



MEETINGS SCHEDULED FOR FEBRUARY

Date: 02/26/26, 1 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: 1.877.309.2074 Access Code: 306-609-643

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, February 26, 2026.

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: 02/26/2026, 1 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 January 22, 2026

5. Reports

- Chair
- Commissioner
- Committee

6. Consent Agenda

None.

7. Action Items

- A. (page 9) Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) – 3rd Avenue Flats, D8382, Dilworth
- B. (page 37) Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 B (3rd Avenue Flats)
- C. (page 133) Funding Modification, Workforce Housing Development Program (WHDP) – City of Mountain Lake, D8747, Mountain Lake
- D. (page 137) Commitment, Low and Moderate Income Rental (LMIR) Loan – Cobb Cook Place, D8694, Hibbing
- E. (page 161) Funding Modification, Publicly Owned Housing Program (POHP) – Woodland Park Apartments, D8678, International Falls
- F. (page 167) Approval, Extension and Funding Modification, Family Homeless Prevention and Assistance Program (FHPAP) 2024-25 Round 2

8. Discussion Items

- A. (page 173) 2025 Program Assessment Report

9. Information Items

- A. (page 219) First Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan

10. Other Business

None.

11. Adjournment



Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, January 22, 2026, at 1 p.m.

1. Call Attendance

Chair DeCramer called to order the regular meeting of the board of Minnesota Housing Finance Agency at 1:01 p.m.

2. Roll Call

Members present via hybrid: Auditor Julie Blaha, Eric Cooperstein, Chair John DeCramer, Stephanie Klinzing, and Terri Thao.

Minnesota Housing staff present via hybrid: Tom Anderson, Tal Anderson, Mariah Becerra, Abigail Behl, Ryan Baumtrog, Jennifer Bergmann, Susan Bergmann, Scott Beutel, Nick Boettcher, Laura Bolstad Grafstrom, Stacie Brooks, Cassandra Busch, Deran Cadotte, Alex Campbell, Matt Carlquist, Eric Chapin, Alex Curwick, Nicole DeMario, Renee Dickinson, Matt Dieveney, Hannah Dressen, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Shannon Fortune, Jessica Fowler, Rachel Franco, Terese Fritchman, Emily Fulton-Foley, Sara Gomoll, Zahra Hassan, John Hawkinson, Amanda Hedlund, Anne Heitlinger, Darryl Hennen, Kang Her, Elsa Hildebrandt, Adam Himmel, Jennifer Ho, Jon Holmseth, Sarah Huss, Summer Jefferson, Will Jensen-Kowski, Dylan Johnson, Karen Johnson, Jen Judas, Erin Karkula-Peterson, Tiffany Kibwota, Katey Kinley, Dan Kitzberger, Ken Knutson, Debbie Krajsa, Greg Krenz, Laurie Krivitz, Kristen Kvalsten, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee, James Lehnhoff, Ed LeTourneau, Joshua Love, Sarah Matala, Dylan Mato, Don McCabe, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Krissi Mills, Kelli Minnerath, Roger Moeller, Rudi Mohamed, Jon Moler, Kristen Mortenson, Gerald Narlock, Jennifer Nelson, Michael Nguyen, Andrew Orth, John Patterson, Kirby Pittman, Brian Pittmann, Andy Pratt, Rinal Ray, Annie Reiersen, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Lael Robertson, Rachel Robinson, Ken Rumbaugh, Dani Salus, Kayla Schuchman, Katie Seipel-Anderson, J'onice Smith, Meg Sorenson, Maria Steele, Rachael Sterling, Corey Strong, Kim Stuart, Jodell Swenson, Katherine Teiken, Susan Thompson, Monica Tucker, Nancy Urbanski, David Vang, Kayla Vang, Que Vang, Teresa Vaplon, Amanda Welliver, Bev Wilharm, and Alyssa Wetzell-Moore.

Others present via hybrid: Ramona Advani, Office of the State Auditor; Andrea Brennan, GMHF; Colleen Ebinger, Impact Strategies; Carla Godwin, PERIS Foundation; Hudda Ibrahim, City of St. Cloud;

Anne Mavity, Minnesota Housing Partnership; Tajir Rage, City of St. Cloud; and Ellen Sahli, Family Housing Fund.

3. Agenda Review

None.

4. Approval

A. Regular Meeting Minutes of December 18, 2025

Motion: Eric Cooperstein moved to approve the December 18, 2025, Regular Meeting Minutes. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0.

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 City Participation Program (MCP)

B. Approval, Resolution Modifications to the 2025-2027 Homeownership Education & Counseling Unified Request for Proposals (RFP) Selections

Motion: Auditor Blaha moved the Consent Agenda Items. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

7. Action Items

A. Approval, Funding Modification, Clare Housing, Housing Opportunities for People With AIDS (HOPWA) Grant

Deran Cadotte presented to the board a request for approval of a resolution authorizing a grant term extension through February 29, 2028, and funding modification of \$846,496.42 to the current Housing Opportunities for Persons With AIDS grant contract with Clare Housing. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Approval, Funding Modification, Clare Housing, Housing Opportunities for People With AIDS Grant Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

B. Approval, Amendment to the Housing Infrastructure Program Guide

Song Lee presented to the board a request for approval of amendments to the Housing Infrastructure Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Stephanie Klinzing moved Approval, Amendment to the Housing Infrastructure Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

C. Approval, Community Stabilization: Naturally Occurring Affordable Housing (NOAH) – Multifamily Rental Housing Selections

Bev Wilharm presented to the board a request for approval and adoption of the attached resolutions authorizing the selection of 11 applicants to the Community Stabilization: Naturally Occurring Affordable Housing Multifamily Rental Housing Program for further processing. If approved, the selection would allocate \$41,750,000 funded by state appropriations. Selections are subject to final underwriting, due diligence and the terms and conditions of the NOAH Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Approval, Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Selections. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

D. Funding Modification, Publicly Owned Housing Program (POHP) – Mt. Airy Hi-Rise, D8681, St. Paul

Bev Wilharm presented to the board a request for adoption of a resolution to increase the loan amount for Mt. Airy Hi-Rise by \$1,000,000, increasing the total POHP loan from \$6,482,900 to \$7,482,900. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Terri Thao moved Funding Modification, Publicly Owned Housing Program – Mt. Airy Hi-Rise, D8681, St. Paul. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

E. Approval, Modifications and Additions to Multifamily Division Board Delegations

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

Motion: Eric Cooperstein moved Approval, Modifications and Additions to Multifamily Division Board Delegations. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

8. Discussion Items

A. Climate Resilience and Housing Decarbonization Roadmap

Katherine Teiken provided the board with an overview of the proposed release of the Climate Resilience and Housing Decarbonization Roadmap.

B. Preservation Framework for the Targeted Stabilization of Regulated Affordable Housing

James Lehnhoff provided an overview of the Preservation Framework for the Targeted Stabilization of Regulated Affordable Housing.

9. Information Items

None.

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 3:12 p.m.

John DeCramer, Chair



Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - 3rd Avenue Flats, D8382, Dilworth

Action Item: 7.A
Date: 2/26/2026
Staff Contact: Adam Himmel, 651.539.9604, adam.himmel@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 \$1,687,000 and a BL in an amount of up to \$6,605,000 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 \$1,815,000; and
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$4,720,000.

Fiscal Impact:

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

Agency Priorities:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Improve the Housing System | <input checked="" type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services |
| | <input checked="" type="checkbox"/> Strengthen Communities |

Attachments:

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

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
Development Name	3 rd Avenue Flats	D#8382	M#19644
Address	1254 3 rd Avenue Northwest		
City	Dilworth	County	Clay
Date of Selection	12/19/2024	Region	West Central

A. Project Description and Population Served

- The development is the new construction of 44 units located in Dilworth. It is a three-story elevator building.
- The development will provide general occupancy and supportive housing for persons experiencing High Priority Homelessness (HPH) and Persons with Disabilities (PWD) households.
- Four units will serve HPH households and five units will serve PWD households.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP).
- Twelve units will be affordable to households at 30% of MTSP without rental assistance.
- Nine units will benefit from Housing Support income supplement.
- The project is anticipated to begin construction in spring 2026 and is anticipated to open for residents in summer 2027.

B. Mortgagor Information

Ownership Entity:	3rd Avenue Flats, LLC
Sponsor:	Commonwealth Holdings IV, LLC
General Partner/ Managing Member:	3rd Avenue Flats MM, LLC
Guarantor:	COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA

C. Development Team Capacity Review

The sponsor is Commonwealth Holdings IV, LLC and the developer is COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA. Staff has no concerns about the capacity of either entity.

The management company is MetroPlains Management, LLC. Staff has no concerns about the capacity of the management company.

The service provider, Lakes & Prairies Community Action Partnership, Inc., is experienced in serving HPH/PWD residents. Staff has no concerns about the capacity of the service provider.

M+A Design, Inc. is the architect and Project One Construction Inc. is the general contractor. Staff has no concerns about the capacity of either entity.

The developer, architect and general contractor each represent a Woman-owned Business Enterprise.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Amortizing	LMIR	TEB*	\$1,815,000	Bond rate +1% not to exceed 6.625%	n/a	Approx 24 mos. (construction) +40 yrs.	40-year	Construction to Permanent
Bridge	BL	TEB*/ Tax-able Bonds	\$4,720,000	Bond Rate + 1.0%	n/a	Approx. 20 mos. (construction)	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% HTC.
- 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 6.625%. The rate is subject to being reset at the then market rates if the loan does not close by July 31, 2026.
- The BL will be funded by a combination of both tax-exempt and taxable bonds. Approximately \$2,960,000 of the BL will be funded with tax-exempt bonds and approximately \$1,760,000 will be funded with taxable bonds. The BL will be structured as one loan with two notes.

- The interest rate on the BL will be based on the actual rate of the bonds plus 1.0% spread. The estimated rates of 4.50% for the tax-exempt portion and 5.25% for the taxable portion have been confirmed with the Finance Department and include 50 bps of cushion to absorb market movement between now and bond pricing.

The development was also selected for an Economic Development Housing Challenge (EDHC) program loan in the amount of \$9,800,000 under Resolution No. MHFA 24-082 at the December 19, 2024, board meeting. There are no changes to the EDHC loan, and the loan does not require additional board action. The project also includes 4% Housing Tax Credits (HTCs) from Minnesota Housing.

Amortizing Mortgage Loan to Cost: 11%

Amortizing Mortgage Loan to Value: TBD*

*Subject to confirmation by appraisal prior to closing. The maximum allowable loan to value is 90%.

E. Significant Changes Since Date of Selection

- Ability to use the 25% test instead of 50% bond test has had a direct impact on conserving Agency volume cap, while simultaneously saving the project considerable interest expense and bond fees.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	\$ 741,000	\$ 16,841
Construction Costs	\$ 12,332,774	\$ 280,290
Professional Fees	\$ 919,641	\$ 20,901
Developer Fee	\$ 1,197,800	\$ 27,223
Syndicator/Investor Fees	\$ 82,000	\$ 1,864
Financing Costs	\$ 1,282,592	\$ 29,150
Total Mortgageable Costs	\$ 16,555,807	\$ 376,268
Reserves	\$ 283,150	\$ 6,435
Total Development Cost	\$ 16,838,957	\$ 382,704

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

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 1,815,000	\$ 41,250

Description	Amount	Per Unit
HTC Equity Proceeds (Cinnaire)	\$ 4,970,564	\$ 112,967
Minnesota Housing EDHC	\$ 9,800,000	\$ 222,727
Rebates	\$ 26,300	\$ 598
Deferred Developer Fee	\$ 227,093	\$ 5,161
Total Permanent Financing	\$ 16,838,957	\$ 382,704

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

C. Financing Structure

- The development will qualify for approximately \$607,338 of annual, 4% HTCs, which will result in equity proceeds from Cinnaire. The term of the Land Use Restrictive Agreement will be 50 years.
- HTC equity will be bridged by the Minnesota Housing BL.

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.

The budgeted total development cost (TDC) per unit of \$382,703 is 0.11% above the predictive cost model estimate of \$382,267. Because the percentage is within the predictive cost model threshold of 25% for new construction or 35% for preservation and adaptive reuse developments as permitted in Board Policy No. 15, no further action is required.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1 BR	2	\$ 567	30% MTSP	30% MTSP	Housing Support
1 BR	1	\$ 937	30% MTSP	30% MTSP	Housing Support
1 BR	3	\$ 507	30% MTSP	30% MTSP	

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1 BR	5	\$ 810	50% MTSP	50% MTSP	
2 BR	4	\$ 914	30% MTSP	30% MTSP	Housing Support
2 BR	11	\$ 910	50% MTSP	50% MTSP	
2 BR	7	\$ 975	60% MTSP	60% MTSP	
3 BR	2	\$ 889	30% MTSP	30% MTSP	Housing Support
3 BR	1	\$ 1,042	50% MTSP	50% MTSP	
3 BR	4	\$ 1,232	60% MTSP	60% MTSP	
4 BR	2	\$ 1,262	50% MTSP	50% MTSP	
4 BR	2	\$ 1,362	60% MTSP	60% MTSP	

*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 1.17.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- Nine units will be assisted with Housing Support income supplement through Clay County, with contract renewals occurring annually. Per project scoring the rental assistance will be maintained for a minimum of 15 years.

Map of 1254 3rd Avenue Northwest, Dilworth, MN 56529



Picture of 1254 3rd Avenue Northwest, Dilworth, MN 56529



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

RESOLUTION NO. MHFA 26-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: 3rd Avenue Flats
Sponsors: Commonwealth Holdings IV, LLC
Guarantors: COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA
Location of Development: Dilworth, MN
Number of Units: 44
Amount of LMIR Mortgage: \$1,815,000
(not to exceed)
Amount of BL: \$4,720,000
(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 \$1,687,000 and Bridge Loan in the amount of \$6,605,000 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 construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the proceeds of Rental

Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on July 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 \$1,815,000; 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 6.625% (subject to change, as set forth in the attached Agency amended and restated term letter dated January 23, 2026); and
5. Interest-only payments will be payable monthly during the approximately 24-month construction period, after which the loan will commence monthly principal and interest payments over the remaining 40-year term (based on a 40-year amortization); and
6. The term of the permanent LMIR loan shall be 40 years and the construction period shall not exceed 24 months; and
7. The amount of the BL shall not exceed \$4,720,000; and
8. 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 24 months after closing; and
9. The BL commitment shall be entered into on or before July 31, 2026, and shall have a six-month term; and
10. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
11. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
12. The 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
13. 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
14. 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 26th day of February 2026

CHAIR

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January 27, 2026

3rd Avenue Flats LLC
C/O Commonwealth Holdings IV, LLC
24 South Brooke St
Fond du Lac, WI 54935

RE: Term Letter
3rd Avenue Flats, Dilworth
Development #D8382, Project #M19644

Dear Kristi Morgan:

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: 3rd Avenue Flats LLC

General Partner(s) 3rd Avenue Flats MM LLC
Managing Member(s):

Development New construction of a 44-unit affordable housing development
Description/Purpose: located in Dilworth, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) / Tax-exempt Bond Funded*	Bridge Loan / Tax-exempt Bond Funded*	Bridge Loan / Taxable Bond Funded	Economic Development Housing Challenge (EDHC)
Loan Amount	\$1,815,000	\$2,960,000	\$1,760,000	\$9,800,000
Interest Rate	6.625%**	Bond financing rate plus 1.0%	Bond financing rate plus 1.0%	0%
Mortgage Insurance Premium (%)	None	Not Applicable	Not Applicable	Not Applicable
Term	Approx. 24 months (construction) + 40 years	Approximately 24 months	Approximately 24 months	Approx. 24 months (construction) + 40 years
Amortization / Repayment	Interest only during construction based on the full amount of the loan; then amortizing 40 years	Interest only during term based on the full amount of the loan	Interest only during term based on the full amount of the loan	Deferred lump sum payment due in approx. 24 months (construction) + 40 years.
Prepayment Provision	No prepayment first 10 years from date of the Note.	No prepayment earlier than six months prior to Bond Maturity.	No prepayment earlier than six months prior to Bond Maturity.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Recourse	Recourse	Nonrecourse
Construction to Permanent Loan, Construction Bridge Loan or End Loan	Construction to Permanent Loan	Construction Bridge Loan	Construction Bridge Loan	Construction to Permanent Loan
Lien Priority	First (second during construction period)	First (during construction period)	First (during construction period)	Second (third 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 6.625% in consultation with the Finance Division. The maximum rate is subject to being reset at the then market rates if the loan does not close by July 31, 2026 at Minnesota Housing's sole discretion.

Origination Fees:	<ul style="list-style-type: none">• LMIR Loan: \$36,300• Bond-funded Bridge Loan: \$23,600 (payable at the earlier of loan commitment or loan closing)
Bond Issuance Fee	\$153,550 (payable at the earlier of loan commitment or loan closing)
Construction Oversight Fee:	\$75,000 (payable at loan closing)
Guarantee / Guarantor(s):	<ul style="list-style-type: none">• Bridge Loan: Completion, Repayment and Operations Guarantee from COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA• LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA
Operating Deficit Escrow Reserve Account:	\$54,450 to be funded on the day of closing of the LMIR 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 \$222,161 funded at closing from the syndicator's first equity installment. The account will be held by Minnesota Housing.
Replacement Reserve Cost Account:	Monthly deposits will be required in the amount of \$1,650. The account will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established after completion of construction (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:	<u>LMIR:</u> <ul style="list-style-type: none">• 44 units restricted as follows:<ul style="list-style-type: none">○ 18 units with rents and incomes not exceeding 60% MTSP○ 11 units may have unrestricted incomes○ 15 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by United States Department of Housing and Urban Development (HUD)

- Commitment to affordability in effect while the loan is outstanding.

EDHC:

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

HAP or Other Subsidy Agreement:	Commitment to construction period plus 15 years of affordability from the date of loan closing under the Housing Support Program for nine units.
Other Occupancy Requirements:	None
Other Requirements:	The EDHC loan is subject to the terms in the attached Selection Criteria.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire on the earlier of July 31, 2026 or loan closing/end loan commitment.
Additional Terms:	None
Other Conditions:	None
Board Approval:	Commitment of the loans under the LMIR program and Bridge Loans are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.
Not a Binding Contract:	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return 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 Adam Himmel at 651.539.9604 or by e-mail at Adam.Himmel@state.mn.us.

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

Sincerely,



James Leinhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

3RD AVENUE FLATS LLC

By:



Kristi Morgan

Date Accepted: 2/3/26

Selection Criteria Related to 2024 RFP/2025 HTC Round 1

Project Name: 3rd Avenue Flats

Project City: Dilworth

Property Number (D#): D8382

Project Number: M19644

Deeper Rent Targeting A

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit.	At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit.	<u>1</u>

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)
At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard as determined by the responsible entity in the jurisdiction. The units must be evenly distributed by bedroom type.	At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard as determined by the responsible entity in the jurisdiction. The units must be evenly distributed by bedroom type.	<u>2</u>

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.

Large Family Housing

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	<u>22</u> 2 Bedrooms Units <u>7</u> 3 Bedrooms Units <u>4</u> 4 Bedrooms Units <u>0</u> 5 Bedrooms Units <u>0</u> 6 Bedrooms

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 project will provide family housing that is not restricted to persons 55 years or older in which at least 75% of the affordable units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. The Owner agrees to market to families with minor children.

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.

Large Family Housing - 1/3 Units Four or More Bedrooms

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	<u>4</u> 4 Bedrooms Units <u>0</u> 5 Bedrooms Units <u>0</u> 6 Bedrooms Units

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 project will provide family housing that is not restricted to persons 55 years or older in which at least one-third of the required three or more bedrooms contain four or more bedrooms.

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.

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
5% to 9.99% of the total units, but no fewer than 4 units	<u>7</u>	5% to 9.99% of the total units, but no fewer than 4 units	<u>7</u>	<u>4</u>

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)
10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	<u>5</u>

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.

Rental Assistance

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
20.1% but under 51% of the total units	<u>13</u>	20.1% but under 51% of the total units	<u>13</u>	<u>9</u>

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. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

The owner will be required to continue renewals of project-based housing subsidy payments for a minimum of 15 years. The owner must continue renewals of existing project-based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 15-year period if rental assistance is not available for the full period. The 15-year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income except as approved by Minnesota Housing. The project must comply

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.

Rental Assistance units cannot be used to satisfy Preservation or Serves Lowest Income Unit criteria; 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 deferred loan Declaration and/or LURA.

Rental Assistance – Further Restricted Rental Assisted Units (FRR)

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
15.1% to 25% of the total units	<u>4</u>	15.1% to 25% of the total units	<u>4</u>	<u>9</u>

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. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

Owner agrees to further restrict units with project-based rental assistance or Housing Support to households whose incomes do not exceed 30% of MTSP income limit for a 10-year period. The 10-year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Senior Housing – 30% income restricted units and the units satisfying the Rental Assistance Further Restricting criterion 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 10-year period.

Serves Lowest Income Tenants/Rent Reduction

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
50% of the total unit rents at 50% MTSP	<u>8</u>	50% of the total unit rents at 50% MTSP	<u>8</u>	<u>22</u>

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.

The project must not exceed the gross rent levels for the term deferred loan Declaration and/or LURA. The period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

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criterion; units must be separate and distinct. The owner will be required to certify on an annual basis that the rent restrictions are in compliance.

Serves Lowest Income Tenants/Rent Reduction – 30% Further Restriction

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
5% to 9.99% of the total units	<u>4</u>	5% to 9.99% of the total units	<u>4</u>	<u>3</u>

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.

The project must not exceed the 30% MTSP gross rent limits for the term of the deferred Loan Declaration/LURA. The period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Units that have rental assistance cannot be used to satisfy the Serves Lowest Income Tenants/Rent Reduction criterion; units must be separate and distinct. The owner will be required to certify on an annual basis that the rent restrictions are in compliance.

Long Term Affordability

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

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 1 Tracts or Cities, and Reservations	<u>10</u>	Tier 1 Tracts or Cities, and Reservations	<u>10</u>

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	<u>6</u>	Top Job Center or Net Five	<u>6</u>

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.	<u>7</u>	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.	<u>7</u>

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 between 30 and 49	<u>1</u>	Walk Score between 30 and 49	<u>1</u>

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	<u>3</u>		<u>0</u>

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	<u>6</u>	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	<u>6</u>

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	<u>4</u>	Communities that have not received an award or allocation for the last five years	<u>4</u>

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 for-profit Women-owned Business Enterprise	<u>5</u>	Owner for-profit Women-owned Business Enterprise	<u>5</u>

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.

