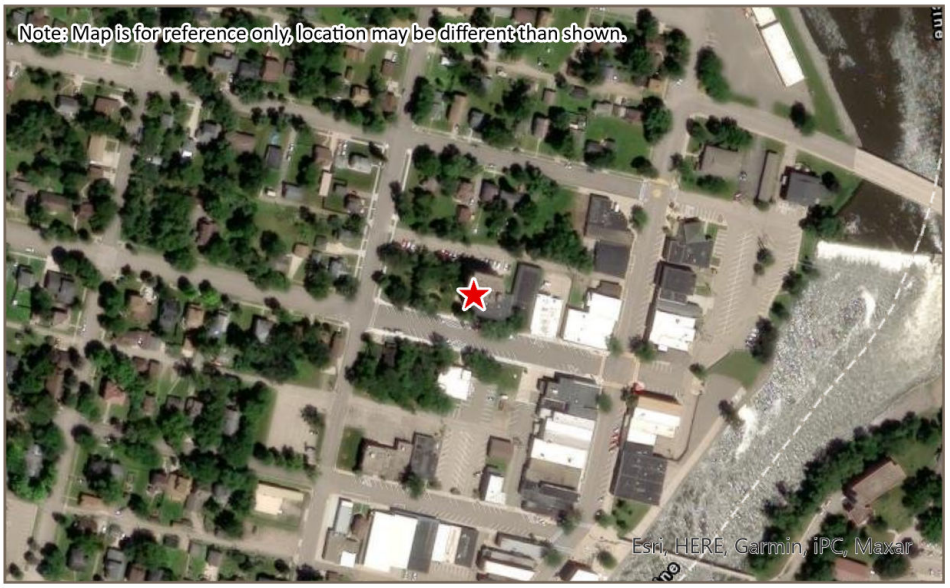
Sponsor Name:
Kimberly Cooper & Associates

Management Company:
MBG Property Management

Service Provider:
TBD

Project Type(s):
Preservation; Senior

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**1,244**	Current Households:**1,241**	Current Population:**2,675**
Five Year Change:**-173**	10 Year Change:**-23**	10 Year Change:**-149**
Percent Change:**-12%**	Percent change:**-2%**	Percent Change:**-5%**

Unemployment Rate: **4%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$671
1 Bedroom	$753
2 Bedrooms	$973
3+ Bedrooms	$1,169

Local Area Incomes and Rents

In census tract 27173970100 **(Region: Greater MN Non-MSA)**,

- the median household income is **$80,000**.
  (Tract household income is in the **60-79th percentile** based on region type)
- the median renter household income is **$55,368**.
  (Tract renter income is in the **80-99th percentile** based on region type)
- **45%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20-39th percentile** based on region type)
- **15%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **7%** % of people are in poverty.
  (Tract share of people in poverty is in the **40-59th percentile** statewide)
- the median rent for all units is **$800**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

White Earth Homes VI

Sponsor	White Earth Reservation Housing Authority		
Location	Mahnomen	**Project Type(s)**	Preservation
Property #	D2892	**Project #**	M21132

Project Description

White Earth Homes VI is the rehabilitation of an existing development in Mahnomen. The project previously received Housing Tax Credits (HTCs) from Minnesota Housing in 2006 and was named White Earth Homes II. The development is a single building with two-, three- and four-bedroom units. The new Agency funding will preserve needed affordable housing serving Tribal households in Mahnomen and the White Earth Nation.

White Earth Reservation Housing Authority has committed over $4,000,000 in the project.

Additional population notes

- The development will preserve 48 units that benefit from project-based operating subsidy funded by Native American Housing Assistance and Self Determination Act (NAHASDA).

White Earth Homes VI

Property Number: D2892

Total Units: 48

Address: 2235 College Road

City of Mahnomen, Mahnomen

Developer:
White Earth Reservation Hsg Authority

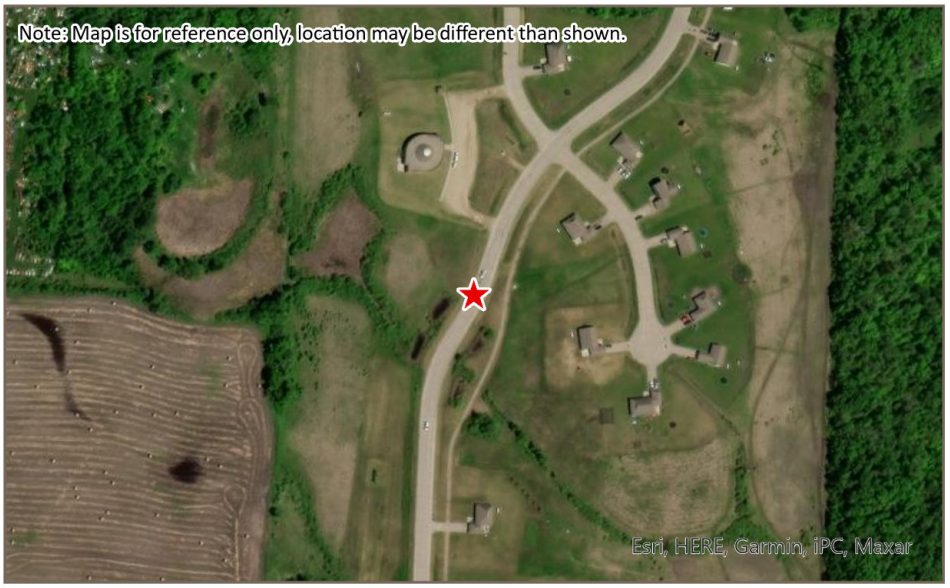
Sponsor Name:
White Earth Reservation Hsg Authority

Management Company:
White Earth Reservation Hsg Authority

Service Provider:
White Earth Reservation Hsg Authority

Project Type(s):
Preservation; Workforce Housing

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**1,014**	Current Households:**506**	Current Population:**1,217**
Five Year Change:**-179**	10 Year Change:**-18**	10 Year Change:**9**
Percent Change:**-15%**	Percent change:**-3%**	Percent Change:**1%**

Unemployment Rate: **6%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$671
1 Bedroom	$742
2 Bedrooms	$973
3+ Bedrooms	$1,217

Local Area Incomes and Rents

In census tract 27087940100 **(Region: Greater MN Non-MSA)**,

- the median household income is **$54,615**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$33,333**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **49%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20-39th percentile** based on region type)
- **41%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **19%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$725**.
  (Tract median rent is in the **0-19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Lindquist Apartments

Sponsor	RS EDEN		
Location	Minneapolis	**Project Type(s)**	Preservation, Supportive Housing
Property #	D3124	**Project #**	M21047

Project Description

Lindquist Apartments is a preservation and rehabilitation development in Minneapolis being proposed by RS EDEN. The property serves youth, ages 16 and older. This four-story, elevator building has a unit mix of 24 efficiency and two one-bedroom units. The one-bedroom units are not income or rent restricted and house youth clients of The Link. The development has 24 units with an existing project-based Section 8 Housing Assistance Payments (HAP) contract that was recently extended and will expire in 2030.

The project has an existing deferred loan with the Agency, which is planned to be assumed as part of this transaction. There is commercial space in the building, which is utilized by RS EDEN as their administrative offices. This commercial space is legally separated from the housing portion of the building via a RLS (registered land survey) and is funded by other sources.

RS EDEN has demonstrated support for the project by securing $1,000,000 from the Hennepin County.

Additional population notes

- The development is primarily supportive housing, with 20 units dedicated to High Priority Homeless youth households and four units dedicated to Other Homeless households.
- The development will preserve 24 of 26 total units that benefit from a project-based Section 8 HAP contract.
- The development is general occupancy (not limited to senior/disabled persons).

Lindquist Apartments

Property Number: D3124

Total Units: 26

Address: 1931 West Broadway Avenue

City of Minneapolis, Hennepin

Developer:
RS EDEN

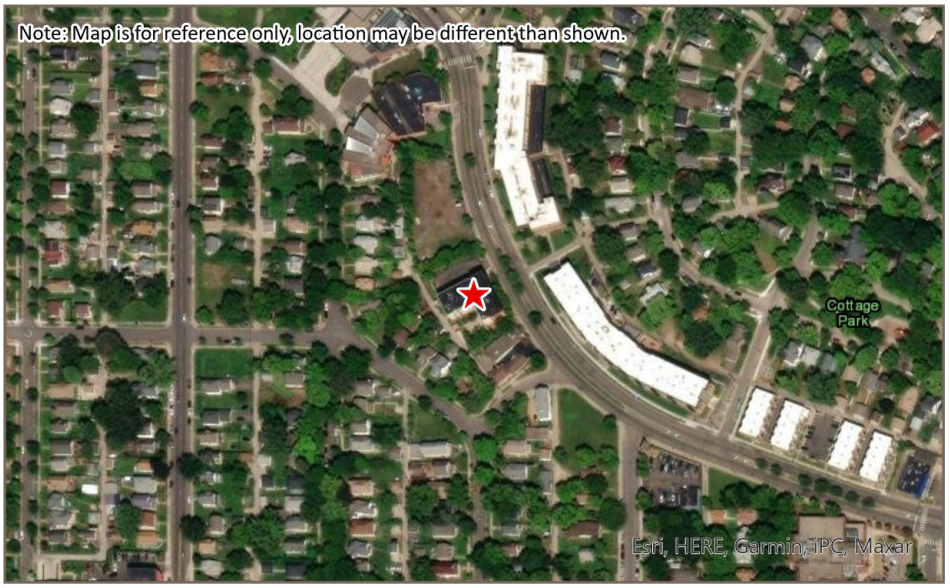
Sponsor Name:
RS EDEN

Management Company:
RS EDEN

Service Provider:
The Link

Project Type(s):
Preservation; Supportive Housing

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**320,386**	Current Households:**197,053**	Current Population:**435,233**
Five Year Change:**-14,976**	10 Year Change:**21,934**	10 Year Change:**23,960**
Percent Change:**-4%**	Percent change:**13%**	Percent Change:**6%**

