



## Meetings Scheduled for MAY

Date: 05/28/2026, 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: 1.877.568.4108 Access Code: 185-215-801

### 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, May, 28, 2026.

**IMPORTANT:** 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 Minnesota Statute 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: 05/28/2026, 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 April 23, 2026

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

None.

## 7. Action Items

- A. (page 11) Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) – The LOMA, D8606, Minneapolis
- B. (page 29) Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 E (The LOMA)
- C. (page 125) Amendment to Loan Terms and Restriction, Minnesota Families Affordable Rental Investment Fund (MARIF) – Bottineau Commons, D3054 & Bottineau Lofts, D3082, Minneapolis
- D. (page 137) Approval, Selection and Commitment, 2026 Federal Low-Income Housing Tax Credit Program - Round 2
- E. (page 151) Approval, Selections, Community Stabilization, Distressed Properties Program
- F. (page 247) Approval, Amendments to Tenant Selection Plan Guidelines
- G. (page 263) Approval, Amendments to the Bring It Home Rental Assistance Program Guide

## 8. Discussion Items

- A. (page 303) 2026 State Legislative Session Recap

## 9. Information Items

- A. (page 305) Second Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan
- B. (page 313) Post Sale Report, Rental Housing Bonds, Series 2026 B (3rd Avenue Flats)

## 10. Other Business

None.

## 11. Adjournment



## Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, April 23, 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 1:02 p.m.

### 2. Roll Call

**Members present via hybrid:** Ramona Advani (for Auditor Blaha), Chief Melanie Benjamin, Eric Cooperstein, Chair John DeCramer, Stephanie Klinzing, Stephen Spears and Terri Thao.

**Minnesota Housing staff present via hybrid:** Kelby Alstad, Tom Anderson, Tal Anderson, Ryan Baumtrog, Jennifer Bergman, Susan Bergmann, Scott Beutel, Judd Berthiaume, Nick Boettcher, Laura Bolstad Grafstrom, Sarah Broich, Stacie Brooks, Alex Campbell, Eric Chapin, Alex Curwick, Nicole DeMario, Renee Dickinson, Matt Dieveney, Sam Dyer, Peter Elwell, Jennifer Finnesgard, Shannon Fortune, Jessica Fowler, Graydon Francis, Rachel Franco, Mark Freeman, Emily Fulton-Foley, Vanessa Haight, Amanda Hedlund, Anne Heitlinger, Darryl Hennen, Kang Her, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Sarah Huss, Will Jensen-Kowski, Anna Jerde, Karen Johnson, Erin Karkula-Peterson, Tiffany Kibwota, Katey Kinley, Joshua Kirk, Dan Kitzberger, Greg Klein, Ken Knutson, Debbie Krajsa, Greg Krenz, Sue Ladehoff, Ben Landwehr, Janine Langsjoen, Ger Lee, James Lehnhoff, Ed LeTourneau, Hannah Lindemer, Sarah Matala, Eric Mattson, Dylan Mato, Don McCabe, Jeff McDonald, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Kelli Minnerath, Jon Moler, Hayley Ney, Andrew Orth, John Patterson, Andy Pratt, Rinal Ray, Annie Reiersen, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Lael Robertson, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, Dez Sobiech, Meg Sorenson, Maria Steele, Lauren Stelter, Rachael Sterling, Corey Strong, Kim Stuart, Jodell Swenson, Susan Thompson, Monica Tucker, Nancy Urbanski, David Vang, Teresa Vaplon, Amanda Welliver, Alyssa Wetzel-Moore, and Bev Wilharm.

**Others present via hybrid:** Michelle Adams, Kutak Rock; Colleen Ebinger, Impact Strategies; Peter Ebnet, Greater Minnesota Housing Fund; Dan Maher, Anthony House; Anne Mavity, Minnesota Housing Partnership; Muse Mohamed, CAIR-MN; Jason Peterson, NeighborWorks Home Partners; Ellen Sahli, Family Housing Fund; Deidre Schmidt, CommonBond Communities; Chad Schwitters, McKnight Foundation; Anne Smetak, Housing Justice Center and Jeff Washburne, Everlong Consulting.

### 3. Agenda Review

None.

### 4. Approval

#### A. Regular Meeting Minutes of March 26, 2026

**Motion:** Terri Thao moved to approve the March 26, 2026, Regular Meeting Minutes. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0.

### 5. Reports

#### Chair

Chair DeCramer reported on the Annual Finance meeting that he and board member Cooperstein attended last week.

#### Commissioner

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings
- Program Updates

#### Committee

The Finance and Audit Committee met earlier today with our auditors Eide Bailly to kick off the FY26 Financial, Technology and Single Audit.

### 6. Consent Agenda

#### A. Impact Fund Contract Language Corrections

**Motion:** Stephanie Klinzing moved the Consent Agenda item. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

## 7. Action Items

### A. Commitment, Bridge Loan (BL) – Brae View, D8513, Duluth

Jennifer Finnesgard presented to the board a request for adoption of a resolution authorizing the issuance of a BL commitment in the amount of up to \$8,020,000. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

**Motion:** Terri Thao moved Commitment, Bridge Loan (BL) – Brae View, D8513, Duluth. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

### B. Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 C (Brae View)

Andy Pratt presented to the board a request for adoption of a resolution that authorizes the issuance of fixed rate bonds under the existing Rental Housing Bond Resolution to finance construction of Brae View, a 72-unit multifamily development in Duluth. Tax-exempt bonds will be issued to fund a \$8,020,000 short-term bridge loan. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 C (Brae View). Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

### C. Commitment, Bridge Loan (BL) – Gladstone Crossing, D8434, Maplewood

Benjamin Miles presented to the board a request for adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$5,565,000. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Commitment, Bridge Loan (BL) – Gladstone Crossing, D8434, Maplewood. Seconded by Chief Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

### D. Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 D (Gladstone Crossing)

Andy Pratt presented to the board a request for adoption of a resolution that authorizes the issuance of fixed rate bonds under the existing Rental Housing Bond Resolution to finance construction of Gladstone Crossing, a 40-unit multifamily development in Maplewood. Tax-exempt bonds will be issued to fund a \$5,565,000 short-term bridge loan. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Terri Thao moved Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 D (Gladstone Crossing). Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

### **E. Termination of Declaration of Covenants, Conditions and Restrictions and Waiver to Minnesota Rule 4900.3727 Part D.1; Housing Trust Fund Long-Term Homelessness (HTF-LTH) Program Loan and Housing Trust Fund (HTF) Program Loan – North Penn Supportive Housing, Minneapolis, D6350**

Sarah Matala presented to the board a request for adoption of a resolution for North Penn Supportive Housing to allow the: 1) Termination of the Declaration of Covenants, Conditions and Restrictions for the HTF-LTH Program Loan; and 2) Waiver of the Use Restrictions required by Minnesota Rule 4900.3727 part D.1 for the \$106,787 Housing Trust Fund Long-Term Homelessness (HTF-LTH) Program Loan and for the \$213,573 Housing Trust Fund (HTF) Program Loan. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Termination of Declaration of Covenants, Conditions and Restrictions and Waiver to Minnesota Rule 4900.3727 Part D.1; Housing Trust Fund Long-Term Homelessness (HTF-LTH) Program Loan and Housing Trust Fund (HTF) Program Loan – North Penn Supportive Housing, Minneapolis, D6350. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

### **F. Early Termination of Declarations of Covenants, Conditions and Restrictions, Preservation Affordable Rental Investment Fund (PARIF) Loan – Alliance Scattered Site Portfolio, D5905, Minneapolis**

Sarah Matala presented to the board a request for adoption of a resolution for Alliance Scattered Site Portfolio to allow the termination of two declarations related to the \$220,000 Preservation Affordable Rental Investment Fund Loan. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Early Termination of Declarations of Covenants, Conditions and Restrictions, Preservation Affordable Rental Investment Fund Loan – Alliance Scattered Site Portfolio, D5905, Minneapolis. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

### **G. Early Termination of Loan Repayment Agreement and Mortgage, Economic Development and Housing Challenge (EDHC) Loan – Urban Homeworks Rental Reclaim Phase I, D6345, Minneapolis**

Sarah Matala presented to the board a request for adoption of a resolution for Urban Homeworks Rental Reclaim Phase I to waive the 15-year minimum term required by Minnesota Rule 4900.3646, subpart 1, section F(2) for the Economic Development Housing Challenge loan in the amount of \$455,596. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Early Termination of Loan Repayment Agreement and Mortgage, Economic Development and Housing Challenge Loan – Urban Homeworks Rental Reclaim Phase I, D6345, Minneapolis. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

#### **H. Approval, 2026 Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program Request for Proposals (RFP) Selections**

Colleen Meier presented to the board a request for approval of the 2026 Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program Request for Proposals and Selections Team recommendations. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, 2026 Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program Request for Proposals (RFP) Selections. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

#### **I. Approval, Community Stabilization: Naturally Occurring Affordable Housing Single Family Program Guide**

Tiffany Kibwota presented to the board a request for approval of the Community Stabilization - Naturally Occurring Affordable Housing Single Family Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Community Stabilization: Naturally Occurring Affordable Housing Single Family Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

### **8. Discussion Items**

None.

### **9. Information Items**

None.

## **10. Other Business**

None.

## **11. Adjournment**

The meeting was adjourned at 2:50 p.m.

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John DeCramer, Chair



## Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - The LOMA, D8606, Minneapolis

**Action Item:** 7.A  
**Date:** 05/28/2026  
**Staff Contacts:** Benjamin Miles, 651.539.9633, [benjamin.miles@state.mn.us](mailto:benjamin.miles@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 14, 2023, meeting, the Minnesota Housing board selected the proposed development for financing with a LMIR loan in the amount of up to \$1,315,000 and a BL in the amount of up to \$8,965,000 in Resolution No. MHFA 23-078. 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 \$1,531,000; and
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$6,295,000.

### 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 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:**

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

## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	The LOMA	<b>D#8606</b>	<b>M#19439</b>
<b>Address</b>	3246 Nicollet Avenue		
<b>City</b>	Minneapolis	<b>County</b>	Hennepin
<b>Date of Selection</b>	December 14, 2023	<b>Region</b>	Metro

#### A. Project Description and Population Served

- The development involves the new construction of 62 units in a seven-story elevator building with units ranging from studios to three bedrooms. The LOMA is a mixed-use project that includes 4,653 square feet of commercial space on the first floor that will be structured as a condominium unit with separate ownership. The commercial space is not funded with Agency resources.
- The development will provide workforce housing for seniors. All units are restricted to senior households with at least one person 55 years of age or older.
- Fifteen units serve households with people experiencing High Priority Homeless (HPH).
- The development will serve households with incomes that range from 30% to 50% Multifamily Tax Subsidy Projects (MTSP).
- Sixteen units will benefit from Project-Based Section 8 rental assistance, and the 15 units serving HPH will benefit from Housing Support rental assistance. These units will be deeply affordable to households at 30% MTSP. In addition, 13 units that do not have rental assistance will be deeply affordable to households at 30% MTSP.
- The project is a partnership between VY Enterprise LLC and Traphie Slocum. VY Enterprise LLC is the sole member of the managing general partner and Traphie Slocum is the sole member of the co-general partner. Both parties will be long-term owners of the project. Traphie Slocum will also be the owner of the restaurant on the first floor.
- The project is anticipated to begin construction in spring 2026 and is anticipated to open for residents in fall 2027.

#### B. Mortgagor Information

<b>Ownership Entity:</b>	The Loma Limited Partnership
<b>Sponsor:</b>	VY Enterprise LLC

<b>Managing General Partner:</b>	The Loma Managing GP LLC
<b>General Partner:</b>	The Loma GP LLC
<b>Guarantor:</b>	One Stop African Market Inc, Traphie Slocum and VY Enterprise LLC

### C. Development Team Capacity Review

The sponsor is VY Enterprise LLC who appears to have the capacity to complete the project with the team they have assembled. The sponsor is working with a processing agent, Landon Group, LLC.

The property manager, Property Solutions & Services, Inc., has the capacity to manage this development.

The service provider, TOUCHSTONE MENTAL HEALTH, is experienced in serving HPH residents and appears to have the capacity to serve this development.

Design By Melo LLC is the architect and Weis Builders, Inc. is the general contractor. Both have the capacity to effectively design and construct the project.

The sponsor, developer and architect represent Black, Indigenous, People of Color-owned Business Enterprises. The sponsor, developer, architect, general contractor, processing agent and service provider represent Women-owned Business Enterprises.

### D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing	LMIR	TEB*	\$1,531,000	6.25% max	n/a	Approx 24 months const. + 40 years	40 years	Construction to Permanent
Bridge	BL	TEB*/Taxable Bonds	\$6,295,000	Bond Rate + 1.0%	n/a	24 months	n/a	Construction

\*Tax-exempt volume limited bonds.

- The tax-exempt volume limited bonds are sized at approximately 30% of aggregate costs to qualify the development for 4% Housing Tax Credits (HTCs).
- The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 6.25%.

- The BL will be funded by a combination of both tax-exempt and taxable bonds. Approximately \$5,640,000 of the BL will be funded with tax-exempt bonds and approximately \$655,000 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 development was also selected for a Housing Infrastructure Appropriation (HIA) program loan in the amount of \$9,234,000 under Resolution No. MHFA 23-077 at the December 14, 2023, board meeting. There are no changes to the HIA loan amount, and the loan does not require additional board action. The project also includes 4% HTCs from Minnesota Housing.

**Amortizing Mortgage Loan to Cost: 5.8% Amortizing Mortgage Loan to Value: 20.0%**

#### **E. Significant Changes Since Date of Selection**

- The design has changed since selection. The revised design maintains the overall unit count while adding 18 one-bedroom units, four two-bedroom units, and two three-bedroom units, offset by a reduction of 24 studio units. Also, the building footprint was expanded and an additional story was added.
- Ability to use the 25% bond test instead of 50% bond test has had a direct impact on conserving Agency volume cap, while simultaneously saving the project interest expense (about \$440,000) and bond fees (\$40,000). According to the current underwriting, the tax-exempt volume limited bonds are sized at approximately \$3 million less than at the time of selection.
- Construction costs increased 34% since selection due to several changes. The primary reasons for the increased costs are that the initial cost estimates were based on pricing from June 2023, the design changes and that the syndicator, U.S. Bank, increased the construction contingency requirement to 7%.
- Total development costs increased about 21% since selection as the increased construction costs were partially offset by decreased financing costs due to the bond financing savings.
- In order to fund the increased costs, additional deferred funding of about \$1.2 million has been secured from the City of Minneapolis and Hennepin County. The development will also generate about \$2 million in additional HTC equity proceeds.

## SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

### A. Project Uses

Description	Amount	Per Unit
Acquisition	\$ 909,375	\$ 14,667
Construction Costs	\$ 18,686,133	\$ 301,389
Environmental Abatement	\$ 42,188	\$ 680
Professional Fees	\$ 1,784,725	\$ 28,786
Developer Fee	\$ 2,617,375	\$ 42,216
Syndication Fees	\$ 70,000	\$ 1,129
Financing Costs	\$ 1,457,584	\$ 23,509
Reserves	\$ 659,097	\$ 10,631
<b>Total Development Cost</b>	<b>\$ 26,226,477</b>	<b>\$ 423,008</b>

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

### B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 1,531,000	\$ 24,694
HTC Equity Proceeds (U.S. Bank)	\$ 9,917,392	\$ 159,958
Agency Deferred Funding (HIA)	\$ 9,234,000	\$ 148,935
City of Minneapolis	\$ 2,860,000	\$ 46,129
Hennepin County	\$ 1,699,021	\$ 27,404
Met Council	\$ 281,117	\$ 4,534
Rebates	\$ 25,000	\$ 403
General Partner Note	\$ 36,000	\$ 581
Deferred Developer Fee	\$ 642,947	\$ 10,370
<b>Total Permanent Financing</b>	<b>\$ 26,226,477</b>	<b>\$ 423,008</b>

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

### C. Financing Structure

- The development will qualify for approximately \$1,194,952 of annual 4% HTCs, which will result in equity proceeds from U.S. Bank. The term of the Land Use Restrictive Agreement will be 50 years.

## 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 \$423,008 is 13% below the predictive cost model estimate of \$486,789.

## 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
OBR	2	\$ 653	30%	30%	
OBR	3	\$ 692	30%	30%	Housing Support
OBR	12	\$ 1,000	30%	30%	Housing Support
1BR	11	\$ 691	30%	30%	
1BR	12	\$ 1,187	50%	50%	
2BR	6	\$ 1,419	50%	50%	
3BR	15	\$ 1,977	50%	50%	Section 8
3BR	1	\$ 1,977	50%	30%	Section 8

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

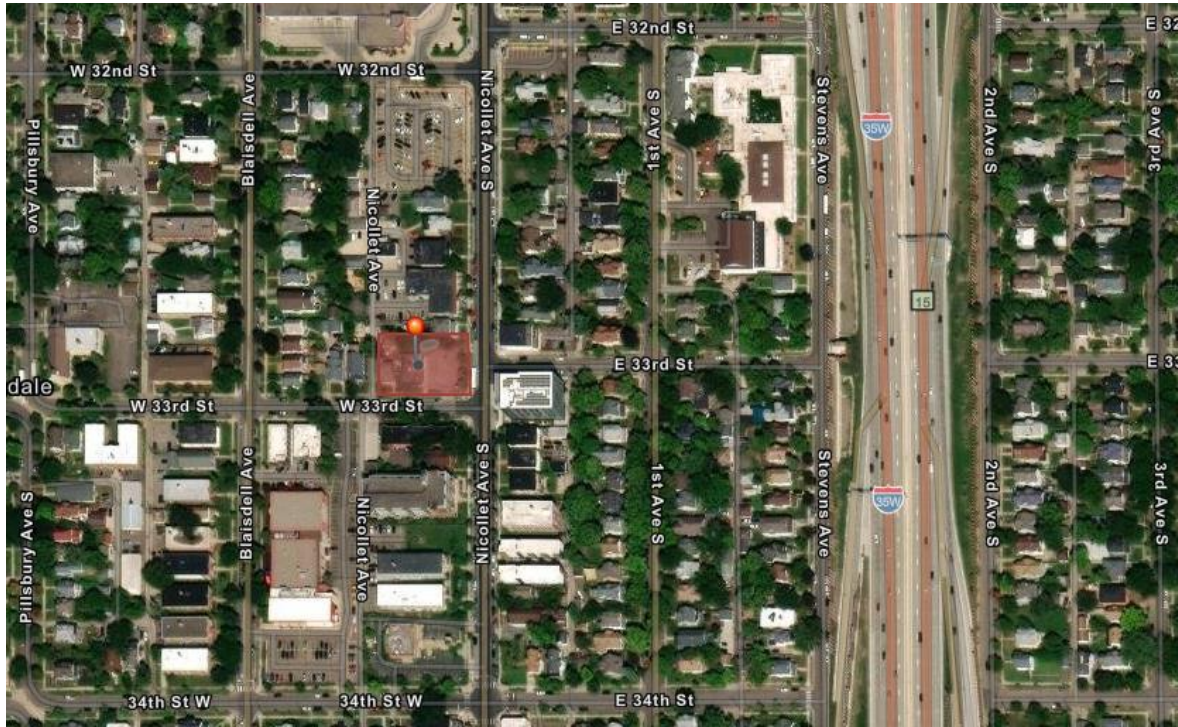
### B. Feasibility Summary

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

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.20.

- The project was underwritten at 7.30% vacancy, with 2.00% income and 3.00% expense inflators.
- The Section 8 contract will have an original term of 20 years.
- A nine-month operating reserve in the approximate amount of \$584,917 will be capitalized and a replacement cost reserve will be capitalized in the amount of \$24,180, which equals the equivalent of one year's worth of deposits.

### Map of 3246 Nicollet Ave, Minneapolis



### Rendering of 3246 Nicollet Ave, Minneapolis



**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:	The LOMA
Sponsor:	VY Enterprise LLC
Guarantors:	One Stop African Market Inc, Traphie Slocum and VY Enterprise LLC
Location of Development:	Minneapolis
Number of Units:	62
Amount of LMIR Mortgage: (not to exceed)	\$1,531,000
Amount of BL: (not to exceed)	\$6,295,000

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 \$1,315,000 and Bridge Loan in the amount of \$8,965,000 in Resolution No. MHFA 23-078; 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 for the Bridge Loan and LMIR Loan (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on August 1, 2026; and
2. The LMIR and the BL transactions will be financed with the proceeds of taxable and 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 \$1,531,000; 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 6.25% (subject to change, as set forth in the attached Agency amended and restated term letter dated May 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 amount of the BL shall not exceed \$6,295,000; and
7. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus 1.00%, interest will be payable monthly, and the principal will be due in a balloon payment no more than 24 months after closing; and
8. The BL commitment shall be entered into on or before August 1, 2026, and shall have a six-month term; and
9. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
10. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
11. The Guarantor(s) shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming actual revenue and underwritten expenses) for three consecutive months; and
12. The Guarantor(s) shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
13. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 28<sup>th</sup> day of May 2026

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CHAIR



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

May 13, 2026

The Loma Limited Partnership  
C/O One Stop African Market Inc  
1823 Nicollet Avenue South  
Minneapolis, MN 55403

C/O VY Enterprise LLC  
3434 Colfax Avenue  
Minneapolis, Minnesota 55412

RE: Amended and Restated Term Letter\*  
The LOMA, Minneapolis  
Development #D8606, Project #M19439

Dear Traphie Slocum & Victoria Yopez:

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.

<b>Borrower:</b>	A single asset entity: The Loma Limited Partnership
Managing General Partner):	The Loma Managing GP LLC
Co-General Partner:	The Loma GP LLC
<b>Development Description/Purpose:</b>	New construction of a 62-unit affordable housing development located in Minneapolis, Minnesota

\*This Term Letter amends and restates, in its entirety, the previous Term Letter dated February 11, 2026.

### 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	Housing Infrastructure Appropriations (HIA)
<b>Loan Amount</b>	\$1,531,000	\$5,640,000	\$655,000	\$9,234,000
<b>Interest Rate</b>	Bond financing rate + spread (est. 6.25%)	Bond financing rate + 1.0%	Bond financing rate + 1.0%	0%
<b>Mortgage Insurance Premium (%)</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Term</b>	Approx. 24 months (construction) + 40 years	Approx. 24 months	Approx. 24 months	Approx. 24 months (construction) + 40 years
<b>Amortization / Repayment</b>	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	40 years
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	No prepayment earlier than six months prior to Bridge Loan maturity	No prepayment earlier than six months prior to Bridge Loan maturity	Prepay at any time without penalty.
<b>Nonrecourse or Recourse</b>	Nonrecourse	Recourse	Recourse	Nonrecourse
<b>Construction to Permanent Loan, Construction Bridge Loan or End Loan</b>	Construction to Permanent Loan	Construction Bridge Loan	Construction Bridge Loan	Construction to Permanent Loan
<b>Lien Priority</b>	First	2 <sup>nd</sup> Position (during construction period only)	2 <sup>nd</sup> Position (during construction period only)	2 <sup>nd</sup> Position (3 <sup>rd</sup> 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 6.25% 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 August 1, 2026, at Minnesota Housing's sole discretion.

- Origination Fees:**
- LMIR Loan: \$30,620
  - Bridge Loan: \$31,525
- (payable at the earlier of loan commitment or loan closing)
- Bond Issuance Fee**
- \$158,098 (payable at loan closing)
- Construction Oversight Fee:**
- \$75,000 (payable at loan closing)
- Guarantee / Guarantor(s):**
- Bridge Loan: Completion, Repayment and Operations Guarantee from One Stop African Market Inc, Traphie Slocum and VY Enterprise LLC
  - LMIR Loan: Completion, Repayment and Operations Guarantee from One Stop African Market Inc, Traphie Slocum and VY Enterprise LLC
- Operating Deficit Escrow Reserve Account:**
- \$45,930 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.
- Replacement Reserve Cost Account:**
- Capitalized in the amount of \$24,180 funded at the third equity installment. The account will be held by Minnesota Housing.
- Monthly deposits will be required in the amount of \$2,015.
- 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:**
- LMIR 1st Mortgage
- 62 units restricted as follows:
  - 25 units with rents and incomes not exceeding 60% MTSP;
  - 15 units with unrestricted incomes; and
  - 22 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD
  - Commitment to affordability in effect while the loan is outstanding.

### Housing Infrastructure Appropriation Loan

- 62 units with an annual combined incomes that does not exceed 50% of: (i) the metropolitan area median income for persons in the metropolitan area; or (ii) the statewide median income for persons outside the metropolitan area.
- 62 units with rents that may not exceed the Affordable Local Workforce rent limits, as published by MHFA.
- Commitment to construction period plus 40 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 Minneapolis Public Housing Authority Project-based Voucher Program for 16 units.

Commitment to construction period plus 15 years of affordability from the date of loan closing under the Housing Support 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 August 1, 2026 or loan closing/end loan commitment.

**Additional Terms:** None.

**Other Conditions:** The Development must qualify as Senior Housing for the term of the HIA loan.

**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 Benjamin Miles at [benjamin.miles@state.mn.us](mailto:benjamin.miles@state.mn.us).

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

Sincerely,

James Lehnhoff  
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

THE LOMA LIMITED PARTNERSHIP

By:

\_\_\_\_\_

Victoria Yepez

Date Accepted: \_\_\_\_\_

By:

\_\_\_\_\_

Traphie Slocum

Date Accepted: \_\_\_\_\_

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## Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 E (The LOMA)

**Action Item:** 7.B  
**Date:** 5/28/2026  
**Staff Contacts:** Matt Dieveney, 651.539.9827, matthew.dieveney@state.mn.us  
Andy Pratt, 651.539.9618, 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 The LOMA, a 62-unit multifamily development in Minneapolis. 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 summer 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

## RESOLUTION NO. MHFA 26-032

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

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

**Section 1. Background and Recitals.** By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the “Bond Resolution”), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of 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 E-1,” “Rental Housing Bonds, 2026 Series E-2,” and “Rental Housing Bonds, 2026 Series E-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 “E” in the designation of the Bonds may be changed to “F” 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 \$7,955,000;

(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% per annum, the interest rate on the Series 2 Bonds shall not exceed 6.00% per annum, and the interest rate on the Series 3 Bonds shall not exceed 7.25% per annum; 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 28<sup>th</sup> day of May, 2026.

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Commissioner

[Signature page to Resolution No. MHFA 26-032]

**EXHIBIT A****DESCRIPTION OF MORTGAGOR AND DEVELOPMENT**

<b><u>Mortgagor</u></b>	<b><u>Name</u></b>	<b><u>Location</u></b>	<b><u>Number of Units</u></b>
The LOMA Limited Partnership	The LOMA	Minneapolis, MN	62

**EXHIBIT B**  
**FORM OF 2026 SERIES E-1 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND

[2026] SERIES [E]-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 E-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 E-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 E-1 Bond is not a debt of the State.

This Series E-1 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [E]-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 Minneapolis, Minnesota (the “Development”). The Series E-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 26-032, adopted May 28, 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 E-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series E-1 Bonds, and the terms upon which the Bonds, including the Series E-1 Bonds, are issued, delivered and secured. The Series E-1 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series E-2 and 2026 Series E-3.

The Series E-1 Bonds are issuable only in fully registered form. The Series E-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 E-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 E-1 Bonds will be mailed to the registered Holders of the Series E-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 E-1 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series E-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 E-1 Bonds not affected by such failure or defect. Notice having been so mailed, the Series E-1 Bonds or portions of Series E-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 E-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 E-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 E-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 E-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 E-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 E-1 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series E-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 E-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 E-1 Bond, so long as this Series E-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 E-1 Bond, and shall give all notices with respect to this Series E-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 E-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 E-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 E-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 E-2 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND

[2026] SERIES [E]-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 E-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 E-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 E-2 Bond is not a debt of the State.

This Series E-2 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [E]-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 Minneapolis, Minnesota (the “Development”). The Series E-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 26-032 adopted May 28, 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 E-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series E-2 Bonds, and the terms upon which the Bonds, including the Series E-2 Bonds, are issued, delivered and secured. The Series E-2 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series E-1 and 2026 Series E-3.

The Series E-2 Bonds are issuable only in fully registered form. The Series E-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 E-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 E-2 Bonds will be mailed to the registered Holders of the Series E-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 E-2 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series E-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 E-2 Bonds not affected by such failure or defect. Notice having been so mailed, the Series E-2 Bonds or portions of Series E-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 E-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 E-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 E-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 E-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 E-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 E-2 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series E-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 E-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 E-2 Bond, so long as this Series E-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 E-2 Bond, and shall give all notices with respect to this Series E-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 E-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 E-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 E-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 E-3 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND  
 [2026] SERIES [E]-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 E-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 E-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 E-3 Bond is not a debt of the State.

This Series E-3 Bond is one of a duly authorized series of Rental Housing Bonds, [2026] Series [E]-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 Minneapolis, Minnesota (the “Development”). The Series E-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 26-032 adopted May 28, 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 E-3 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series E-3 Bonds, and the terms upon which the Bonds, including the Series E-3 Bonds, are issued, delivered and secured. The Series E-3 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2026 Series E-1 and 2026 Series E-2.