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	<u>4</u>	Two or more entities are Women-owned Business Enterprises or a combination of Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	<u>4</u>

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
1.51% to 3.0% of funding secured	<u>4</u>	1.51% to 3.0% of funding secured	<u>4</u>

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.

Intermediary Costs

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
15.1 to 20%	<u>3</u>	15.1 to 20%	<u>3</u>

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.

Universal Design

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with an elevator	<u>3</u>	Buildings with an elevator	<u>3</u>	<u>44</u> Elevator Building Units

Loan/HTC Commitment and Compliance Monitoring

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Smoke Free Buildings	<u>1</u>	Smoke Free Buildings	<u>1</u>

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	<u>2</u>	Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	<u>2</u>

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 4: Project will be certified by at least one alternative building performance pathways	<u>4</u>	Tier 4: Project will be certified by at least one alternative building performance pathways	<u>4</u>

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: 135 **Total Agency Awarded:** 132

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Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 B (3rd Avenue Flats)

Action Item: 7.B
Date: 2/26/2026
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 to finance construction of 3rd Avenue Flats, a 44-unit multifamily development in Dilworth, MN. The bonds will be issued in three series. The short-term bridge lending will be funded by a combination of tax-exempt and taxable bonds. A long-term permanent Low and Moderate Income Rental (LMIR) loan will be funded by tax-exempt bonds. The Agency anticipates to price and issue the bonds described in the attached Preliminary Official Statement in April 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

- | | |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
| | <input type="checkbox"/> Strengthen Communities |

Attachments

- Resolution
- Preliminary Official Statement

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.



\$ _____ *

MINNESOTA HOUSING FINANCE AGENCY

\$ _____ * **Rental Housing Bonds, 2026 Series B-1 (Non-AMT)**
\$ _____ * **Rental Housing Bonds, 2026 Series B-2 (Non-AMT)**
\$ _____ * **Rental Housing Bonds, 2026 Series B-3 (Taxable)**

Dated: Date of Delivery

Due: as shown on inside front cover

Tax Exemption

Interest on the 2026 Series B-1 Bonds and the 2026 Series B-2 Bonds (together, the "Tax-Exempt Series Bonds") is excludable from gross income for federal income tax purposes, except for interest on any Tax-Exempt Series Bond for any period during which such Tax-Exempt 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 Tax-Exempt Series Bonds is excludable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the 2026 Series B-3 Bonds (the "Taxable 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 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 B-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 August 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.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES***\$ _____ 2026 Series B-1 Bonds**

\$ _____ % Series B-1 Term Bonds Due August 1, 2036 (CUSIP [†])
 \$ _____ % Series B-1 Term Bonds Due August 1, 2046 (CUSIP [†])
 \$ _____ % Series B-1 Term Bonds Due August 1, 2056 (CUSIP [†])
 \$ _____ % Series B-1 Term Bonds Due August 1, 2062 (CUSIP [†])

\$ _____ 2026 Series B-2 Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>[†]
August 1, 2027	\$ _____	_____ %	

\$ _____ 2026 Series B-3 Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>[†]
August 1, 2027	\$ _____	_____ %	

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.

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OFFICIAL STATEMENT

relating to

\$ _____ *

MINNESOTA HOUSING FINANCE AGENCY

\$ _____ * **Rental Housing Bonds, 2026 Series B-1 (Non-AMT)**

\$ _____ * **Rental Housing Bonds, 2026 Series B-2 (Non-AMT)**

\$ _____ * **Rental Housing Bonds, 2026 Series B-3 (Taxable)**

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 B-1 in the principal amount of \$ _____* (the “Series B-1 Bonds”), its Rental Housing Bonds, 2026 Series B-2 in the principal amount of \$ _____* (the “Series B-2 Bonds”), and its Rental Housing Bonds, 2026 Series B-3 (Taxable) in the principal amount of \$ _____* (the “Series A-3 Bonds” and together with the Series B-1 Bonds and the Series B-2 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 _____, 2026 (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 \$204,235,000 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 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

*Preliminary, subject to change.

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

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

The Agency intends to use the proceeds of the Series Bonds for the following purposes: (i) proceeds of the Series B-1 Bonds will be used primarily to fund a long-term first lien mortgage loan, and (ii) proceeds of the Series B-2 Bonds and the Series B-3 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 Dilworth, 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 expired January 2026*, Plymouth, Minnesota – Banker

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

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

Staff

The staff of the Agency presently consists of approximately 331 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.

Maria Steele — Executive Finance Officer appointed effective February 2026. Prior to joining the Agency, Ms. Steele was Chief Financial Officer at the Teachers Retirement Association (TRA) from July 2021 to January 2026. Prior to TRA, she was the Judicial Accounting Manager II for the State of Minnesota from September 2012 through July 2021. She was an Accounting Manager at private organizations before working for the State of Minnesota. Ms. Steele has also held various other accounting positions of increasing responsibility for private organizations and nonprofits. Ms. Steele holds a Bachelor of Science degree with a major in Accounting from Cardinal Stritch University.

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.

General Counsel (Vacant) — The Agency's former General Counsel, Irene Kao, submitted her resignation effective December 2025. The Agency is currently engaged in a search for her replacement.

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 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 \$0.238 million. The Agency’s total net pension liability and post-employment benefits liability was \$2.768 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 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):

	Three months Ended September 30, 2025 <u>(unaudited)</u>	Fiscal Year Ended <u>June 30, 2025</u>	Fiscal Year Ended <u>June 30, 2024</u>
Operating revenues			
Fees earned and other income ⁽¹⁾	\$ 3,931	\$18,650	\$16,673
Administrative reimbursement ^{(2), (3)}	<u>15,594</u>	<u>62,238</u>	<u>53,341</u>
Total operating revenues	19,525	80,888	70,014
Operating expenses			
Salaries and benefits	11,192	42,334	40,708
Other general operating expenses	<u>1,955</u>	<u>8,814</u>	<u>6,058</u>
Total operating expenses	13,147	51,148	46,766
Operating income (loss)	6,378	29,740	23,248
Nonoperating revenues (expenses)			
Interest earned on investments other	296	1,170	1,219
Interest	<u>(44)</u>	<u>(223)</u>	<u>(297)</u>
Total nonoperating revenues (expenses)	252	947	922
Income (loss) before transfers and contributions	6,630	30,687	24,170
Non-operating transfer of assets and program contributions between funds ⁽⁴⁾	(6,473)	(27,394)	(23,328)
Non-operating expenses	<u>-----</u>	<u>(2,494)</u>	<u>-----</u>
Change in net position	157	799	842
Net position beginning of period	<u>11,131</u>	<u>10,332</u>	<u>9,490</u>
Net position end of period	<u>\$11,288</u>	<u>\$11,131</u>	<u>\$10,332</u>

-
- (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:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	24	2067	\$ 205,195	\$ 204,235
Residential Housing Finance Bonds.....	114	2056	6,381,450	4,714,165
Homeownership Finance Bonds.....	59	2052	2,674,572	851,327
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	11,980
General Purpose Bonds.....	1	2039	60,000	57,170
Totals.....	199		\$9,336,217	\$5,838,877

*Does not include series of bonds or the original principal amount of any bonds that had been, as of September 30, 2025, defeased or paid in full, whether at maturity or earlier redemption.

On October 16, 2025, the Agency issued its Residential Housing Finance Bonds, 2025 Series K, 2025 Series L, 2025 Series M, and 2025 Series N in the respective aggregate principal amounts of \$11,375,000, \$77,020,000, \$51,605,000, and \$35,000,000. On February 4, 2026, the Agency sold its Residential Housing Finance Bonds, 2026 Series B, 2026 Series B, and 2026 Series C in the respective aggregate principal amounts of \$87,955,000, \$52,045,000, and \$35,000,000 for delivery on March 5, 2026. On February 10, 2026, the Agency sold its Residential Housing Finance Bonds, 2026 Series D and 2026 Series E in the respective principal amounts of \$50,000,000 and \$25,000,000 for delivery on March 12, 2026. On February 19, 2026, the Agency sold its Rental Housing Bonds, 2026 Series A in the principal amount of \$ _____. The Agency expects to sell and issue additional Residential Housing Finance Bonds and Rental Housing Bonds in ____ of 2026.

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 \$615,000,000. The Agency has issued 35 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2025 in an aggregate principal amount of \$561,090,000 under a separate indenture of trust.

On December 23, 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 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 \$1,433,384,999, \$52,080,901 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 B-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series B-2 Bonds and the Series B-3 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 3rd Avenue Flats, will be the acquisition and construction of a ___-story building, located in Dilworth, Minnesota. The Development will have 44 residential units. The total development cost is estimated to be approximately \$16.838 million. The Development is expected to be completed by _____. The Development will be acquired and constructed by 3rd Avenue Flats, LLC, a Minnesota limited liability company.

The Agency expects to use the proceeds of the Series B-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 \$1.815 million* will be amortized in level monthly payments of principal and interest, commencing on _____ 1, 2027,* over a term of 35 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 B-2 Bonds and the Series B-3 Bonds to be deposited in the Mortgage Loan Account to make two non-amortizing second lien bridge Mortgage Loans with respect to the Development on the date of issuance of

*Preliminary, subject to change.

the Series Bonds. Those bridge Mortgage Loans, in the aggregate total principal amount of \$4.720 million, * will mature in full on _____ 1, 2027.* The bridge Mortgage Loans are expected to be repaid 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 [20]-year term, provided by _____, Minnesota.]

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.....	<u>\$_____.</u>

Uses:

Seroes B Mortgage Loan Account	\$____,000*
Revenue Fund	_____
Debt Service Reserve Fund	_____
Costs of Issuance	_____
Total Uses of Funds	<u>\$_____.</u>

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 B-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 B-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 B-1 Bonds*

The Series B-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 B-1 Bonds Due August 1, 2036

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2028		August 1, 2032	
August 1, 2028		February 1, 2033	
February 1, 2029		August 1, 2033	
August 1, 2029		February 1, 2034	
February 1, 2030		August 1, 2034	
August 1, 2030		February 1, 2035	
February 1, 2031		August 1, 2035	
August 1, 2031		February 1, 2036	
February 1, 2032		August 1, 2036 (maturity)	

Series B-1 Bonds Due August 1, 2046

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2037		February 1, 2042	
August 1, 2037		August 1, 2042	
February 1, 2038		February 1, 2043	
August 1, 2038		August 1, 2043	
February 1, 2039		February 1, 2044	
August 1, 2039		August 1, 2044	
February 1, 2040		February 1, 2045	
August 1, 2040		August 1, 2045	
February 1, 2041		February 1, 2046	
August 1, 2041		August 1, 2046 (maturity)	

Series B-1 Bonds Due August 1, 2056

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2047		February 1, 2052	
August 1, 2047		August 1, 2052	
February 1, 2048		February 1, 2053	
August 1, 2048		August 1, 2053	
February 1, 2049		February 1, 2054	
August 1, 2049		August 1, 2054	
February 1, 2050		February 1, 2055	
August 1, 2050		August 1, 2055	
February 1, 2051		February 1, 2056	
August 1, 2051		August 1, 2056 (maturity)	

*Preliminary, subject to change.

Series B-1 Bonds Due August 1, 2062

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2057		February 1, 2060	
August 1, 2057		August 1, 2060	
February 1, 2058		February 1, 2061	
August 1, 2058		August 1, 2061	
February 1, 2059		February 1, 2062	
August 1, 2059		August 1, 2062 (maturity)	

Upon optional redemption of Series B-1 Bonds or any purchase and cancellation thereof by the Agency, the principal amount of such Series B-1 Bonds so redeemed or purchased may be credited toward one or more Sinking Fund Installments thereafter to become due on Series B-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 B-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 B-1 Bonds at its option, in whole or in part, on any date on or after [February 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 B-2 Bonds and the Series B-3 Bonds at its option, in whole or in part, on any date on or after [February 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 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.

*Preliminary, subject to change.

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 B-1 Bonds is \$_____. Upon issuance of the Series B-1 Bonds, not less than \$_____ will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series B-1 Bonds; such deposit may be made from proceeds of the Series B-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 B-2 Bonds and the Series B-3 Bonds (and the Debt Service Reserve Requirement in respect of the Series B-2 Bonds and the Series B-3 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 Loans funded by the Series B-2 Bonds and the Series B-3 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 \$_____*, and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

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

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

*Preliminary, subject to change.

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

Program	<u>Number of Loans</u>	<u>Number of Units</u>	<u>Outstanding Loan Amount</u>	<u>Percentage of Total Amount</u>
Section 8 Housing Assistance Payments/Asset Management Program*	10	853	\$ 20,326,363	7.06%
Low and Moderate Income Rental Program**	111	5,643	266,277,009	92.56
Market Rate Mortgage Loan Program ...	<u>2</u>	<u>163</u>	<u>1,104,664</u>	<u>0.38</u>
	<u>123</u>	<u>6,659</u>	<u>\$287,708,036</u>	<u>100.00%</u>

*Includes eight HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 774 aggregate units and an aggregate outstanding loan amount of \$19,378,121.

**Includes 32 HUD Risk-Sharing loans for Developments with 1,842 aggregate units and an aggregate outstanding loan amount of \$87,298,094.

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 Tax-Exempt 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

Federal Tax Matters – Tax-Exempt Series Bonds

General. In the opinion of Kutak Rock LLP, 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, except for interest on any Tax-Exempt Series Bond for any period during which such Tax-Exempt Series Bond is held by a “substantial user” of the facilities financed by the Tax-Exempt Series Bonds or a “related person” within the meaning of Section 147(a) of the Code, and 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 Issuer and the Borrower 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 such 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 of the Tax-Exempt 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 Tax-Exempt Series Bonds.

The accrual or receipt of interest on the Tax-Exempt Series Bonds may otherwise affect the federal income tax liability of the owners of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds.

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

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 addition, 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 Minnesota income tax purposes. Interest on the Tax-Exempt Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Tax-Exempt Series Bonds is not includable in the Minnesota 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

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”), the underwriter of the Series 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.

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**

_____, 2026. By _____
Commissioner

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 B-1
2026 Series B-2
2026 Series B-3 Bonds (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 Rental Housing Bonds, 2026 Series B-1, in the aggregate principal amount of \$_____ (the “2026 Series B-1 Bonds”), its Rental Housing Bonds, 2026 Series B-2, in the aggregate principal amount of \$_____ (the “2026 Series B-2 Bonds”), and its Rental Housing Bonds, 2026 Series B-3, in the aggregate principal amount of \$_____ (the “2026 Series B-3 Bonds” and, together with the 2026 Series B-1 Bonds and the 2026 Series B-3 Bonds, the “2026 Series B 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 B 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 B 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 B Bonds adopted _____, 2026 (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 B Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2026 Series B Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets,

Minnesota Housing Finance Agency
 _____, 2026
 Page 2

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 B Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2026 Series B Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; (5) the interest payable on the 2026 Series B-1 Bonds and the 2026 Series B-2 Bonds (together, the “Tax-Exempt Series 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 Tax-Exempt Series 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 Tax-Exempt Series 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”), and (6) interest payable on the 2026 Series B-3 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.

Interest on the Tax-Exempt Series 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 Tax-Exempt Series Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the Tax-Exempt Series 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 B Bonds. All owners of 2026 Series B 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 B Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2026 Series B Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2026 Series B Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2026 Series B Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

RESOLUTION NO. MHFA 26-014

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE
ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN
DILWORTH, 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 construction of the multifamily housing development (the “Development”) described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the “Series Resolution.” The Mortgage 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 three series of Bonds pursuant to the Bond Resolution, which are designated as “Rental Housing Bonds, 2026 Series B-1,” “Rental Housing Bonds, 2026 Series B-2,” and “Rental Housing Bonds, 2026 Series B-3 (Taxable),” in the aggregate principal amount to be determined pursuant to Section 2(F) (individually, the “Series 1 Bonds,” the “Series 2 Bonds,” and the “Series 3 Bonds,” and collectively, the “Series Bonds”). The “2026” in the designation of the Bonds may be changed to “2027” and the “B” in the designation of the Bonds may be changed to “C” 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 1 Bonds and the Series 2 Bonds (together, the “Tax-Exempt Series Bonds”), together with any other Bonds issued or to be issued pursuant to the Bond Resolution and intended to be issued on a tax-exempt basis which may be sold by the Agency less than fifteen days apart from the date of sale of the Tax-Exempt Series Bonds, as a single issue of bonds. The Tax-Exempt 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 \$9,120,000;

(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 and the Series 3 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 and the Series 3 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, C, and D 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, Series 2 Bonds, or Series 3 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, Series 2 Bonds, and Series 3 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 1 Bond, one Series 2 Bond, and one Series 3 Bond shall be issued in the principal amount of each stated maturity of the Series 1 Bonds, the Series 2 Bonds, and the Series 3 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 any or all of the Series 1 Bonds, the Series 2 Bonds, or the Series 3 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, Series 2 Bonds, and/or the Series 3 Bonds, as applicable, in the form of certificates. In such event, the Series 1 Bonds, Series 2 Bonds, and/or the Series 3 Bonds, as applicable, will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to either any or all of the Series 1 Bonds, the Series 2 Bonds, and the Series 3 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, Series 2 Bonds, and/or the Series 3 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, Series 2 Bonds, and Series 3 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, the Series 2 Bonds, and/or the Series 3 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, the Series 2 Bonds, and/or the Series 3 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, the Series 2 Bonds, and/or the Series 3 Bonds, or another securities depository as registered owner of all the Series 1 Bonds, the Series 2 Bonds, and/or the Series 3 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, the Series 2 Bonds, and/or Series 3 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, the Series 2 Bonds, and/or Series 3 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds.

Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) [Reserved]

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 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 Tax-Exempt 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 Tax-Exempt Series Bonds.

(i) Not more than 2% of the proceeds of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Tax-Exempt Series Bonds.

(m) None of the proceeds of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Series Bonds.

Section 10. Arbitrage. The Agency covenants that it will not use the proceeds of the Tax-Exempt Series Bonds in such a manner as to cause the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance
Agency this 26th day of February, 2026.

By: _____
Chair

Attest: _____
Commissioner

[Signature page to Resolution No. MHFA 26-014]

EXHIBIT A

DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

<u>Mortgagor</u>	<u>Name</u>	<u>Location</u>	<u>Number of Units</u>
3 rd Avenue Flats, LLC	3 rd Avenue Flats	Dilworth, MN	44

EXHIBIT B
FORM OF 2026 SERIES B-1 BONDS

No. _____ \$ _____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

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

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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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 B-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 B-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 B-1 Bond is not a debt of the State.

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

housing development in Dilworth, Minnesota (the “Development”). The Series B-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 26-014, adopted February 26, 2026, 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 B-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series B-1 Bonds, and the terms upon which the Bonds, including the Series B-1 Bonds, are issued, delivered and secured. The Series B-1 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series A-2 and 2026 Series B-3.

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

[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 B-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 B-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 B-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 B-2 BONDS

No. _____ \$ _____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

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

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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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 B-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 B-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 B-2 Bond is not a debt of the State.

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

housing development in Dilworth, Minnesota (the “Development”). The Series B-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 February 26, 2026, 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 B-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series B-2 Bonds, and the terms upon which the Bonds, including the Series B-2 Bonds, are issued, delivered and secured. The Series B-2 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series B-1 and 2026 Series B-3.

The Series B-2 Bonds are issuable only in fully registered form. The Series B-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 B-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 B-2 Bonds will be mailed to the registered Holders of the Series B-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 B-2 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series B-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 B-2 Bonds not affected by such failure or defect. Notice having been so mailed, the Series B-2 Bonds or portions of Series B-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 B-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 B-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 B-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 B-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 B-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 B-2 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series B-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 B-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 B-2 Bond, so long as this Series B-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 B-2 Bond, and shall give all notices with respect to this Series B-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 B-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 B-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 B-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.

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 D

FORM OF 2026 SERIES B-3 BONDS

No. _____ \$ _____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2026] SERIES [B]-3 (TAXABLE)

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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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 B-3 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 B-3 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 B-3 Bond is not a debt of the State.

This Series B-3 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [B]-3 (Taxable), issued in the original aggregate principal amount of \$_____ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a

multifamily housing development in Dilworth, Minnesota (the “Development”). The Series B-3 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 February 26, 2026, 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 B-3 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series B-3 Bonds, and the terms upon which the Bonds, including the Series B-3 Bonds, are issued, delivered and secured. The Series B-3 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series B-1 and 2026 Series B-2.

The Series B-3 Bonds are issuable only in fully registered form. The Series B-3 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 B-3 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 B-3 Bonds will be mailed to the registered Holders of the Series B-3 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 B-3 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series B-3 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 B-3 Bonds not affected by such failure or defect. Notice having been so mailed, the Series B-3 Bonds or portions of Series B-3 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 B-3 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 B-3 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 B-3 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 B-3 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 B-3 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 B-3 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series B-3 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 B-3 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 B-3 Bond, so long as this Series B-3 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 B-3 Bond, and shall give all notices with respect to this Series B-3 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 B-3 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 B-3 Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series B-3 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:



Item: Funding Modification, Workforce Housing Development Program (WHDP) - City of Mountain Lake, D8747

Action Item: 7.C
Date: 02/26/2026
Staff Contacts: Sara Bunn, 651.539.9883, sara.bunn@state.mn.us
Summer Jefferson, 651.539.9908, summer.jefferson@state.mn.us
Request Type: Approval, Resolution

Request Summary

At the September 26, 2024, board meeting, deferred funding under the Workforce Housing Development Program (WHDP) was committed to the City of Mountain Lake in Resolution No. MHFA 24-070 in the amount of \$1,429,000.

Agency staff recommends the adoption of a resolution to increase the loan amount for the City of Mountain Lake by \$682,000, increasing the total WHDP loan from \$1,429,000 to \$2,111,000.

Fiscal Impact

WHDP loans are funded by state appropriations and generate fee income to offset administrative costs for projects.