Unemployment Rate: **4.1%** (county) **4.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27053102800 **(Region: 7-County Metro)**,

- the median household income is **$64,167**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$40,273**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **64%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0-24th percentile** based on region type)
- **54%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **26%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,264**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Logan Avenue Flats Senior

Sponsor	James Archer		
Location	Minneapolis	**Project Type(s)**	Senior Housing
Property #	D8548	**Project #**	M20038

Project Description

Logan Avenue Flats Senior is a five-story, 48 unit new construction development proposed by James Archer through his development company Matrix Development LLC. The site is currently a vacant lot in the Harrison neighborhood of north Minneapolis. Logan Avenue Flats Senior will serve seniors and is intended to function as an anti-displacement mechanism in a low-income neighborhood that has seen rising rents in recent years, allowing local seniors to stay in their neighborhood as their needs evolve regardless of income. The development will provide 18 efficiency and 30 one-bedroom units. Logan Avenue Flats Senior would be the first project selected by Minnesota Housing with James Archer as a sponsor, but not his first project with housing tax credits.

The project has demonstrated support for the project by securing just over $332,000 from Hennepin County.

Additional population notes

- The development will provide 48 units of senior housing.
- The development is partially supportive housing, with seven units dedicated to High Priority Homeless (HPH) households.
- The HPH units will benefit from Housing Support assistance.

Logan Avenue Flats Senior

Property Number: D8548

Total Units: 48

Address: 529-535 Logan Ave N

City of Minneapolis, Hennepin

Developer:
Matrix Development

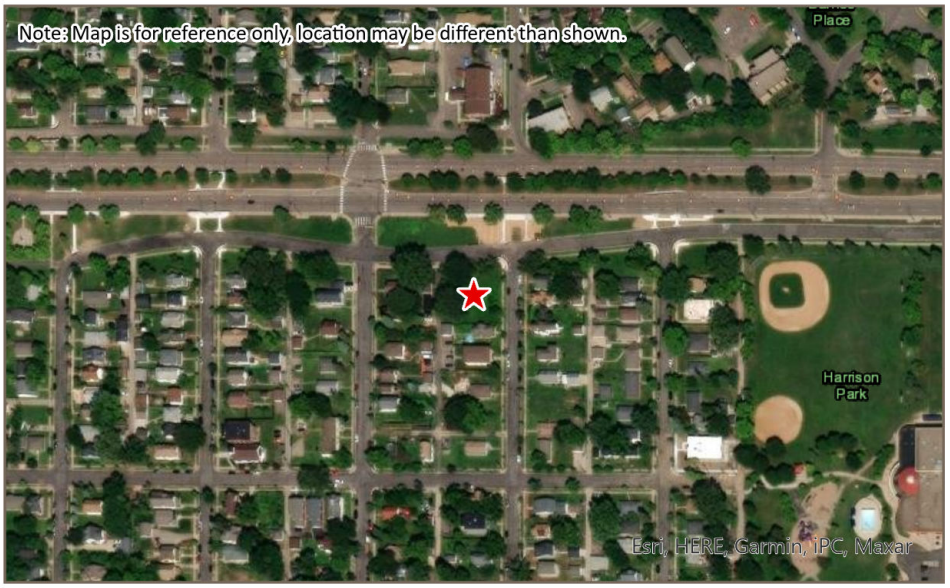
Sponsor Name:
James Archer

Management Company:
Property Solutions & Services

Service Provider:
My Skye Care

Project Type(s):
Senior;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**320,386**	Current Households:**197,053**	Current Population:**435,233**
Five Year Change:**-14,976**	10 Year Change:**21,934**	10 Year Change:**23,960**
Percent Change:**-4%**	Percent change:**13%**	Percent Change:**6%**

Unemployment Rate: **4.1%** (county) **4.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27053104100 **(Region: 7-County Metro)**,

- the median household income is **$61,683**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$36,218**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **74%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **25-49th percentile** based on region type)
- **63%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **38%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,053**.
  (Tract median rent is in the **0-19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Zaria

Sponsor	Noor Development Group and Project for Pride in Living		
Location	Minneapolis	**Project Type(s)**	Workforce Housing
Property #	D8599	**Project #**	M21059

Project Description

The development is a 90 unit new construction project sponsored by Noor Development Group and Project for Pride in Living. Zaria, which means blooming flower, symbolizes hope and renewal for the community and is the second development stage of the larger redevelopment on the former Wells Fargo Bank site in south Minneapolis. The building will be large-family focused featuring 87% of total units that have two, three or four bedrooms. Twenty units of general occupancy units will benefit from project-based vouchers. The building will have a large community room to hold family gatherings and educational training.

The proposed financing structures anticipates tax-exempt volume limited bonds will be provided by the City of Minneapolis in an amount sufficient to qualify the development for 4% housing tax credits.

Noor Development Group has demonstrated support for the project by securing $1,246,000 from Hennepin County, $1,250,000 from the City of Minneapolis and $200,000 from philanthropic funds.

Additional population notes

- The development will provide 90 units of workforce housing.
- The development is partially supportive housing, with 14 units dedicated to nine High Priority Homeless households and five People with Disabilities households.
- The 14 supportive housing units will benefit from Housing Support.

Zaria

Property Number: D8599

Total Units: 90

Address: 3030 Nicollet Avenue South

City of Minneapolis, Hennepin

Developer:
Noor Development Group & PPL

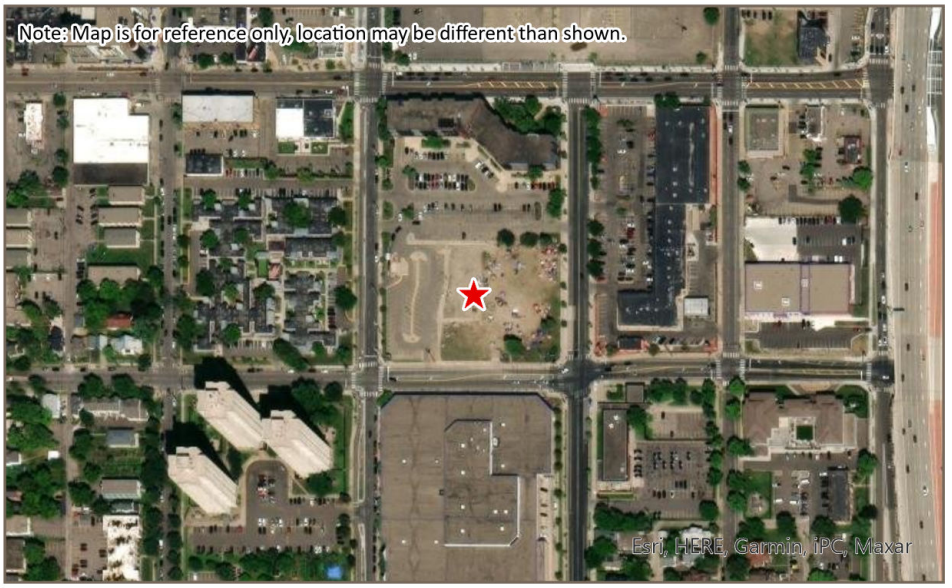
Sponsor Name:
Noor Development Group

Management Company:
Property Solutions & Services

Service Provider:
Project for Pride in Living

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**320,386**	Current Households:**197,053**	Current Population:**435,233**
Five Year Change:**-14,976**	10 Year Change:**21,934**	10 Year Change:**23,960**
Percent Change:**-4%**	Percent change:**13%**	Percent Change:**6%**

Unemployment Rate: **4.1%** (county) **4.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27053008200 **(Region: 7-County Metro)**,

- the median household income is **$51,191**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$44,517**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **85%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **50-74th percentile** based on region type)
- **51%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **30%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,089**.
  (Tract median rent is in the **0-19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Flour Exchange

Sponsor	Trellis Co.		
Location	Minneapolis	**Project Type(s)**	Workforce Housing
Property #	D8878	**Project #**	M21096

Project Description

Flour Exchange is a 12 story, historic preservation and conversion/adaptive reuse development located in downtown Minneapolis, proposed by Trellis Co. This project will provide 110 units of workforce housing in an elevator building with a unit mix of 30 efficiency, 42 one-bedroom, 21 two-bedroom and 17 three-bedroom units. Ten of the general occupancy units will have project based rental assistance. The building was constructed between 1892-1909 and was the first commercial high rise building in Minneapolis. The building is connected via skyway to the U.S. District Courthouse.