The Series E-3 Bonds are issuable only in fully registered form. The Series E-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 E-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 E-3 Bonds will be mailed to the registered Holders of the Series E-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 E-3 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series E-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 E-3 Bonds not affected by such failure or defect. Notice having been so mailed, the Series E-3 Bonds or portions of Series E-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 E-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 E-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 E-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 E-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 E-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 E-3 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series E-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 E-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 E-3 Bond, so long as this Series E-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 E-3 Bond, and shall give all notices with respect to this Series E-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 E-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 E-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 E-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)

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ASSIGNMENT

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

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(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:

\_\_\_\_\_



**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.*



**\$7,955,000\***

**MINNESOTA HOUSING FINANCE AGENCY**

**\$1,660,000\* Rental Housing Bonds, 2026 Series E-1 (Non-AMT)**

**\$5,640,000\* Rental Housing Bonds, 2026 Series E-2 (Non-AMT)**

**\$655,000\* Rental Housing Bonds, 2026 Series E-3 (Taxable)**

**Dated: Date of Delivery**

**Due: as shown on inside front cover**

*Tax Exemption*

Interest on the 2026 Series E-1 Bonds and the 2026 Series E-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 E-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 E-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.

*Bond Counsel*

Kutak Rock LLP.

*Underwriter's Counsel*

Dorsey & Whitney LLP.

*Trustee*

Computershare Trust Company, National Association, in St. Paul, Minnesota.

*Book-Entry-Only System*

The Depository Trust Company. (See Appendix E herein.)

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

**RBC Capital Markets**

The date of this Official Statement is \_\_\_\_\_, 2026.

\*Preliminary; subject to change.

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

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES\***

**\$1,945,000 2026 Series E-1 Bonds**

\$ \_\_\_\_\_ % 2026 Series E-1 Term Bonds Due August 1, 2036 (CUSIP †)  
 \$ \_\_\_\_\_ % 2026 Series E-1 Term Bonds Due August 1, 2046 (CUSIP †)  
 \$ \_\_\_\_\_ % 2026 Series E-1 Term Bonds Due August 1, 2056 (CUSIP †)  
 \$ \_\_\_\_\_ % 2026 Series E-1 Term Bonds Due February 1, 2068 (CUSIP †)

**\$ \_\_\_\_\_ 2026 Series E-2 Bonds**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>CUSIP</u></b> <sup>†</sup>
<b>August 1, 2028</b>	\$ _____	_____ %	

**\$ \_\_\_\_\_ 2026 Series E-3 Bonds (Taxable)**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>CUSIP</u></b> <sup>†</sup>
<b>August 1, 2028</b>	\$ _____	_____ %	

**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  
\$7,955,000\*

**MINNESOTA HOUSING FINANCE AGENCY**  
**\$1,660,000\* Rental Housing Bonds, 2026 Series E-1 (Non-AMT)**  
**\$5,640,000\* Rental Housing Bonds, 2026 Series E-2 (Non-AMT)**  
**\$655,000\* Rental Housing Bonds, 2026 Series E-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 E-1 in the principal amount of \$1,660,000\* (the “Series E-1 Bonds”), its Rental Housing Bonds, 2026 Series E-2 in the principal amount of \$5,640,000\* (the “Series E-2 Bonds”), and its Rental Housing Bonds, 2026 Series E-3 (Taxable) in the principal amount of \$655,000\* (the “Series E-3 Bonds” and together with the Series E-1 Bonds and the Series E-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 February 26, 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 \$195,385,000 as of December 31, 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

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\*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 E-1 Bonds will be used primarily to fund a long-term first lien mortgage loan, and (ii) proceeds of the Series E-2 Bonds and the Series E-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 Minneapolis, Minnesota. (See “The Development.”) The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See “The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.”)

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

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

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

## THE AGENCY

### Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that

the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

## Structure

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

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

*John DeCramer*, Chair — Term expires January 2028, Marshall, Minnesota – Magnetics Engineer

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

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

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

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

*Stephen Spears*, Member — Term expires January 2030, Plymouth, Minnesota – Banker

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

## Staff

The staff of the Agency presently consists of approximately 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.

*Ryan Baumtrog* — Deputy Commissioner appointed effective March 2026. Prior to this role, he served for more than 11 years as Assistant Commissioner for Policy and Community Development at the Agency. In that capacity, Mr. Baumtrog led the development of Agency policy positions and directed policy and community development efforts at the local, state, and federal levels. He and his team advanced the State’s housing budget and policy agenda, engaged on federal legislative and regulatory matters, and worked to ensure Agency programs effectively met the needs of people, communities, and stakeholders across Minnesota. Previously, Mr. Baumtrog served as Financial Planning Director at Minnesota Management & Budget (MMB), where he worked on the Governor’s budget and state economic forecasts. Mr. Baumtrog holds a Master of Public Policy and Administration from the La Follette School of Public Affairs at the University of Wisconsin-Madison and a Bachelor of Arts in Political Science from the University of Wisconsin-Madison.

*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.

*Jonathan Moler* — General Counsel appointed effective February 2026. Prior to becoming General Counsel at the Agency, Mr. Moler served as Deputy General Counsel from February 2024 until December 2025. Prior to joining the Agency, Mr. Moler served as an Assistant Attorney General with the Office of the Minnesota Attorney General from 2014 until 2024. Mr. Moler holds a Juris Doctor from the University of Minnesota Law School and a Bachelor of Arts from Carleton College.

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

The Agency’s offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency’s 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 six months ended December 31, 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 six-month period ended December 31, 2025 (unaudited) (in thousands):

	Six months Ended December 31, 2025 <u>(unaudited)</u>	Fiscal Year Ended <u>June 30, 2025</u>	Fiscal Year Ended <u>June 30, 2024</u>
<b>Operating revenues</b>			
Fees earned and other income <sup>(1)</sup>	\$ 9,883	\$18,650	\$16,673
Administrative reimbursement <sup>(2), (3)</sup>	<u>32,657</u>	<u>62,238</u>	<u>53,341</u>
Total operating revenues	42,540	80,888	70,014
<b>Operating expenses</b>			
Salaries and benefits	22,997	42,334	40,708
Other general operating expenses	<u>4,155</u>	<u>8,814</u>	<u>6,058</u>
Total operating expenses	27,152	51,148	46,766
Operating income (loss)	15,388	29,740	23,248
<b>Nonoperating revenues (expenses)</b>			
Interest earned on investments other	573	1,170	1,219
Interest	<u>(83)</u>	<u>(223)</u>	<u>(297)</u>
Total nonoperating revenues (expenses)	490	947	922
Income (loss) before transfers and contributions	15,878	30,687	24,170
Non-operating transfer of assets and program contributions between funds <sup>(4)</sup>	(15,868)	(27,394)	(23,328)
Non-operating expenses	-----	<u>(2,494)</u>	-----
Change in net position	10	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>\$11,141</u>	<u>\$11,131</u>	<u>\$10,332</u>

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- (1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.
  - (2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.
  - (3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering State appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.
  - (4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information.

## State Appropriations

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

Over the biennial periods ended June 30, 2015, 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 December 31, 2025:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	21	2067	\$ 195,385	\$ 195,385
Residential Housing Finance Bonds.....	118	2056	6,556,450	4,825,205
Homeownership Finance Bonds.....	59	2052	2,674,572	831,621
Multifamily Housing Bonds (Treasury HFA Initiative) .....	1	2051	15,000	11,920
General Purpose Bonds.....	1	2039	60,000	57,170
Totals.....	200		\$9,501,407	\$5,921,301

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

On February 25, 2026, the Agency issued its Rental Housing Bonds, 2026 Series A in the principal amount of \$4,285,000. On March 5, 2026, the Agency issued its Residential Housing Finance Bonds, 2026 Series A, 2026 Series B, and 2026 Series C in the respective aggregate principal amounts of \$87,955,000, \$52,045,000, and \$35,000,000. On March 12, 2026, the Agency issued 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. On April 28, 2026, the Agency issued its Rental Housing Bonds, 2026 Series B-1, 2026 Series B-2 and 2026 Series B-3 in the respective principal amounts of \$1,940,000, \$2,960,000 and \$1,760,000. On May 28, 2026, the Agency issued its Residential Housing Finance Bonds, 2026 Series F, 2026 Series G and 2026 Series H in the respective principal amounts of \$52,485,000, \$87,515,000, and \$35,000,000. The Agency expects to sell and issue additional Residential Housing Finance Bonds and Rental Housing Bonds in the second and/or third quarter 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 \$ \_\_\_\_\_, \$ \_\_\_\_\_ 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 E-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series E-2 Bonds and the Series E-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 The LOMA, will be the acquisition and construction of a 6-story elevator building, located in Minneapolis, Minnesota. The Development will have 62 senior residential units. The total development cost is estimated to be approximately \$16.838 million. The Development is expected to be completed by \_\_\_\_\_, 2027. The Development will be acquired and constructed by The LOMA Limited Partnership, a Minnesota limited partnership.

The Agency expects to use the proceeds of the Series E-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 \$1.531 million\* will be amortized in level monthly payments of principal and interest, commencing on \_\_\_\_\_, 2028,\* over a term of 40 years. The first lien Mortgage Loan has been established in an amount estimated to be supported by the net operating income of the Development. (See "The Rental Housing Program—Low and Moderate Income Rental Program.") The Agency expects to use the proceeds of the Series E-2 Bonds and the Series E-3 Bonds to be deposited in the Mortgage Loan Account to make an

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\*Preliminary, subject to change.

aggregate second lien bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. This bridge Mortgage Loan, in the aggregate total principal amount of \$6.295 million,\* will mature in full on \_\_\_\_\_, 2028.\* The bridge Mortgage Loan is 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.

[Additional assistance to be described].

**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:

<i>Sources:</i>	
Principal Amount of Series Bonds .....	\$____,000*
Funds Available to the Agency .....	_____
Total Sources of Funds.....	<u>\$_____.</u>
<i>Uses:</i>	
Series 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 (“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 E-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 E-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 E-1 Bonds\*

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

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2029	\$ ,000	February 1, 2033	\$,000
August 1, 2029	,000	August 1, 2033	,000
February 1, 2030	,000	February 1, 2034	,000
August 1, 2030	,000	August 1, 2034	,000
February 1, 2031	,000	February 1, 2035	,000
August 1, 2031	,000	August 1, 2035	,000
February 1, 2032	,000	February 1, 2036	,000
August 1, 2032	,000	August 1, 2036 (maturity)	,000

#### Series E-1 Bonds Due August 1, 2046

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2037	\$,000	February 1, 2042	\$,000
August 1, 2037	,000	August 1, 2042	,000
February 1, 2038	,000	February 1, 2043	,000
August 1, 2038	,000	August 1, 2043	,000
February 1, 2039	,000	February 1, 2044	,000
August 1, 2039	,000	August 1, 2044	,000
February 1, 2040	,000	February 1, 2045	,000
August 1, 2040	,000	August 1, 2045	,000
February 1, 2041	,000	February 1, 2046	,000
August 1, 2041	,000	August 1, 2046 (maturity)	,000

#### Series E-1 Bonds Due August 1, 2056

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2047	\$,000	February 1, 2052	\$,000
August 1, 2047	,000	August 1, 2052	,000
February 1, 2048	,000	February 1, 2053	,000
August 1, 2048	,000	August 1, 2053	,000
February 1, 2049	,000	February 1, 2054	,000
August 1, 2049	,000	August 1, 2054	,000
February 1, 2050	,000	February 1, 2055	,000
August 1, 2050	,000	August 1, 2055	,000
February 1, 2051	,000	February 1, 2056	,000
August 1, 2051	,000	August 1, 2056 (maturity)	,000

\*Preliminary, subject to change.

**Series E-1 Bonds Due February 1, 2068**

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
February 1, 2057	\$,000	February 1, 2063	\$,000
August 1, 2057	,000	August 1, 2063	,000
February 1, 2058	,000	February 1, 2064	,000
August 1, 2058	,000	August 1, 2064	,000
February 1, 2059	,000	February 1, 2065	,000
August 1, 2059	,000	August 1, 2065	,000
February 1, 2060	,000	February 1, 2066	,000
August 1, 2060	,000	August 1, 2066	,000
February 1, 2061	,000	February 1, 2067	,000
August 1, 2061	,000	August 1, 2067	,000
February 1, 2062	,000	February 1, 2068 (maturity)	,000
August 1, 2062	,000		

Upon optional redemption of Series E-1 Bonds or any purchase and cancellation thereof by the Agency, the principal amount of such Series E-1 Bonds so redeemed or purchased may be credited toward one or more Sinking Fund Installments thereafter to become due on Series E-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 E-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 E-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 E-2 Bonds and the Series E-3 Bonds at its option, in whole or in part, on any date on or after \_\_\_\_\_ 1, 2028, 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

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\*Preliminary, subject to change.

at any time cause Series Bonds to be optionally redeemed if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after the redemption.

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

## **SECURITY FOR THE BONDS**

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

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

### **Mortgage Loans**

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

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

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together with capitalized interest and estimated investment income of certain Funds and Accounts established by the Bond

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

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of December 31, 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 E-1 Bonds is \$125,000\*. Upon issuance of the Series E-1 Bonds, not less than \$125,000\* will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series E-1 Bonds; such deposit may be made from proceeds of the Series E-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 E-2 Bonds and the Series E-3 Bonds (and the Debt Service Reserve Requirement in respect of the Series E-2 Bonds and the Series E-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 E-2 Bonds and the Series E-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 \$8,196,744\* 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

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\*Preliminary, subject to change.

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

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

### **Additional Bonds**

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

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

### **State Pledge Against Impairment of Contracts**

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

## **THE RENTAL HOUSING PROGRAM**

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

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

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

- Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)
- Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

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

- Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of December 31, 2025 for the programs as listed above:

*Rental Housing Program Mortgage Loan Program Summary as of December 31, 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	\$ 20,175,057	7.24%
Low and Moderate Income Rental Program** .....	108	5,556	257,582,565	92.38
Market Rate Mortgage Loan Program ...	<u>2</u>	<u>163</u>	<u>1,086,070</u>	<u>0.38</u>
	<u>120</u>	<u>6,572</u>	<u>\$278,843,692</u>	<u>100.00%</u>

\*Includes eight HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 772 aggregate units and an aggregate outstanding loan amount of \$19,230,379.

\*\*Includes 64 HUD Risk-Sharing loans for Developments with 3,834 aggregate units and an aggregate outstanding loan amount of \$147,690,080.