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 WHDP provides deferred loans to local units of government or federally recognized Tribes in Minnesota (Recipient), often a city, to support adding new rental units in Greater Minnesota. The WHDP does not include any rent or income limits or other longer term compliance requirements. The local unit of government then lends or grants the funds to the housing project. After the project is complete, the loan to the Recipient can be forgiven. Additional information can be found in the [WHDP Program Guide](#).

The City of Mountain Lake (City) was selected to receive \$1,429,000 in deferred funds from the WHDP in Resolution No. MHFA 24-070 for a 12-unit new construction project called Laker Landings. Resolution No. MHFA 24-085 subsequently modified Resolution MHFA No. 24-070 to update the applicant's name from Grand Marais to Cook County/Grand Marais Joint Economic Development Authority (D#8738). The project was otherwise unchanged.

Laker Landings has since had a funding gap created by significantly higher labor expenses, including compliance with state prevailing wage. The total development costs exceed the application budget by approximately \$682,000, which is all attributable to higher labor expenses and is reflected in the construction costs. Staff has reviewed the project costs and determined that these increased costs are reasonable.

With this funding increase, the WHDP loan remains below 50% of the total development costs, and the city's contribution still meets the local matching funds requirement of one matching dollar for every two dollars of WHDP funds. These two thresholds are statutory requirements of the WHDP program. There are sufficient WHDP funds available to cover this request.

The following tables summarize the financial composition changes since selection.

Sources	Amount at Selection	Current Amount	Difference
1 st Mortgage	\$ 1,598,200	\$ 1,598,200	\$ 0
Developer Equity	\$ 200,000	\$ 200,000	\$ 0
Local Matching Funds*	\$ 409,840	\$ 409,840	\$ 0
WHDP Deferred Loan	\$ 1,429,000	\$ 2,111,000	\$ 682,000
Total Sources	\$ 3,637,040	\$ 4,319,040	\$ 682,000

Uses	Amount at Selection	Current Amount	Difference
Construction Costs	\$ 3,426,150	\$ 4,108,150	\$ 682,000

Uses	Amount at Selection	Current Amount	Difference
Developer Fee	\$ 100,000	\$ 100,000	\$ 0
Soft Costs	\$ 110,890	\$ 110,890	\$ 0
Total Development Costs	\$ 3,637,040	\$ 4,319,040	\$ 682,000

*The total local match is \$1,117,547. The \$409,840 is a combined contribution from the city, the City of Mountain Lake Economic Development Authority and Cottonwood County. The remaining \$707,707 is from a city commitment for 26 years of Tax Increment Financing that will provide cashflow to support the first mortgage.

MINNESOTA HOUSING FINANCE AGENCY

400 Wabasha Street North, Suite 400

St. Paul, Minnesota 55102

**RESOLUTION NO. MHFA 26-xxx
Modifying Resolution No. MHFA 24-085**

**RESOLUTION APPROVING SELECTIONS FOR THE
WORKFORCE HOUSING DEVELOPMENT PROGRAM (WHDP)**

WHEREAS, on September 26, 2024, the board authorized Agency staff to enter into Deferred Loan Agreements with 27 applicants in Resolution No. MHFA 24-070; and

WHEREAS, in Resolution No. MHFA 24-085, the board authorized Agency staff to update the applicant's name from Grand Marais to Cook County/Grand Marais Joint Economic Development Authority (D#8738);

WHEREAS, the Agency staff have determined that there are increased development costs and a funding modification is required for the project to be financially feasible; and

WHEREAS, Agency staff has determined that applications continue to be in compliance Agency rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.39; and

NOW THEREFORE, BE IT RESOLVED:

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

1. The WHDP loan shall not exceed \$2,111,000; and
2. All other terms and conditions of Resolution No. MHFA 24-084 remain in effect.

Adopted this 26th day of February 2026

CHAIR



Item: Commitment, Low and Moderate Income Rental (LMIR) Loan – Cobb Cook Place, D8694, Hibbing

Action Item: 7.D
Date: 02/26/2026
Staff Contacts: Jennifer Finnesgard, 651.539.9725, jennifer.finnesgard@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 \$1,261,000 in Resolution No. MHFA 24-083. Agency staff completed the underwriting and technical review of the proposed development and recommends adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$1,520,000.

Fiscal Impact:

The LMIR loan will be funded from Housing Investment Fund (Pool 2) resources, and as such, Minnesota Housing will earn interest income on the loan as well as additional fee income from originating the loans for this project.

Agency Priorities:

- | | |
|---|---|
| <input type="checkbox"/> Improve the Housing System | <input checked="" type="checkbox"/> Support People Needing Services |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Strengthen Communities |
| <input type="checkbox"/> Make Homeownership More Accessible | |

Attachments:

- Background
- Development Summary
- Map and Picture
- Resolution
- Term letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
Development Name	Cobb Cook Place	D#8694	M#19647
Address	630 New Haven Drive		
City	Hibbing	County	Saint Louis
Date of Selection	December 19, 2024	Region	Northeast

A. Project Description and Population Served

- The development involves the new construction of 52 units in a three story elevator building with units ranging from one to four bedrooms.
- The development will provide workforce and permanent supportive housing for single adults and families, persons experiencing High Priority Homelessness (HPH), and Persons with Disabilities (PWD).
- The development will serve households with income up to 60% Multifamily Tax Subsidy Projects (MTSP).
- Fifteen units will benefit Housing Support income supplement and will also be deeply affordable to households at 30% or below MTSP. Seven units will serve HPH for Single Adults.
- The project is anticipated to begin construction in spring 2026 and is anticipated to open for residents in summer 2027.

B. Mortgagor Information

Ownership Entity:	Cobb Cook Place, LLLP
Sponsor:	CENTER CITY HOUSING CORP.
General Partner/Managing Member:	Cobb Cook Developer, LLC
Guarantors:	CENTER CITY HOUSING CORP. and Housing and Redevelopment Authority of Hibbing, Minn

C. Development Team Capacity Review

The sponsor, CENTER CITY HOUSING CORP., has the experience and capacity to complete the project. The General Partner, Cobb Cook Developer, LLC, is comprised of CENTER CITY HOUSING CORP. and Housing and Redevelopment Authority of Hibbing, Minn (HRA).

The property manager, HRA, is expected to have the capacity to manage this development.

The service provider, RANGE TRANSITIONAL HOUSING, INC., is experienced in serving HPH/PWD residents.

LHB, Inc. is the architect and FRERICHS CONSTRUCTION COMPANY is the general contractor. Staff believe these entities have the experience to effectively design and construct the project.

Both the developer and management company represent a Women-owned Business Enterprise. The developer is a partnership between two Women-owned Business Enterprises.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing	LMIR	Pool 2	\$1,520,000	7.125%	N/A	40 yrs	N/A	End Loan

- The interest rate on the LMIR loan will be 7.125%. The rate is subject to being reset at the then-market rates if the end loan commitment is not executed by July 31, 2026.
- The LMIR end loan commitment will have a 24-month term.

The development was also selected for a Housing Infrastructure Appropriation (HIA) program loan in the amount of \$4,045,000 under Resolution No. MHFA 24-082 at the December 19, 2024, board meeting. The HIA loan amount was subsequently reduced by \$475,000 to \$3,570,000. The loan does not require additional board action.

The financing also includes 9% Housing Tax Credits (HTCs) from Minnesota Housing.

Amortizing Mortgage Loan to Cost: TBD

Amortizing Mortgage Loan to Value: TBD*

*Subject to confirmation by the appraisal prior to closing. The maximum loan-to-value is 90%.

E. Significant Changes Since Date of Selection

At selection, Cobb Cook Place was planned as three separate buildings providing 52 units of housing. This plan was revamped down to one building. While there were changes to the design and footprint of the building, there were no changes to the unit total, unit mix, restrictions, etc. Construction costs were only reduced slightly from selection from this change.

Changes to the rents and expenses since selection allow the LMIR to be increased by \$259,000. This increase, with the addition of an increase in syndication pricing since selection, allows for the reduction in the HIA funding of \$475,000.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	\$ 0	\$ 0
Construction Costs	\$ 20,978,921	\$ 403,441
Environmental Abatement	\$ 0	\$ 0
Professional Fees	\$ 1,539,446	\$ 29,605
Developer Fee	\$ 2,000,000	\$ 38,462
Syndicator/Investor Fees	\$ 48,000	\$ 923
Financing Costs	\$ 1,455,710	\$ 27,994
Total Mortgageable Costs	\$ 26,022,077	\$ 500,425
Reserves	\$ 541,530	\$ 10,414
Total Development Cost	\$ 26,563,607	\$ 510,839

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

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 1,520,000	\$ 29,231
General Partner Cash	\$ 100	\$ 2
HTC Equity Proceeds (R-4 CCMN ACQUISITION LLC)	\$ 18,226,000	\$ 350,500
Agency Deferred Funding (HIA)	\$ 3,570,000	\$ 68,654
Housing & Redevelopment Authority of Hibbing Minn General Partner Equity	\$ 801,293	\$ 15,409
Dept. of Iron Range Resources & Rehabilitation Board (IRRRB) Grant	\$ 1,900,000	\$ 36,538
Rebates	\$ 546,214	\$ 10,504
Deferred Developer Fee	\$ 0	\$ 0
Total Permanent Financing	\$ 26,563,607	\$ 510,839

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

C. Financing Structure

- \$2,222,900 annual 9% HTC allocation. The term of the Land Use Restrictive Agreement (LURA) will be 50 years.
- HTC Equity will be bridged by a construction loan of \$13,900,000 provided by MinnWest Bank at approximately 7.09% interest and a 36-month term.

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.

A waiver of the predictive cost model was approved at the December 19, 2024, board meeting. At that time, the TDC of \$510,716 exceeded the predictive cost model estimate of \$363,264 by 40%. Currently, the TDC per unit is \$510,839 exceeds the predictive cost model estimate of \$377,512 by 35%. Because the percentage over the model has not increased by more than 10 percentage points, an updated waiver from the board is not required.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1 bd	13	\$ 875	30% MTSP	30% MTSP	Housing Support
2 bd	24	\$ 886	50% MTSP	60% MTSP	N/A
2 bd	2	\$ 815	30% MTSP	30% MTSP	Housing Support
3 bd	8	\$ 1,012	50% MTSP	60% MTSP	N/A
4 bd	5	\$ 1,118	50% MTSP	60% MTSP	N/A

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

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

- Low and Moderate Income Rental (LMIR) Program
 - 52 units restricted as follows:
 - 21 units with rents and incomes not exceeding 60% MTSP.
 - 13 units may have unrestricted incomes.
 - 18 units with incomes equal to or less than 100% of the greater of area median income (AMI) or statewide median income as determined HUD.

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 1.05.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- Housing Support income supplement from Saint Louis County on 15 units, which will serve 7 HPH and 8 PWD households.

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

RESOLUTION NO. MHFA 26-xxx

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

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

Name of Development:	Cobb Cook Place
Sponsors:	CENTER CITY HOUSING CORP.
Guarantors:	CENTER CITY HOUSING CORP. and Housing and Redevelopment Authority of Hibbing, Minn
Location of Development:	Hibbing
Number of Units:	52
Amount of LMIR Mortgage: (not to exceed)	\$1,520,000

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 \$1,261,000 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 construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

NOW THEREFORE, BE IT RESOLVED:

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

1. This authorization shall expire on July 31, 2026; and

2. The amount of the LMIR amortizing loan shall not exceed \$1,520,000; and
3. The interest rate on the LMIR loan shall be 7.125% per annum (subject to change, as set forth in the attached Agency term letter dated January 27, 2026); and
4. The term of the LMIR loan shall be 40 years, with monthly principal and interest payments based on a 40-year amortization; and
5. The LMIR End Loan Commitment shall be entered into on or before July 31, 2026, and shall have a 24 month term.
6. 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
7. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
8. The Guarantors 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
9. The Guarantors shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
10. 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 26th day of February 2026

CHAIR

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

January 27, 2026

Cobb Cook Place, LLLP
C/O CENTER CITY HOUSING CORP.
105 1/2 First Street
Duluth, MN 55802

RE: Term Letter
Cobb Cook Place, Hibbing
Development #D8694, Project #M19647

Dear Jaqueline Prescott:

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: Cobb Cook Place, LLLP

General Partner(s) Cobb Cook Developer, LLC
Managing Member(s):

Development Acquisition and new construction of a 52-unit affordable
Description/Purpose: housing development located in Hibbing, Minnesota

January 20, 2026

Page 2

Program	Low and Moderate Income Rental Program (LMIR)	Housing Infrastructure Appropriation (HIA)
Loan Amount	\$1,520,000	\$3,570,000
Interest Rate	7.125%	0%
Mortgage Insurance Premium (%)	Not Applicable	Not Applicable
Term	40 years	Approx. 24 months (construction) + 40 years
Amortization / Repayment	40 years	Deferred lump sum payment due in approx. 24 months (construction) + 40 years.
Prepayment Provision	No prepayment first 10 years from date of the Note.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Nonrecourse
Construction to Permanent Loan, Construction Bridge Loan or End Loan	End Loan	Construction to Permanent Loan
Lien Priority	First Position	Second Position

Origination Fees: LMIR Loan: \$30,400

LMIR Interest Rate Extension Fee Not Applicable

Construction Oversight Fee: \$75,000 (payable at loan closing)

End Loan Commitment: The LMIR permanent mortgage will be structured as an End Loan. The term of the End Loan Commitment shall expire in 24 months.

Guarantee / Guarantor(s): LMIR Permanent Loan: Repayment and Operations Guarantee from CENTER CITY HOUSING CORP. and Housing and Redevelopment Authority of Hibbing, Minn.

Operating Deficit Escrow Reserve Account: \$45,600 to be funded on the day of closing of the LMIR loan by letter of credit (outside of the development budget) to be held by Minnesota Housing.

Operating Reserve Account: The syndicator requires an operating cost reserve, rent up reserve and an operating reserve, none of which will be held by Minnesota Housing.

Replacement Reserve Account: Monthly replacement reserve deposits will be required in the amount of \$1,950. The replacement reserve will be held by Minnesota Housing.

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Escrows:	Real estate tax escrow and property insurance escrow to be established on the day of closing of the LMIR loan (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:	<p>Low and Moderate Income Rental (LMIR) Loan Program</p> <ul style="list-style-type: none">• 52 units restricted as follows:<ul style="list-style-type: none">▪ 21 units with rents and incomes not exceeding 60% MTSP▪ 13 units may have unrestricted incomes▪ 18 with incomes equal to or less than 100% of the greater of area or statewide median income as determined HUD.• Commitment to affordability in effect while the loan is outstanding. <p>Housing Infrastructure Appropriation (HIA) Loan</p> <ul style="list-style-type: none">• 7 units with incomes not exceeding 60% MTSP• 7 units with rents at or below 50% MTSP• Commitment to construction period plus 50 years of affordability from the date of loan closing.
HAP or Other Subsidy Agreement:	Commitment to construction period plus 15 years of affordability from the date of loan closing under the City of Hibbing Affordable Housing Aid Program for 15 units.
Other Requirements:	The HIA loan is subject to the terms in the attached Selection Criteria.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire on the earlier of July 31, 2026 from the date of this letter or loan closing/end loan commitment.
Additional Terms:	Not Applicable
Other Conditions:	Not Applicable

January 20, 2026
Page 4

Board Approval: Commitment of the loans under the LMIR program 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 Jennifer Finnesgard at Jennifer.Finnesgard@state.mn.us.

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

Sincerely,


James Leinhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

COBB COOK PLACE, LLLP

By:


Jaqueline Prescott

Date Accepted:

1/27/2026



Selection Criteria Related to 2024 RFP/2025 HTC Round 1

Project Name: Cobb Cook Place

Project City: Hibbing

Property Number (D#): D8694

Project Number: M19647

Deeper Rent Targeting A

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit.	At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit.	<u>2</u>

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)
At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard as determined by the responsible entity in the jurisdiction. The units must be evenly distributed by bedroom type.	At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard as determined by the responsible entity in the jurisdiction. The units must be evenly distributed by bedroom type.	<u>2</u>

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.

Large Family Housing

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	<u>26</u> 2 Bedrooms Units <u>8</u> 3 Bedrooms Units <u>5</u> 4 Bedrooms Units
Loan/HTC Commitment and Compliance Monitoring				<u>0</u> 5 Bedrooms Units <u>0</u> 6 Bedrooms

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 project will provide family housing that is not restricted to persons 55 years or older in which at least 75% of the affordable units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. The Owner agrees to market to families with minor children.

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.

Large Family Housing - 1/3 Units Four or More Bedrooms

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	<u>5</u> 4 Bedrooms Units <u>0</u> 5 Bedrooms Units <u>0</u> 6 Bedrooms Units

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 project will provide family housing that is not restricted to persons 55 years or older in which at least one-third of the required three or more bedrooms contain four or more bedrooms.

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.

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	<u>10</u>	10% to 49.99% of the total units, but no fewer than 7 units	<u>10</u>	<u>7</u>

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	<u>10</u>	15% to 25% of the total units, but no fewer than 6 units	<u>10</u>	<u>8</u>

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.

Rental Assistance

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
20.1% but under 51% of the total units	<u>13</u>	20.1% but under 51% of the total units	<u>13</u>	<u>15</u>

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. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

The owner will be required to continue renewals of project-based housing subsidy payments for a minimum of 15 years. The owner must continue renewals of existing project-based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 15-year period if rental assistance is not available for the full period. The 15-year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income except as approved by Minnesota Housing. The project must comply

with the requirements in the Self-Scoring Worksheet.

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.

Rental Assistance units cannot be used to satisfy Preservation or Serves Lowest Income Unit criteria; 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 deferred loan Declaration and/or LURA.

Rental Assistance – Further Restricted Rental Assisted Units (FRRU)

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
25.1% to 50% of the total units	<u>5</u>	25.1% to 50% of the total units	<u>5</u>	<u>15</u>

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. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

Owner agrees to further restrict units with project-based rental assistance or Housing Support to households whose incomes do not exceed 30% of MTSP income limit for a 10-year period. The 10-year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Senior Housing – 30% income restricted units and the units satisfying the Rental Assistance Further Restricting criterion 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 10-year period.

Serves Lowest Income Tenants/Rent Reduction

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
50% of the total unit rents at 50% MTSP	<u>8</u>	50% of the total unit rents at 50% MTSP	<u>8</u>	<u>37</u>

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.

The project must not exceed the gross rent levels for the term deferred loan Declaration and/or LURA. The period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Units that have rental assistance cannot be used to satisfy the Serves Lowest Income Tenants/Rent Reduction
 Agenda Item: 7.D Attachment: Term Letter

criterion; units must be separate and distinct. The owner will be required to certify on an annual basis that the rent restrictions are in compliance.

Long Term Affordability

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

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	<u>8</u>	Tier 2 Tracts or Cities	<u>8</u>

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
Long Commute Community	<u>3</u>	Long Commute Community	<u>3</u>

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.	<u>2</u>	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.	<u>2</u>

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	<u>3</u>	Contributes to active implementation of a Community Development Initiative	<u>3</u>

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.	<u>3</u>	Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	<u>3</u>

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 2: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and has a population at or greater than 5,000	<u>4</u>	Tier 2: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and has a population at or greater than 5,000	<u>4</u>

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 Agenda Item: 7.D	<u>4</u>	Communities that have not	<u>4</u>

received an award or allocation for the last five years

received an award or allocation for the last five years

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	<u>4</u>		<u>0</u>

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
One entity is a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise	<u>1</u>	One entity is a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise	<u>1</u>

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-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with at least 50.1% ownership stake with the goal of building the entity's capacity	<u>4</u>	Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with at least 50.1% ownership stake with the goal of building the entity's capacity	<u>4</u>

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
10.51% or more of funding secured	<u>16</u>	10.51% or more of funding secured	<u>16</u>

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.

Intermediary Costs

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
15.1 to 20%	<u>3</u>	15.1 to 20%	<u>3</u>

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.

Universal Design

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with and without and elevator	<u>3</u>	Buildings with and without and elevator	<u>3</u>	<u>39</u> Elevator Building Units <u>2</u> Non-elevator Building Units

Loan/HTC Commitment and Compliance Monitoring

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

Smoke Free Building

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Smoke Free Buildings	<u>1</u>	Smoke Free Buildings	<u>1</u>

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
Agenda Item: 7.D

Attachment: Term Letter

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	<u>2</u>	Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	<u>2</u>

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	<u>3</u>	Tier 3: Project meets at least one alternative building performance pathways	<u>3</u>

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: **139** **Total Agency Awarded:** **135**



Item: Funding Modification, Publicly Owned Housing Program (POHP) – Woodland Park Apartments, D8678, International Falls

Action Item: 7.E
Date: 02/26/2026
Staff Contacts: Janine Langsjoen, 651.539.9716, Janine.langsjoen@state.mn.us
Request Type: Approval, Resolution

Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the Publicly Owned Housing Program (POHP) to the International Falls Housing and Redevelopment Authority for Woodland Park Apartments under Resolution No. MHFA 24-040 in the amount of \$2,182,800.

Agency staff recommends adoption of a resolution to increase the loan amount for Woodland Park Apartments by \$535,100, increasing the total POHP loan from \$2,182,800 to \$2,717,900.

Fiscal Impact

POHP loans are funded by State of Minnesota General Obligation (GO) bond proceeds, and the loans do not earn interest for the Agency.

Agency Priorities

- | | |
|---|---|
| <input type="checkbox"/> Improve the Housing System | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services |
| | <input checked="" type="checkbox"/> Strengthen Communities |

Attachments

- Background
- Maps and Pictures
- Resolution

Background

Woodland Park Apartments is an 80-unit, three-story building built in 1969. The building is owned and managed by the International Falls Housing and Redevelopment Authority (HRA). The development is designated as general occupancy. The rehabilitation project's proposed scope of work addresses window replacement, fire panel and security upgrades.

On June 27, 2024, the HRA was selected by the board to receive \$2,182,800 in 2023 General Obligation (GO) bond POHP funds under Resolution No. MHFA 24-040 for Woodland Park Apartments.

The funding modification request is attributed to unexpected increased cost of materials and the location of the property in the far northern region of the state, on the border with Canada. Both the architect and general contractor selected for this project are located in the Twin Cities metro area. Following a review by a Minnesota Housing architect, the increased costs are considered to be reasonable. The POHP request for proposal uses a concept-based application, so project designs and construction costs are not expected to be final at the time of application.