The proposed financing structure anticipates tax-exempt volume limited bonds will be provided by the City of Minneapolis in an amount sufficient to qualify the development for 4% housing tax credits. The project will also utilize both federal and state historic tax credits.

Trellis Co. has demonstrated support for the project by securing $600,000 from Hennepin County.

Additional population notes

- The development will provide 110 units of workforce housing.
- The development is partially supportive housing, with 12 units dedicated to High Priority Homeless (HPH) households and six units to People with Disabilities (PWD) households.
- Housing Support and project-based voucher will be the rental assistance for the HPH units, and HUD Section 811 will be the rental assistance source for the PWD units.

Flour Exchange

Property Number: D8878

Total Units: 110

Address: 310 Fourth Avenue South

City of Minneapolis, Hennepin

Developer:
Trellis Co.

Sponsor Name:
Trellis Co.

Management Company:
Trellis Management

Service Provider:
Simpson Housing Services

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**320,386**	Current Households:**197,053**	Current Population:**435,233**
Five Year Change:**-14,976**	10 Year Change:**21,934**	10 Year Change:**23,960**
Percent Change:**-4%**	Percent change:**13%**	Percent Change:**6%**

Unemployment Rate: **4.1%** (county) **4.1%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27053126102 **(Region: 7-County Metro)**,

- the median household income is **$123,452**.
  (Tract household income is in the **60-79th percentile** based on region type)
- the median renter household income is **$100,441**.
  (Tract renter income is in the **80-99th percentile** based on region type)
- **78%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **25-49th percentile** based on region type)
- **27%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **11%** % of people are in poverty.
  (Tract share of people in poverty is in the **60-79th percentile** statewide)
- the median rent for all units is **$1,920**.
  (Tract median rent is in the **80-99th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

Torre de San Miguel

Sponsor	CommonBond Communities		
Location	Saint Paul	**Project Type(s)**	Preservation
Property #	D1569	**Project #**	M21027

Project Description

Torre de San Miguel (TSM) is the preservation and rehabilitation of a development located in Saint Paul owned by CommonBond Communities. The development contains two-, three-, and four-bedroom units. The purposed work is an extensive renovation that will include critical repairs. The development consists of 142 units of which 124 units benefit from rental assistance under a project-based Section 8 Housing Assistance Payments (HAP) contract.

The proposed financing structure anticipates tax-exempt volume limited bonds will be provided by the City of St. Paul in an amount sufficient to qualify the development for 4% housing tax credits.

CommonBond Communities has demonstrated support for the project by securing $500,000 from Metropolitan Council, $600,000 from Ramsey County and $1,000,000 from the City.

Additional population notes

- The development is partially supportive housing, with eight units dedicated to High Priority Homeless households.
- The development will preserve 124 units that benefit from a project-based Section 8 HAP contract.
- The development is general occupancy (not limited to senior/disabled persons).

Torre de San Miguel

Property Number: D1569

Total Units: 142

Address: 58 East Wood Street

City of Saint Paul, Ramsey

Developer:
CommonBond Communities

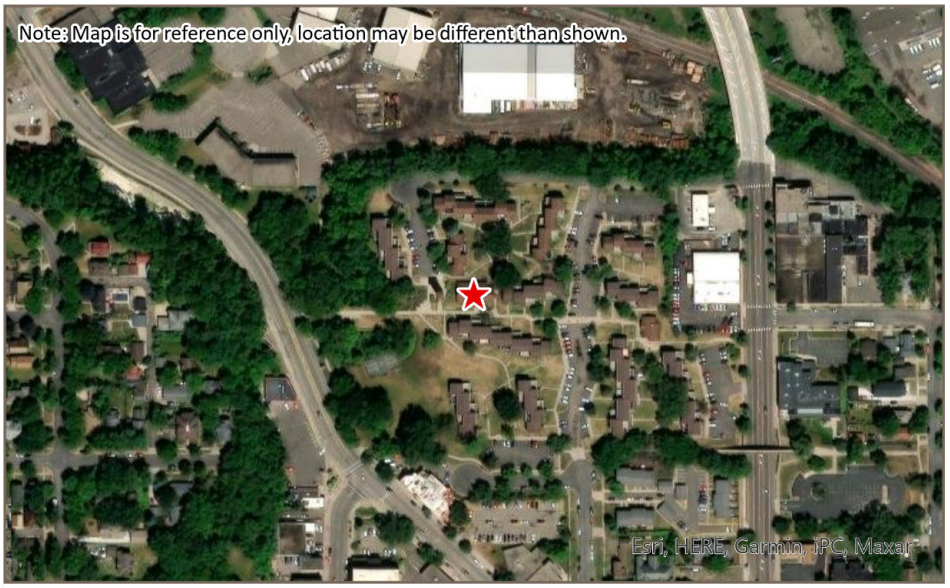
Sponsor Name:
CommonBond Communities

Management Company:
Property Solutions & Services

Service Provider:
CommonBond Communities

Project Type(s):
Preservation; Workforce Housing

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**176,381**	Current Households:**125,045**	Current Population:**313,375**
Five Year Change:**-8,182**	10 Year Change:**9,741**	10 Year Change:**13,734**
Percent Change:**-4%**	Percent change:**8%**	Percent Change:**5%**

Unemployment Rate: **4.3%** (county) **4.3%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27123037100 **(Region: 7-County Metro)**,

- the median household income is **$65,449**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$38,776**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **61%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0-24th percentile** based on region type)
- **44%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **15%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,261**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Hamm's Brewery - East End Apartments

Sponsor	JB Vang Partners		
Location	Saint Paul	**Project Type(s)**	Workforce Housing
Property #	D8787	**Project #**	M20000

Project Description

Hamm's Brewery - East End Apartments (East End Apartments) is a new construction, 110 unit development in Saint Paul proposed by JB Vang Partners. It will provide both family general occupancy and individual supportive housing units. The site is currently a surface parking lot and is part of the larger Hamm's Brewery redevelopment, which is also planned to include affordable artist's lofts and a community marketplace within a rehabilitated historic building. Broader site improvements include an outdoor plaza and a connection to the Bruce Vento Regional Trail. The broader site has considerable historical significance, with portions of the brewery complex dating back as far as the 1860's.

The proposed financing structures anticipates tax-exempt volume limited bonds will be provided by the City of St. Paul in an amount sufficient to qualify the development for 4% housing tax credits.

JB Vang Partners has demonstrated support for the project by securing $2,225,000 from Ramsey County and $2,437,500 from Metropolitan Council.

Additional population notes

- The development will provide 110 units of workforce housing.
- The development is partially supportive housing with 12 units dedicated to High Priority Homeless (HPH) households and 11 units dedicated to People with Disabilities (PWD) households.
- The 10 of the HPH units will benefit from Housing Support and the 11 PWD units will benefit from HUD Section 811 project-based rental assistance.

Hamm's Brewery - East End Apartments

Property Number: D8787

Total Units: 110

Address: 694 Minnehaha Avenue East

City of Saint Paul, Ramsey

Developer:
JB Vang Partners

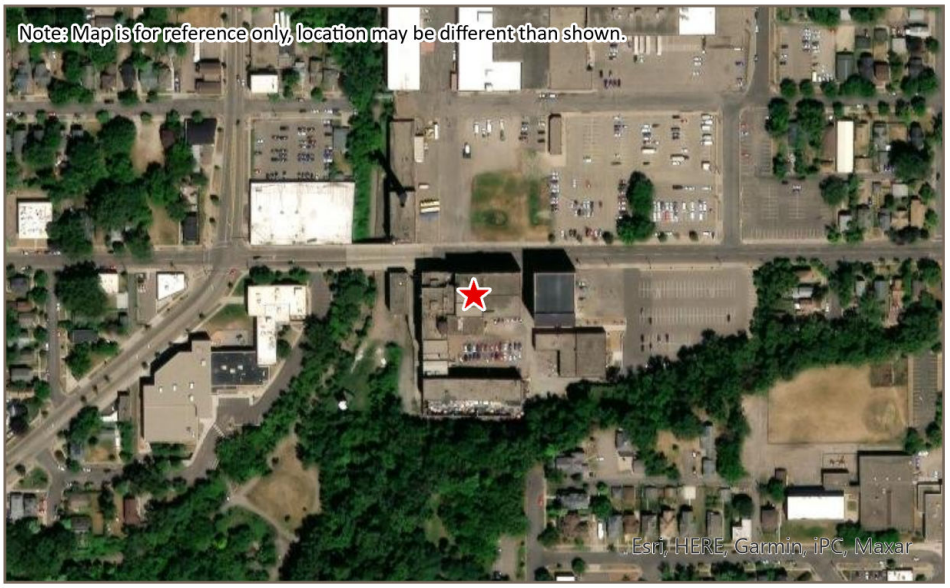
Sponsor Name:
JB Vang Partners

Management Company:
Premier Housing Management

Service Provider:
Simpson Housing

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**176,381**	Current Households:**125,045**	Current Population:**313,375**
Five Year Change:**-8,182**	10 Year Change:**9,741**	10 Year Change:**13,734**
Percent Change:**-4%**	Percent change:**8%**	Percent Change:**5%**

Unemployment Rate: **4.3%** (county) **4.3%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27123033100 **(Region: 7-County Metro)**,

- the median household income is **$58,158**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$32,000**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **85%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **50-74th percentile** based on region type)
- **36%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **17%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,251**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Trails Edge Senior Apartments

Sponsor	Carver County Community Development Agency		
Location	Waconia	**Project Type(s)**	Senior Housing
Property #	D8291	**Project #**	M21033

Project Description

Trails Edge Senior Apartments is a proposed three-story senior housing building over an underground parking garage proposed by Carver County Community Development Agency (CDA). The building has 32 one-bedroom and 11 two-bedroom units. Amenities include in-unit washer and dryer, and a community room and fitness center on the south side one story annex on the first floor.