### **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 RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Series 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 DECEMBER 31, 2025  
AND FOR THE SIX 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](http://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 (“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](http://www.dtcc.com) and [www.dtc.org](http://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 E-1  
2026 Series E-2  
2026 Series E-3 (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 E-1, in the aggregate principal amount of \$\_\_\_\_\_ (the “2026 Series E-1 Bonds”), its Rental Housing Bonds, 2026 Series E-2, in the aggregate principal amount of \$\_\_\_\_\_ (the “2026 Series E-2 Bonds”), and its Rental Housing Bonds, 2026 Series E-3, in the aggregate principal amount of \$\_\_\_\_\_ (the “2026 Series E-3 Bonds” and, together with the 2026 Series E-1 Bonds and the 2026 Series E-3 Bonds, the “2026 Series E 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 E 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 E 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 E Bonds adopted February 26, 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 E 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 E 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 E 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 E 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 E-1 Bonds and the 2026 Series E-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 E-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 E Bonds. All owners of 2026 Series E 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 E Bonds.

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

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



## Item: Amendment to Loan Terms and Restrictions; Minnesota Families Affordable Rental Investment Fund (MARIF) Program Loans – Bottineau Commons, D3054 and Bottineau Lofts, D3082, Minneapolis

**Action Item:** 7.C  
**Date:** 05/28/2026  
**Staff Contacts:** Sarah Huss, 651.539.6953, [Sarah.Huss@state.mn.us](mailto:Sarah.Huss@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff recommends adoption of two resolutions authorizing:

- Amendment of the \$3,075,000 Minnesota Families Affordable Rental Investment Fund (MARIF) Program loan for Bottineau Commons; and
- Amendment of the \$1,925,000 MARIF loan for Bottineau Lofts.

### Fiscal Impact

Minnesota Housing does not earn fee or interest income on these loans.

### 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
- Photos
- Map
- Sources and Uses
- Resolution for Bottineau Commons
- Resolution for Bottineau Lofts

## Background

### A. Project Background

Bottineau Commons (Commons) is a 119-unit mixed-income building, built in 2002, located in the Bottineau neighborhood of Minneapolis. The property is owned by Bottineau Commons Limited Partnership and is managed by Sherman Associates, Inc.

Bottineau Lofts (Lofts) is a 37-unit affordable property, constructed in 2003, located a half block from Commons. The property is owned by Bottineau Lofts Limited Partnership and is managed by Sherman Associates, Inc.

Federal Low-Income Housing Tax Credits (HTCs) were allocated by the City of Minneapolis for both developments. Commons and Lofts have extended use periods remaining in effect until December 31, 2033, and December 31, 2034, respectively.

In 2001 and 2002, Minnesota Housing provided loans on the properties as follows:

Property	MH loan	Original Balance	Current Balance	Maturity Date	Restricted Units	Income Restrictions	Rent Restrictions
Bottineau Commons	MARIF	\$3,075,000	\$3,075,000	4/1/2048	25	30% of MMI or 160% of FPG	\$420 or 30% of TI
Bottineau Lofts	MARIF	\$1,925,000	\$1,925,000	4/1/2048	11	30% of MMI or 160% of FPG	\$420 Or 30% of TI

MMI=Metro Median Income; FPG=Federal Poverty Guidelines; TI=Tenant Income

### B. Current Request

Sherman Associates Development LLC (Sherman) is seeking to recapitalize and re-syndicate the projects together in one transaction to be owned by a newly formed ownership entity, Bottineau Commons & Lofts Limited Partnership. The City of Minneapolis has begun the process to issue tax exempt bonds to qualify for the 4% HTC. Sherman seeks to amend the terms of the existing MARIF loans because they will remain with the properties as assumed debt undertaken by the new ownership entity.

The MARIF loans will be amended as follows:

- Update of the collateral to include both properties for each loan;
- Amend the loan documents for the \$3,075,000 MARIF loan on the Commons property with the following terms:
  - Extend the maturity date and restrictions from April 1, 2048, to July 31, 2066, to be coterminous with the new HUD 221(d)(4) permanent loan with JLL Real Estate Capital, LLC (JLL); and
  - Establish a payment of an annual amount up to \$60,000, to commence in year 10 (2037), which will be subject to HUD's surplus cash calculation.
- Amend the loan documents for the \$1,925,000 MARIF loan on the Lofts property with the following terms:
  - Extend the maturity date and restrictions from September 1, 2048, to July 31, 2066, to be coterminous with the new permanent loan with JLL.

The proposed rehabilitation will invest in improvements of approximately \$99,900 per unit. The comprehensive rehab will improve the buildings' exterior and interior common areas, replace mechanical systems, renovate interiors of all apartment units and improve exterior spaces and landscaping.

The proposed new financing structure for the combined properties revises and further advances affordability restrictions as follows:

- With the new allocation of HTCs, Sherman will enter into a new HTC Land Use Restrictive Agreement (LURA) resulting in 100% of the units being affordable at 60% AMI for an additional 30 years, to 2056. The properties currently include restricted and unrestricted units.
- The number of units with 60% MTSP rent limits is increasing by 27% at Commons, from 94 units to 119.
- The existing 25 MARIF units at Commons which are affordable at 30% AMI will remain for an additional 18 years beyond the existing maturity date of April 1, 2048 to July 31, 2066.
- Lofts will retain 100% of the existing 37 units being affordable at 60% AMI for an additional 30 years, or 2056.
- The existing 11 MARIF units at Lofts which are affordable at 30% of AMI will remain for an additional 18 years beyond the existing maturity date of September 1, 2048 to July 31, 2066.

### **C. Existing Residents**

The proposed conversion of the Commons property from a mixed-income property to 100% of the units with rent and income restrictions may result in displacement of existing residents who occupy market-rate units as they are converted to HTC units. The decision for Sherman to designate 100% of the units as tax credit units is based on multiple factors as follows:

- The market rate to HTCs unit conversion results in approximately \$2,200,400 in additional equity invested into the property because market rate units do not help generate HTC equity; and
- There is a scarcity of equity investors willing to invest in mixed-income tax credit developments, and the value of the equity factor is generally higher for 100% affordable developments.

Sherman has developed a relocation plan and budget to provide relocation services and stipends to impacted residents. The City of Minneapolis has approved the relocation plan and budget for the project.

Existing residents occupying MARIF units will not be displaced as a result of the project recapitalization and renovation.

#### **D. Conclusion**

The proposed amendments to the existing MARIF loans at the Commons and Lofts properties meet multiple priorities of the Agency. Specifically:

- The extension of the maturity dates and affordability restrictions preserves the existing 36 MARIF units at the properties for an additional 18 years (until 2066). MARIF rents are deeply affordable at \$420 per month. Typical two-bedroom rents in the Bottineau neighborhood of Minneapolis range from \$1,700 to \$2,200 per month.
- Sherman's recapitalization and preservation strategy for the Commons and Lofts properties requires no new capital investment from Minnesota Housing. This transaction meets the Agency's mission and strategic priority to preserve existing affordable housing.
- Replacing the 36 MARIF units based on current per unit development cost models would likely cost more than double what the Agency would recoup via repayment of the loans.

## Photos

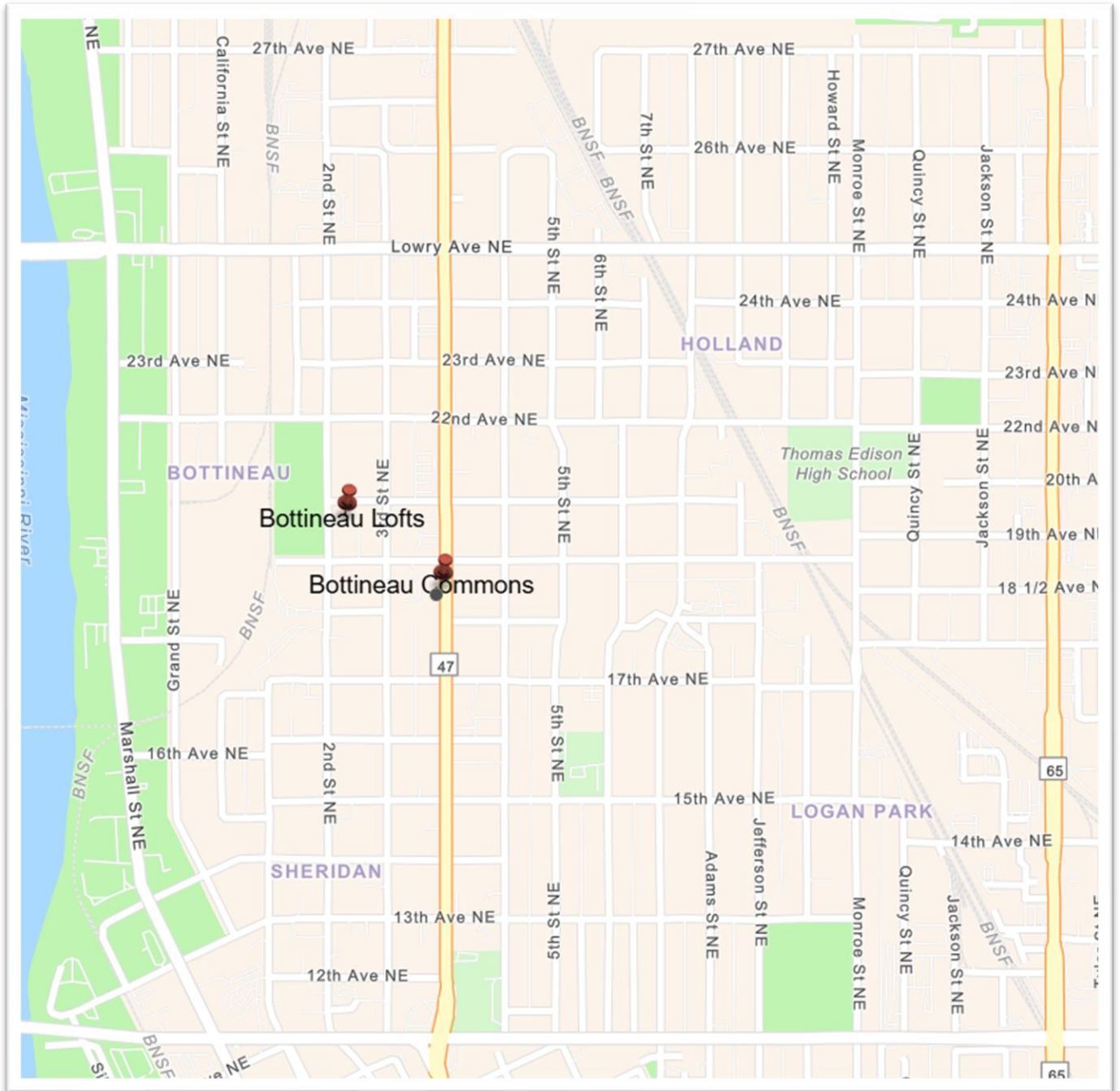
Bottineau Commons:



Bottineau Lofts:



# Map



## Sources & Uses

### Project Uses

Description	Amount	Per Unit
Acquisition	\$20,200,000	\$129,487
Construction Costs/Contingency	\$15,583,907	\$99,897
Professional Fees	\$1,341,636	\$8,600
Developer Fees	\$2,892,588	\$18,542
Syndicator/Investor Fees	\$50,000	\$321
Financing Costs & Interest	\$2,308,378	\$14,797
Reserves	\$1,103,510	\$7,074
<b>Total Development Cost</b>	<b>\$43,480,019</b>	<b>\$278,718</b>

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

### Permanent Capital Sources

Description	Amount	Per Unit
JLL First Mortgage	\$20,482,000	\$131,295
Syndication Proceeds	\$13,730,568	\$88,016
Interim income from cash flow	\$500,000	\$3,205
MH MARIF Loans (existing)	\$5,000,000	\$32,051
Seller Loans	\$1,500,000	\$9,615
Deferred Developer Fee	\$2,267,451	\$14,535
<b>Total Permanent Financing</b>	<b>\$43,480,019</b>	<b>\$278,718</b>

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

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

**RESOLUTION NO. MHFA 26-XXX**

**RESOLUTION APPROVING AMENDMENT TO LOAN TERMS AND RESTRICTIONS  
MINNESOTA FAMILIES AFFORDABLE RENTAL INVESTMENT FUND (MARIF) PROGRAM LOAN FOR  
BOTTINEAU COMMONS (D3054)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) board at its September 27, 2001, meeting, authorized a commitment for a MARIF Program Loan in the amount of \$3,200,075 for the Bottineau Commons (Commons) project herein named by its Resolution No. MHFA 01-61; which was subsequently amended to \$3,075,000; and

WHEREAS, the development is seeking to combine the Commons and Bottineau Lofts (D3082) (Lofts) into one project with intent to recapitalize and renovate the properties with a new syndication of Federal Low-Income Housing Tax Credits, which will increase the number of affordable units and extend the affordability requirements; and

WHEREAS, the new ownership entity formed to develop, own and manage the combined Commons and Lofts properties seeks to maintain the existing MARIF loan and associated affordability restrictions; 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 approves the following in conjunction with the recapitalization and renovation strategy to preserve the MARIF units at the Commons and Lofts properties:

1. Update the collateral to include both properties for each loan;
2. Amend the loan documents for the \$3,075,000 MARIF loan on the Commons property with the following terms:
  - a. Extend the maturity date and restrictions from April 1, 2048, to July 31, 2066;
  - b. Amend the MARIF Mortgage Loan documents to include an annual principal payment of up to \$60,000, to commence in year 10 (2037), which will be subject to HUD's surplus cash calculation.

Adopted this 28<sup>th</sup> day of May 2026

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CHAIR

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

**RESOLUTION NO. MHFA 26-XXX**

**RESOLUTION APPROVING AMENDMENT TO LOAN TERMS AND RESTRICTIONS  
MINNESOTA FAMILIES AFFORDABLE RENTAL INVESTMENT FUND (MARIF) PROGRAM LOAN FOR  
BOTTINEAU LOFTS (D3082)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) board at its March 28, 2002, meeting, authorized a commitment for a MARIF Program Loan in the amount of \$1,925,000 for the Bottineau Lofts (Lofts) project herein named by its Resolution No. MHFA 02-15; and

WHEREAS, the board at its September 26, 2002, meeting, authorized a six-month extension to the Lofts MARIF funding commitment date, to March 31, 2003, herein named by its Resolution No. MHFA 02-71; and

WHEREAS, the development is seeking to combine the Bottineau Commons (D3054) (Commons) and Lofts into one project with intent to recapitalize and renovate the properties with a new syndication of Federal Low-Income Housing Tax Credits, which will increase the number of affordable units and extend the affordability requirements; and

WHEREAS, the new ownership entity formed to develop, own and manage the combined Commons and Lofts properties seeks to maintain the existing MARIF loan and associated affordability restrictions; 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 approves the following in conjunction with the recapitalization and renovation strategy to preserve the MARIF units at the Commons and Lofts properties:

1. Update the collateral to include both properties for each loan;
2. Amend the loan documents for the \$1,925,000 MARIF loan on the Lofts property with the following terms:
  - a. Extend the maturity date and restrictions from September 1, 2048, to July 31, 2066.