Due to the increase in costs, the HRA is requesting this increase. The HRA confirmed an increase in the amount of energy and other rebates to maintain their leverage percentage.

There are sufficient POHP funds available to cover this request.

Sources and Uses

The following tables provide a financial comparison of the sources and uses at the time of selection and the current proposed amount.

Table 1: Sources and Uses

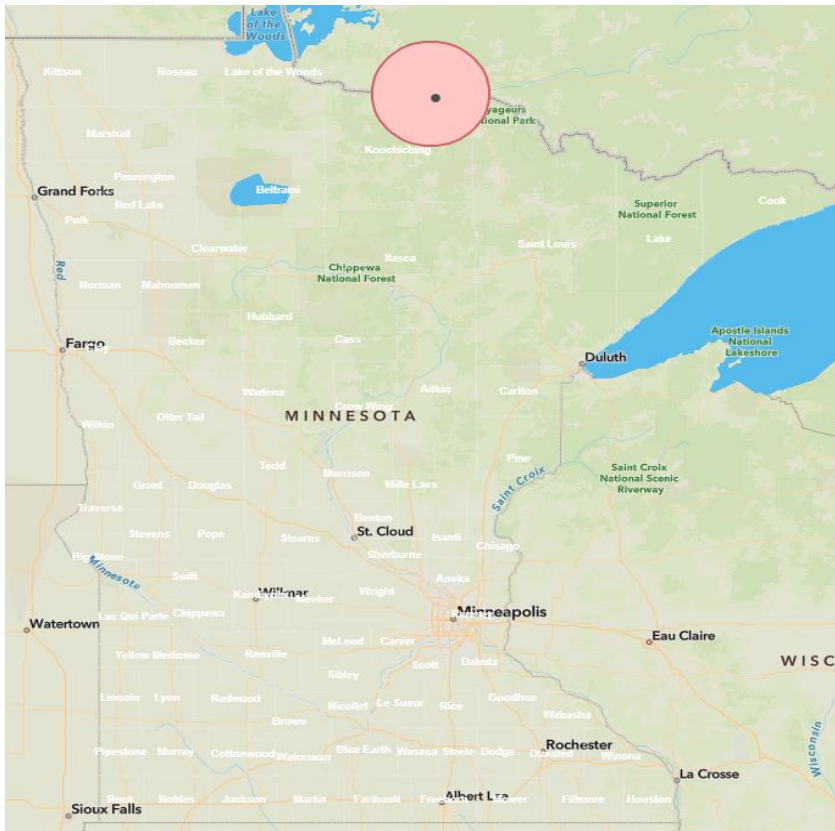
Sources	Amount at Selection	Proposed Amount	Difference
POHP Loan	\$ 2,182,800	\$ 2,717,900	\$ 535,100
Rebates	\$ 17,550	\$ 60,871	\$ 43,321
Capital Funds*	\$ 56,000	\$ 23,220	\$ (32,780)
Total Sources	\$ 2,256,350	\$ 2,801,991	\$ 545,641

Uses	Amount at Selection	Proposed Amount	1. Difference
Construction	\$ 1,838,725	\$ 2,313,000	\$ 474,275
Contingency	\$ 128,711	\$ 161,910	\$ 33,199
Soft costs	\$ 288,914	\$ 327,081	\$ 38,167
Total Development Costs	\$ 2,256,350	\$ 2,801,991	\$ 545,641

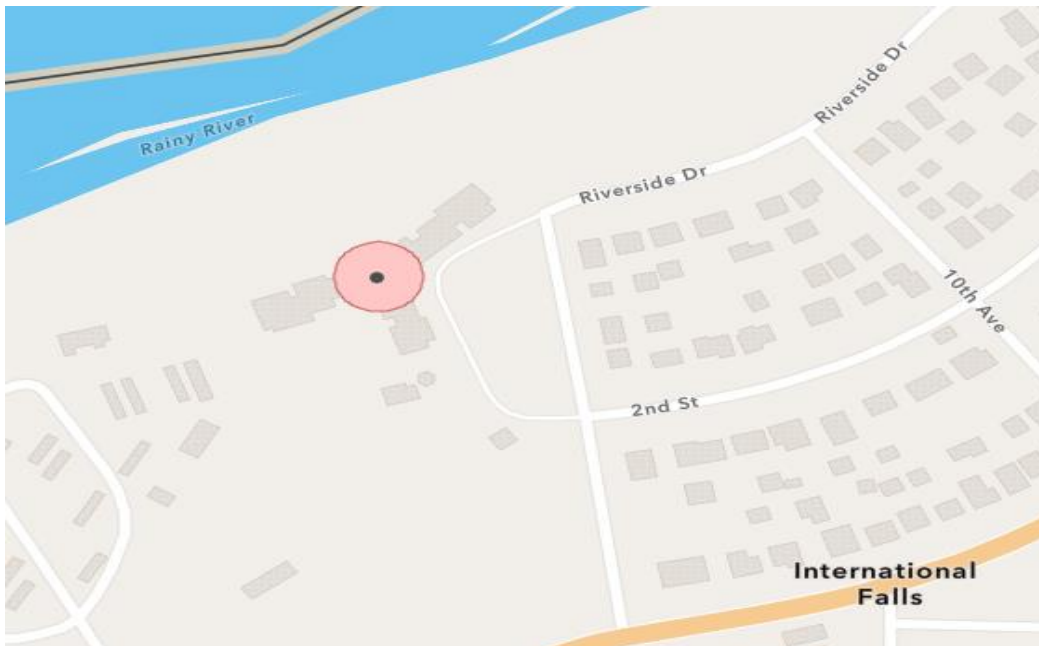
*Higher rebates confirmed. Adjustments made to Rebates and Capital Fund contribution to maintain leverage percentage.

Maps and Pictures

Map 1: International Falls, MN



Map 2: 1200 Riverside Drive, International Falls, MN



Picture 1: Woodland Park Apartments



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

**RESOLUTION NO. MHFA 26-XXX
Modifying Resolution No. MHFA 24-040**

RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its June 27, 2024 meeting, previously authorized a commitment for Woodland Park Apartments herein named by its Resolution No. MHFA 24-040; and

WHEREAS, Agency staff have determined that there are reasonable increased development costs and a funding modification is required for the project to be financial feasible; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and Agency's rules, regulations and policies.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby increases the funding commitment on the development noted above and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$2,717,900; and
2. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 26th day of February 2026

CHAIR

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Item: Approval, Extension and Funding Modification, Family Homeless Prevention and Assistance Program (FHPAP) 2024-25 Round 2

Action Item: 7.F
Date: 02/26/26
Staff Contacts: Diane Elias, 651.539.9679, diane.elias@state.mn.us
Lauren Stelter, 651.296.3600, lauren.stelter@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests adoption of the attached resolution authorizing an extension of the grant period through September 30, 2027, and funding modifications to increase awards using returned funds from the 2024-2025 biennium to the remaining four 2024-2025 FHPAP Round 2 administrators.

Fiscal Impact

FHPAP is funded by state appropriations and individual awards are structured as grants, which do not earn any interest for the Agency.

Agency Priorities

- | | |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
| | <input checked="" type="checkbox"/> Strengthen Communities |

Attachments

- Background
- Resolution

Background

In the 2024-2025 biennium, FHPAP received an additional one-time increase in funds and operated with \$88.8 million instead of a base of \$20.5 million. This resulted in two rounds of funding for that timeframe. Round 1 operated with the typical FHPAP statewide structure with funding approved by the board via Resolution No. MHFA 23-016 on April 27, 2023, for a grant term of October 1, 2023 to September 30, 2025.

Round 2 was designed to further address disparities in access to assistance for households experiencing housing instability and homelessness. Minnesota Statute 462A.24, subdivision 2 specifies that only counties are eligible to be grantees within the metro area for FHPAP. 2023 session law, [Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 9, paragraph \(d\)](#), allowed Minnesota Housing to include additional grantees in the metro area if more support was needed to serve homeless households or those at risk of homelessness for fiscal years 2024 and 2025 only. As a result of identified need, the RFP for Round 2 provided nonprofit organizations the opportunity to apply in the metro area for the first time in FHPAP's history. On March 24, 2024, the Minnesota Housing board authorized Resolution No. MHFA 24-022 for the selection of 24 grantees committing \$29,393,844 in FHPAP Round 2 funds for the grant term of June 1, 2024 to September 30, 2025. Seven of those awarded were new, non-county grantees in the metro area. The grant period was 16 months, instead of the typical 24-month grant period because of the timing of the awards.

On May 28, 2025, four of the seven Round 2 grantees received an extension under Delegated Authority No. 020 to extend the grant term end date from September 30, 2025 to March 31, 2026. The additional time allows the grantees to fully serve projected households and complete reporting requirements.

The grantees from Round 1 and Round 2 closed out their programs on September 30, 2025. Collectively, grantees expended more than 98% of the funds allocated and served 25,217 households over the biennium, 67% of which were households of color. Grantees returned a total of \$1.6 million to Minnesota Housing at the end of the biennium. The unspent funds were then decommitted and remain available for new commitment.

Since the 2026-2027 biennium began, staff engaged community partners who identified new and urgent needs in the community. To be responsive to these emerging needs, staff considered the following compelling factors in determining the use of the remaining \$1.6 million in FHPAP funds:

- Address households facing instability due to potential HUD Continuum of Care Program funding cuts or delays
- Address the sustained high demand for assistance as one time state and federal funds are exhausted

- Address urban Native American homelessness which, according to the Homeless in Minnesota 2023 Study by Wilder Research, is disproportionately high
- Address metro area disparities as identified in the 2024-2025 biennium including households of color, persons with disabilities and youth.

Program staff consulted with leadership on program goals, potential impacts and community need. Staff determined the best course of action resulting in the greatest impact is to address metro area disparities identified in the 2024-25 metro immediately with \$1 million in assistance to the four administrators who are still operating in the metro area from the 2024-2025 biennium.

Staff also propose extending the current grant period an additional 18 months through September 30, 2027, which corresponds to the end of the 2026-2027 biennium, and will allow the four grantees to operate in tandem with the current biennium. An 18-month extension brings the total grant term to 40 months, which is within the five-year maximum allowed by the Office of Grants Management. Staff discussed the possibility of extensions and funding modifications with the four administrators and verified each has the need and capacity to administer additional funds. The four grantees have been successfully operating in the Twin Cities for the past year and a half and continue to develop capacity to deliver services and assistance with support from Minnesota Engagement on Shelter and Housing, the Agency's technical assistance provider.

Staff recommends that \$1 million be committed proportionate to the original award, which was based on the share of need (poverty rate, cost burden, unemployment and other factors) identified in each county. For two administrators, Women's Advocates, Inc. and Minnesota One-Stop for Communities, the new total award exceeds the amount requested in their applications. However, the grant period will be for a total of 40 months, instead of the originally projected 24 months, so the proportionate award better addresses need in each community. Funding conditions may apply for Minnesota One-Stop for Communities based on additional information pending from the organization on their competitive bid selection process.

Table 1 highlights the original requests by each administrator, the amounts originally awarded, the funding modification and the new total award amounts.

Table 1

Grant administrator	Proposed Service Area	Total Request	2024-25 Round 2 Award	Modification funds	Total
Greater Minneapolis Council of Churches	Hennepin County	\$ 1,116,210	\$ 478,804	\$ 229,109	\$ 707,913
Minnesota One-Stop for Communities	Ramsey County	\$ 1,150,552	\$ 810,970	\$ 388,051	\$ 1,199,021

Grant administrator	Proposed Service Area	Total Request	2024-25 Round 2 Award	Modification funds	Total
Sabathani Community Center	Hennepin County	\$ 961,175	\$ 412,301	\$ 197,287	\$ 609,588
Women's Advocates, Inc.	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties	\$ 450,554.00	\$ 387,780	\$ 185,553	\$ 573,333
Total		\$ 3,678,491	\$ 2,089,855	\$ 1,000,000	\$ 3,089,855

Staff recommend board approval of:

- An additional 18-month grant contract extension request moving the contract grant period end date from March 31, 2026 to September 30, 2027; and
- A funding modification to increase awards to the four remaining administrators by a total of \$1 million for FHPAP 2024-2025 Round 2.

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

RESOLUTION NO. MHFA 26-XXXX

**RESOLUTION MODIFYING RESOLUTION NO. MHFA 24-022 TO EXTEND THE GRANT TERM AND
COMMIT RETURNED FUNDS FOR THE FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM
(FHPAP) 2024-25 BIENNIUM**

WHEREAS at their meeting on March 24, 2024, the Board selected 24 grantees for competitive FHPAP Round 2 grants by Minnesota Housing's board through Resolution No. MHFA 24-022 for the grant term of June 1, 2024, to September 30, 2025; and

WHEREAS on May 28, 2025, the Commissioner under Delegated Authority 020 extended grant contract agreements for four of the seven FHPAP Round 2 grantees from September 30, 2025, to March 31, 2026; to provide supportive services and direct assistance across the state to prevent and end homelessness; and

WHEREAS, the Agency received returned 2024-25 FHPAP Round 2 funds in the amount of \$1,600,000 from the 2024-25 biennium and staff recommend \$1,000,000 of those funds be awarded to the four remaining Round 2 administrators; and

WHEREAS, staff recommend an 18-month extension for the grant period, to expire on September 30, 2027; and

WHEREAS, Agency staff have determined the administrators are in compliance with the Agency's rules, regulations, and policies; and this action will continue to fulfill the purpose of Minnesota Statute Chapter 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to provide additional 2024-25 FHPAP Round 2 funds to the grantees in the table below, in the amounts listed in the table, and to extend the grant term for each of these grantees through September 30, 2027, subject to changes allowable under Agency and board policies:

Grantee	Service Area	Modification amount	2024-25 Total Award
Greater Minneapolis Council of Churches	Hennepin County	\$ 229,109	\$ 707,913
Minnesota One-Stop for Communities	Ramsey County	\$ 388,051	\$ 1,199,021
Sabathani Community Center	Hennepin County	\$ 197,287	\$ 609,588
Women's Advocates, Inc.	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties	\$ 185,553	\$ 573,333

1. The amendment of Grant Contract Agreements shall be in a form and substance acceptable to Agency staff, and the execution of said amendments shall occur no later than six months from the adoption date of this Resolution; and
2. The grantees and such other parties shall execute all such documents related to said grants as Agency staff, in its sole discretion, deems necessary.

Adopted this 26th day of February 2026

CHAIR



Item: 2025 Program Assessment Report

Discussion Item: 8.A
Date: 02/26/2025
Staff Contacts: Kirby Pitman, 651.296.9843, Kirby.Pitman@state.mn.us
Request Type: No Action, Discussion

Request Summary

Staff is providing for the board's review and discussion of Minnesota Housing's 2025 Program Assessment Report. As required by law, we annually provide this report to the legislature. Previously, we have provided this report to the board but not included it on the agenda for a board meeting. The content of the report is a series of tables that meet legislative reporting requirements but also provides the most complete overview of what the agency accomplished last year and whom we served overall and by program. To make the detailed data digestible, we have added narrative and background context.

Fiscal Impact

None

Agency Priorities

- | | |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System | <input checked="" type="checkbox"/> Support People Needing Services |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Strengthen Communities |
| <input checked="" type="checkbox"/> Make Homeownership More Accessible | |


Attachments

- 2025 Program Assessment Report

A photograph of a woman with short brown hair, smiling and waving her right hand. She is wearing a light pink jacket with a white fur-lined hood and grey sweatpants with white stripes. She is sitting on a dark wooden bench. A small dog with white, black, and brown fur and blue eyes is sitting next to her. The background shows a wooden fence and some outdoor furniture.

2025 PROGRAM

Assessment Report

A photograph of a family of three, a man, a woman, and a baby, smiling and looking at the camera. The image is overlaid with a semi-transparent green filter. The man is on the left, the woman is on the right, and the baby is in the center, being held by the woman. The baby is wearing a striped long-sleeved shirt and patterned pants. The background is slightly blurred, showing what appears to be a window or a doorway.

During the 2023 legislative session, Minnesota Housing received \$1.3 billion in funding from the state for 2024 and 2025, which is about \$1 billion more than we typically receive. These resources were nearly all one-time — providing the Agency with significant, yet temporary, resources to make progress addressing the state’s growing housing needs. In 2025, we continued to deploy those resources through every team across the Agency. As a result, we provided more loans and grants to the community than typical, helping more individuals and families achieve housing stability.



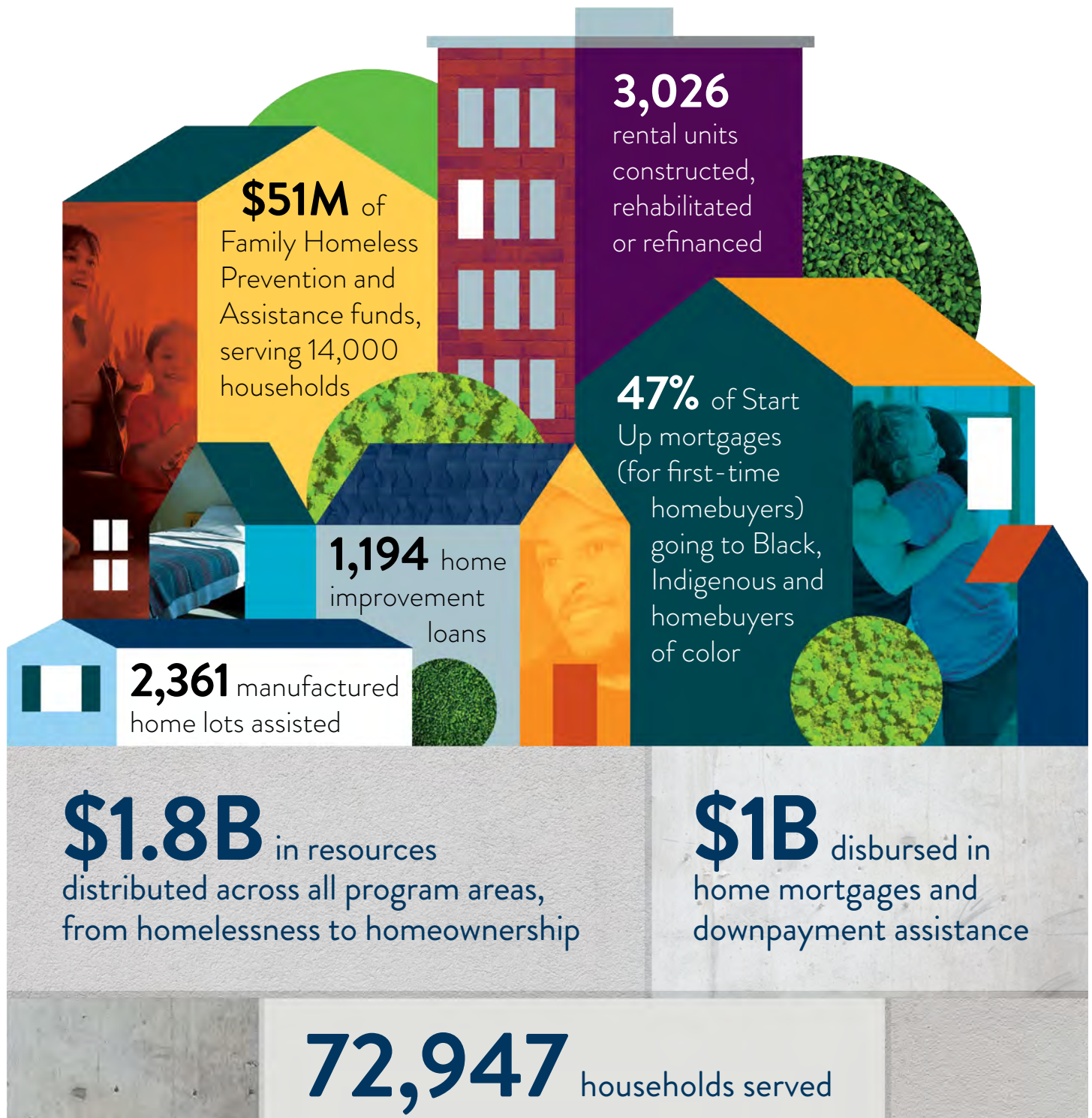
With respect to funds disbursed (\$1.8 billion), 2025 was the fifth biggest year ever, and with respect to households assisted (73,000), it was the fourth. We have awarded nearly all the funds from the 2023 legislative session to assist communities, families and projects across the state. Over the next couple of years, we will continue to disburse those funds and have an ongoing impact for households as the activities that received funding are completed.

HIGHLIGHTS OF OUR 2025 ACCOMPLISHMENTS INCLUDE:

- Disbursed just over \$1 billion in home mortgages and downpayment assistance.
- Successfully closed out a new, one-time program that provided downpayment assistance to first-generation homebuyers, with Black, Indigenous and homebuyers of color accounting for 83% of the program participants.
- Achieved 47% of our first-time homebuyer mortgages (Start Up mortgages) going to Black, Indigenous and homebuyers of color, surpassing our goal of 40%.
- Continued a high level of redevelopment of manufactured home communities from 1,311 lots assisted in 2023 to 2,731 lots in 2024 and 2,361 lots in 2025.
- Increased rental production activity from about 2,600 rental units annually, including construction, rehabilitation and refinancing, to over 3,000 rental units.
- Deployed \$51 million of Family Homeless Prevention and Assistance Program funds beyond our regular annual appropriation of about \$11 million.
- Disbursed funds for 10 new programs authorized during the 2023 legislative session.

Despite this high level of activity, Minnesota continues to face large and persistent housing challenges like individuals and families being cost burdened by their housing and Minnesota having one of the worst homeownership disparities in the country for Black, Indigenous and households of color. Our vision is that Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. We are now seeing the results of the 2023 legislature's extraordinary commitment of \$1.3 billion to housing.