Trails Edge Senior Apartments is part of a previously approved Master Planned Community designed to support a mix of housing types. The site is adjacent to Trails Edge South, a 60 unit workforce housing development completed in 2022. Each project has its own separate legal description but does share a driveway easement. Additionally, the site is located near existing residential neighborhoods, and existing and planned retail and high-density residential areas. This area has coordinated city and county efforts ensuring sidewalk and trail connections to parks and a regional trail.

Carver County CDA has demonstrated support for the project by providing a $1,000,000 in appropriation to the project and the City of Waconia has committed $125,000. In addition, the project has a Federal Earmark Grant of $2,000,000.

Additional population notes

- The development will provide 43 units of independent senior housing.
- Trails Edge Senior Apartments will serve households with incomes at or below 50% Multifamily Tax Subsidy Projects (MTSP). Twelve units will be affordable to seniors at or below 30% MTSP.
- The development is partially supportive housing, with nine units dedicated to High Priority Homeless households with services provided by the Scott-Carver-Dakota CAP Agency.
- Housing Support is the rental subsidy used for the supportive housing units.

Trails Edge Senior Apartments

Property Number: D8291

Total Units: 43

Address: 905 Airport Road

City of Waconia, Carver

Developer:
Carver County CDA

Sponsor Name:
Carver County CDA

Management Company:
Carver County CDA

Service Provider:
Scott-Dakota-Carver CAP Agency

Project Type(s):
Senior;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**8,206**	Current Households:**5,227**	Current Population:**14,021**
Five Year Change:**715**	10 Year Change:**960**	10 Year Change:**2,501**
Percent Change:**10%**	Percent change:**22%**	Percent Change:**22%**

Unemployment Rate: **3.6%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27019090401 **(Region: 7-County Metro)**,

- the median household income is **$195,313**.
  (Tract household income is in the **80-99th percentile** based on region type)
- the median renter household income is **$-999**.
  (Tract renter income is in the **0-19th percentile** based on region type)
- **100%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **75-99th percentile** based on region type)
- **11%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **1%** % of people are in poverty.
  (Tract share of people in poverty is in the **0-19th percentile** statewide)
- the median rent for all units is **$-999**.
  (Tract median rent is in the **0-19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

Development Summary

The Community Corner

Sponsor	New Generations		
Location	Brooklyn Center	**Project Type(s)**	Supportive Housing
Property #	D8608	**Project #**	M20028

Project Description

Community Corner is a new construction mixed-use building with 31 units of permanent supportive housing proposed by New Generations, the developer VY Enterprise and with services provided on site by Touchstone Mental Health. Community Corner would be the first with New Generations as a sponsor and the second VY Enterprise project selected by Minnesota Housing. The development will contain four studio and 27 one-bedroom units. The first floor will contain a commercial space condominium, divided into three uses: a workforce center, office space leased by Intentions (a local non-profit dedicated to supporting troubled youth) and a coffee shop leased by Intentions where they will employ individuals ages 16 and older. The commercial space construction budget is fully funded from other sources.

The project has secured $1,831,000 of funding commitments through Metropolitan Council and Hennepin County.

Additional population notes

- The development will provide 31 units of permanent supportive housing.
- The development is primarily supportive housing with 20 High Priority Homeless households and 11 People with Disabilities households that will also be Other Homeless households.

The Community Corner

Property Number: D8608

Total Units: 31

Address: 1500 69th Ave

City of Brooklyn Center, Hennepin

Developer:
VY Enterprise

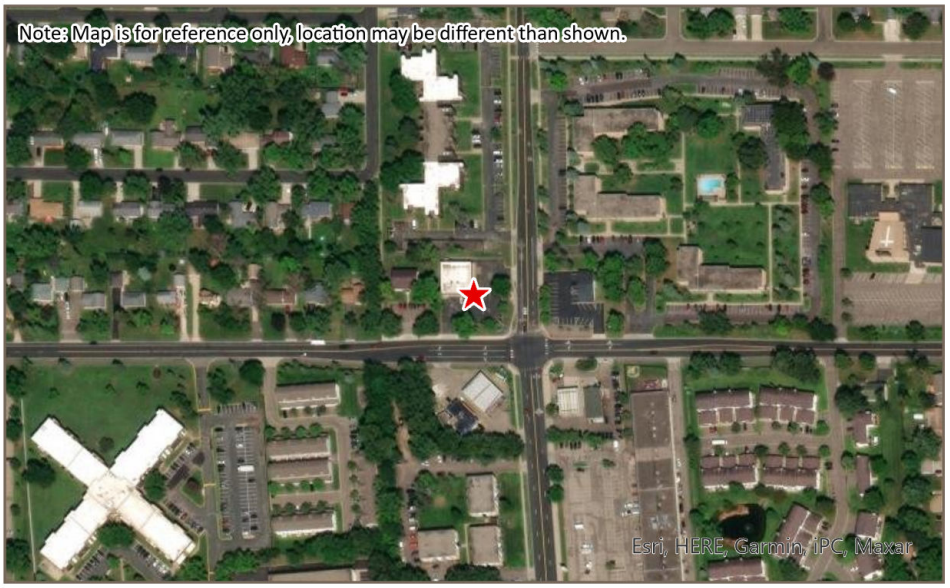
Sponsor Name:
New Generations

Management Company:
Property Solutions & Services

Service Provider:
Touchstone Mental Health

Project Type(s):
Supportive Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**12,853**	Current Households:**11,592**	Current Population:**34,409**
Five Year Change:**-3,412**	10 Year Change:**740**	10 Year Change:**4,520**
Percent Change:**-21%**	Percent change:**7%**	Percent Change:**15%**

Unemployment Rate: **4.1%** (county) **5.4%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27053020201 **(Region: 7-County Metro)**,

- the median household income is **$46,094**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$23,897**.
  (Tract renter income is in the **0-19th percentile** based on region type)
- **92%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **50-74th percentile** based on region type)
- **59%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **19%** % of people are in poverty.
  (Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **$1,276**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Terrano Apartments

Sponsor	TTT Housing, LLC		
Location	Blaine	**Project Type(s)**	Workforce Housing
Property #	D8699	**Project #**	M19981

Project Description

Terrano Apartments is new construction of 48 units of affordable housing proposed by TTT Housing. The building is to serve a wide demographic of people with 11 one-bedroom units, 17 two-bedroom units, 13 three-bedroom units and four four-bedroom units. This location is convenient for future residents as it is next to an elementary school, University Ave. NE, transit stops and childcare.

The project has support from Anoka County who has committed $2,500,000 and a land write down.

Additional population notes

- The development will provide 48 units of workforce housing.
- The development is partially supportive housing with four units dedicated to High Priority Homeless households and six units for People with Disabilities households and Other Homeless households.

Terrano Apts

Property Number: D8699

Total Units: 48

Address: 111 99th Ave NE

City of Blaine, Anoka

Developer:
TTT Development

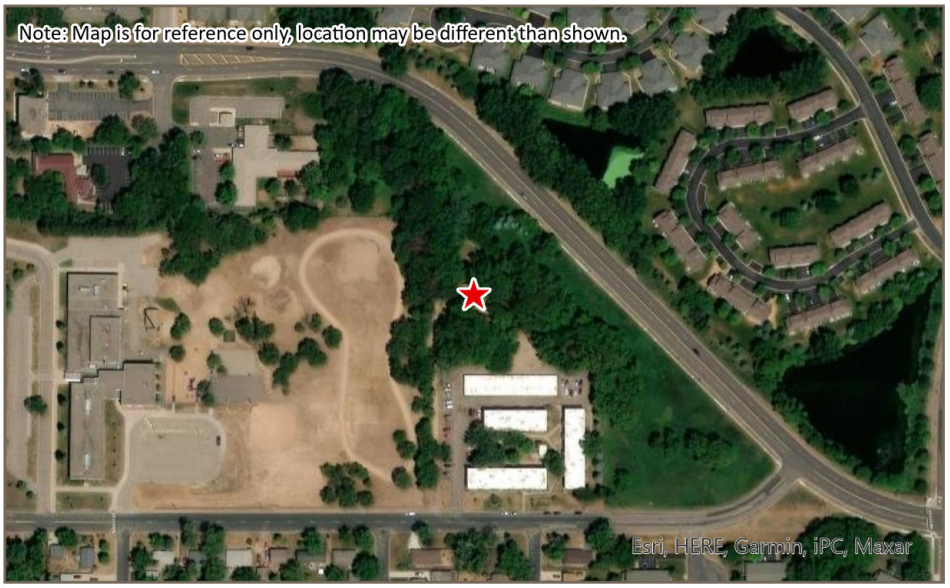
Sponsor Name:
TTT Housing

Management Company:
Sand Property Management

Service Provider:
Anoka County Service Provider (TBD)