Adopted this 28<sup>th</sup> day of May 2026

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CHAIR

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## Item: Approval, Selection and Commitment, 2026 Federal Low-Income Housing Tax Credit Program - Round 2

**Action Item:** 7.D  
**Date:** 05.28.2026  
**Staff Contacts:** Tim Sullivan, 651.539.9929, [tim.sullivan@state.mn.us](mailto:tim.sullivan@state.mn.us)  
Nicola Viana, 651.539.9849, [nicola.viana@state.mn.us](mailto:nicola.viana@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests adoption of a resolution approving the selection and allocation of 2026 Federal Low-Income Housing Tax Credit (Housing Tax Credit) Round 2 to allocate the state's Housing Tax Credit (HTC) credit ceiling, the applicable waivers and the creation of a waiting list.

### Fiscal Impact

HTCs are federal resources, and the Agency earns administrative fees for the costs to implement the program.

### 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 checked="" type="checkbox"/> Support People Needing Services |
|   | <input checked="" type="checkbox"/> Strengthen Communities          |

### Attachments

- Background
- Resolution
- Development Summaries and Community Profiles
- Map of Selected and Wait Listed Projects

## Background

Minnesota Housing's Housing Tax Credit (HTC) Program has two HTC application rounds, Round 1 and Round 2, to allocate 9% HTCs through a competitive process. Most HTCs are allocated during the annual Multifamily Consolidated Request for Proposals (RFP)/HTC Round 1. Following the HTC Round 1, the Agency acquires additional 9% HTCs from various sources: 1) Any remaining HTCs from Round 1; 2) HTC returns; 3) the National Pool where other states return unused HTCs; 4) HTCs carried forward from the 2025 allocation due to returns or adjustments; and 5) any Internal Revenue Service (IRS) updates that result in additional HTCs. Round 2 is used to allocate the collection of any remaining 9% HTCs.

In Round 2, HTCs are combined into one unified pool for the state as a whole, where Round 1 includes a statutorily defined geographic distribution and set-asides. Projects located in a suballocator jurisdiction with a for-profit sponsor can apply directly to Minnesota Housing in this round. The Non-Profit and Rural Development/Small Project Set-Asides will only be considered if those pools were not fully allocated in Round 1. Round 2 also creates a waiting list for additional HTCs that may become available after these selections.

In the 2025 Multifamily Consolidated RFP/2026 HTC Round 1, Minnesota Housing allocated \$12,651,138 in 9% HTCs.

On February 12, 2026, Minnesota Housing accepted applications for the 2026 HTC Round 2. A total of \$3,140,570 9% HTCs is available. Table A provides a breakdown of the sources of HTCs available for allocation in Round 2.

**Table A: 2026 Round 2 Available HTCs**

Source	HTC Amount
2026 HTC Round 1 remaining balance	\$2,069,763
HTCs carried forward from the 2025 credit ceiling	\$140,524
Increase to the credit ceiling after the 2026 Internal Revenue Service (IRS) population update	\$127,259
Returned credits from the 2026 HTC Round 1	\$803,024
<b>Total Available 2026 HTC for Round 2</b>	<b>\$3,140,570</b>

Proposals submitted to Minnesota Housing for the 2026 HTC Round 2 were evaluated and ranked in accordance with the Qualified Allocation Plan (QAP). Chapter 5.D of the [Amended 2026-2028 QAP](#) outlines six ordered tie breakers if projects score an equal number of points. Staff compare tied projects using one tie breaker at a time. If the first tie breaker does not determine ranking, subsequent tie breakers are applied. The highest-ranking applications are reviewed by a team of staff underwriters, architects, asset managers, and program and housing stability officers for:

- Consistency with Minnesota Housing’s mission and strategic priorities
- Compliance with statutes and HTC program guidelines
- Consistency with HTC program priorities
- Financial feasibility, market need, architectural quality and overall development team capacity

### Summary of 2026 HTC Round 2 Selections

Minnesota Housing received eight applications in Round 2 requesting a combined total of \$14,406,082 HTCs. Table B lists the applicants and the amounts they requested.

**Table B: Applications for 2026 HTC Round 2**

Project Name	Project City	Total Units	9% HTCs Requested
Lyndale Avenue Apartments	Minneapolis	40	\$1,700,000
White Oak Apartments	Deer River	24	\$1,850,000
Waters Edge	Grand Rapids	61	\$2,549,250
Ramsey Hill	Saint Paul	54	\$1,540,000
Decker 2	Duluth	45	\$2,538,288
Clare 5	Minneapolis	33	\$1,609,085
The Aragon	Saint Paul	53	\$1,308,153
Camber Hill Townhomes	South Saint Paul	44	\$1,311,306
<b>Total Units and Requested Amounts</b>		<b>354</b>	<b>\$14,406,082</b>

The applications were reviewed, scored and ranked in accordance with the QAP which includes the [Amended 2026-2028 Self-Scoring Worksheet](#). Staff advanced the top scoring projects to feasibility review and underwriting. Based on that analysis, two projects are recommended for board approval. Staff recommends Lyndale Avenue Apartments for an allocation of their full requested amount, and White Oak Apartments for a partial allocation of their requested amount due to limited available HTCs. After these recommended selections, the remaining balance of 2026 HTCs will be \$0, unless additional 2026 HTCs become available later in this calendar year. Table C lists the recommendations for selection.

**Table C: Recommended Project Selections for 2026 HTC Round 2**

Project	Units	HTC Allocation Recommendation
Lyndale Avenue Apartments	40	\$1,700,000
White Oak Apartments	24	\$1,440,570

Project	Units	HTC Allocation Recommendation
<b>Total 2026 HTC Round 2 Units and Allocation</b>	<b>64</b>	<b>\$3,140,570</b>

### Summary of 2026 HTC Round 2 Waiting List

In Round 2, eligible applications that are not selected or that are selected to receive a partial allocation will be maintained on a waiting list until the end of the calendar year in the event Minnesota Housing receives any additional 2026 HTCs. Staff recommends placing seven projects on a waiting list as shown in Table D, which includes White Oak Apartments due to the partial allocation and six non-selected projects. The two projects that are recommended to receive HTCs have undergone a feasibility review. White Oak Apartments will be placed first on the waiting list for additional available HTCs.

**Table D: 2026 HTC Waiting List**

Project	Reason for Placement on Waitlist
White Oak Apartments	Insufficient resources to fully fund request
Waters Edge	Insufficient resources
Ramsey Hill	Insufficient resources
Decker 2	Insufficient resources
Clare 5	Insufficient resources
The Aragon	Insufficient resources
Camber Hill Townhomes	Insufficient resources

### Predictive Cost Model Waiver for White Oak Apartments

The predictive cost model is a tool that the Agency uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued HTCs and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 51% to 73% of the variation in historical costs, it cannot capture all components of every proposed project. Rehabilitation projects tend to have a wider variation because the scope of work can range from minimal to modest to extensive rehabilitation depending on the building.

In accordance with Board Policy No. 15, if a project's proposed total development cost (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.

White Oak Apartments, a new construction project, has a TDC per unit of \$619,285, exceeding its predicted cost of \$340,123 by approximately 82%. Staff recommends a waiver of the predictive cost model threshold from the board. These costs were reviewed by the underwriting and architecture teams. Based on analysis of the application materials, these costs appear reasonable. While the land acquisition and soft costs are generally consistent with industry standards, the construction costs are notably higher. Projects in rural areas are experiencing higher construction expenses due to limited availability of general contractors, increased material transportation costs and the need to provide lodging for construction personnel. The relatively low unit count also affects the per-unit development cost because costs are spread across fewer units. If selected, staff will continue to work with the development team to manage costs.

### **Next Steps**

With board approval, the two projects recommended to be selected for an allocation of 9% HTCs from the Agency will receive a notice that they have been selected for additional processing. The developers will work with Agency staff, other funding partners and the local community to finalize project details, including final underwriting and due diligence so that they may close on funding to start construction.

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

**RESOLUTION NO. MHFA 26-XX**

**RESOLUTION APPROVING ALLOCATION OF  
FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2026  
TO CERTAIN QUALIFIED LOW-INCOME HOUSING DEVELOPMENTS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low-Income Housing Tax Credit (HTC) program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing’s Qualified Allocation Plan (QAP), duly adopted by the Agency for 2026 in December 2024, and amended in December 2025; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the 2026 state allocation of HTCs to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency’s issuance of such allocations; and

WHEREAS, the Agency has determined to create a waiting list, and to place on such waiting list the developments identified below, from which developments may be selected for future reservations and allocations of HTC.

**NOW, THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to reserve and allocate portions of the state allocation of HTC as set out below upon meeting the requirements for allocation contained in Section 42 of the IRC and QAP subject to the terms and conditions contained herein:

**Projects Receiving HTCs**

Property #	Project #	Project Name	HTC 9% Allocation Amount
D8848	M21164	Lyndale Avenue Apartments	\$1,700,000
D8696	M21172	White Oak Apartments	\$1,440,570
		<b>Selection Amount</b>	<b>\$3,140,570</b>

2. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the QAP when applied to the applications submitted, Agency staff is hereby authorized to make the HTC reservations and allocations for the developments identified in the Projects Receiving HTC table in the amounts shown for calendar year 2026, upon the applicants' compliance with all applicable requirements contained in Section 42 of the IRC and the QAP; and
3. Agency staff is hereby authorized to allocate the portions of the state of Minnesota's ceiling of HTCs to the projects identified in the Projects Receiving HTC table above in the amounts shown, subject to adjustments in accordance with the QAP; and
4. All selections are subject to available resources and the requirements of the HTC program, including any conditions of approval; and
5. The Commissioner is authorized to approve non-material changes to the selections; and
6. Agency staff is hereby authorized to provide notification letters concerning the reservations and allocations described herein to the approved applicants; and
7. Agency staff is hereby authorized to execute all documents related to the reservation and allocations described herein, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary; and
8. A waiting list for future reservations and allocations of 2026 HTCs is hereby created and the developments identified in the following table are hereby placed on such waiting list; and

**Projects on the 2026 HTC Waiting List**

Property #	Project #	Project Name
D8696	M21172	White Oak Apartments
D8865	M21162	Waters Edge
D1563	M21169	Ramsey Hill
D8852	M21165	Decker 2
D8628	M21174	Clare 5
D8844	M21167	The Aragon
D1420	M21166	Camber Hill Townhomes

9. A waiver to Board Policy No. 15 to exceed the new construction predictive cost model threshold of 25% is hereby granted to White Oak Apartments; and
10. Pursuant to the above-referenced statutes and the allocation of ranking factors contained in the QAP when applied to the applications submitted, in the event that additional HTCs become available. Reservations and allocations of HTCs to projects on the waitlist are subject to board approval.

Adopted this 28<sup>th</sup> day of May 2026

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CHAIR



## Development Summary

### Lyndale Avenue Apartments

<b>Sponsor</b>	Trellis Co.	<b>Project Type(s)</b>	Workforce Housing
<b>Location</b>	Minneapolis	<b>Project #</b>	M21164
<b>Property #</b>	D8848		

### Project Description

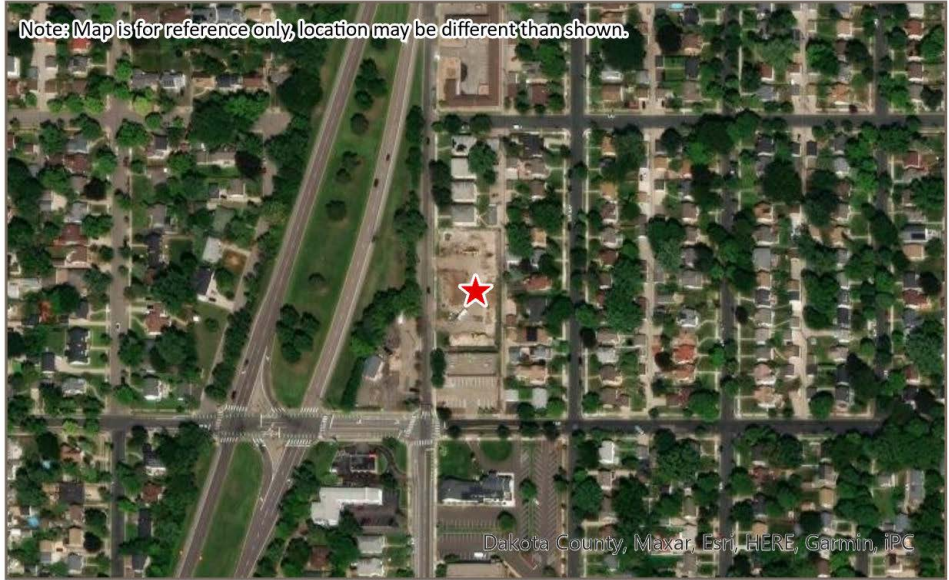
Lyndale Avenue Apartments is a proposed new construction three-story building with an underground parking garage. The building has 40 units comprised of eight studios, two one-bedroom, 20 two-bedroom, six three-bedroom and four four-bedroom units. The first floor has a centrally located elevator, common laundry room, community room, fitness, trash, offices and other service space.

### Additional population notes

- The development will provide 40 units of deeply affordable workforce housing.
- The development is partially supportive housing, with 10 units dedicated to serving High Priority Homeless households and six units dedicated to serving People with Disabilities households.
- The project will benefit from Housing Support or project-based voucher rental assistance for 20 units.
- All 40 units will serve households at or below 30% Multifamily Tax Subsidy Project (MTSP) rent and income limits.