MINNESOTA HOUSING 2025



HOUSING NEED IN MINNESOTA

241,000 lower-income renter households are cost-burdened by their housing

191,000 renter households between the ages of 25 and 44 are potentially income-ready to buy a home

OUR WORK IN 2025

53,843 renter households received assistance

9,313 clients received homebuyer/owner education & counseling

5,619 buyers purchased a home



PROMOTING & SUPPORTING SUCCESSFUL HOMEOWNERSHIP

We finance: (1) pre- and post-purchase counseling, education and coaching; (2) mortgages and downpayment/closing-cost assistance loans; and (3) home improvement loans. Highlights from 2025 include:

- **Maintaining our overall homebuyer lending at \$1 billion or higher** since 2020 when interest rates have risen and the supply of homes selling for less than \$300,000 has dramatically declined;
- **Delivering 46.7% of our first-time homebuyer mortgages (Start Up) to Black, Indigenous and households of color**, when the overall mortgage industry in Minnesota only delivers 23.9%;
- **Administering a new downpayment assistance program for first-generation homebuyers**, which served 871 households, 83% of which were Black, Indigenous and households of color;
- **Serving 9,313 homebuyers and owners** in 2025 through education, counseling and coaching; and
- **Lending to 1,194 households** through our Home Improvement Loan and Rehabilitation Loan Programs in 2025.

62%

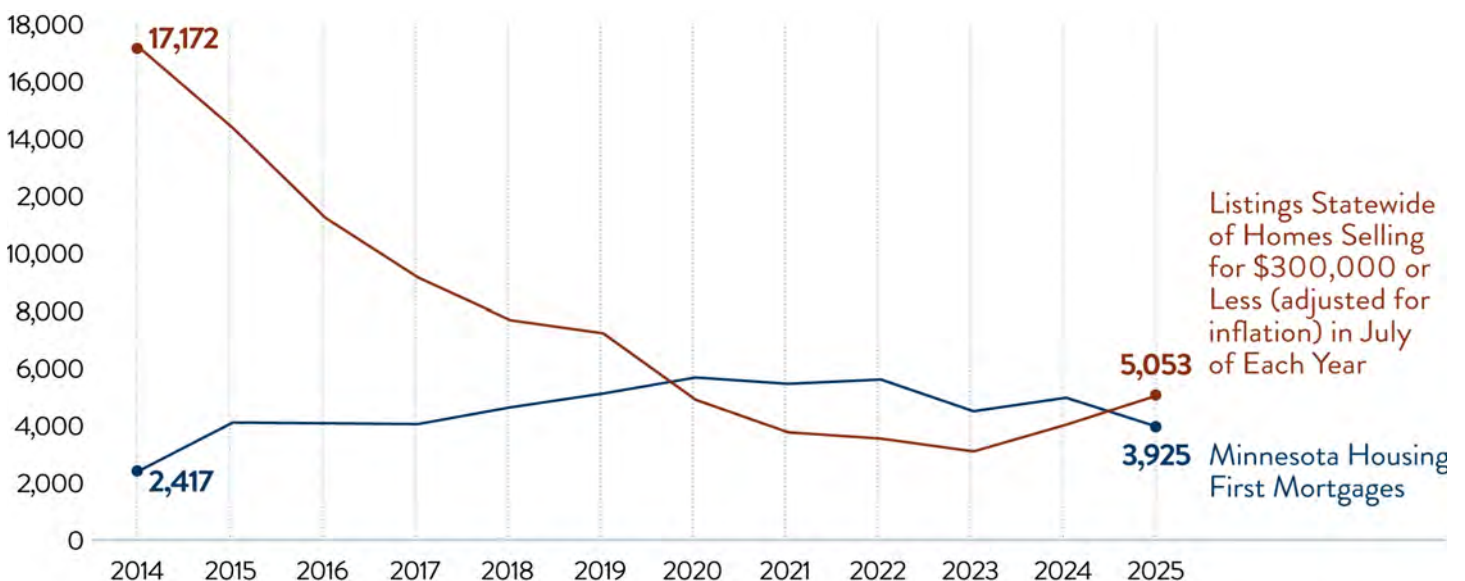
increase in Minnesota Housing home mortgage lending since 2014

8%

Minnesota Housing's share of the state's mortgage lending

Figure 1

Minnesota Housing has Increased and Maintained its Home Lending even when the Inventory of Affordable Homes is much Lower than it was a Decade Ago



FINANCING THE DEVELOPMENT & PRESERVATION OF RENTAL HOUSING

We finance new rental construction and the preservation of existing rental housing through amortizing first mortgages, housing tax credits and zero interest, deferred loans. Highlights from 2025 include:

- Overall, 3,026 rental units were produced or preserved in 2025.
- 1,764 units were preserved through rehabilitation in 2025, up from 863 units in 2024.
- 900 new rental housing units were produced in 2025, a decrease from 1,275 units in 2024.
- 295 units were refinanced in 2025, compared to 463 units in 2024.

MINNESOTA MARKET

7,215

Multifamily new construction permits

671,000

Existing rental units

2025 RENTAL PRODUCTION

1,764

Rehabbed units

900

Newly constructed units

295

Refinanced units



INCREASING HOUSING STABILITY

We provide rental assistance, operating subsidies for supportive housing, homelessness prevention resources and other assistance. Highlights for 2025 include:

- **Serving 16,654 households with annual incomes typically less than \$12,300.** The annual assistance per household is typically in the \$2,000 to \$12,900 range.

ADMINISTERING FEDERAL PROJECT-BASED RENTAL ASSISTANCE

We administer the Section 8 project-based rental assistance program in Minnesota on behalf of the U.S. Department of Housing and Urban Development (HUD). Highlights for 2025 include:

- **Supporting about 34,000 households with rental assistance and contract administration.** Our goal is to effectively manage the contracts and preserve the affordability and condition of these units.

COVID-19 EMERGENCY ASSISTANCE

Minnesota Housing has implemented three COVID-19 housing assistance programs to help Minnesotans become current on their housing payments: (1) an initial COVID-19 Housing Assistance Program for both homeowners and renters, which made final payments in 2021; (2) the larger RentHelpMN program, which served just renters, started in 2021 and stopped taking new applications for the main program in 2022; and (3) HomeHelpMN, which served homeowners and operated in 2022 and 2023. In 2025, we disbursed the last of the funds under a targeted assistance program for renters.





MINNESOTA HOUSING PROGRAMS

OVERVIEW OF MINNESOTA HOUSING PROGRAMS

Program	Type
Homebuyer and Home Refinance	
Start Up (first-time homebuyers)	<i>Amortizing Loans</i>
Step Up (primarily repeat homebuyers)	<i>Amortizing Loans</i>
Deferred Payment Loans (DPL)	<i>Deferred Loans</i>
Monthly Payment Loans (MPL)	<i>Amortizing Loans</i>
First-Generation Homebuyer Assistance Program – Minnesota Housing (second mortgage)	<i>Deferred Loans</i>
Community-Based First-Generation Homebuyers Assistance	<i>Deferred Loans</i>
NeighborWorks Fee-Based Home Purchasing	<i>Forgivable Grants</i>
Homebuyer/Owner Education and Counseling	
Homeownership Education, Counseling and Training (HECAT)	<i>Grants</i>
Homeownership Capacity Program (Intensive Coaching)	<i>Grants</i>
Home Improvement	
Home Improvement Loan Program	<i>Amortizing Loans</i>
Rehabilitation Loan Program	<i>Deferred Loans</i>
Single-Family Housing Development (New Construction and Rehab)	
Community Homeownership Impact Fund	<i>Deferred Loans and Grants</i>
Economic Development and Housing Challenge (EDHC) Named Grants (legislatively named grantees)	<i>Deferred Loans and Grants</i>
State Housing Tax Credit Program Single Family	<i>Taxpayer Contributions</i>
Manufactured Housing and Communities	
Manufactured Home Communities Financing	<i>Amortizing First Mortgages</i>
Manufactured Home Community Redevelopment Grants	<i>Grants</i>
Manufactured Home Park Cooperative Acquisition	<i>Grant for revolving loan fund</i>
Manufactured Home Relocation Trust Fund	<i>Grants</i>
Other Single Family	
Build Wealth 9,000 Equities	<i>Loans and Grants</i>
Rental Production – New Construction and Rehabilitation	
Low and Moderate Income Rental (LMIR)	<i>Amortizing First Mortgages</i>
Flexible Financing for Capital Costs (FFCC)	<i>Deferred Loans</i>
Low-Income Housing Tax Credits (LIHTC)	<i>Investment Tax Credits</i>

Program	Type
National Housing Trust Fund	<i>Deferred Loans</i>
HOME	<i>Deferred Loans</i>
Emergency Rental Assistance (ERA) – Capital Funding	<i>Deferred Loans or Grants</i>
Housing Infrastructure Resources	<i>Deferred Loans</i>
Economic Development and Housing Challenge Fund (EDHC)	<i>Deferred Loans</i>
Preservation Affordable Rental Investment Fund (PARIF)	<i>Deferred Loans</i>
State Housing Tax Credit Program–Multifamily	<i>Deferred Loans</i>
Asset Management	<i>Deferred or Amortizing Loans</i>
Rental Rehabilitation Deferred Loan (RRDL) Program	<i>Deferred Loans</i>
Publicly Owned Housing Program (POHP)	<i>Deferred Loans</i>
Workforce Housing Development	<i>Development Grants or Loans</i>
Strategic Investments/Loans	<i>Amortizing Loans</i>
High-Rise Sprinkler Grants	<i>Grants</i>
Rental Assistance Contract Administration	
Project-Based Section 8 Contract Administration	<i>Grants</i>
Housing Stability for Populations Needing Extra Support	
Housing Trust Fund – Rental Assistance (HTF-RA)	<i>Grants</i>
Housing Trust Fund – Operating Subsidies	<i>Grants</i>
Bridges – Rental Assistance	<i>Grants</i>
Homework Starts with Home	<i>Grants</i>
Family Homeless Prevention and Assistance Program (FHPAP)	<i>Grants</i>
Section 811 – Rental Assistance	<i>Grants</i>
Housing Opportunities for Persons with AIDS (HOPWA)	<i>Grants</i>
Strengthen the Supportive Housing System	<i>Grants</i>
Multiple Use	
Community Stabilization (legislatively named grantees)	<i>Grants</i>
COVID-19 Housing Recovery	
Emergency Rental Assistance (ERA) – Targeted Assistance	<i>Grants</i>
Other	
Disaster Recovery	<i>Deferred Loans</i>
Technical Assistance and Operating Support	<i>Grants</i>
Stable Housing Organizational Relief Program	<i>Grants</i>
Housing Mediation Grant Program	<i>Grants</i>

DETAILED TABLES

Detailed tables encompass the body of this report and include information that must be reported to the State Legislature annually, which is why we provide detailed information for each program. Full descriptions of these programs can be found in the *2026-2027 Affordable Housing Plan*.

TABLE 1
Median incomes
of households served
by each program

We serve the full continuum of low- and moderate-income households. On the low end, the median annual income of people who recently moved into housing funded with the National Housing Trust Fund was just \$1,500. On the high end, the median income of people who received Step Up (home mortgages primarily for repeat homebuyers) was \$106,956. For context, the 2025 poverty level for a family of three was \$26,650, and the 2025 median family income in Minnesota was \$116,900.

TABLE 1
Median Incomes of Assisted Households Compared with Selected Income Standards, FFY 2025

Resources	Activity	Annual Household Incomes	Percentage of State Median
National Housing Trust Fund	Deferred Loan, Rental Production	\$1,500	1.3%
Housing Trust Fund, Rental Assistance (HTF-RA)	Rent Assistance, Housing Stability	\$10,092	8.6%
Housing Infrastructure Resources	Deferred Loan, Rental Production	\$10,184	8.7%
Housing Trust Fund – Operating Subsidies	Grant, Housing Stability	\$10,968	9.4%
Homework Starts with Home	Rent Assistance, Housing Stability	\$11,280	9.6%
Section 811	Rent Assistance, Housing Stability	\$12,210	10.4%
Family Homeless Prevention and Assistance Program (FHPAP)	Grant, Housing Stability	\$12,216	10.4%
Bridges	Rent Assistance, Housing Stability	\$12,228	10.5%
Publicly Owned Housing Program (POHP)	Deferred Loan, Rental Production (Rehab Only)	\$13,140	11.2%
Project-Based Section 8 Contract Administration	Rent Assistance	\$14,269	12.2%
HOME	Deferred Loan, Rental Production	\$14,282	12.2%
Preservation Affordable Rental Investment Fund (PARIF)	Deferred Loan, Rental Production (Rehab Only)	\$14,560	12.5%
MN Family Investment Program (one adult, two children) maximum benefit including food support		\$18,096	15.5%
Rehabilitation Loan Program (RLP)	Deferred Loan, Home Rehabilitation	\$18,915	16.2%
Rental Rehabilitation Deferred Loan (RRDL) Program	Deferred Loan, Rental Production (Rehab Only)	\$20,392	17.4%
Economic Development and Housing Challenge Fund (EDHC)	Deferred Loan, Rental Production	\$23,408	20.0%
Low-Income Housing Tax Credits (LIHTC)	Investment Tax Credit, Rental Production	\$24,760	21.2%

Continued on next page.

TABLE 1**Median Incomes of Assisted Households Compared with Selected Income Standards, FFY 2025** *Continued*

Resources	Activity	Annual Household Incomes	Percentage of State Median
Poverty guideline, three-person household		\$26,650	22.8%
Low and Moderate Income Rental (LMIR)	Amortizing First Mortgage, Rental Production	\$27,403	23.4%
Emergency Rental Assistance (ERA) – Targeted Assistance	Housing Payment Assistance	\$30,000	25.7%
Poverty guideline, four-person household		\$32,150	27.5%
Homeownership Capacity Program	Education & Counseling	\$49,482	42.3%
200% of poverty, three-person household		\$53,300	45.6%
Community Homeownership Impact Fund	Loans and Grants, Single Family	\$54,380	46.5%
Homeownership Education, Counseling and Training (HECAT)	Education & Counseling	\$56,000	47.9%
Workforce Affordable Homeownership Program	Deferred Loan, Home Rehabilitation	\$57,952	49.6%
50% of HUD median income, statewide		\$58,450	50.0%
200% of poverty, four-person household		\$64,300	55.0%
50% of HUD median income, Minneapolis/St. Paul		\$66,200	56.6%
Deferred Payment Loans (DPL)	Deferred Loan, Homeownership Downpayment	\$67,131	57.4%
Build Wealth 9,000 Equities	Homeownership Financing	\$69,257	59.2%
Home Mortgage Loans – Start Up	First Mortgage, First-Time Homebuyer	\$72,491	64.2%
First-Generation Homebuyer Assistance Program – Minnesota Housing	Deferred Loans	\$76,410	65.4%
60% of HUD median income, Minneapolis/St. Paul		\$79,440	68.0%
Community-Based First-Generation Homebuyers Assistance	Deferred Loans	\$82,108	70.2%
NeighborWorks Fee-Based Home Purchasing	Homeownership Downpayment	\$94,764	81.1%
HUD median income, Minnesota nonmetro areas		\$95,200	81.4%
Monthly Payment Loans (MPL)	Amortizing Loan, Homeownership Downpayment	\$102,456	87.6%
Home Improvement Loan Program	Amortizing Loan, Homeowner Improvement	\$103,052	88.2%

Continued on next page.

TABLE 1**Median Incomes of Assisted Households Compared with Selected Income Standards, FFY 2025** *Continued*

Resources	Activity	Annual Household Incomes	Percentage of State Median
Home Mortgage Loans – Step Up	First Mortgage, Primarily Repeat Homebuyer	\$106,956	91.5%
HUD median income, statewide		\$116,900	100.0%
HUD median income, Minnesota metro areas		\$126,100	107.9%
HUD median income, Minneapolis/St. Paul metro area		\$132,400	113.3%

68%

of renters have
incomes of less
than \$20,000
per year



TABLE 2

**Income distribution by
type of assisted household**

The majority of homeowners that we served had an income below \$85,400; the majority of homebuyers that we served had an income below \$76,700; and the majority of renters had an income below \$13,900.

**TABLE 2**

Income Distribution by Type of Assisted Household, FFY 2025

	Homebuyers (N=5,995)		Homeowners (N=1,194)		Non-Section 8 Renters (N=19,695)		Section 8 Renters (N=34,148)	
Gross Annual Household Income	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage
\$0–\$4,999	0.2%	0.0%	0.4%	0.4%	26.9%	26.9%	11.5%	11.5%
\$5,000–\$9,999	0.2%	0.2%	0.9%	1.3%	7.4%	34.3%	5.2%	16.7%
\$10,000–\$14,999	0.3%	0.5%	6.1%	7.5%	20.4%	54.6%	36.0%	52.7%
\$15,000–\$19,999	0.4%	0.9%	6.8%	14.3%	11.0%	65.6%	17.0%	69.7%
\$20,000–\$24,999	0.6%	1.4%	6.0%	20.2%	8.9%	74.5%	11.2%	80.9%
\$25,000–\$29,999	0.8%	2.2%	4.9%	25.1%	6.2%	80.7%	6.8%	87.8%
\$30,000–\$34,999	1.1%	3.3%	1.2%	26.3%	5.0%	85.8%	4.5%	92.2%
\$35,000–\$39,999	1.7%	5.0%	1.0%	27.3%	4.2%	89.9%	2.7%	95.0%
\$40,000–\$44,999	2.9%	7.9%	1.2%	28.4%	3.1%	93.1%	1.9%	96.9%
\$45,000–\$49,999	4.8%	12.7%	1.5%	29.9%	2.3%	95.3%	1.1%	98.0%
\$50,000–\$54,999	5.4%	18.1%	2.8%	32.7%	1.5%	96.9%	0.8%	98.8%
\$55,000–\$59,999	7.0%	25.1%	2.2%	34.9%	1.0%	97.9%	0.5%	99.3%
\$60,000–\$64,999	7.2%	32.4%	2.3%	37.2%	0.6%	98.5%	0.3%	99.6%
\$65,000–\$69,999	7.5%	39.9%	3.1%	40.3%	0.5%	98.9%	0.2%	99.8%
\$70,000–\$74,999	7.4%	47.3%	2.9%	43.1%	0.3%	99.2%	0.1%	99.9%
\$75,000–\$79,999	7.8%	55.1%	2.7%	45.8%	0.2%	99.4%	0.0%	99.9%
\$80,000–\$84,999	7.2%	62.3%	4.1%	49.9%	0.1%	99.6%	0.0%	99.9%
\$85,000–\$89,999	6.9%	69.2%	2.9%	52.9%	0.1%	99.7%	0.0%	100.0%

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TABLE 2**Income Distribution by Type of Assisted Household, FFY 2025** *Continued*

	Homebuyers (N=5,995)		Homeowners (N=1,194)		Non-Section 8 Renters (N=19,695)		Section 8 Renters (N=34,148)	
Gross Annual Household Income	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage	Percentage	Cumulative Percentage
\$90,000–\$94,999	5.4%	74.6%	3.4%	56.3%	0.1%	99.7%	0.0%	100.0%
\$95,000–\$99,999	4.9%	79.5%	3.7%	60.0%	0.0%	99.8%	0.0%	100.0%
\$100,000 and above	20.4%	99.8%	40.0%	100.0%	0.2%	100.0%	0.0%	100.0%
Total	100%		100%		100%		100%	

NOTES

These data exclude households for programs that do not have income data available: Homeownership Education, Counseling and Training, Workforce Housing Development, Manufactured Home Communities and Manufactured Home Relocation Trust Fund and HomeHelpMN.

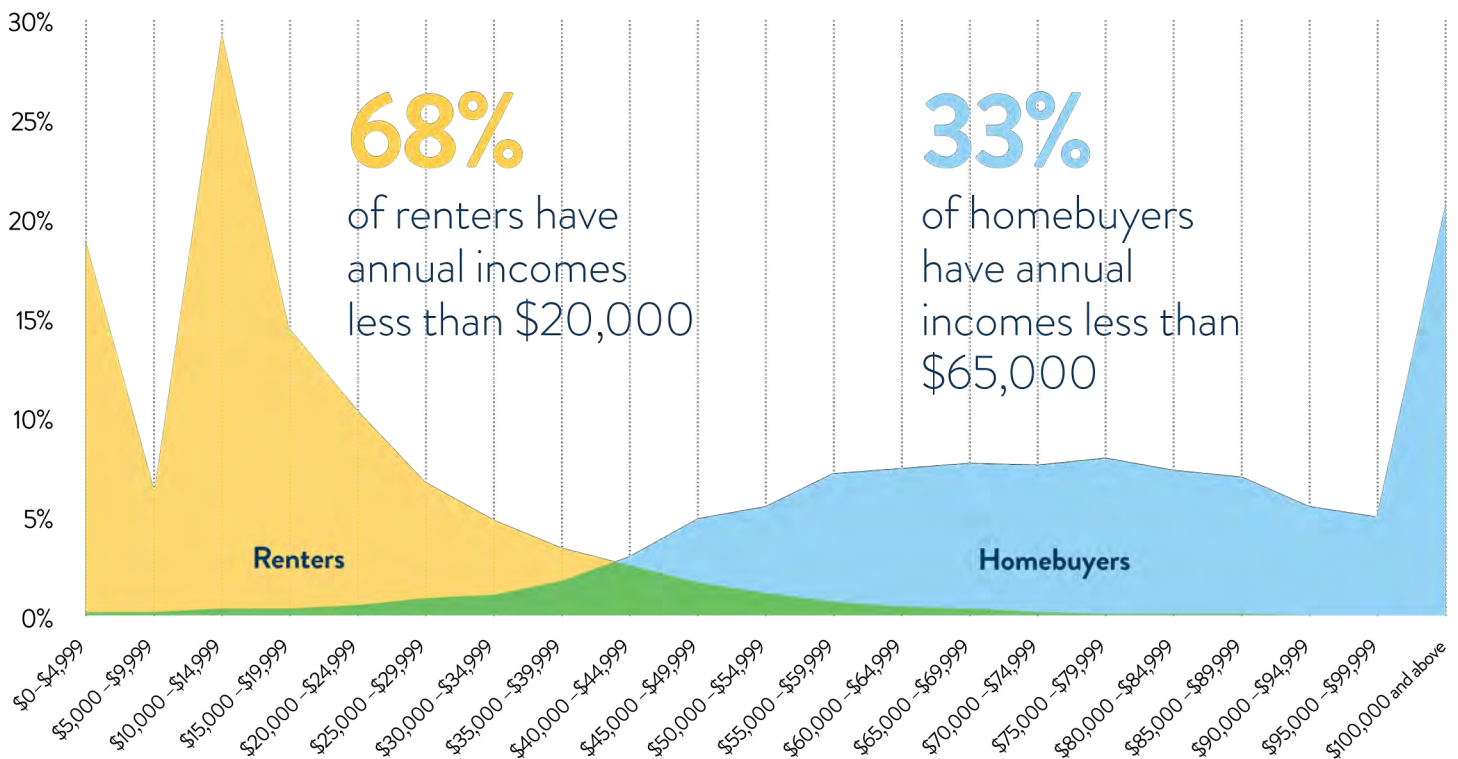
Figure 2**Income Distribution of Assisted Households, FFY 2025**

TABLE 3**Key funding and demographic statistics for each program**

The table provides the level of assistance, the number of households served and their characteristics.