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**26,223**	Current Households:**27,225**	Current Population:**74,882**
Five Year Change:**1,171**	10 Year Change:**4,578**	10 Year Change:**12,816**
Percent Change:**5%**	Percent change:**20%**	Percent Change:**21%**

Unemployment Rate: **4.4%** (county) **4.3%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27003050827 **(Region: 7-County Metro)**,

- the median household income is **$117,917**.
  (Tract household income is in the **60-79th percentile** based on region type)
- the median renter household income is **$101,344**.
  (Tract renter income is in the **80-99th percentile** based on region type)
- **100%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **75-99th percentile** based on region type)
- **21%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60-79th percentile** statewide)
- **10%** % of people are in poverty.
  (Tract share of people in poverty is in the **60-79th percentile** statewide)
- the median rent for all units is **$1,435**.
  (Tract median rent is in the **40-59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Development Summary

Heights Ridge Apartments

Sponsor	Duffy Development Company, Inc.		
Location	Columbia Heights	**Project Type(s)**	Workforce Housing
Property #	D8847	**Project #**	M21017

Project Description

Heights Ridge Apartments is a proposed 62 unit, new construction development in Columbia Heights that will provide workforce and supportive housing. Sponsored and developed by Duffy Development Company, Inc. (Duffy), the site plan is composed of a 50 unit apartment building with one- and two-bedroom units, adjacent to 12 three- and four-bedroom townhouse units for larger families. A playground, fitness center, community room and shared patio are planned as well.

Anoka County has prioritized the site for affordable housing by acquiring it with America Rescue Plan Act (ARPA) funds, issuing an RFP, selecting Duffy as the developer and donating the land in addition to nearly $5,000,000 in deferred funding to support the project. Further, Anoka County has committed $500,000 in Local Affordable Housing Aid to support rental assistance for five of the townhome units, making them affordable to households below 30% Multifamily Tax Subsidy Projects.

Additional population notes

- The development will provide 62 units of workforce housing.
- The development is partially supportive housing, with seven units dedicated to High Priority Homeless households and five units for People with Disabilities households.

Heights Ridge Apartments

Property Number: D8847

Total Units: 62

Address: 1515 44th Avenue NE

City of Columbia Heights, Anoka

Developer:
Duffy Development Company

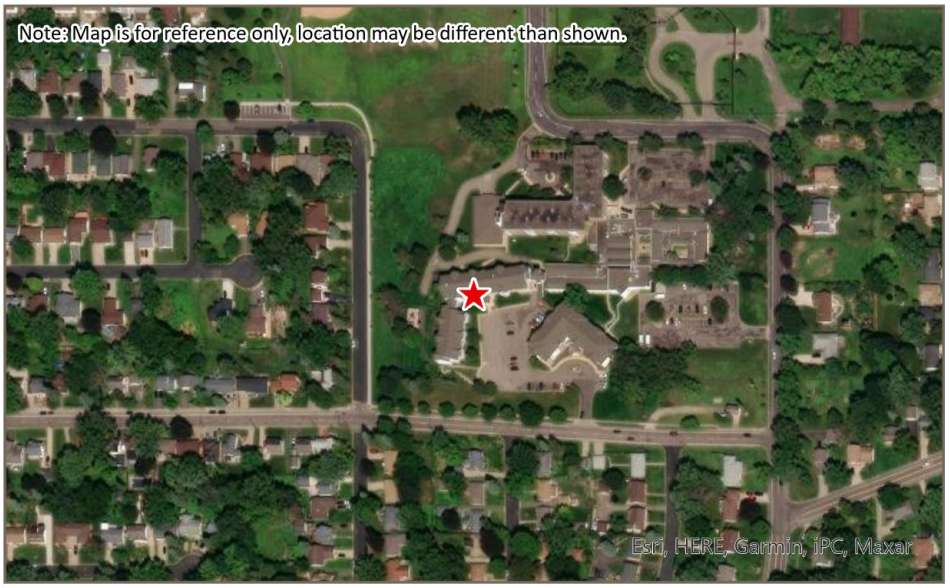
Sponsor Name:
Duffy Development Company

Management Company:
Essence Property Management

Service Provider:
Lutheran Social Services

Project Type(s):
Workforce Housing;

Scattered Site Project: No



Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

Job Trends 2019-2024	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**4,752**	Current Households:**8,872**	Current Population:**21,570**
Five Year Change:**563**	10 Year Change:**813**	10 Year Change:**1,861**
Percent Change:**13%**	Percent change:**10%**	Percent Change:**9%**

Unemployment Rate: **4.4%** (county) (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$1,242
1 Bedroom	$1,405
2 Bedrooms	$1,709
3+ Bedrooms	$2,262

Local Area Incomes and Rents

In census tract 27003051302 **(Region: 7-County Metro)**,

- the median household income is **$81,763**.
  (Tract household income is in the **20-39th percentile** based on region type)
- the median renter household income is **$45,250**.
  (Tract renter income is in the **20-39th percentile** based on region type)
- **79%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **25-49th percentile** based on region type)
- **34%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-99th percentile** statewide)
- **9%** % of people are in poverty.
  (Tract share of people in poverty is in the **40-59th percentile** statewide)
- the median rent for all units is **$1,399**.
  (Tract median rent is in the **40-59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

Item: 1st Quarter FY26 Financial Results

Information Item: 9.A
Date: 12/18/2025
Staff Contacts: Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Kayla Vang, 651.296.3598, kayla.vang@state.mn.usN
Request Type: No Action, Information

Request Summary

Staff will provide financial results for the 1st quarter of the 2026 fiscal year.

Fiscal Impact

None.

Agency Priorities

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

Attachments

- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements – 1st Quarter FY 2026