# Lyndale Avenue Apartments

<b>Property Number:</b> D8848
<b>Total Units:</b> 40
<b>Address:</b> 5719 Lyndale Ave S
<b>City of Minneapolis, Hennepin</b>
<b>Developer:</b> Trellis Co.
<b>Sponsor Name:</b> Trellis Co
<b>Management Company:</b> Trellis Management
<b>Service Provider:</b> Simpson Housing Services
<b>Project Type(s):</b> Workforce Housing;
<b>Scattered Site Project:</b> No



## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

<b>Job Trends 2019-2024</b>	<b>Household Trends 2014-2024</b>	<b>Population Trends 2014-2024</b>
Current Jobs: <b>320,386</b>	Current Households: <b>197,053</b>	Current Population: <b>435,233</b>
Five Year Change: <b>-14,976</b>	10 Year Change: <b>21,934</b>	10 Year Change: <b>23,960</b>
Percent Change: <b>-4%</b>	Percent change: <b>13%</b>	Percent Change: <b>6%</b>

Unemployment Rate: **4.1%** (county) **4.1%** (city, if available)

## Fair Market Rents (2026)

<b>Bedroom Size</b>	<b>Fair Market Rents (Co)</b>
<b>0 Bedrooms</b>	\$1,242
<b>1 Bedroom</b>	\$1,405
<b>2 Bedrooms</b>	\$1,709
<b>3+ Bedrooms</b>	\$2,262

## Local Area Incomes and Rents

In census tract 27053111500 (**Region: 7-County Metro**),

- the median household income is **\$173,327**.  
(Tract household income is in the **80-99th percentile** based on region type)
- the median renter household income is **n/a**.  
(Tract renter income is in the **0-19th percentile** based on region type)
- **84%**, of lower income renters are cost burdened.  
(Tract cost burdened renters is in the **25-49th percentile** based on region type)
- **13%**, of the population is Black, Indigenous, or person of color.  
(Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **4%** % of people are in poverty.  
(Tract share of people in poverty is in the **20-39th percentile** statewide)
- the median rent for all units is **\$1,571**.  
(Tract median rent is in the **60-79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.



## Development Summary

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### White Oak Apartments

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<b>Sponsor</b>	KOOTASCA Community Action, Inc.		
<b>Location</b>	Deer River	<b>Project Type(s)</b>	Workforce Housing
<b>Property #</b>	D8696	<b>Project #</b>	M21172

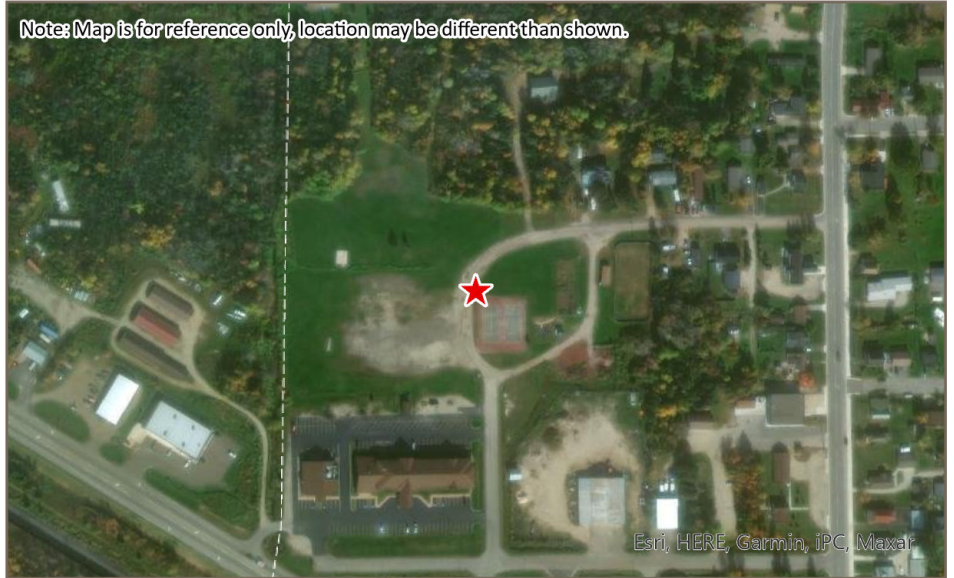
### Project Description

White Oak Apartments is the new construction of 24 units in Deer River ranging from one to four bedrooms. The project is sponsored and developed by KOOTASCA Community Action, Inc., a nonprofit organization working to combat poverty and housing disparity in Koochiching and Itasca counties for the past 50 years. The project is located on the Leech Lake Reservation and will benefit Tribal members of the Leech Lake Band of Ojibwe as well as the greater Deer River community. White Oak Apartments features six one-bedroom, nine two-bedroom, six three-bedroom and three four-bedroom units. The property is near public transportation stops, medical providers, education facilities and a grocery store. Leech Lake Band of Ojibwe will also provide transportation connecting the property with Tribal amenities that are further away from the property.

### Additional population notes

- The development will provide 24 units of workforce housing.
- The development is partially supportive housing, with four units dedicated to High Priority Homeless (HPH) households and five units dedicated to People with Disabilities households.
- Eight units will benefit from Housing Support rental subsidy through Itasca County. One HPH unit will benefit from a Section 8 project-based voucher through Itasca County.
- The development is not age restricted.

<b>Property Number:</b> D8696
<b>Total Units:</b> 24
<b>Address:</b> 2nd ST. NW
<b>City of Deer River, Itasca</b>
<b>Developer:</b> KOOTASCA Community Action
<b>Sponsor Name:</b> KOOTASCA Community Action
<b>Management Company:</b> CEPCO Management
<b>Service Provider:</b> KOOTASCA Community Action
<b>Project Type(s):</b> Workforce Housing;
<b>Scattered Site Project:</b> No



### Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

<b>Job Trends</b> 2019-2024	<b>Household Trends</b> 2014-2024	<b>Population Trends</b> 2014-2024
Current Jobs: <b>612</b>	Current Households: <b>395</b>	Current Population: <b>924</b>
Five Year Change: <b>-132</b>	10 Year Change: <b>-11</b>	10 Year Change: <b>-25</b>
Percent Change: <b>-18%</b>	Percent change: <b>-3%</b>	Percent Change: <b>-3%</b>

Unemployment Rate: **5.8%** (county) (city, if available)

### Fair Market Rents (2026)

<b>Bedroom Size</b>	<b>Fair Market Rents (Co)</b>
<b>0 Bedrooms</b>	\$754
<b>1 Bedroom</b>	\$860
<b>2 Bedrooms</b>	\$1,074
<b>3+ Bedrooms</b>	\$1,401

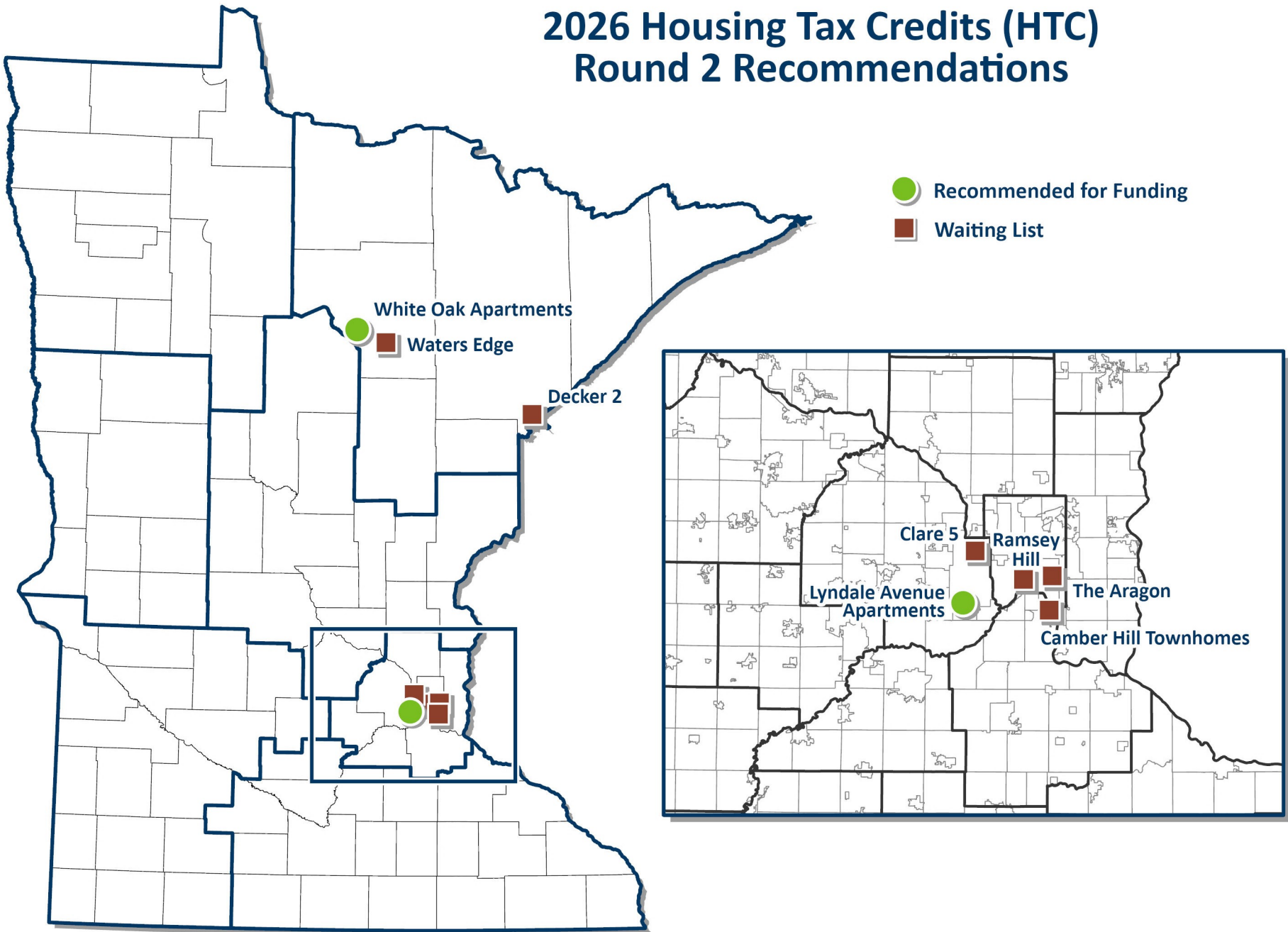
### Local Area Incomes and Rents

In census tract 27061480302 (**Region: Greater MN Non-MSA**),

- the median household income is **\$56,771**.  
(Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **\$33,750**.  
(Tract renter income is in the **20-39th percentile** based on region type)
- **61%**, of lower income renters are cost burdened.  
(Tract cost burdened renters is in the **60-79th percentile** based on region type)
- **11%**, of the population is Black, Indigenous, or person of color.  
(Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **20%** % of people are in poverty.  
(Tract share of people in poverty is in the **80-99th percentile** statewide)
- the median rent for all units is **\$683**.  
(Tract median rent is in the **0-19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2019-2023 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

# 2026 Housing Tax Credits (HTC) Round 2 Recommendations





## Item: Approval, Selections, Community Stabilization, Distressed Properties Program

**Action Item:** 7.E  
**Date:** 05/28/2026  
**Staff Contacts:** Beverly Wilharm, 651.539.9635, [bev.wilharm@state.mn.us](mailto:bev.wilharm@state.mn.us)  
Anne Heitlinger, 651.296.9841, [anne.heitlinger@state.mn.us](mailto:anne.heitlinger@state.mn.us)  
Margaret King, 651-296-9825, [margaret.king@state.mn.us](mailto:margaret.king@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval and adoption of two resolutions to allocate \$50,646,364 from the Community Stabilization: Distressed Multifamily Rental Building Program (Distressed Building Program) to select:

- 13 applications to fund \$14,938,000 in loans; and
- 22 applications to fund \$35,708,364 in grants

### Fiscal Impact

None. This program is funded by state appropriations. The Agency does not anticipate earning interest on the 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 checked="" type="checkbox"/> Strengthen Communities          |

### Attachments

- Background
- Projects Recommended for Selections
- Geographic Maps of Distressed Building Funding Recommendations
- Development Summaries with Maps and Photos
- Non-Selections
- Resolutions

## Background

The Community Stabilization Program was established during the 2023 legislative session pursuant to [Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 29](#) and [Minnesota Laws 2023, chapter 37, article 2, section 6](#) as a one-time program with \$90 million of state appropriations. Of those funds, \$80 million was allocated to a new, one-time program to help preserve naturally occurring affordable housing (NOAH). The remaining \$10 million was for a legislatively named grant to Aeon for Huntington Place apartments in Brooklyn Park.

In the 2024 legislative session, [Minnesota Laws 2024, chapter 127, article 14, section 11](#) amended the Community Stabilization Program to create three one-time Community Stabilization programs, provide a second legislatively named grant and modify the available funding. The three one-time programs include the: 1) Multifamily NOAH program with \$41,750,000 of funding; 2) Single-Family NOAH program with \$10,000,000 of funding; and 3) the Distressed Buildings Program with \$50,000,000 of funding. The second legislatively named grant provided \$3,250,000 to Wilder Park Association.

The purpose of the Distressed Buildings Program is to preserve and stabilize qualifying affordable rental housing properties experiencing significant financial or physical distress. The legislation required that \$15,000,000 of the funds be reserved for housing with supportive services, though supportive housing was also eligible for the balance of the available funding. Eligible uses of the funding include, but are not limited to, restructuring debt to improve cash flow, addressing deferred maintenance, rehabilitation, operating expenses, funding replacement and supportive service reserves, and financing to sell or transfer ownership to another qualified owner.

The remaining funds from the [Stable Housing Organization Relief Program \(SHORP\)](#) will be transferred to the Distressed Buildings Program to increase the total amount of funds available to \$50,646,364. The board awarded the SHORP funds in October 2023 under Resolution No. MHFA 23-062. Two grantees subsequently chose to not proceed with the grant, and not all grantees used their full funding allocation. SHORP was a one-time program that is effectively complete. Since SHORP had a similar purpose to the Distressed Buildings Program, the funds were transferred to enhance the Distressed Building Program funding selections.

## RFP Results

The Distressed Building Program request for proposal (RFP) was launched on August 25, 2025, and the applications were due on November 19, 2025. We received 74 applications representing over \$111 million in requests. Of those, there were 53 complete applications that met eligibility, and those applications requested \$88 million to support 3,574 units.

Individual applications were subject to a funding request limit of up to \$40,000 per unit. Additionally, no one sponsor could receive more than 20% of available funding. Applications

recommended for funding may receive a portion or all their funding requests, depending on the project needs, available resources and staff evaluation.

## **Review Process**

The review process included three phases:

1. Eligibility Review
2. Funding Priorities and Scoring
3. Feasibility Review

### **Phase 1: Eligibility Review**

The first phase of the RFP review was to determine that each application was complete and the property was eligible. To be eligible, properties must be considered distressed properties and must be multifamily rental housing. To meet the definition of a distressed multifamily rental building, a property must fulfill all the following requirements:

- Be owned or controlled by an eligible recipient;
- Have all units restricted to households with incomes at or below 60% of the area median income (AMI) as determined by the United States Department of Housing and Urban Development (HUD), adjusted for household size, and this household income limit requirement must be documented in a recorded declaration, covenant, land use restrictive agreement or other similar recorded document deemed acceptable at Minnesota Housing's sole discretion;
- Have eight or more units; and
- Have been placed in service on or before December 31, 2023.