- 46.7% of the first-time homebuyers that we serve are Black, Indigenous and households of color, compared with 23.9% served by the overall mortgage industry in Minnesota.
- The Homeownership Capacity Program (intensive financial coaching for people who want to become homeowners but do not currently qualify) is reaching a particularly large share of Black, Indigenous and households of color (89%).
- A smaller share of households served by our home improvement programs are Black, Indigenous and households of color (19% to 23%). For context, these underrepresented communities account for 13% of all homeowners in Minnesota.
- The majority of the households served by most of the rental programs are Black, Indigenous and households of color.

TABLE 3**Funding and Household Characteristics by Program, FFY 2025**

Resources ¹	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Median Annual Household Income	Black, Indigenous and Households of Color ²
Homebuyer and Home Refinance (unduplicated count)	\$1,041,376,126	5,619			
Home Mortgage Loans ³ – Start Up	\$748,385,139	3,374	\$221,809	\$72,491	46.7%
<i>no downpayment/closing cost loan</i>	\$44,536,615	177	\$251,619	\$91,230	84.2%
<i>with a downpayment/closing cost loan</i>	\$703,848,524	3,197	\$220,159	\$71,846	44.7%
Home Mortgage Loans ³ – Step Up	\$147,704,023	551	\$268,065	\$106,956	30.7%
<i>no downpayment/closing cost loan</i>	\$4,501,580	17	\$264,799	\$95,404	17.6%
<i>with a downpayment/closing cost loan</i>	\$143,202,443	534	\$268,169	\$107,144	31.1%
Deferred Payment Loans (DPL) (second mortgage)	\$41,818,598	2,644	\$15,816	\$67,131	46.3%
Monthly Payment Loans (MPL) (second mortgage)	\$15,387,302	1,087	\$14,156	\$102,456	34.1%
First-Generation Homebuyer Assistance Program – Minnesota Housing (second mortgage)	\$30,112,077	871	\$34,572	\$76,410	83.2%
Community-Based First-Generation Homebuyers Assistance	\$50,668,987	1,693	\$29,929	\$82,108	91.5%

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TABLE 3**Funding and Household Characteristics by Program, FFY 2025** *Continued*

Resources ¹	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Median Annual Household Income	Black, Indigenous and Households of Color ²
NeighborWorks Fee-Based Home Purchasing	\$7,300,000	146	\$50,000	\$94,764	100.0%
Homebuyer/Owner Education and Counseling	\$4,148,575	9,313			
Homeownership Education, Counseling and Training (HECAT) ⁴	\$3,065,475	8,260	\$371	\$56,000	60.8%
Homeownership Capacity Program ⁵	\$1,083,100	1,053	\$1,029	\$49,482	88.9%
Home Improvement	\$32,897,009	1,194			
Home Improvement Loan Program	\$24,326,565	892	\$27,272	\$103,052	18.5%
Rehabilitation Loan Program	\$8,570,444	302	\$28,379	\$18,915	22.5%
Single-Family Development (unduplicated count)	\$19,245,765	376			
Community Homeownership Impact Fund ⁶ (unduplicated)	\$18,523,175	368	\$50,335	\$54,380	51.7%
Economic Development and Housing Challenge (EDHC)	\$13,787,889	345	\$39,965	\$54,020	52.0%
Housing Infrastructure Resources	\$1,423,718	19	\$74,933	\$59,044	38.5%
Interim Construction	\$1,471,114	18	\$81,729	\$57,922	37.5%
Workforce Affordable Homeownership Program	\$1,840,454	19	\$96,866	\$57,952	33.3%
Economic Development and Housing Challenge (EDHC) Named Grants (legislatively named grantees)	\$706,883	8	\$88,360	NA	
State Housing Tax Credit Program – Single Family	\$15,708	NA		NA	
Manufactured Housing and Communities (unduplicated)	\$18,656,390	2,361			
Manufactured Home Communities Financing	\$1,220,000	95	\$12,842	NA	
Manufactured Home Community Redevelopment Grants	\$12,298,110	2,236	\$5,500	NA	
Appropriations	\$5,629,333	1,512	\$3,723	NA	
Housing Infrastructure Resources	\$6,668,777	724	\$9,211	NA	

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TABLE 3**Funding and Household Characteristics by Program, FFY 2025** *Continued*

Resources ¹	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Median Annual Household Income	Black, Indigenous and Households of Color ²
Manufactured Home Park Cooperative Acquisition	\$5,125,000	252	\$20,337	NA	
Manufactured Home Relocation Trust Fund	\$13,280	<5	NA	NA	
Other Single Family	\$2,493,650	11			
Build Wealth 9,000 Equities	\$2,493,650	11	\$226,695	\$69,257	100.0%
Rental Production – New Construction and Rehabilitation (unduplicated count)⁷	\$295,415,416	3,026			
<i>New Construction Subtotal</i>	\$194,609,019	900			
<i>Rehabilitation Subtotal</i>	\$85,972,086	1,764			
<i>Refinance Only Subtotal</i>	\$14,079,311	295			
Low and Moderate Income Rental (LMIR)	\$107,629,000	877	\$122,724	\$27,403	50.9%
Flexible Financing for Capital Costs (FFCC)	\$1,820,000	126	\$14,444	NA	
Low-Income Housing Tax Credits (LIHTC) – Tax Credit Allocation Amount ⁸	\$9,426,276	308	\$30,605	\$24,760	50.2%
Syndication Proceeds (\$s excluded from Rental Production Total)	\$85,537,959	308	\$277,721		
National Housing Trust Fund	\$6,000,000	33	\$181,818	\$1,500	60.3%
HOME	\$11,851,000	56	\$211,625	\$14,282	47.1%
Emergency Rental Assistance (ERA) – Capital Funding	\$13,865,000	241	\$57,531	NA	NA
Housing Infrastructure Resources	\$78,053,000	563	\$138,638	\$10,184	53.3%
Economic Development and Housing Challenge Fund (EDHC)	\$28,131,000	286	\$98,360	\$23,408	71.8%
Preservation Affordable Rental Investment Fund (PARIF)	\$7,488,000	69	\$108,522	\$14,560	52.5%
State Housing Tax Credit Program – Multifamily	\$4,538,790	318	\$14,273	NA	
Asset Management ⁹	\$3,300,000	41	\$80,488	NA	
Rental Rehabilitation Deferred Loan (RRDL) Program	\$5,326,300	228	\$23,361	\$20,392	11.9%
Publicly Owned Housing Program (POHP) – loans and grants	\$3,883,494	317	\$12,251	\$13,140	45.9%
Workforce Housing Development	\$0	0		NA	

Continued on next page.

TABLE 3**Funding and Household Characteristics by Program, FFY 2025** *Continued*

Resources¹	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Median Annual Household Income	Black, Indigenous and Households of Color²
Strategic Investments/Loans	\$11,107,000	178		NA	
High-Rise Sprinkler Grants	\$2,996,556	640	\$4,682		NA
Rental Assistance Contract Administration	\$305,113,535	34,148			
Project-Based Section 8 Contract Administration	\$305,113,535	34,148	\$8,935	\$14,269	44.2%
Housing Stability for Populations Needing Extra Support	\$69,851,726	16,654			
Housing Trust Fund – Rental Assistance (HTF-RA) ¹⁰	\$10,204,343	1,080	\$12,282	\$10,968	64.3%
Housing Trust Fund – Operating Subsidies	\$978,762	468	\$2,091	\$11,196	60.2%
Homework Starts with Home	\$2,185,769	170	\$12,857	\$10,464	62.2%
Bridges ¹⁰	\$4,097,970	579	\$10,063	\$12,228	34.6%
Section 811	\$1,473,007	178	\$8,275	\$12,210	51.5%
Family Homeless Prevention and Assistance Program (FHPAP) ¹¹	\$50,661,310	14,045	\$3,607	\$12,216	66.8%
Housing Opportunities for Persons with AIDS (HOPWA) ¹²	\$250,565	134	\$1,870	NA	53.0%
Strengthen the Supportive Housing System	\$318,000	NA		NA	
Multiple Use Resources	\$3,250,000	230			
Community Stabilization (legislatively named grantees)	\$3,250,000	230	\$14,130	NA	NA
COVID-19 Emergency Assistance	\$114,937	15			
Emergency Rental Assistance (ERA) – Targeted Assistance	\$114,937	15	\$7,662	\$30,000	93.0%
Other	\$9,477,381	NA			
Technical Assistance and Operating Support	\$1,773,550	No demographic data; this is assistance to nonprofits.			
Disaster Recovery and Relief Contingency Fund	\$76,172	<5	NA	NA	NA
Stable Housing Organizational Relief Program	\$7,427,323	NA			
Housing Mediation Grant Program	\$200,336	NA			
Total (unduplicated count)	\$1,802,040,510	72,947			

TABLE 4**Information about Black, Indigenous and households of color receiving direct assistance from Minnesota Housing by program**

Minnesota Housing's 2024-2027 Strategic Plan recognizes that some communities of shared identities, experience or geographies disproportionately face housing instability and experience disparities in access and outcomes. These include Black, Indigenous and people of color, people with disabilities, single parents, large families and older adults. These communities are our priority because the current market is not working for them, and they experience barriers in accessing and navigating affordable housing. This table assesses the distribution of resources by region, and Table 7 assesses how we serve other disproportionately impacted communities.

In 2025, we provided about \$741 million of direct financial assistance to over 34,000 Black, Indigenous and households of color. This only includes loans, rental assistance or other supports provided directly to households. It does not include any of the funding provided to developers for the development and rehabilitation of affordable rental housing. For the programs included in Table 4, 50% of the overall assistance went to Black, Indigenous and households of color.

Project-based Section 8 rental assistance plays a critical role in the overall share of direct assistance going to Black, Indigenous and households of color because it is our largest program in terms of households served. In 2025, 43% of Section 8 assistance went to Black, Indigenous and households of color. Seniors account for 47% of project-based Section 8 tenants, and seniors are a less racially diverse population than younger Minnesotans.

TABLE 4**Assistance to Black, Indigenous and Households of Color, FFY 2025**

Resources¹	Minnesota Housing Assistance	Households or Units Assisted²	Average Assistance per Household or Unit	Median Annual Household Income
Homebuyer (unduplicated count)	\$532,109,390	3,271		
Home Mortgage Loans (Start Up & Step Up) ³	\$429,624,104	1,746	\$246,062	\$78,973
<i>no downpayment/closing cost loan</i>	\$39,811,730	152	\$261,919	\$97,091
<i>with a downpayment/closing cost loan</i>	\$389,812,374	1,594	\$244,550	\$77,866
Deferred Payment Loans (DPL) (second mortgage amount)	\$20,012,721	1,223	\$16,364	\$71,115
Monthly Payment Loans (MPL) (second mortgage amount)	\$5,304,782	371	\$14,299	\$105,471
First-Generation Homebuyer Assistance Program – Minnesota Housing	\$25,064,927	725	\$34,572	\$76,554
Community-Based First-Generation Homebuyers Assistance	\$44,802,856	1,492	\$30,029	\$82,265

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TABLE 4**Assistance to Black, Indigenous and Households of Color, FFY 2025** *Continued*

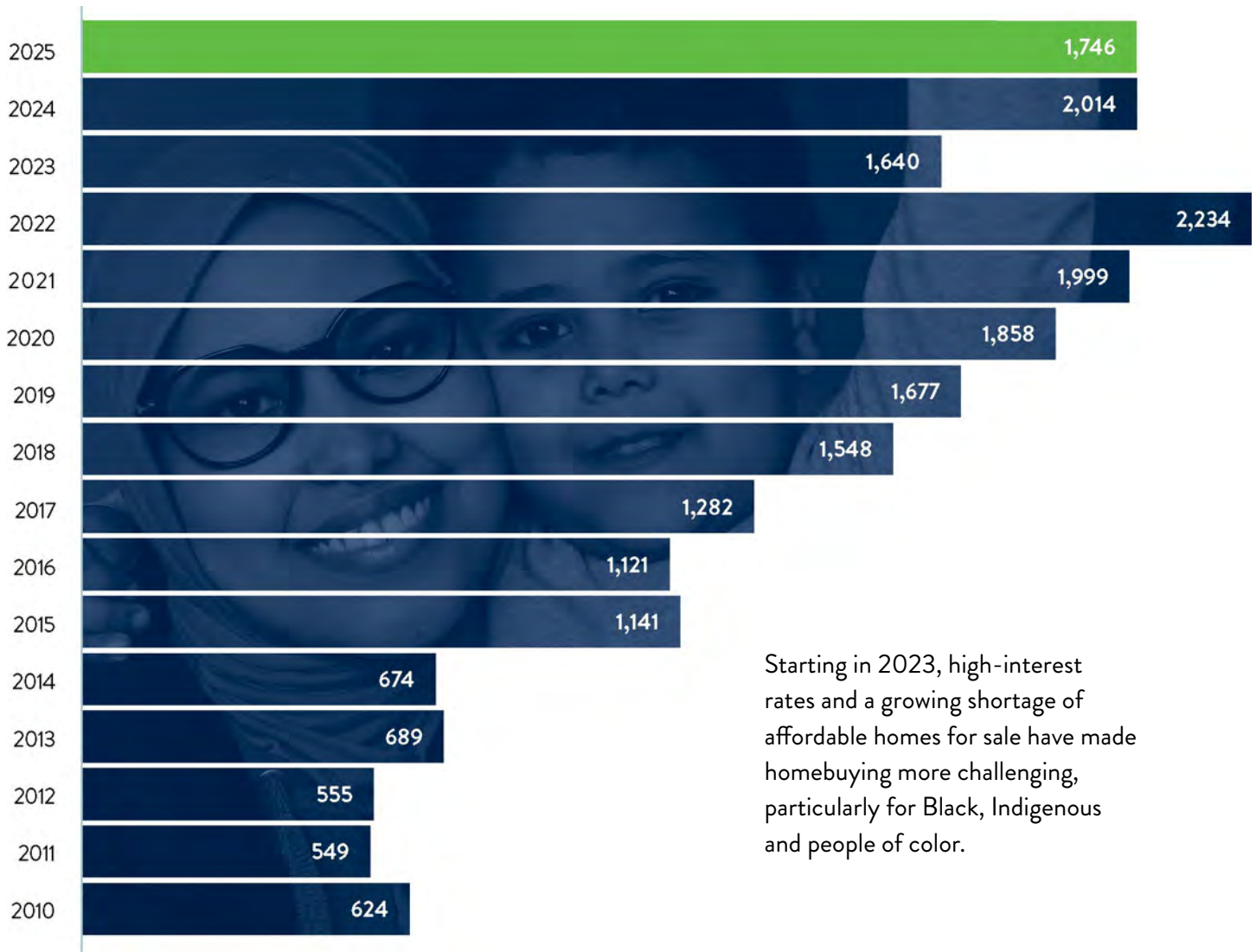
Resources¹	Minnesota Housing Assistance	Households or Units Assisted²	Average Assistance per Household or Unit	Median Annual Household Income
NeighborWorks Fee-Based Home Purchasing	\$7,300,000	146	\$50,000	\$94,764
Homebuyer/Owner Education and Counseling	\$2,825,693	5,956		
Homeownership Education, Counseling and Training (HECAT) ⁴	\$1,862,938	5,020	\$371	\$60,000
Homeownership Capacity Program ⁵	\$962,756	936	\$1,029	\$49,680
Home Improvement	\$6,344,693	233		
Home Improvement Loan Program	\$4,436,749	165	\$26,889	\$103,152
Rehabilitation Loan Program	\$1,907,944	68	\$28,058	\$19,870
Single-Family Development (unduplicated count)	\$7,533,913	179		
Community Homeownership Impact Fund ⁶ (unduplicated)	\$7,533,913	179	\$42,089	\$60,000
<i>Economic Development and Housing Challenge (EDHC)</i>	\$6,485,729	173	\$37,490	\$59,294
<i>Housing Infrastructure Resources</i>	\$328,069	5	\$65,614	\$55,588
<i>Interim Construction</i>	\$390,292	6	\$65,049	\$71,401
<i>Workforce Affordable Homeownership Program</i>	\$329,823	6	\$54,971	\$79,200
Other Single Family	\$2,493,650	11		
Build Wealth 9,000 Equities	\$2,493,650	11	\$226,695	100.0%
Rental Assistance Contract Administration	\$149,095,847	14,525		
Project-Based Section 8 Contract Administration	\$149,095,847	14,525	\$10,265	\$12,576
Housing Stability for Populations Needing Extra Support	\$42,913,361	10,027		
Housing Trust Fund – Rental Assistance (HTF-RA) ¹⁰	\$7,058,110	685	\$13,610	\$10,440
Bridges ¹⁰	\$1,351,349	142	\$11,077	\$12,576
Homework Starts with Home	\$1,375,749	107	\$12,857	\$12,180
Family Homeless Prevention and Assistance Program (FHPAP) ¹¹	\$32,236,392	8,937	\$3,607	\$11,799
Section 811	\$758,999	85	\$8,929	\$11,599
Housing Opportunities for Persons with AIDS (HOPWA) ¹²	\$132,762	71	\$1,870	NA
COVID-19 Housing Recovery	\$102,665	14		
Emergency Rental Assistance (ERA) – Targeted Assistance	102,665	14	\$7,333	\$30,576
Total (unduplicated count)	\$740,925,562	34,205		

NOTES

Excludes funding going to developers of rental housing, which does not go directly to households.

Figure 3

Home Mortgage Loans for Black, Indigenous and Homebuyers of Color, FFY 2010-2025



47%

of first-time homebuyers we serve are households of color or from Indigenous communities



TABLE 5
Distribution of resources
by region

Since 2023, about
47%
of competitive
assistance has gone
to Greater Minnesota

We distribute our competitive resources (grants, deferred loans and housing tax credits) fairly evenly across the state. Each region's share of our competitive assistance is close to its share of lower-income households that are cost-burdened by their housing payments (housing payments accounting for more than 30% of gross income). For example, the seven-county Twin Cities metro region has 54.5% of the state's lower-income cost-burdened households and received 53.1% of our competitive funding in 2025 and 53.4% over the last three years (2023-2025). The Twin Cities metro area received a larger share of our market-driven resources (58.8%) in 2025, which are our amortizing loans — primarily home mortgages, home improvement loans and first mortgages for rental development. Demand for our amortizing loan products is lower in Greater Minnesota because the U.S. Department of Agriculture's Rural Development also provides these types of products, which are only available in rural areas.

TABLE 5
Assistance by Region and Funds Source, FFY 2025

Region	Competitive Assistance: Grants, Deferred Loans and Housing Tax Credits				Area Share of Lower-Income Cost-Burdened Households
	2025		Three Years: 2023–2025		
	Amount of Assistance	Area Share of Assistance	Amount of Assistance	Area Share of Assistance	
Central	\$74,361,337	14.2%	\$167,330,147	13.2%	12.6%
Twin Cities	\$277,987,002	53.1%	\$677,248,285	53.4%	54.5%
Minneapolis	\$35,634,375	6.8%	\$144,804,948	11.4%	11.2%
Saint Paul	\$76,303,840	14.6%	\$165,611,621	13.1%	7.5%
Northeast	\$60,829,167	11.6%	\$134,206,831	10.6%	6.9%
Duluth	\$36,349,451	6.9%	\$96,389,931	7.6%	2.4%
Northwest	\$13,243,650	2.5%	\$30,876,529	2.4%	3.2%
Southeast	\$71,875,358	13.7%	\$172,932,813	13.6%	13.4%
Southwest	\$10,305,295	2.0%	\$27,149,477	2.1%	4.8%
West Central	\$15,278,292	2.9%	\$58,576,525	4.6%	4.6%
Total	\$523,880,101	100.0%	\$1,268,320,606	100.0%	100.0%

TABLE 5
Assistance by Region and Funds Source, FFY 2025

Region	Market-Driven Assistance: Amortizing Loans				Area Share of Lower-Income Cost-Burdened Households
	2025		Three Years: 2023–2025		
	Amount of Assistance	Area Share of Assistance	Amount of Assistance	Area Share of Assistance	
Central	\$159,590,070	16.6%	\$559,614,693	16.9%	12.6%
Twin Cities	\$565,653,227	58.8%	\$2,017,433,866	60.7%	54.5%
Minneapolis	\$75,753,923	7.9%	\$276,559,602	8.3%	11.2%
Saint Paul	\$88,168,937	9.2%	\$300,545,974	9.1%	7.5%
Northeast	\$48,077,111	5.0%	\$136,787,678	4.1%	6.9%
Duluth	\$20,675,124	2.1%	\$55,550,758	1.7%	2.4%
Northwest	\$9,998,726	1.0%	\$32,234,217	1.0%	3.2%
Southeast	\$116,483,418	12.1%	\$376,393,524	11.3%	13.4%
Southwest	\$39,820,045	4.1%	\$124,429,405	3.7%	4.8%
West Central	\$22,611,728	2.3%	\$74,020,816	2.2%	4.6%
Total	\$962,234,325	100.0%	\$3,320,914,199	100%	100.0%

NOTES

Data available for this table include non-Section 8 resources Minnesota Housing provided in 2025.

Competitive funds are generally distributed to developers and service organizations through a competitive process, such as a Request for Proposals.

Grants and deferred loans are state and federal appropriations (other than Section 8), and Minnesota Housing Pool 3 resources.

Housing tax credits reflect Minnesota Housing allocated tax credits in developments for which loans closed with 9% housing tax credits in 2025 (not including suballocators). Minnesota Housing tax credit allocation amounts are reported, not syndication amounts.

Amortizing loans involve regular principal and interest payments with borrowers deciding if they want to apply for a Minnesota Housing loan or pursue other lending options.

Regional total amounts include data for Duluth, Minneapolis and Saint Paul, i.e., the sum of regional shares is 100%.