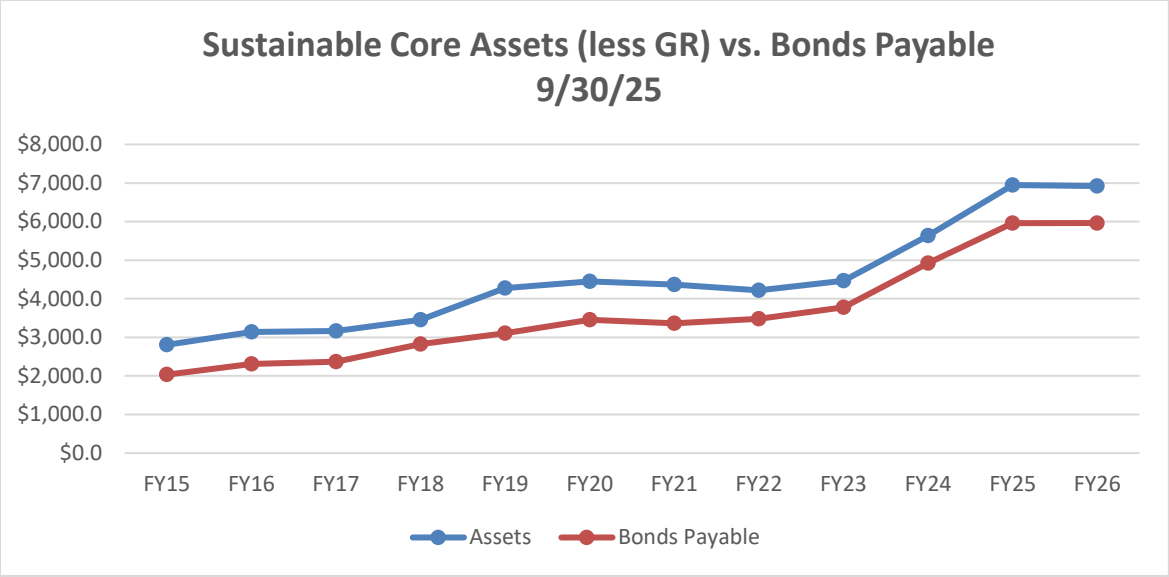
Minnesota Housing Finance Agency

FY 2026 1st Quarter Financial Results

Noteworthy Items

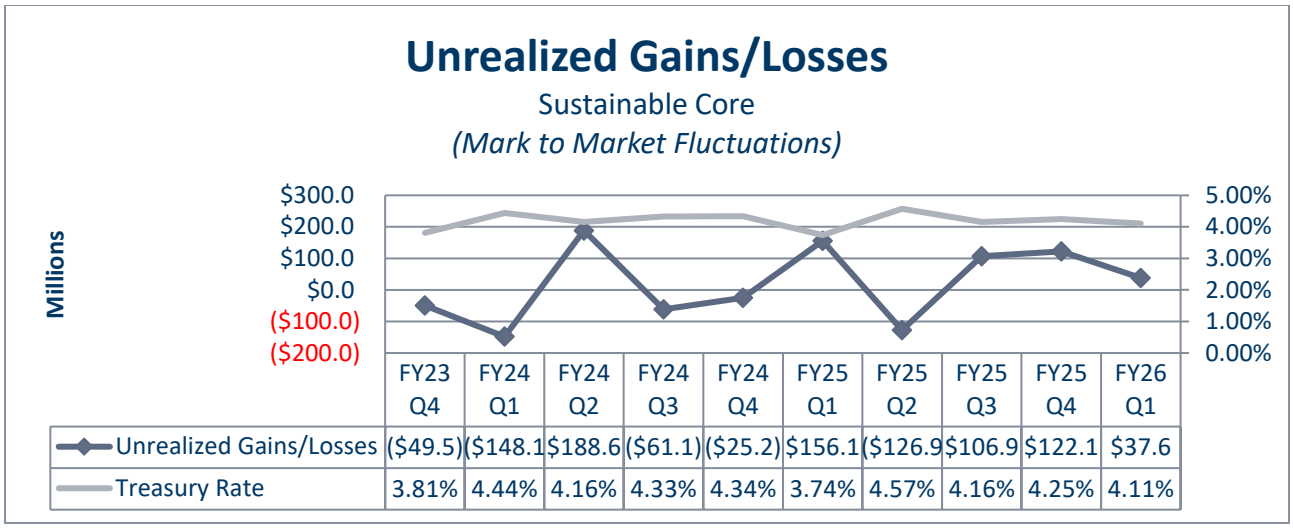
Balance Sheet

Total assets increased in the consolidated financials from the previous quarter by $58.4 million and prior year by $564.1 million. The majority of the increase over prior year was within the sustainable core. In terms of the Mortgage-Backed Securities (MBS) portfolio, program securities have increased $161.9 million compared to previous quarter and have increased $648.9 million compared to FY25.



Overall, in FY26, non-securitized loan assets had a $134.3 million increase over FY25. Multiple drivers for the increase including an increase in Rental Housing $39.8M, Residential Housing Finance $51.1M and State Appropriated $42M loans.

The chart below shows the changes in market interest rates and the impact on the market value of the securities in the sustainable core. While increases in interest rates reduce the market value of investments, the Agency buys and holds investments to maturity thereby not realizing the losses recorded on the balance sheet. Additionally, increased interest rates provide additional interest revenue for the Agency.

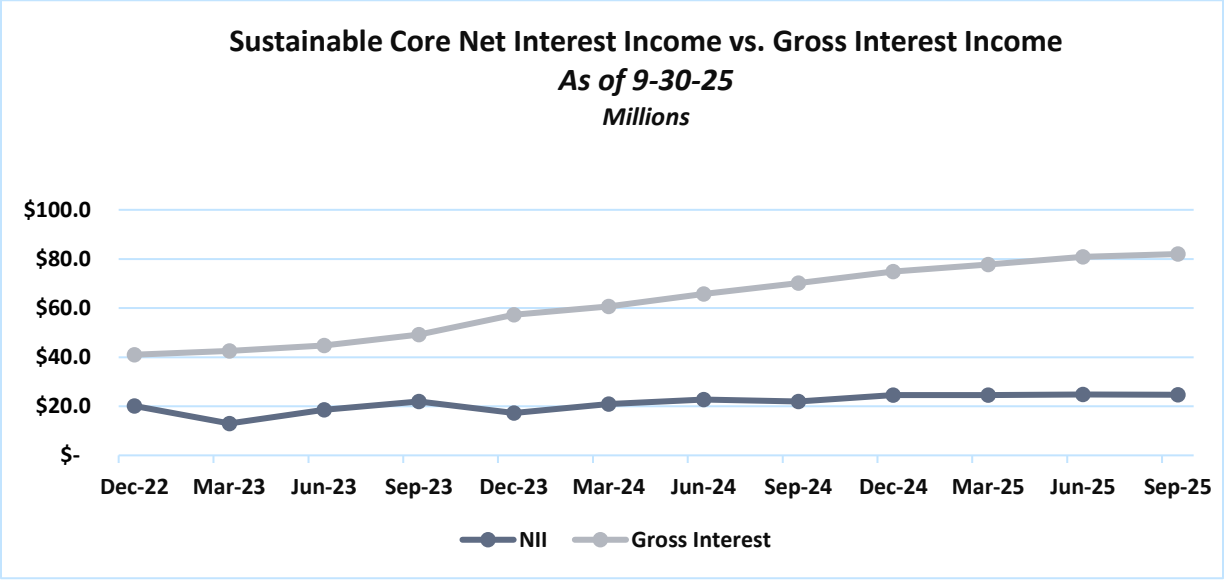


Operating Results

In the Sustainable Core, YTD and Q1 FY26 net interest income was $24.7 million, compared to $22.0 million YTD FY25.

Gross Interest revenue for the Sustainable Core, YTD FY26, was $82.0 million, compared to $70.2 million in FY25. Interest bearing assets in the sustainable core have increased 10.0% over FY25 contributing to the increase interest revenue.

As shown on the graph below the spread between gross and net interest earnings has grown, primarily as the Agency's cost of capital has increased in line with market interest rates.



YTD other revenue increased 9.7% over prior year and operating expenses (salaries and general operating expenses) were slightly higher when compared to the prior year.

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2025 - ($ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	Year Ago	Change From Year Ago
CONSOLIDATED					
Total Assets	**8,601.7**	**8,543.3**	**58.4**	**8,037.6**	**564.1**
Program Securities	5,222.7	5,060.8	161.9	4,573.8	648.9
Loans, net	1,299.7	1,292.7	7.0	1,165.4	134.3
Other investments and cash	1,989.8	2,096.9	(107.1)	2,212.8	(223.0)
Total Liabilities	**6,731.6**	**6,839.3**	**(107.7)**	**6,185.2**	**546.4**
Total Net Position	**1,821.5**	**1,649.4**	**172.1**	**1,813.8**	**7.7**
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	**7,214.1**	**7,233.7**	**(19.6)**	**6,543.5**	**670.6**
Net Position	**911.2**	**850.9**	**60.3**	**824.7**	**86.5**
SUSTAINABLE CORE					
Total Assets	**7,042.3**	**7,065.9**	**(23.6)**	**6,400.1**	**642.2**
Program Securities	5,222.7	5,060.8	161.9	4,573.8	648.9
Loans, net	1,026.2	1,020.6	5.6	928.6	97.6
Other investments & cash	717.8	904.2	(186.4)	828.3	(110.5)
Total Liabilities	**6,254.3**	**6,328.0**	**(73.7)**	**5,704.3**	**550.0**
Bonds payable, net	5,956.3	5,956.1	0.2	5,437.5	518.8
Net Position	**739.4**	**683.3**	**56.1**	**657.3**	**82.1**

* Assets and liabilities do not include deferred inflows/outflows

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2025 - ($ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Operating Revenue	294.3	200.9	93.4	294.3	450.7	(156.4)
Operating Expenses	156.1	204.0	(47.9)	156.1	189.7	(33.6)
Non-Operating Revenue/(Expenses)	33.8	(25.9)	59.7	33.8	160.9	(127.1)
Net	**172.0**	**(29.0)**	**201.0**	**172.0**	**421.9**	**(249.9)**
SUSTAINABLE CORE						
Interest revenue	82.0	80.8	1.2	82.0	70.2	11.8
Other revenue	21.4	23.2	(1.8)	21.4	19.5	1.9
Unrealized gain (loss)	37.6	15.4	22.2	37.6	154.2	(116.6)
TOTAL REVENUE	**141.0**	**119.4**	**21.6**	**141.0**	**243.9**	**(102.9)**
Interest Expense	57.3	56.0	1.3	57.3	48.2	9.1
Operating Expenses(1)	13.4	11.9	1.5	13.4	11.7	1.7
Other Expenses	14.2	15.2	(1.0)	14.2	20.0	(5.8)
TOTAL EXPENSE	**84.9**	**83.1**	**1.8**	**84.9**	**79.9**	**5.0**
Revenue over Expense	**56.1**	**36.3**	**19.8**	**56.1**	**164.0**	**(107.9)**
Net Interest Income	**24.7**	**24.8**	**(0.1)**	**24.7**	**22.0**	**2.7**
Annualized Net Interest Margin (2)	*1.40%*	*1.43%*		*1.40%*	*1.45%*	
Annualized Gross Interest Margin (3)	*4.65%*	*4.65%*		*4.65%*	*4.63%*	

(1) Salaries, benefits and other general operating; includes Year End Pension Adjustment
(2)Annualized Net Interest Income/Average assets for period
(3)Annualized Gross Interest/Average assets for period

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Net Position (in thousands) - UNAUDITED
Proprietary Funds
As of September 30, 2025 (with comparative totals as of September 30, 2024)