Additionally, in accordance with the legislation, the property must meet at least one of the following criteria to be considered distressed:

- Be at imminent risk of foreclosure, closure or sale that would result in permanent loss of affordability;
- Have two or more years of negative net operating income, exclusive of financial or in-kind operating support from the owner of the property;
- Have two or more years with a debt service coverage ratio less than one; or
- Have necessary costs of repair, replacement or maintenance that exceed revenues and the project reserves available for those purposes.

## Phase 2: Funding Priorities and Scoring

The second phase of the RFP review was scoring. The scoring matrix incorporated the priorities established in the legislation that created the Distressed Buildings Program. The priorities include:

- a. Buildings where resident household incomes are at or below 30% AMI;
- b. Buildings at imminent risk of foreclosure, closure or sale that would result in permanent loss of affordability;
- c. Applicants who have a path to achieve neutral or positive net operating income within five years;
- d. Applicants who keep subject properties affordable; or
- e. Buildings that are not eligible or not prioritized for other Minnesota Housing programs.

## Phase 3: Feasibility Review

The third phase of the RFP was feasibility review. Applicants were required to submit a preliminary property stabilization plan that described the causes of distress, the planned use of funds, and a five-year cash flow projection. The feasibility review included analyzing and scoring the property stabilization plan as well as reviewing the sponsor's financial and organizational capacity.

## Funding Recommendations

Based on the scoring, geographic distribution, feasibility review and funding structure selected by the applicants, staff recommends the following:

**Table 1: Distressed Building Grants and Loans Summary**

<b>Funding Type</b>	<b>Number of Applications</b>	<b>Total Funding</b>	<b>Units</b>
Grant	22	\$ 35,708,364	1,831
Loans	13	\$ 14,938,000	764
<b>Totals</b>	<b>35</b>	<b>\$ 50,646,364</b>	<b>2,595</b>

Applicants chose whether they wanted a grant or loan structure depending on the needs and financing structure of a given project.

As previously noted, the legislation set aside \$15,000,000 of the available \$50,000,000 for supportive housing, though supportive housing was eligible for all program funds.

**Table 2: Distressed Building Supportive Housing Summary**

<b>% Supportive Housing</b>	<b>Number of Projects</b>	<b>Total Funding</b>	<b>Units</b>
100%	20	\$ 31,154,000	1,245
53-91%	4	\$ 4,504,000	249

<b>% Supportive Housing</b>	<b>Number of Projects</b>	<b>Total Funding</b>	<b>Units</b>
8-38%	6	\$ 9,261,364	889
0%	5	\$ 5,727,000	212
<b>Totals</b>	<b>35</b>	<b>\$ 50,646,364</b>	<b>2,595</b>

**Uses**

Applicants could select more than one eligible use of the funds. The applicants recommended for selection proposed to use the funds as shown in Table 3.

**Table 3: Distressed Building Eligible Uses Summary**

<b>Eligible Uses</b>	<b>Total Funding</b>	<b>Percent of Funds</b>
Rehabilitation	\$ 15,772,000	31%
Replacement Reserves	\$ 3,873,950	8%
Operating Costs	\$ 30,602,414	60%
Supportive Service Reserves	\$ 398,000	1%
<b>Total</b>	<b>\$ 50,646,364</b>	<b>100%</b>

**Geographic Distribution**

Of the 53 complete applications submitted in the RFP:

- 32 were from properties in the City of Minneapolis;
- 10 were from properties in the City of St. Paul;
- 7 were from properties in Greater Minnesota; and
- 4 were from properties in the suburban areas of the seven-county metropolitan area.

The Agency strives for geographic distribution in its funding recommendations. The percentage distribution of recommended applications largely mirrors the distribution of submissions in terms of the split between Greater Minnesota and metro applications.

**Table 4: Distressed Building Geographical Distribution Summary**

	<b>Complete Applications</b>		<b>Funding Recommendations</b>	
	<b>Projects</b>	<b>Splits</b>	<b>Projects</b>	<b>Splits</b>
Metro	46	87%	30	86%
Greater MN	7	13%	5	14%
<b>Totals</b>	<b>53</b>		<b>35</b>	

	<b>Complete Applications</b>		<b>Funding Recommendations</b>	
	<b>Units</b>		<b>Units</b>	
Metro	3,360	93%	2,429	94%
Greater MN	261	7%	166	6%
<b>Totals</b>	<b>3,621</b>		<b>2,595</b>	
	<b>Amount</b>		<b>Amount</b>	
Metro	\$ 80,161,605	91%	\$ 45,116,364	89%
Greater MN	\$ 8,251,127	9%	\$ 5,530,000	11%
<b>Totals</b>	<b>\$ 88,412,732</b>		<b>\$ 50,646,364</b>	

### Grant Term

Grants terms will be up to 57 months. The purpose of the funding is to help stabilize the property over the next five years and this will allow grantees to use a workplan and budget covering that length of time. This will also allow three months for post grant period reporting and close out to occur while grantees are still under contract. This is consistent with the Office of Grants Management requirement that a grant contract be no longer than five years.

### Loan Type

For those applicants that selected loans, the applicant could indicate their preferred funding structure for the loan: amortizing, deferred or forgivable. Due to the one-time nature of the Distressed Buildings Program and the distressed nature of the project, staff recommend that the loans be structured as deferred, forgivable loans with 0% interest rate unless the applicant requests that they be repayable and/or have an interest rate.

The term of the loan will correspond to the longer of the applicant's commitment in the self-scoring worksheet to 1) keeping the property affordable or 2) preserving supportive housing. This would be either five or ten years. Applicants can request a longer term, if necessary, due to the existing financing structure on the property.

### Learning Cohort

All selected applicants will be required to participate in a learning cohort alongside other funding recipients. This cohort will provide a supportive space to share best practices, lessons learned and emerging strategies as participants implement their property stabilization plans. Through periodic meetings facilitated by Minnesota Housing, participants will have the opportunity to learn from one another, and discuss what is working and where challenges remain. Participation is a core part of Minnesota Housing's shared commitment to learning together and strengthening outcomes for sponsors, residents and properties across the state.

**MINNESOTA HOUSING FINANCE AGENCY**

**400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 26-XXX**

**RESOLUTION APPROVING SELECTION OF PROJECTS FOR FURTHER PROCESSING, MORTGAGE LOAN COMMITMENTS, AND THE CLOSING OF LOANS FOR THE COMMUNITY STABILIZATION: DISTRESSED BUILDING MULTIFAMILY RENTAL BUILDING PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) received applications to provide loans for the purpose of stabilizing distressed multifamily rental buildings occupied by persons and families of low-and moderate incomes;

WHEREAS, Agency staff reviewed the applications and determined that the applications are in compliance under Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

The board hereby authorizes Minnesota Housing staff to enter into loan agreements and to close said loans, for the applications and in the amounts set forth below, subject to available funding and the terms and conditions contained herein:

<b>Property #</b>	<b>Project #</b>	<b>Borrower</b>	<b>Project</b>	<b>Selection Amount</b>
D3245	M20994	Freeborn Manor LLC	Freeborn Manor	\$ 1,461,000
D3491	M20981	Sandy Braham MDG LP	Sandy Pines Apartments	\$ 1,624,000
D3234	M20982	Sandy Braham MDG LP	Braham Meadows	\$ 1,638,000
D0712	M20980	Southwest Minnesota Housing Partnership	Rock Creek Apartments	\$ 458,000
D5960	M21190	Minnesota Place LLC	Minnesota Place	\$ 802,000
D0950	M21195	Aeon	Opportunity Housing/OHP - The Coyle, Continental and Lamoreaux	\$ 1,431,000
D6259	M21212	Touchstone Community LP	Rising Cedar/Touchstone	\$ 908,000
D4064	M21191	Aeon	Alliance Apartments	\$ 1,527,000

Property #	Project #	Borrower	Project	Selection Amount
D2538	M21211	Crestview Community LP	Crestview Community	\$ 1,414,000
D5961	M21201	Minnesota Vistas, LLC	Minnesota Vistas	\$ 546,000
D0820	M21210	Aeon	Archdale Apartments	\$ 365,000
D2931	M21192	Aeon	St. Barnabas Apartments	\$ 1,210,000
D3813	M21193	Aeon	Crane Ordway	\$ 1,554,000
<b>TOTAL</b>				<b>\$ 14,938,000</b>

1. The mortgagor is subject to Agency staff review and approval; and
2. The issuance of a loan commitment for all in a form and substance acceptable to Minnesota Housing staff and the closing of all loans shall occur no later than 20 months from the adoption date of this resolution. If a development utilizes an End Loan, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and the project shall be completed within 18 months from the date of the End Loan Commitment; and
3. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and
4. The Commissioner is authorized to approve non-material changes to the selections; and
5. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operations of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 28<sup>th</sup> day of May 2026

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CHAIR

**MINNESOTA HOUSING FINANCE AGENCY**

**400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 26-XXX  
RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANTS FROM THE COMMUNITY  
STABILIZATION: DISTRESSED BUILDING MULTIFAMILY RENTAL BUILDING PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) received applications to provide grants for the purpose of stabilizing distressed multifamily rental buildings occupied by persons and families of low-and moderate incomes;

WHEREAS, Agency staff reviewed the applications and determined that the applications are in compliance under Agency's rules, regulations and policies and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

The board hereby authorizes Agency staff to enter into Grant Contract Agreements for the projects and amounts set forth below, subject to available funding and the terms and conditions contained herein:

<b>Property #</b>	<b>Project #</b>	<b>Grantee Name</b>	<b>Project</b>	<b>Selection Amount</b>
D6232	M21184	Red Lake Reservation HRA	Supportive Housing Rehab 1	\$ 349,000
D5906	M21205	PHM Supportive L.L.C	PHM Supportive	\$ 387,000
D3052	M21202	PHM-Grotto L.L.C	PHM Grotto	\$ 302,000
D6260	M21188	Clare Housing	Clare Midtown	\$ 1,219,000
D3145	M21207	Beacon Interfaith Housing Collaborative	Lydia	\$ 2,182,000
D7595	M21206	Beacon Interfaith Housing Collaborative	Prior Crossing	\$ 1,132,000
D8947	M21199	Catholic Charities Twin Cities	Endeavors	\$ 2,147,000
D1877	M20987	RS EDEN	Dillon Apartments	\$ 1,280,000
D1872	M20988	Jeremiah Program	Jeremiah Program - Minneapolis	\$ 1,560,000
D5909	M21182	Beacon Interfaith Housing Collaborative	Nicollet Square	\$ 1,659,000

Property #	Project #	Grantee Name	Project	Selection Amount
D8235	M21181	Beacon Interfaith Housing Collaborative	Bimosedaa	\$ 1,920,000
D7702	M21197	Catholic Charities Twin Cities	Higher Ground St. Paul	\$ 4,085,000
D7601	M20990	CommonBond Communities	Upper Post Veterans Community	\$ 2,314,000
D7720	M21208	Beacon Interfaith Housing Collaborative	66 West	\$ 946,000
D3602	M21203	Lutheran Social Service of MN	Journey Homes	\$ 478,000
D7890	M21198	Catholic Charities Twin Cities	Dorothy Day Residence	\$ 3,768,000
D2921	M20986	RS EDEN	Central Avenue Apartments	\$ 2,315,000
D0837	M20993	Beacon Interfaith Housing Collaborative	The Lonoke	\$ 760,000
D8117	M20985	Alliance Housing Inc.	3301 Nicollet	\$ 2,265,000
D7532	M21183	Trellis Co	Spirit on Lake	\$ 1,840,000
D3874	M20989	CommonBond Communities	Vicksburg Commons	\$ 1,283,000
D7586	M21194	Aeon	Aeon Preservation Portfolio "MP3" - Adams, Balmoral, Barrington, Buri Manor, Elliot Ct, Elms, Heritage, Maryland, Paige Hall, Roselle	\$ 1,517,364
<b>TOTAL</b>				<b>\$ 35,708,364</b>

1. The execution of Grant Contract Agreements in form and substance acceptable to Agency staff; and
2. The execution of Grant Contract Agreements shall occur no later than nine months from the adoption date of this Resolution; and
3. The grant period shall not exceed 57 months; and
4. The Commissioner is authorized to approve non-material changes to the selections; and
5. 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 28<sup>th</sup> day of May 2026

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CHAIR

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**Community Stabilization: Distressed Multifamily Rental Building**  
**Recommendations for Selections**