Share of lower-income cost-burdened households is based on estimates of the number of households with income less than \$50,000 who pay more than 30% of income for housing (from the Census Bureau's American Community Survey, 2019-2023).

This table excludes RentHelpMN, HomeHelpMN, and Emergency Rental Assistance Targeted Assistance which are one-time COVID-19 emergency programs where demand drives the regional distribution of funds.

TABLE 6

Comparison of assistance levels for each program for the years 2023, 2024 and 2025

We have annually disbursed between \$1.8 billion and \$1.97 billion over the last three years. In this period, we have been winding down our COVID-19 activity and starting to disburse our Go Big resources from the 2023 legislature.

TABLE 6

Assistance by Program, FFY 2023–2025

Resources ¹	2023		2024		2025	
	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted
Homebuyer (unduplicated count)	\$1,107,043,981	4,485	\$1,243,323,528	5,119	\$1,041,376,126	5,619
Home Mortgage Loans (Start Up and Step Up) ³	\$1,045,129,984	4,485	\$1,144,572,596	4,957	\$896,089,162	3,925
<i>no downpayment/closing cost loan</i>	\$50,156,996	174	\$19,777,855	76	\$49,038,195	194
<i>with downpayment/closing cost loan</i>	\$994,972,988	4,311	\$1,124,794,741	4,881	\$847,050,967	3,731
Deferred Payment Loans (DPL) (second mortgage amount)	\$40,598,520	2,838	\$54,297,786	3,400	\$41,818,598	2,644
Monthly Payment Loans (MPL) (second mortgage amount)	\$21,315,477	1,473	\$20,156,677	1,345	\$15,387,302	1,087
First-Generation Homebuyer Assistance Program - Minnesota Housing (second mortgage)	No Activity		\$19,201,902	561	\$30,112,077	871
Community-Based First-Generation Homebuyers Assistance	No Activity		\$5,094,567	171	\$50,668,987	1,693
NeighborWorks Fee-Based Home Purchasing	No Activity		No Activity		\$7,300,000	146
Homebuyer/Owner Education and Counseling	\$2,430,019	7,076	\$2,975,092	5,908	\$4,148,575	9,313

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TABLE 6
Assistance by Program, FFY 2023–2025 *Continued*

Resources ¹	2023		2024		2025	
	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted
Homeownership Education, Counseling and Training (HECAT) ⁴	\$1,508,719	6,337	\$2,253,392	5,180	\$3,065,475	8,260
Homeownership Capacity Program ⁵	\$921,300	739	\$721,700	728	\$1,083,100	1,053
Home Improvement	\$40,463,616	1,340	\$47,347,285	1,541	\$32,897,009	1,194
Home Improvement Loan Program	\$34,653,758	1,116	\$39,427,230	1,262	\$24,326,565	892
Rehabilitation Loan Program	\$5,809,858	224	\$7,920,055	279	\$8,570,444	302
Single-Family Development	\$8,055,057	242	\$11,980,751	249	\$19,245,765	376
Community Homeownership Impact Fund ⁶ (unduplicated)	\$5,740,867	233	\$10,701,759	237	\$18,523,175	368
<i>Economic Development and Housing Challenge (EDHC)</i>	\$4,462,061	229	\$6,529,156	230	\$13,787,889	345
<i>Housing Infrastructure Resources</i>	\$479,807	11	\$2,231,734	37	\$1,423,718	19
<i>Interim Construction</i>	\$799,000	<5	\$1,940,869	16	\$1,471,114	18
<i>Workforce Affordable Homeownership Program</i>	\$2,159,472	7	\$1,278,992	12	\$1,840,454	19
Economic Development and Housing Challenge (EDHC) Named Grants (legislatively named grantees)	No Activity		No Activity		\$706,883	8
Neighborhood Stabilization Program (NSP)	\$154,717	<5	No Activity		No Activity	
Manufactured Housing and Communities (unduplicated)	\$3,095,056	1,314	\$12,932,802	2,731	\$18,656,390	2,361
Manufactured Home Communities Financing	\$0	0	\$1,993,500	117	\$1,220,000	95

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TABLE 6**Assistance by Program, FFY 2023–2025** *Continued*

Resources ¹	2023		2024		2025	
	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted
Manufactured Home Community Redevelopment Grants	\$3,071,056	1,311	\$10,918,359	2,614	\$12,298,110	2,236
Manufactured Home Park Cooperative Acquisition ¹³	No Activity		No Activity		\$5,125,000	252
Manufactured Home Relocation Trust Fund	\$24,000	<5	\$20,943	<5	\$13,280	<5
Other Single Family					\$2,493,650	11
Build Wealth 9,000 Equities	No Activity		No Activity		\$2,493,650	11
Rental Production – New Construction and Rehabilitation (unduplicated count)⁷	\$291,165,674	2,655	\$241,233,713	2,601	\$295,415,416	3,026
Low and Moderate Income Rental (LMIR)	\$104,502,000	1,132	\$108,957,000	1,066	\$107,629,000	877
Flexible Financing for Capital Costs (FFCC)	\$7,630,000	162	\$575,000	36	\$1,820,000	126
Low-Income Housing Tax Credits (LIHTC)-Tax Credit Allocation Amount ⁸	\$4,083,253	180	\$10,890,102	481	\$9,426,276	308
<i>Low-Income Housing Tax Credits (LIHTC) syndication proceeds</i>	\$39,002,347	180	\$100,359,050	481	\$85,537,959	308
National Housing Trust Fund	\$12,580,875	100	\$8,518,499	45	\$6,000,000	33
HOME	\$16,288,333	86	\$0	0	\$11,851,000	56
Emergency Rental Assistance (ERA) – Capital Funding	No Activity		\$11,166,000	108	\$13,865,000	241
Housing Infrastructure Resources	\$110,752,950	970	\$50,780,624	381	\$78,053,000	563
Economic Development and Housing Challenge Fund (EDHC)	\$5,401,737	171	\$16,551,475	301	\$28,131,000	286

Continued on next page.

TABLE 6
Assistance by Program, FFY 2023–2025 *Continued*

Resources ¹	2023		2024		2025	
	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted
Preservation Affordable Rental Investment Fund (PARIF)	\$20,854,500	574	\$5,883,000	86	\$7,488,000	69
State Housing Tax Credit Program	No Activity		\$5,813,000	306	\$4,538,790	318
Asset Management ⁹	\$0	0	\$0	0	\$3,300,000	41
Rental Rehabilitation Deferred Loan (RRDL) Program	\$3,244,600	154	\$5,801,400	218	\$5,326,300	228
Publicly Owned Housing Program (POHP)	\$5,403,426	651	\$5,405,300	296	\$3,883,494	317
Workforce Housing Development	\$424,000	20	\$1,195,700	135	\$0	0
Strategic Investments/Loans	\$0	0	\$9,696,613	83	\$11,107,000	178
High-Rise Sprinkler Grants	No Activity		No Activity		\$2,996,556	640
Rental Assistance Contract Administration	\$235,926,560	29,916	\$256,194,628	34,333	\$305,113,535	34,148
Project-Based Section 8 Contract Administration	\$235,926,560	29,916	\$256,194,628	34,333	\$305,113,535	34,148
Housing Stability for Populations Needing Extra Support	\$54,265,987	13,609	\$61,832,166	14,151	\$69,851,726	16,654
Housing Trust Fund – Rental Assistance (HTF–RA) ¹⁰	\$9,896,959	1,243	\$10,321,314	1,180	\$10,204,343	1,080
Housing Trust Fund – Operating Subsidies	\$3,188,421	749	\$1,189,653	607	\$978,762	468
Homework Starts with Home	\$2,265,757	332	\$4,939,788	238	\$2,185,769	170
Bridges ¹⁰	\$3,875,264	709	\$4,037,915	588	\$4,097,970	579
Section 811	\$1,069,974	155	\$1,195,237	155	\$1,473,007	178

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TABLE 6**Assistance by Program, FFY 2023–2025** *Continued*

Resources ¹	2023		2024		2025	
	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted	Minnesota Housing Assistance	Households or Units Assisted
Family Homeless Prevention and Assistance Program (FHPAP) ¹¹	\$33,762,160	10,260	\$39,975,916	11,196	\$50,661,310	14,045
Housing Opportunities for Persons with AIDS (HOPWA) ¹²	\$207,452	161	\$172,343	187	\$250,565	134
Strengthen the Supportive Housing System	No Activity		No Activity		\$318,000	NA
Multiple Uses			\$9,850,000	834	\$3,250,000	230
Community Stabilization (legislatively named grantees) ¹⁴	No Activity		\$9,850,000	834	\$3,250,000	230
COVID-19 Housing Recovery	\$100,129,548	8,854	\$39,144,260	7,015	\$114,937	15
Emergency Rental Assistance (ERA) – Regular RentHelpMN	\$1,215,869	195	No Activity		No Activity	
Emergency Rental Assistance (ERA) – Targeted Assistance	No Activity		\$39,020,488	7,004	\$114,937	15
Homeowner Assistance Fund (HAF) – HomeHelpMN	\$98,913,679	8,659	\$123,772	11	No Activity	
Other	\$3,474,150	9	\$41,111,960		\$9,477,381	NA
Technical Assistance and Operating Support	\$3,304,734	NA	\$1,286,041	NA	\$1,773,550	NA
Disaster Recovery	\$169,416	9	No Activity		\$76,172	<5
Stable Housing Organizational Relief Program	No Activity		\$39,350,919	NA	\$7,427,323	NA
Housing Mediation Grant Program	No Activity		\$475,000	NA	\$200,336	NA
Total (unduplicated count)	\$1,846,049,648	69,500	\$1,967,926,184	74,482	\$1,802,040,510	72,947

TABLE 7
Characteristics of the
households served in 2025

We prioritize serving the communities most impacted by housing instability, which includes people experiencing homelessness, people with a disability, seniors, children, Black, Indigenous and people of color, and the people with the lowest incomes. Table 3 provides data on income levels and Black, Indigenous and households of color. Table 7 provides information on people experiencing homelessness, people with a disability, seniors and families with children. With respect to homeownership, the Rehabilitation Loan Program is particularly effective in reaching senior households and households with a member who has a disability (52% and 58%, respectively). On the rental side, 77% of households receiving rental assistance through our Housing Trust Fund program have experienced long-term homelessness. In addition, Bridges (rental assistance for people with a mental illness) is designed to serve people with a disability.

Of all our programs, the most effective at serving families with children were Homework Starts with Home (100% of households were families), First-Generation Homebuyer Assistance Program (81% of households were families), NeighborWorks Fee-Based Home Purchasing (77% of households were families), and the Home Improvement Loan Program (76% of households were families).

As shown in Table 3, the median annual income of the households we serve across our programs ranges from \$1,500 to \$106,956.

TABLE 7
Characteristics of Households Served, by Program, FFY 2025

Resources ¹	Percentage of households that are:			
	Families with children	Seniors	With a disabled occupant*	Long-term or High Priority homeless
Homebuyer and Home Refinance (unduplicated count)	59.8%	2.5%	1.3%	NA
Home Mortgage Loans (Start Up and Step Up) ³	59.8%	2.5%	1.3%	NA
Deferred Payment Loans (DPL) (second mortgage amount)	63.8%	2.4%	1.7%	NA
Monthly Payment Loans (MPL) (second mortgage amount)	49.5%	2.6%	0.5%	0.0%
First-Generation Homebuyer Assistance Program – Minnesota Housing	81.1%	2.9%	0.0%	NA
Community-Based First-Generation Homebuyers Assistance	NA	NA	NA	NA
NeighborWorks Fee-Based Home Purchasing	77.4%	2.7%	5.5%	0.0%
Homebuyer/Owner Education and Counseling	NA	9.3%	NA	NA
Homeownership Education, Counseling and Training (HECAT) ⁴	NA	9.8%	NA	NA
Homeownership Capacity Program ⁵	61.6%	5.2%	NA	NA

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TABLE 7**Characteristics of Households Served, by Program, FFY 2025 (Continued)**

Resources ¹	Percentage of households that are:			
	Families with children	Seniors	With a disabled occupant*	Long-term or High Priority homeless
Home Improvement	62.2%	23.7%	15.5%	NA
Home Improvement Loan Program	75.9%	14.0%	1.2%	NA
Rehabilitation Loan Program	31.3%	52.3%	57.6%	NA
Single-Family Development	48.1%	25.5%	18.3%	NA
Community Homeownership Impact Fund ⁶	48.6%	25.5%	19.3%	NA
Workforce Affordable Homeownership Program	36.8%	<5	26.3%	NA
Economic Development and Housing Challenge (EDHC) (legislatively named grantees)	<5	<5	<5	NA
Other Single Family				
Build Wealth 9,000 Equities	<5	<5	<5	NA
Rental Production – New Construction and Rehabilitation (unduplicated household count)⁷	33.4%	28.2%	26.8%	6.7%
Low and Moderate Income Rental (LMIR)	47.9%	22.4%	18.3%	6.3%
Flexible Financing for Capital Costs (FFCC)	See characteristics for LMIR			
Low-Income Housing Tax Credits (LIHTC) ⁸	40.0%	24.2%	20.3%	6.8%
National Housing Trust Fund	11.0%	7.1%	66.7%	58.0%
HOME	28.8%	21.7%	31.0%	7.5%
Emergency Rental Assistance (ERA) – Capital Funding	NA	NA	NA	NA
Housing Infrastructure Resources	27.8%	18.8%	51.3%	26.5%
Economic Development and Housing Challenge Fund (EDHC)	45.0%	13.1%	15.0%	8.2%
Preservation Affordable Rental Investment Fund (PARIF)	30.5%	26.2%	40.3%	12.5%
Publicly Owned Housing Program (POHP)	10.2%	48.8%	45.7%	1.6%
Rental Rehabilitation Deferred Loan (RRDL) Program	17.1%	47.0%	23.4%	<5
Project-Based Section 8 Contract Administration	23.6%	47.3%	40.9%	NA
Housing Stability for Populations Needing Extra Support	37.8%	8.9%	NA	20.1%
Housing Trust Fund – Rental Assistance (HTF-RA) ¹⁰	50.0%	15.3%	NA	76.9%
Housing Trust Fund – Operating Subsidies	29.0%	14.8%	51.5%	59.4%

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TABLE 7
Characteristics of Households Served, by Program, FFY 2025 (Continued)

Resources ¹	Percentage of households that are:			
	Families with children	Seniors	With a disabled occupant*	Long-term or High Priority homeless
Bridges ¹⁰	17.9%	11.9%	100.0%	25.0%
Family Homeless Prevention and Assistance Program (FHPAP) ¹¹	38.5%	8.1%	37.0%	10.8%
Homework Starts with Home	100.0%	0.0%	32.0%	27.2%
Section 811	3.9%	12.9%	100.0%	NA
Housing Opportunities for Persons with AIDS (HOPWA) ¹²	No detailed household data available			
COVID-19 Housing Recovery	60.0%	<5	33.3%	NA
Emergency Rental Assistance (ERA) – Targeted Assistance	60.0%	<5	33.3%	NA

NOTES

* For all programs except FHPAP and Homework Starts with Home, disability percentages are based on the disability status of any household member; for FHPAP and Homework Starts with Home, the disability percentage is based on the disability status of the head of household. When interpreting these percentages, one would expect lower percentages when considering only the head of household's disability status.

Seniors = 62 and older

Long-term or high priority homeless = Lacking a permanent place to live continuously for a year, or at least four times in the past three years, or at least four times in the past three years, or households prioritized for permanent supportive housing by the Coordinated Entry System



TABLE 8**New construction and rehabilitation funding**

Minnesota Housing financed 940 new construction units with \$122 million and 3,151 rehabilitation units with \$103 million. Sixty-six percent of the multifamily units were rehabilitation units, and 83% of the single-family development units were rehabilitation units.

TABLE 8**New Construction and Rehabilitation Funding, FFY2025**

Resources ¹	New Construction			Rehab		
	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit
Home Improvement	Eligible for Rehabilitation Only			\$32,897,009	1,194	
Home Improvement Loan Program*	Eligible for Rehabilitation Only			\$24,326,565	892	\$27,272
Rehabilitation Loan Program*	Eligible for Rehabilitation Only			\$8,570,444	302	\$28,379
Single-Family Development (unduplicated count)	\$4,546,689	40		\$8,369,881	193	
Community Homeownership Impact Fund ⁵ (unduplicated)	\$3,544,978	31	\$114,354	\$7,713,881	187	\$41,251
<i>Appropriations</i>	\$2,547,987	29	\$87,862	\$6,045,247	185	\$32,677
<i>Housing Infrastructure Resources</i>	\$733,741	7	\$104,820	\$460,770	7	\$65,824
<i>Interim Construction</i>	\$263,250	6	\$43,875	\$1,207,864	12	\$100,655
<i>Workforce Affordable Homeownership Program</i>	\$1,001,711	9	111,301	\$656,000	6	\$109,333
Rental Production – New Construction and Rehabilitation (unduplicated count)⁶	\$117,892,019	900		\$62,097,086	1,764	
Low-Income Housing Tax Credits (LIHTC) – Tax Credit Allocation Amount ⁷	\$8,093,862	243	\$33,308	\$1,332,414	65	\$20,499
<i>Syndication Proceeds (\$s excluded from Rental Production Total)</i>	\$72,876,652	243	\$299,904	\$12,661,307	65	\$194,789

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TABLE 8**New Construction and Rehabilitation Funding, FFY2025** *(Continued)*

Resources ¹	New Construction			Rehab		
	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit	Minnesota Housing Assistance	Households or Units Assisted	Average Assistance per Household or Unit
Economic Development and Housing Challenge Fund (EDHC)	\$19,401,000	190	\$102,111	\$8,730,000	96	\$90,938
Housing Infrastructure Resources	\$45,881,810	316	\$145,196	\$32,171,190	247	\$130,248
Preservation Affordable Rental Investment Fund (PARIF)*	Eligible for Rehabilitation Only			\$7,488,000	69	\$108,522
Publicly Owned Housing Program (POHP)*	Eligible for Rehabilitation Only			\$3,883,494	317	\$12,251
Rental Rehabilitation Deferred Loan (RRDL) Program*	Eligible for Rehabilitation Only			\$5,326,300	228	\$23,361
National Housing Trust Fund	\$6,000,000	33	\$181,818	No Activity		
HOME	\$11,851,000	56	\$211,625	No Activity		
Workforce Housing Development	No Activity			No Activity		
Emergency Rental Assistance (ERA) – Capital Funding	\$13,865,000	241	\$57,531	No Activity		
State Housing Tax Credit Program	\$2,447,347	73	\$33,525	\$169,132	171	\$989
Strategic Investments/ Loans	\$10,352,000	111	\$93,261	No Activity		
High-Rise Sprinkler Grants	No Activity			\$2,996,556	640	\$4,682
Total (unduplicated count)	\$122,438,708	940		\$103,363,976	3,151	

*Programs eligible for rehabilitation only.

AWARDS FOR GAP FINANCING FOR CAPITAL PROJECTS

During Program Year 2025

The following five tables are based on funding awards that Minnesota Housing made during program year 2025 (October 1, 2024 through September 30, 2025). They reflect the funds Minnesota Housing will make available for housing development projects, and it may take a year or two for these funds to disburse because projects take time to go from funding selection to construction. The previous sections of this Program Assessment are based on disbursed funds, and the awarded funds presented in the following tables will show up as disbursed funds in future Program Assessments as construction is carried out. Across all the programs listed in the following five tables, the requested funding and need far exceeded the available resources. Even in years when Minnesota Housing has sizable levels of funding available, our programs are greatly oversubscribed.

SELECTIONS UNDER THE CONSOLIDATED REQUEST FOR PROPOSALS FOR RENTAL HOUSING

When housing developments apply for gap financing (funds not covered by amortizing debt) from Minnesota Housing, they apply for federal Low-Income Housing Tax Credits and/or deferred loans. The deferred loans are funded through various federal or state appropriations, but the developments apply for deferred loans in general, not from a specific federal or state appropriation. In the RFP selection process, Minnesota Housing decides which developments receive funding from each federal and state appropriation. Depending on funding availability, applicants that apply for Low-Income Housing Tax Credits may receive deferred loans instead. The funding sources are somewhat interchangeable.

	Number of Applications	Requests for Gap Financing					
		Low-Income Housing Tax Credits (Estimated Syndication Proceeds for 4% and 9% Credits)		Deferred Loans		Total Request (Unduplicated Unit Count)	
		Funding	Units	Funding	Units	Funding	Units
New Construction	49	\$628,722,367	2,747	\$258,931,124	2,322	\$887,653,491	2,790
Conversion/ Adaptive Reuse	1	\$371,833	23	\$1,744,009	23	\$2,115,842	23
Rehabilitation	14	\$142,654,478	946	\$68,055,554	984	\$210,710,032	1,016
Combination New Construction and Rehabilitation							
Total	64	\$771,748,678	3,716	\$328,730,687	3,329	\$1,100,479,365	3,829

SELECTIONS UNDER FOUR SEPARATE REQUESTS FOR PROPOSALS FOR RENTAL HOUSING

In addition to the Consolidated RFP, Minnesota Housing runs four separate rental RFPs where the Agency awards other funds for housing development — new construction or rehabilitation.

	Rental Rehabilitation Loan Development	Publicly Owned Housing Program	Workforce Housing Development Program	State Housing Tax Credit Program (rental)
Total Applications	0	47	*	7
Total Funding Requested	\$0	\$80,694,624	*	\$3,752,332
Total Housing Units Requesting Funding	0	4,197	*	121
Funding Awarded at Selections				
<i>New Construction</i>	\$0	\$0	\$1,500,000	\$205,000
<i>Rehabilitation</i>	\$0	\$53,435,200	\$0	\$1,229,646
Units Selected for Funding				
<i>New Construction</i>	0	0	37	12
<i>Rehabilitation</i>	0	3,220	0	42

* An additional selection added to the previous year's RFP.



SELECTIONS UNDER THE CONSOLIDATED REQUEST FOR PROPOSALS FOR OWNER-OCCUPIED HOUSING

Minnesota Housing also has a Consolidated Request for Proposals for owner-occupied housing. Projects can receive funding from more than one source, and funding across sources is somewhat interchangeable. All the funding sources are state funds.