	General Reserve	Rental Housing	Bond Funds: Resi-dential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	Appropriated Funds: State Appro-priated	Federal Appro-priated	Total as of September 30, 2025	Total as of September 30, 2024
Assets										
Cash and cash equivalents	$ 94,188	$ 66,485	$ 485,050	$ 45,760	$ 2,389		$ 692,550	$ 24,212	$ 1,410,634	$ 982,552
Investments-program mortgage-backed securities	-	-	4,436,101	786,553	-	-	-	-	5,222,654	4,573,762
Investment securities-other	15,110	17,177	33,503	-	-	3,293	510,110	-	579,193	1,230,223
Loans receivable, net	-	281,418	858,950	-	12,340	-	143,954	3,050	1,299,712	1,165,415
Interest receivable on loans and program mortgage-backed securities	-	1,137	22,907	2,592	45	-	36	1	26,718	22,500
Interest receivable on investments	339	282	1,947	137	8	10	4,506	7	7,236	7,860
Interest rate swap agreements	-	-	36,695	-	-	-	-	-	36,695	30,308
FHA/VA insurance claims, net	-	-	20	-	-	-	-	-	20	-
Real estate owned, net	-	-	231	-	-	-	-	-	231	537
Capital assets, net	3,979	-	1,352	-	-	-	-	595	5,926	7,425
Other assets	2,570	5	1,561	12	-	-	7,866	622	12,636	17,011
Total assets	116,186	366,504	5,878,317	835,054	14,782	3,303	1,359,022	28,487	8,601,655	8,037,593
Deferred Outflows of Resources										
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	8,651	-	-	-	-	-	8,651	9,525
Deferred pension expense	7,064	-	-	-	-	-	-	-	7,064	8,421
Total deferred outflows of resources	7,064	-	8,651	-	-	-	-	-	15,715	17,946
Total assets and deferred outflows of resources	$ 123,250	$ 366,504	$ 5,886,968	$ 835,054	$ 14,782	$ 3,303	$ 1,359,022	$ 28,487	$ 8,617,370	$ 8,055,539
Liabilities										
Bonds payable, net	$ -	$ 204,235	$ 4,885,150	$ 851,327	$ 11,980	$ 3,653	$ 463,577	$ -	$ 6,419,922	$ 5,925,721
Interest payable	-	1,592	53,280	1,909	30	10	3,106	-	59,927	49,320
Interest rate swap agreements	-	-	8,651	-	-	-	-	-	8,651	9,525
Net pension liability and OPEB	2,768	-	-	-	-	-	-	-	2,768	8,963
Accounts payable and other liabilities	10,838	36,725	98,389	49	-	-	4,895	51	150,947	102,773
Interfund payable (receivable)	997	-	(6,576)	-	-	-	5,055	524	-	-
Funds held for others	85,198	-	-	-	-	(360)	-	18	84,856	82,545
Lease Liability	3,115	-	-	-	-	-	-	-	3,115	4,579
Subscription Liability	6	-	1,361	-	-	-	-	-	1,367	1,792
Total liabilities	102,922	242,552	5,040,255	853,285	12,010	3,303	476,633	593	6,731,553	6,185,218
Deferred Inflows of Resources										
Deferred gain on interest rate swap agreements	-	-	36,695	-	-	-	-	-	36,695	30,308
Deferred revenue-service release fee	-	-	15,524	2,880	-	-	-	-	18,404	19,495
Deferred discount loan interest	-	-	202	-	-	-	-	-	202	46
Deferred pension credit	9,040	-	-	-	-	-	-	-	9,040	6,623
Total deferred inflows of resources	9,040	-	52,421	2,880	-	-	-	-	64,341	56,472
Total liabilities and deferred inflows of resources	$ 111,962	$ 242,552	$ 5,092,676	$ 856,165	$ 12,010	$ 3,303	$ 476,633	$ 593	$ 6,795,894	$ 6,241,690
Commitments and contingencies										
Net Position										
Restricted by bond resolution	-	127,545	373,882	21,301	2,772	-	-	-	525,500	468,078
Restricted by covenant	10,430	-	662,942	-	-	-	-	-	673,372	611,556
Restricted by law	-	-	-	-	-	-	1,260,119	27,679	1,287,798	1,344,933
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	(344,703)
Unrestricted by bond resolution	-	(3,593)	(242,523)	(42,412)	-	-	(360,801)	-	(649,329)	(255,901)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	(16,929)	(380)	(17,309)	(11,168)
Net Investment in Capital Assets	858	-	(9)	-	-	-	-	595	1,444	1,054
Total net position	11,288	123,952	794,292	(21,111)	2,772	-	882,389	27,894	1,821,476	1,813,849
Total liabilities, deferred inflows of resources, and net position	$ 123,250	$ 366,504	$ 5,886,968	$ 835,054	$ 14,782	$ 3,303	$ 1,359,022	$ 28,487	$ 8,617,370	$ 8,055,539
	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the three-month period ended September, 2025 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 those funds for the three-month period ended September 30, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

UNAUDITED

Minnesota Housing Finance Agency
Fund Financial Statements - UNAUDITED
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
Proprietary Funds
Three Months Ended September 30, 2025 (with comparative totals for Three Months Ended September 30, 2024)

	Bond Funds						Appropriated Funds			
	General Reserve	Rental Housing	Resi-dential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	State Appro-priated	Federal Appro-priated	Total for the Three Months Ended September 30, 2025	Total for the Three Months Ended September 30, 2024
Opearating Revenue										
Interest earned on loans	$ -	$ 3,450	$ 7,408	$ -	$ 136	$ -	$ 354	$ 2	$ 11,350	$ 10,371
Interest earned on investments-program mortgage-backed securities	-	-	56,818	7,432	-	-	-	-	64,250	51,088
Appropriations received	-	-	-	-	-	-	112,922	82,910	195,832	367,467
Administrative reimbursement	15,594	-	-	-	-	-	-	-	15,594	14,397
Fees earned and other income	3,931	11	1,648	216	-	-	1,483	-	7,289	7,374
Total operating revenues	19,525	3,461	65,874	7,648	136	-	114,759	82,912	294,315	450,697
Operating Expenses										
Loan administration and trustee fees	-	27	931	73	1	-	31	-	1,063	1,125
Administrative reimbursement	-	603	9,088	1,412	22	-	4,009	460	15,594	12,189
Salaries and benefits	11,192	-	-	-	-	-	-	-	11,192	9,739
Other general operating	1,955	2	277	4	-	-	146	26	2,410	3,053
Appropriations disbursed	-	-	-	-	-	-	18,410	80,458	98,868	126,395
Reduction in carrying value of certain low interest	-	-	-	-	-		-	-	-	-
rate deferred loans	-	(6)	(4,479)	-	-	-	21,913	8,243	25,671	34,259
Provision for loan losses	-	324	885	-	-	-	97	-	1,306	2,898
									-	
Total operating expenses	13,147	950	6,702	1,489	23	-	44,606	89,187	156,104	189,658
Operating income (loss)	6,378	2,511	59,172	6,159	113	-	70,153	(6,275)	138,211	261,039
Nonoperating Revenues (Expenses)										
Interest earned on investments-other	296	353	6,169	422	24	29	13,105	349	20,747	25,802
Appropriations received	-	-	-	-	-	-	38,057	-	38,057	37,053
Net appreciation/depreciation in fair value on investments	-	81	27,175	10,340	-	-	-	-	37,596	156,284
Interest	(44)	(2,406)	(48,994)	(5,768)	(90)	(29)	(3,687)	-	(61,018)	(51,939)
Financing, net	-	-	(1,560)	-	-	-	-	-	(1,560)	(6,286)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-
									-	-
									-	-
Total Nonoperating Revenues (Expenses)	252	(1,972)	(17,210)	4,994	(66)	-	47,475	349	33,822	160,914
Income (Loss) Before Transfers and Contributions	6,630	539	41,962	11,153	47	-	117,628	(5,926)	172,033	421,953
Other changes										
Non-operating transfer of assets and program contributions between funds	(6,473)	-	6,473	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-
Change in net position	157	539	48,435	11,153	47	-	117,628	(5,926)	172,033	421,953
Net Position										
Total net position, Beginning as presviously reported	11,131	123,413	745,857	(32,264)	2,725		764,761	33,820	1,649,443	1,391,896
Total net position, end of period	$ 11,288	$ 123,952	$ 794,292	$ (21,111)	$ 2,772	$ -	$ 882,389	$ 27,894	$ 1,821,476	$ 1,813,849

This information on the funds of the Agency for the three-month period ended September 30, 2025 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 those funds for the three-month period ended September 30, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

See accompanying notes to financial statements.

UNAUDITED

Minnesota Housing Finance Agency
Supplementary Information(Unaudited)
Statement of Net Position (in thousands)
General Reserve & Bond Funds
As of September 30, 2025 (with comparative totals for September 30, 2024)

	Bond Funds							General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2025	General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2024	Residential Housing Finance Pool 3 Total As Of September 30, 2025	General Reserve & Bond Funds Total As Of September 30, 2025	General Reserve & Bond Funds Total As Of September 30, 2024
	General Reserve	Rental Housing	Residential Housing Finance Bonds	Residential Housing Finance Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]					
Assets												
Cash and cash equivalents	$ 94,188	$ 66,485	$ 289,918	$ 151,348	$ 45,760	$ 2,389	$ -	$ 650,088	$ 731,612	$ 43,784	$ 693,872	$ 740,058
Investments-program mortgage-backed securities	-	-	4,436,101	-	786,553	-	-	5,222,654	4,573,762	-	5,222,654	4,573,762
Investment securities-other	15,110	17,177	2,660	29,488	-	-	3,293	67,728	96,690	1,355	69,083	98,082
Loans receivable, net	-	281,418	227,511	504,964	-	12,340	-	1,026,233	928,631	126,475	1,152,708	1,062,035
Interest receivable on loans and program mortgage-backed securities	-	1,137	20,854	2,018	2,592	45	-	26,646	22,421	35	26,681	22,459
Interest receivable on investments	339	282	1,082	713	137	8	10	2,571	3,363	152	2,723	3,398
Interest rate swap agreements	-	-	36,695	-	-	-	-	36,695	30,308	-	36,695	30,308
FHA/VA insurance claims, net	-	-	20	-	-	-	-	20	-	-	20	-
Real estate owned, net	-	-	325	(94)	-	-	-	231	553	-	231	553
Capital assets, net	3,979	-	-	1,352	-	-	-	5,331	7,333	-	5,331	7,333
Other assets	2,570	5	476	1,080	12	-	-	4,143	5,476	5	4,148	5,493
Total assets	116,186	366,504	5,015,642	690,869	835,054	14,782	3,303	7,042,340	6,400,149	171,806	7,214,146	6,543,481
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	8,651	-	-	-	-	8,651	9,525	-	8,651	9,525
Deferred pension expense	7,064	-	-	-	-	-	-	7,064	8,421	-	7,064	8,421
Total deferred outflows of resources	7,064	-	8,651	-	-	-	-	15,715	17,946	-	15,715	17,946
Total assets and deferred outflows of resources	$ 123,250	$ 366,504	$ 5,024,293	$ 690,869	$ 835,054	$ 14,782	$ 3,303	$ 7,058,055	$ 6,418,095	$ 171,806	$ 7,229,861	$ 6,561,427
Liabilities												
Bonds payable, net	$ -	$ 204,235	$ 4,779,379	$ 105,771	$ 851,327	$ 11,980	$ 3,653	$ 5,956,345	$ 5,437,531	$ -	$ 5,956,345	$ 5,437,531
Interest payable	-	1,592	52,279	1,001	1,909	30	10	56,821	46,151	-	56,821	46,151
Interest rate swap agreements	-	-	8,651	-	-	-	-	8,651	9,525	-	8,651	9,525
Net pension liability and OPEB	2,768	-	-	-	-	-	-	2,768	8,963	-	2,768	8,963
Accounts payable and other liabilities	10,838	36,725	1,412	96,970	49	-	-	145,994	97,761	7	146,001	97,849
Interfund payable (receivable)	997	-	(13)	(6,563)	-	-	-	(5,579)	15,488	-	(5,579)	(8,665)
Funds held for others	85,198	-	-	-	-	-	(360)	84,838	82,535	-	84,838	82,535
Lease Liability	3,115	-	-	-	-	-	-	3,115	4,579	-	3,115	4,579
Subscription Liability	6	-	-	1,361	-	-	-	1,367	1,792	-	1,367	1,792
Total liabilities	102,922	242,552	4,841,708	198,540	853,285	12,010	3,303	6,254,320	5,704,325	7	6,254,327	5,680,260
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	36,695	-	-	-	-	36,695	30,308	-	36,695	30,308
Deferred revenue-service release fee	-	-	14,531	993	2,880	-	-	18,404	19,495	-	18,404	19,495
Deferred discount loan interest	-	-	-	202	-	-	-	202	46	-	202	46
Deferred pension credit	9,040	-	-	-	-	-	-	9,040	6,623	-	9,040	6,623
Total deferred inflows of resources	9,040	-	51,226	1,195	2,880	-	-	64,341	56,472	-	64,341	56,472
Total liabilities and deferred inflows of resources	$ 111,962	$ 242,552	$ 4,892,934	$ 199,735	$ 856,165	$ 12,010	$ 3,303	$ 6,318,661	$ 5,760,797	$ 7	$ 6,318,668	$ 5,736,732
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	127,545	373,882	-	21,301	2,772	-	525,500	468,078	-	525,500	468,078
Restricted by covenant	10,430	-	-	491,143	-	-	-	501,573	444,159	171,799	673,372	611,556
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by bond resolution	-	(3,593)	(242,523)	-	(42,412)	-	-	(288,528)	(255,901)	-	(288,528)	(255,901)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	858	-	-	(9)	-	-	-	849	962	-	849	962
Total net position	11,288	123,952	131,359	491,134	(21,111)	2,772	-	739,394	657,298	171,799	911,193	824,695
Total liabilities, deferred inflows, and net position	$ 123,250	$ 366,504	$ 5,024,293	$ 690,869	$ 835,054	$ 14,782	$ 3,303	$ 7,058,055	$ 6,418,095	$ 171,806	$ 7,229,861	$ 6,561,427
	-	-	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the three-month period ended September 30, 2025 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 those funds for the three-month period ended September 30, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

See accompanying notes to financial statements.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve & Bond Funds
Three Months Ended September 30, 2025 (with comparative totals for the two months ended September 30, 2024)

	Bond Funds							General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended	General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended	Residential Housing Finance Pool 3 Total for Three Months Ended	General Reserve & Bond Funds Total for Three Months Ended	General Reserve & Bond Funds Total for Three Months Ended
	General Reserve	Rental Housing	Residential Housing Finance Bonds	Residential Housing Finance Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2025	September 30, 2024
Operating revenues												
Interest earned on loans	$ -	3,450	$ 2,111	$ 5,247	$ -	$ 136	$ -	$ 10,944	$ 10,205	$ 50	10,994	$ 10,250
Interest earned on investments-program mortgage-backed securities	-	-	56,818	-	7,432	-	-	64,250	51,088	-	64,250	51,088
Appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Administrative reimbursement	15,594	-	-	-	-	-	-	15,594	14,397	-	15,594	14,397
Fees earned and other income	3,931	11	966	632	216	-	-	5,756	5,096	50	5,806	5,146
Total operating revenues	19,525	3,461	59,895	5,879	7,648	136	-	96,544	80,786	100	96,644	80,881
Operating expenses												
Loan administration and trustee fees	-	27	523	400	73	1	-	1,024	1,084	8	1,032	1,092
Administrative reimbursement	-	603	7,642	991	1,412	22	-	10,670	8,849	455	11,125	9,280
Salaries and benefits	11,192	-	-	-	-	-	-	11,192	9,739	-	11,192	9,739
Other general operating	1,955	2	25	207	4	-	-	2,193	2,123	45	2,238	2,849
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-	-
Reduction in carrying value of certain low interest		-	-	-						-	-	-
rate deferred loans	-	(6)	(20)	(99)	-	-	-	(125)	1,109	(4,360)	(4,485)	2,273
Provision for loan losses	-	324	(36)	750	-	-	-	1,038	2,634	171	1,209	2,812
Total operating expenses	13,147	950	8,134	2,249	1,489	23	-	25,992	25,538	(3,681)	22,311	28,045
Operating income (loss)	6,378	2,511	51,761	3,630	6,159	113	-	70,552	55,248	3,781	74,333	52,836
Nonoperating Revenues (Expenses)												
											-	-
Interest earned on investments-other	296	353	3,440	2,293	422	24	29	6,857	8,887	436	7,293	9,079
Appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Net appreciation/depreciation in fair value on investments	-	81	27,035	136	10,340	-	-	37,592	154,259	4	37,596	154,310
Interest	(44)	(2,406)	(47,650)	(1,344)	(5,768)	(90)	(29)	(57,331)	(48,235)	-	(57,331)	(48,235)
Financing, net	-	-	(1,560)	-	-	-	-	(1,560)	(6,145)	-	(1,560)	(6,145)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-	-
	-	-			-	-	-	-	-		-	-
											-	-
Total Nonoperating Revenues (Expenses)	252	(1,972)	(18,735)	1,085	4,994	(66)	-	(14,442)	108,766	440	(14,002)	109,009
Income (Loss) Before Transfers and Contributions	6,630	539	33,026	4,715	11,153	47	-	56,110	164,014	4,221	60,331	161,845
Other changes												
Non-operating transfer of assets and program contributions between funds	(6,473)	-	-	6,473	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	1,964	(1,964)	-	-	-	-	-	-	-	-
Change in net position	157	539	34,990	9,224	11,153	47	-	56,110	164,014	4,221	60,331	161,845
Net Position												
Total net position, beginning of period	11,131	123,413	96,369	481,910	(32,264)	2,725	-	683,284	493,284	167,578	850,862	662,850
Total net position, end of period	$ 11,288	$ 123,952	$ 131,359	$ 491,134	$ (21,111)	$ 2,772	$ -	$ 739,394	$ 657,298	$ 171,799	$ 911,193	$ 824,695
	-	-			-	-	-			-		

This information on the funds of the Agency for the three-month period ended September 30, 2025 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 those funds for the three-month period ended September 30, 2025 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

See accompanying notes to financial statements.

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