	Number of Applications	Amount Awarded at Selections															
		Amount Requested		Economic Development and Housing Challenge		Housing Infrastructure Bonds		Housing Infrastructure Appropriations		Workforce Affordable Homeownership		Interim Loan		State Housing Tax Credit (Homeowner Housing)		Total (Unduplicated Unit Count)	
				Funding	Homes/Units	Funding	Homes/Units	Funding	Homes/Units	Funding	Homes/Units	Funding	Homes/Units	Funding	Homes/Units		
New Construction	36	\$81,548,166	353	\$5,529,027.00	26	\$0	0	\$4,980,752	36	\$20,437,326	118	\$2,157,414	16	\$437,931	16	\$33,542,450	172
Acquisition/ Rehabilitation/Resale	6	\$8,779,740	47	\$0.00	0	\$0	0	\$0	0	\$6,087,844	23	\$100,000	4	\$20,299	4	\$6,208,143	23
Owner-Occupied Rehabilitation	16	\$25,731,941	625	\$0.00	0	\$0	0	\$0	0	\$6,910,161	203	\$0	0	\$0	0	\$6,910,161	203
Affordability Gap Alone	14	\$52,169,000	895	\$0.00	0	\$0	0	\$4,501,000	63	\$8,183,750	130	\$0	0	\$0	0	\$12,684,750	152
Other (Including Revolving Mortgage Fund for Tribal Indian Housing Program)	6	\$7,628,372	40	\$7,218,373.00	37	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$7,218,373	37
Total	78	\$175,857,219	1,960	\$12,747,400.00	63	\$0	0	\$9,481,752	99	\$41,619,081	474	\$2,257,414	20	\$458,230	20	\$66,563,877	587

SELECTIONS UNDER THREE SEPARATE REQUEST FOR PROPOSALS FOR A RANGE OF RENTAL AND HOMEOWNERSHIP DEVELOPMENT ACTIVITIES

In 2025, Minnesota Housing ran three RFPs that funded a range of housing activities with housing development being one of the eligible uses in addition to other activities, including rental assistance and/or downpayment assistance. These grants went to counties, cities and/or Community Development Financial Institutions (CDFIs), who will determine how the funds are used among the eligible uses.

	Local Housing Trust Fund Grants	Local Housing Aid Grants (Tier 2 Cities)	Homeownership Investment Grants
Total Applications	53	48	10
Total Funding Requested	\$10,652,000	\$11,389,000	\$77,120,785
Selected for Funding			
Number of Selected Applications	37	33	7
Amount Awarded	\$5,326,000	\$4,090,000	\$37,000,000

SELECTIONS UNDER A REQUEST FOR PROPOSALS TO FUND HOUSING INFRASTRUCTURE ACTIVITIES

In 2025, Minnesota Housing ran an RFP that funded the redevelopment of manufactured home community infrastructure, including streets, sewer/water systems and storm shelters. While these grants do not directly fund the construction or rehabilitation of housing units, they are capital projects that support housing (re)development.

	Manufactured Home Community Redevelopment Grants
Total Applications	17
Housing Lots in Funding Requests	1,079
Total Funding Requested	\$13,277,894
Selected for Funding	
Housing Lots in Selected Projects	730
Amount Awarded*	\$2,727,819

* The funding award is split \$2.0 million from program appropriations and \$0.7 million from Housing Infrastructure Appropriations.



ENDNOTES

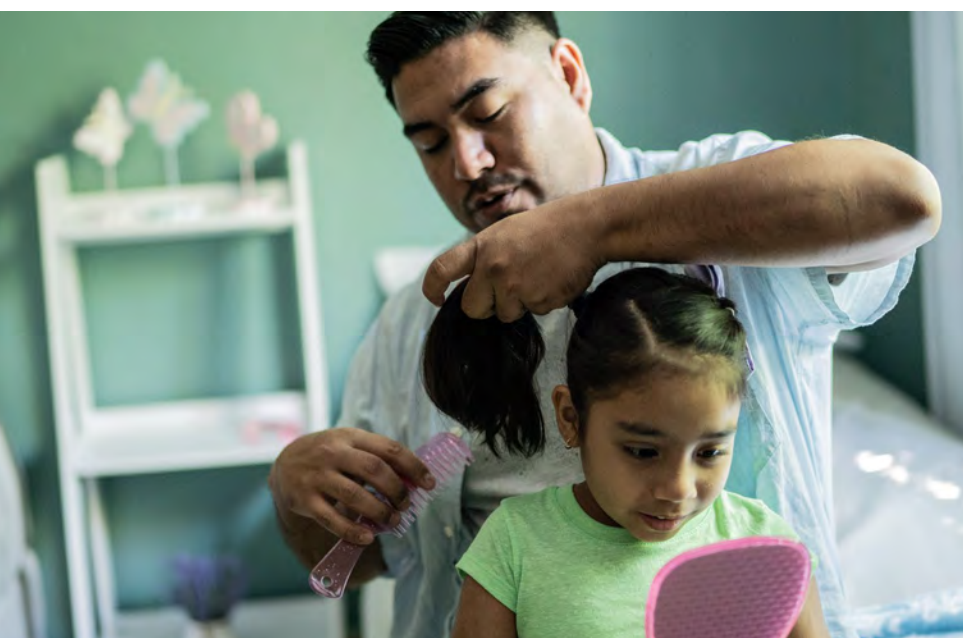
- 1 Data for all programs include loans and grants purchased, closed or disbursed during the program year, not loans and grants currently committed but not yet disbursed. For programs in which Minnesota Housing provides second mortgages in conjunction with other Minnesota Housing assistance, total units are shown by program but are unduplicated in subtotal and total unit counts.

Tenant demographics for rental units are reported to Minnesota Housing by owners of Agency-funded developments being monitored for compliance with program rules. Data include characteristics of tenants occupying developments funded prior to the reporting year. These data are proxies for the tenants most likely to move into these units. All percentage calculations are based on households with complete information reported. Household income is based only on tenants with income reported in the last three years.

Tenant characteristics will vary from year to year reflecting the number, size, location and type of developments on which owners report.

- 2 These are households in which the head of the household (borrower or coborrower, in the case of homeownership and home improvement loans) is of a race other than white or is of Latinx/Hispanic origin.
- 3 Data include first mortgages that U.S. Bank Home Mortgage HFA Division purchased during the reporting year.
- 4 The number of HECAT households served excludes people who took the online Framework course.
- 5 Build Wealth program funds and households are included in Homeownership Capacity numbers.
- 6 The Community Homeownership Impact Fund combines funds from three programs: (1) includes Single Family's Economic Development and Housing/Challenge Fund resources program, (2) Housing Infrastructure resources, and (3) Workforce Affordable Homeownership Program. This is a count of loans, not households; some households may receive more than one loan under this program.

- 7** The demographic information for rental production numbers excludes units that also receive Section 8 Project-Based assistance, which are reported under their own program.
- 8** The total amount of tax credit allocation amounts is reported for developments with loans that closed in the reporting year. Projects that only receive Minnesota Housing allocated tax credits and not Minnesota Housing loans are reported in the year the project status reaches IRS form 8609. Data do not include suballocator units. Fluctuation in the dollar value of credits and syndication proceeds from year to year may be attributable to fluctuation in the number of projects with loan closings in a given year and/or fluctuation in tax credit pricing.
- 9** Includes Financing Adjustment Factor and Financing Adjustment (FAF/FA) resources.
- 10** Total assistance amount for Bridges and Housing Trust Fund Rental Assistance is the actual voucher, security deposit and housing expense amounts disbursed during the reporting year. Average assistance per household is estimated for 12 months based on average monthly assistance paid in the reporting year.
- 11** The number of households for FHPAP reported include those served by domestic violence providers (366 households) that are not reported in the Homeless Management Information System. Assessment Reports prior to 2023 did not include data from domestic violence providers; however, future reports will include this data. These households are included in Table 3 and Table 5. Demographic data beyond region is not collected for these households to protect their safety.
- 12** HOPWA demographic data is missing for FFY2025 due to administrative challenges in collecting the data.
- 13** The Manufactured Home Park Cooperative Acquisition program reported funds in 2024 that ultimately were not disbursed to households until 2025. Those funds (\$4,150,000) are reported here in the 2025 totals and deleted from the 2024 totals.
- 14** 2024 numbers are updated to include a Community Stabilization Program (Aeon) that was accidentally omitted in 2024. Disbursed funds included \$9,850,000 and 834 units.







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Item: First Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan

Information Item: 9.A
Date: 2/26/2026
Staff Contacts: John Patterson, 651.296.0763, john.patterson@state.mn.us
Request Type: No Action, Information

Request Summary

Staff are providing for the board's review the First Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan.

Fiscal Impact

None.

Agency Priorities

- | | |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System | <input checked="" type="checkbox"/> Support People Needing Services |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Strengthen Communities |
| <input checked="" type="checkbox"/> Make Homeownership More Accessible | |

Attachments

- First Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan

First Quarter 2026 Progress Report:

2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan (Program Year October 1, 2025 through September 30, 2026)

This progress report has two sections:

1. **Strategic Goals.** To track our progress in carrying out our 2024-2027 Strategic Plan, we have identified two priority areas for which we set strategic goals:
 - a. Share of first-time homebuyer mortgages going to Black, Indigenous and households of color
 - b. Share of new rental units that will be deeply affordable
2. **Forecast of Households and Housing Units to be Assisted.** To track our progress in implementing the 2026-2027 Affordable Housing Plan, we forecasted and now track the number of households and housing units that we expect to assist with funds awarded in program year 2026. This is a leading indicator of our program activity. For housing development programs, it can take two years from selecting projects for funding to disbursing those funds when construction is carried out.

In 2026, we are off to a good start for most of our programs, but behind expectations for a few.

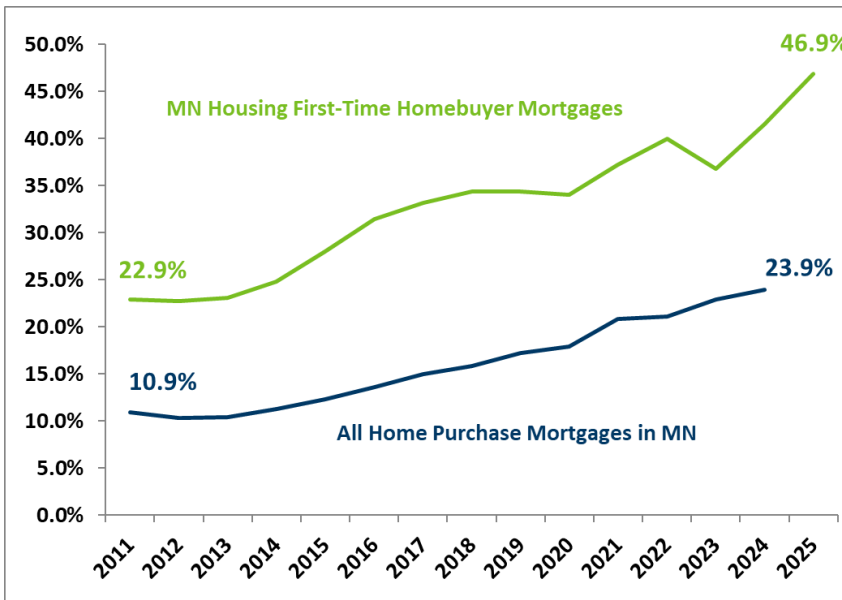
Key highlights include:

- In the first quarter, 42.8% of our first-time homebuyer mortgages went to Indigenous, Black and households of color, exceeding our goal of 40%. This is a strong result for a period when we did not have resources specifically dedicated to first-generation homebuyers.
- Lending under our homebuyer and home-improvement programs has been lower than expected. In the winter of 2025, we made program changes in these two areas to somewhat slow lending and more closely manage the limited resources we have available for new lending. With a larger than expected decline in lending, we are assessing possible program adjustments to increase lending a little. The changes won't go back to the previous program design because we still have liquidity constraints to manage.
- For rental new construction and our Consolidated RFP programs, we reach 122% of our year-end forecast of new rental units we would finance.

- Across all programs, we have reached 70% of our year-end forecast of households to serve when we are typically at 65% after the first quarter.

Strategic Goals

1. Share of Mortgages Going to Indigenous, Black and Households of Color



Goal 40.0%
Q1-2026 Actual 42.8%

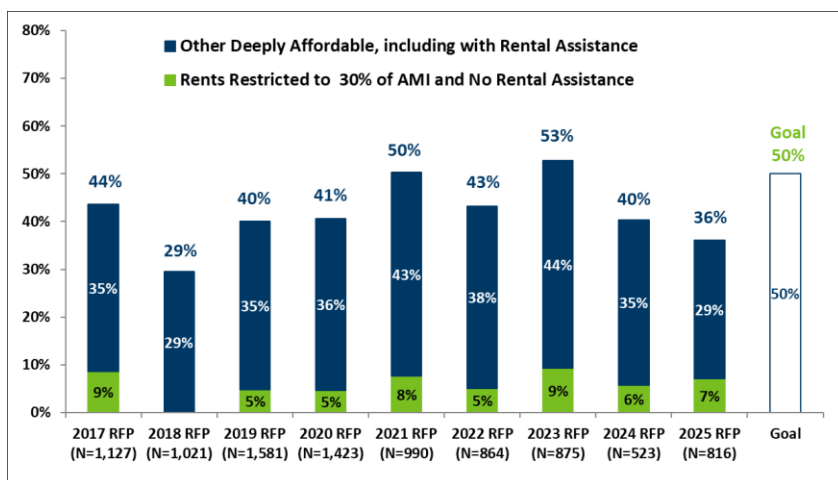
Our 2024-2027 Strategic Plan recognizes that some communities of shared identities, experience or geographies disproportionately face housing instability and experience disparities in access and outcomes. These include Indigenous, Black and people of color, people with disabilities, single parents, large families, and older adults. These communities are our priority because the current market is not working for them, and they experience barriers in accessing and navigating affordable housing.

Among the 50 states, Minnesota has the 6th largest disparity in the homeownership rates between white households (77.1%) and Indigenous, Black and households of color (48.5%). To help address the disparity, we have set a goal of 40% of the Agency's first-time homebuyer mortgages going to Indigenous, Black and households of color. We estimate that about 40% of renters in Minnesota who are potentially income-ready to buy a home and between the ages of 25 and 44 (prime first-time homebuyer ages) are Indigenous, Black and households of color.

After a few years of having 34% of our first-time homebuyer mortgages going to Indigenous, Black and households of color, we were able to break through and reach our 40% goal in 2022. This is significantly higher than the overall mortgage industry in Minnesota (23.9%). Because high interest rates and a very limited supply of affordable homes for sale created additional homebuying challenges, particularly for those already facing barriers, our rate of lending to

Indigenous, Black and households of color dropped in 2023. However, with the May 2024 launch of our temporary First-Generation Homebuyer Assistance program, which supported many Indigenous, Black and homebuyers of color with increased downpayment assistance, our monthly lending rate to buyers of color reached 50% when the program was running. Unfortunately, the program exhausted the available appropriations and closed part way through program year 2025, and the monthly share of home mortgages going to Indigenous, Black and homebuyers of color dropped. For all of program year 2025, 46.9% of our first-time homebuyer mortgages went to homebuyers of color. As the First-Generation Homebuyer program was ending, the board approved program changes that made first-generation homebuying an eligibility criterion for downpayment assistance under our Deferred Payment Loan Plus program (which provides the highest level of assistance among ongoing programs but less than the temporary program dedicated specifically to first-generation homebuyers). With this program change, we are currently keeping the overall share above 40%.

2. Share of New Rental Units from the Consolidated RFP that will be Deeply Affordable*



Goal 50%
2026 (2025 RFP) Actual 36%

* Includes new construction and adaptive-reuse units: (1) with contract rents that are affordable to households with incomes at or below 30% of the area median income (AMI), (2) with rental assistance, including Housing Support, and/or (3) that are permanent supportive housing.

With the funding selections approved in December 2025, 36% of the new construction and adaptive-reuse units are expected to be deeply affordable. While we did not reach the 50% goal in the most recent RFP, we achieved it in two of the past five years. Achieving the target depends on: (1) the availability of capital funding for deferred lending—particularly Housing Infrastructure Resources, (2) the availability of rental assistance, including the Department of Human Services' Housing Support, and (3) the type of projects that submit funding proposals through the Consolidated RFPs. In the 2023 RFP, we reached 53% deeply affordable new units with the support of \$206 million in deferred lending, including \$102 million from Housing Infrastructure Resources. In contrast, the last two years have been lower. With the 2024 RFP, we reached 40% deeply affordable with \$121 million in deferred lending, which included \$61

million from Housing Infrastructure Resources. With the 2025 RFP, we reached 36% deeply affordable with \$108 million in deferred lending, which included \$54 million from Housing Infrastructure Resources. Deferred funding awarded in 2025 RFP was about half of what it was with the 2023 RFP. While funding levels and project proposals vary from year to year, we remain committed to maximizing deeply affordable housing through strategic investments and partnerships.

Forecast of Households and Housing Units to Be Assisted

The following table tracks our progress in reaching our 2026 activity forecasts by program area. For context and a comparison, it also provides the level we reached in 2025 after the first quarter.

Progress in Reaching Our Forecast of Households and Housing Units to be Assisted in 2026

		2026 Year-End Forecast	2026 Actual After First Quarter	Share of 2026 Forecast Reached After First Quarter	2025 Actual After First Quarter	Historical Share After First Quarter
1	Homebuying	4,599	677	15%	1,374	20%
2	Homebuyer Education and Counseling	4,754	767	18%	1,441	20%
3	Home Improvement Lending	1,485	170	11%	315	20%
4	Single Family Housing Development and Supports	289	279	97%	587	90%
5	Manufactured Housing and Communities	0	0	0%	1,275	100%
6	Rental New Construction	670	816	122%	522	75%
7	Rental Rehabilitation	1,133	329	29%	350	30%
8	Rental Refinance Only	11	0	0%	0	25%
9	State Rental Assistance and Operating Subsidies	7,842	1,911	24%	1,768	65%
10	Section 8 Contract Administration	34,259	34,115	100%	34,333	100%
11	Homeless Prevention and Other Supports	4,535	3,110	69%	5,469	30%
12	Other Housing Programs	2,262	862	38%	57	25%
13	Total	61,839	43,124	70%	47,491	65%
Note: These numbers reflect households or housing units to be assisted based on housing developments that have been selected for funding, the commitment of home mortgage and home improvement loans (net of cancellations), contracts signed with names grantees, and the disbursement of funds for rental assistance, operating subsidies, homebuyer education/coaching and homelessness prevention.						

Without historical data, our forecast of activity for new programs is quite uncertain in terms of the timing and number of households assisted. We anticipated that we would be well over the forecast in some areas and well under in other areas.

NOTES:

Lines 1: After the first quarter, we reached just 15% of our year-end forecast for our homebuyer programs when we are typically at 20% at this point of the year. With the prime homebuying season occurring in the spring and summer, the first quarter is typically a little slower, but recent activity has been slower than expected. A year ago, we made program

changes to somewhat slow lending and more closely manage the limited funds that the Agency has on hand for providing downpayment and closing-cost assistance. We are now assessing possible program adjustments to increase activity a little. These adjustments won't go back to the program specifications before last year's changes but facilitate a little more lending. We still have liquidity constraints to manage.

Lines 2: Homebuyer/owner education and counseling is in line with expectations, reaching 18% of the year-end forecast after the first quarter. At this point of the year, these programs typically are at 20%.

Line 3: With respect to home improvement activity, we are only at 11% of the year-end forecast after the first quarter, which is less than forecasted. Lending under the Fix Up Loan program has been particularly slow. Just like downpayment assistance, the board approved program changes last winter to more closely manage the use of the limited funds we have on hand for new lending.

Line 4: With respect to single-family development and supports, we are right on track with expectations. Selections for our once-a-year Impact Fund RFP have already occurred, and we reached 97% of the forecast. Activity in program year 2026 is less than 2025 because less funding is available.

Line 5: We did not run an RFP for Manufactured Home Community Redevelopment last summer and fall, which would have had selections this past December. Thus, we won't have any activity in this area for program year 2026. The next RFP will launch in August with selections in December, which will be reported as activity in program year 2027.

Line 6: With respect to the construction of new rental units, we have already reached 122% of the year-end forecast. In December 2025, the board selected projects for the most recent annual Consolidated RFP. The amount of assistance provided per unit was less than anticipated, leading to higher production with the resources available.

Line 7: On the rental rehabilitation side, we reached 29% of the year-end forecast, but there are still funds available under the following rental rehabilitation/preservation programs: Publicly Owned Housing Program (POHP), Rental Rehabilitation Deferred Loan (RRDL) program, and High-Rise Sprinkler Systems. These funds will support a significant number of units, but for some of the programs, the timing of the RFPs in either 2026 or 2027 is uncertain.

Line 8: We did not refinance any rental properties in the first quarter. These funds are available year-round, and activity is demand driven, which can lead to uneven activity over the course of

a year and from year-to-year. Given high interest rates, we are expecting little activity. While our forecast is for 11 units, it is unlikely that we would refinance an 11-unit property, but rather, we are effectively expecting a 25% chance of refinancing a 44-unit property.

Line 9: After the first quarter, we are only at 24% of our year-end forecast for rental assistance and operating subsidies, when we are typically at 65%. Our existing programs are on track. Most renters getting assistance in the first quarter will continue to do so, but some vouchers will turnover to additional households over the course of the year. In addition, more rental units will receive their operating subsidies.

However, we are also in the process of standing up our new Bring It Home Rental Assistance program. We awarded the funds to grantees last year, and they are now launching their individual programs. It will take some time for this program to ramp up and issue vouchers, which will occur over the course the year. Once Bring It Home is fully operational, we should be at or near our year-end forecast of households assisted.

Line 10: The number of units receiving project-based rental assistance changes very little over the course of the year, and it is always very close to the forecast.

Line 11: Activity under homeless prevention and other supports is higher than expected. The amount of assistance needed per household served was lower than expected, allowing us to serve more households with the available resources. For the last few years, the amount of assistance per household had been trending up, but that appear to be reversing, at least for the first quarter of the year.

Line 12: This program area tracks several miscellaneous programs, some of which are new and still in the process of being set up and launched, including Community Stabilization and Lead-Safe Homes.

Line 13: The Agency reached 70% of its year-end forecast after the first quarter when we typically reach about 65% at this point.