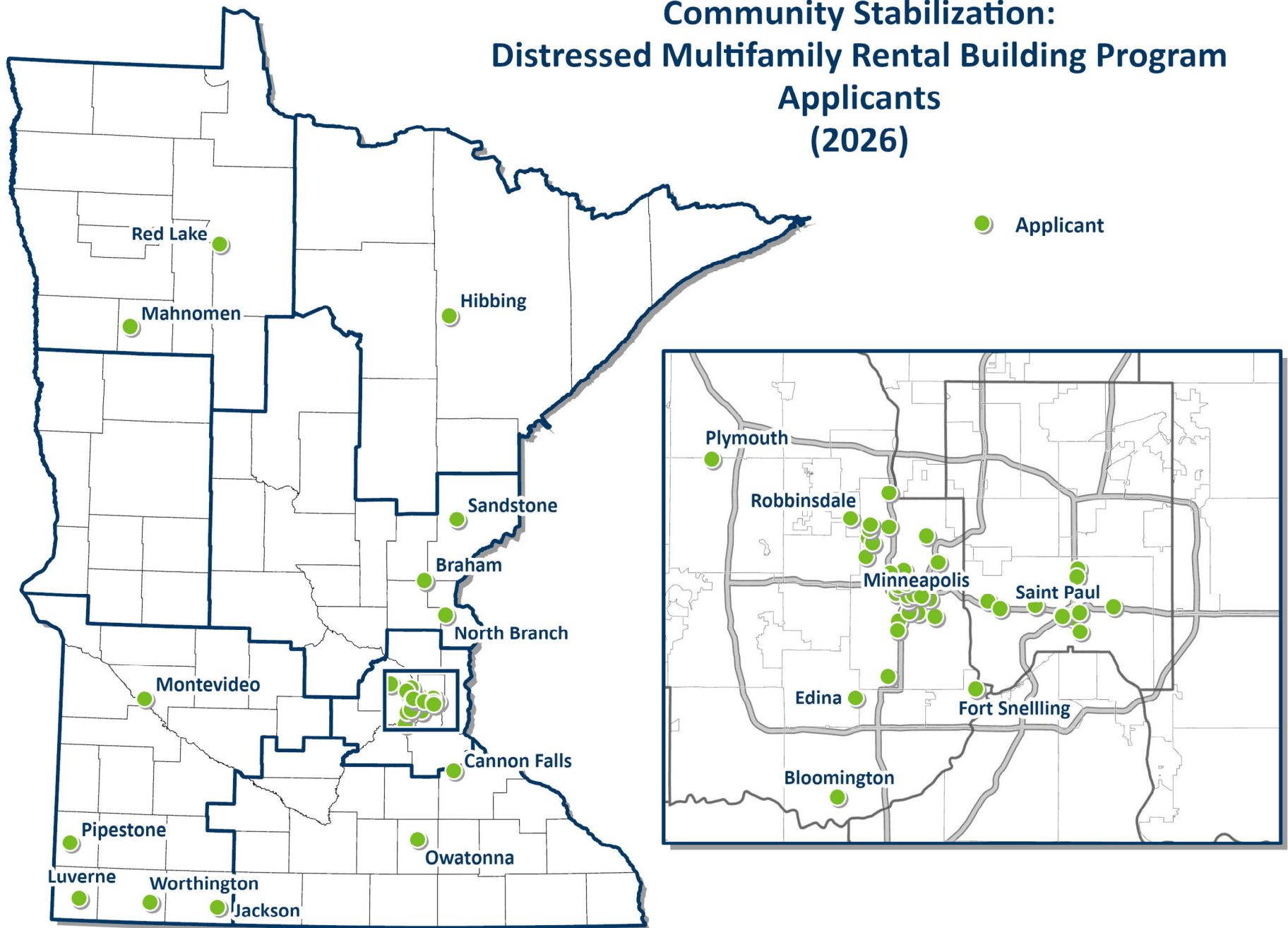
Available Funding: \$ 50,646,364

D #	M#	Grantee/Borrower	Sponsor	Building Name	City	Region	Units	Requested Funding	Recommended Funding	Request Per Unit	Use of Funding	% Supportive Housing Units	Grant or Loan
<b>Greater Minnesota</b>													
D6232	M21184	Red Lake Reservation HRA	Red Lake Reservation HRA	Supportive Housing Rehab 1	Red Lake	Northwest	14	\$ 349,000	\$ 349,000	\$24,929	Rehabilitation, Replacement Reserve	100%	Grant
D3245	M20994	Freeborn Manor LLC	Minnesota Brokerage Group	Freeborn Manor	Cannon Falls	Southeast	44	\$ 1,760,000	\$ 1,461,000	\$33,205	Rehabilitation	0%	Loan
D3491	M20981	Sandy Braham MDG LP	MDG Sandy Braham LLC	Sandy Pines Apartments	Sandstone	Central	42	\$ 1,623,994	\$ 1,624,000	\$38,667	Rehabilitation	0%	Loan
D3234	M20982	Sandy Braham MDG LP	MDG Sandy Braham LLC	Braham Meadows Apartments	Braham	Central	42	\$ 1,638,133	\$ 1,638,000	\$39,000	Rehabilitation	0%	Loan
D0712	M20980	Southwest Minnesota Housing Partnership	SWMHP	Rock Creek Townhomes	Luverne	Southwest	24	\$ 960,000	\$ 458,000	\$19,083	Rehabilitation	0%	Loan
<b>Metro</b>													
D5960	M21190	Minnesota Place, LLC.	Minnesota Partners, LLC	Minnesota Place	St. Paul	Metro	77	\$ 802,000	\$ 802,000	\$10,416	Rehabilitation, Replacement Reserve, Operations	13%	Loan
D5906	M21205	PHM Supportive L.L.C.	Premier Development Corporation LLC	PHM Supportive	Minneapolis	Metro	11	\$ 440,000	\$ 387,000	\$35,182	Rehabilitation	91%	Grant
D3052	M21202	PHM Grotto L.L.C.	Premier Development Corporation LLC	PHM Grotto	St. Paul	Metro	8	\$ 320,000	\$ 302,000	\$37,750	Rehabilitation	100%	Grant
D0950	M21195	Aeon	Aeon	Opportunity Housing/OHP - The Coyle, Continental and Lamoreaux	Minneapolis	Metro	116	\$ 1,431,000	\$ 1,431,000	\$12,336	Replacement Reserve, Operations	100%	Loan
D6260	M21188	Clare Housing	Clare Housing	Clare Midtown	Minneapolis	Metro	45	\$ 1,580,096	\$ 1,219,000	\$27,089	Rehabilitation, Operations, Replacement Reserve	100%	Grant
D3145	M21207	Beacon Interfaith Housing Collaborative	Beacon	Lydia	Minneapolis	Metro	80	\$ 2,182,443	\$ 2,182,000	\$27,275	Rehabilitation, Operations, Replacement Reserve	100%	Grant
D7595	M21206	Beacon Interfaith Housing Collaborative	Beacon	Prior Crossing	St. Paul	Metro	44	\$ 1,132,145	\$ 1,132,000	\$25,727	Operations	100%	Grant
D8947	M21199	Catholic Charities Twin Cities	Catholic Charities	Endeavors	Minneapolis	Metro	167	\$ 3,603,463	\$ 2,147,000	\$12,856	Operations	72%	Grant
D1877	M20987	RS EDEN	RS EDEN	Dillon Apartments	Minneapolis	Metro	32	\$ 1,279,530	\$ 1,280,000	\$40,000	Rehabilitation, Replacement Reserve, Operations	100%	Grant
D1872	M20988	Jeremiah Program	Jeremiah Program	Jeremiah Program - Minneapolis	Minneapolis	Metro	39	\$ 1,560,000	\$ 1,560,000	\$40,000	Rehabilitation, Operations	100%	Grant
D5909	M21182	Beacon Interfaith Housing Collaborative	Beacon	Nicollet Square	Minneapolis	Metro	42	\$ 1,659,238	\$ 1,659,000	\$39,500	Replacement Reserve, Operations	100%	Grant
D6259	M21212	Touchstone Community LP	Project for Pride	Rising Cedar Apartments/Touchstone Community	Minneapolis	Metro	40	\$ 908,000	\$ 908,000	\$22,700	Replacement Reserve, Operations	100%	Loan
D8235	M21181	Beacon Interfaith Housing Collaborative	Beacon	Bimosedaa	Minneapolis	Metro	48	\$ 1,920,000	\$ 1,920,000	\$40,000	Operations	100%	Grant
D7702	M21197	Catholic Charities Twin Cities	Catholic Charities	Higher Ground St. Paul	St. Paul	Metro	193	\$ 4,084,583	\$ 4,085,000	\$21,166	Operations	100%	Grant
D7601	M20990	CommonBond Communities	CommonBond	Upper Post Veterans Community	Fort Snelling	Metro	58	\$ 2,313,582	\$ 2,314,000	\$39,897	Rehabilitation, Replacement Reserve, Operations	100%	Grant

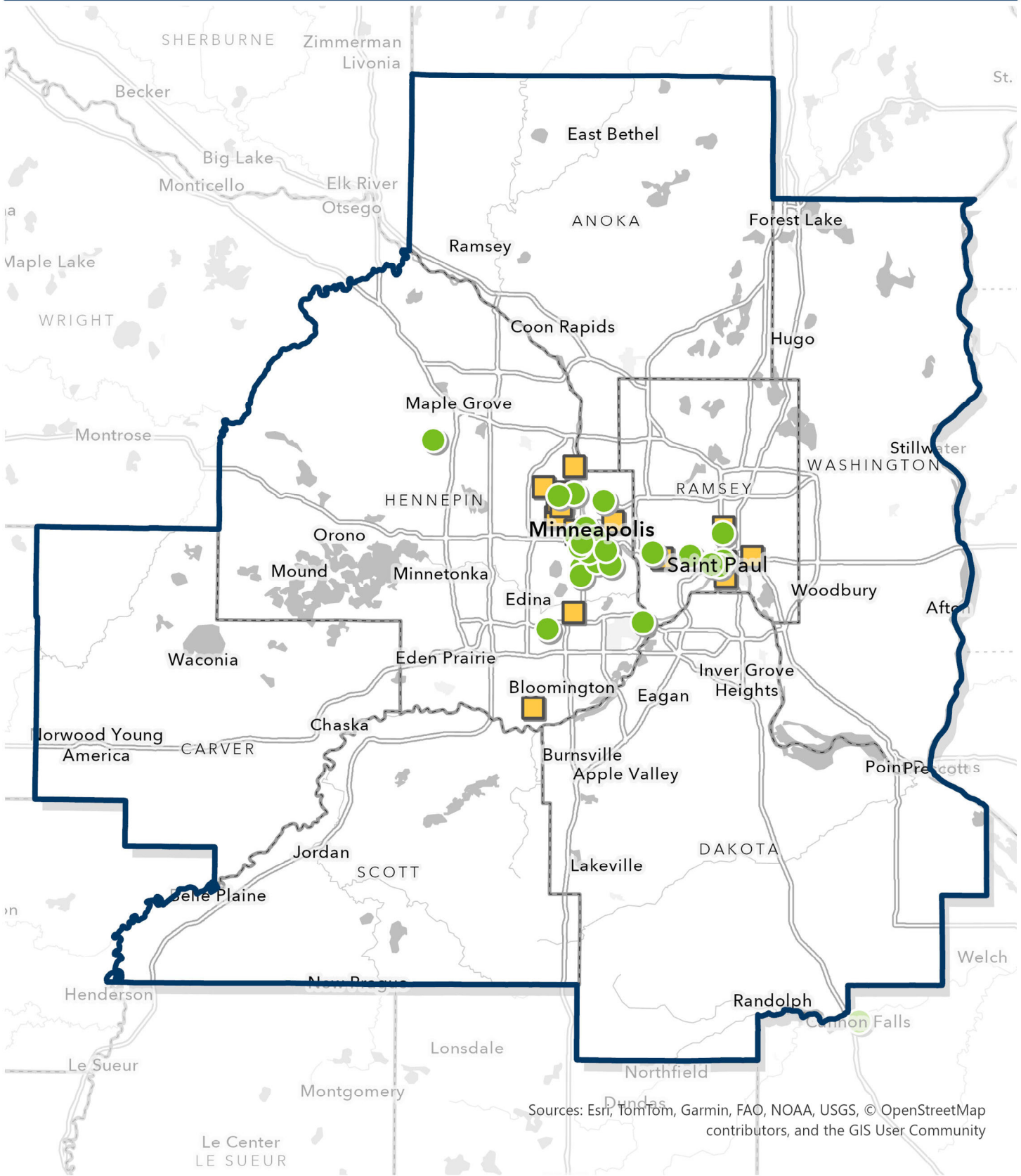
D #	M#	Grantee/Borrower	Sponsor	Building Name	City	Region	Units	Requested Funding	Recommended Funding	Request Per Unit	Use of Funding	% Supportive Housing Units	Grant or Loan
D4064	M21191	Aeon	Aeon	Alliance Apartments	Minneapolis	Metro	123	\$ 1,527,000	\$ 1,527,000	\$12,415	Replacement Reserve, Operations	100%	Loan
D2538	M21211	Crestview Community LP	PPL	Crestview Community	St. Paul	Metro	44	\$ 1,414,000	\$ 1,414,000	\$32,136	Rehabilitation, Operations	100%	Loan
D7720	M21208	Beacon Interfaith Housing Collaborative	Beacon	66 West	Edina	Metro	39	\$ 946,183	\$ 946,000	\$24,256	Operations	100%	Grant
D3602	M21203	Lutheran Social Service of MN	Lutheran Social Service	Journey Homes	Minneapolis	Metro	12	\$ 478,000	\$ 478,000	\$39,833	Rehabilitation	100%	Grant
D5961	M21201	Minnesota Vistas, LLC	Minnesota Partners, LLC	Minnesota Vistas	St. Paul	Metro	60	\$ 546,000	\$ 546,000	\$9,100	Replacement Reserve, Operations	0%	Loan
D7890	M21198	Catholic Charities Twin Cities	Catholic Charities	Dorothy Day Residence	St. Paul	Metro	177	\$ 3,768,196	\$ 3,768,000	\$21,288	Operations	100%	Grant
D2921	M20986	RS EDEN	RS EDEN	Central Avenue Apartments	Minneapolis	Metro	61	\$ 2,315,053	\$ 2,315,000	\$37,951	Rehabilitation, Replacement Reserve, Operations	100%	Grant
D0820	M21210	Aeon	Aeon	Archdale Apartments	Minneapolis	Metro	30	\$ 1,200,000	\$ 365,000	\$12,167	Replacement Reserve, Operations	100%	Loan
D0837	M20993	Beacon Interfaith Housing Collaborative	Beacon	The Lonoke	Minneapolis	Metro	19	\$ 760,000	\$ 760,000	\$40,000	Operations	53%	Grant
D2931	M21192	Aeon	Aeon	St. Barnabas Apartments	Minneapolis	Metro	52	\$ 1,210,000	\$ 1,210,000	\$23,269	Replacement Reserve, Operations	75%	Loan
D8117	M20985	Alliance Housing Inc	Alliance	3301 Nicollet	Minneapolis	Metro	64	\$ 2,264,677	\$ 2,265,000	\$35,391	Reserve, Operations, Support Service Reserve	38%	Grant
D3813	M21193	Aeon	Aeon	Crane Ordway	St. Paul	Metro	70	\$ 1,557,000	\$ 1,554,000	\$22,200	Rehabilitation, Replacement Reserve, Operations	20%	Loan
D7532	M21183	Trellis Co	Trellis	Spirit on Lake	Minneapolis	Metro	46	\$ 1,840,000	\$ 1,840,000	\$40,000	Rehabilitation	11%	Grant
D3874	M20989	CommonBond Communities	CommonBond	Vicksburg Commons	Plymouth	Metro	50	\$ 1,282,760	\$ 1,283,000	\$25,660	Rehabilitation, Replacement Reserve	8%	Grant
D7586	M21194	Aeon	Aeon	Aeon Preservation Portfolio "MP3" - Adams, Balmoral, Barrington, Buri Manor, Elliot Ct, Elms, Heritage, Maryland, Paige Hall, Roselle	Minneapolis	Metro	582	\$ 2,288,000	\$ 1,517,364	\$2,607	Replacement Reserve, Operations	13%	Grant

<b>2595</b>		
<b>Greater Minnesota</b>	<b>\$6,331,127</b>	<b>\$5,530,000</b>
<b>Metro</b>	<b>\$48,612,948</b>	<b>\$45,116,364</b>
<b>Total</b>	<b>\$54,944,075</b>	<b>\$50,646,364</b>



## Community Stabilization: Distressed Multifamily Rental Building Program Applicants (2026)



# Community Stabilization: Distressed Multifamily Rental Building Program Recommendations (2026)

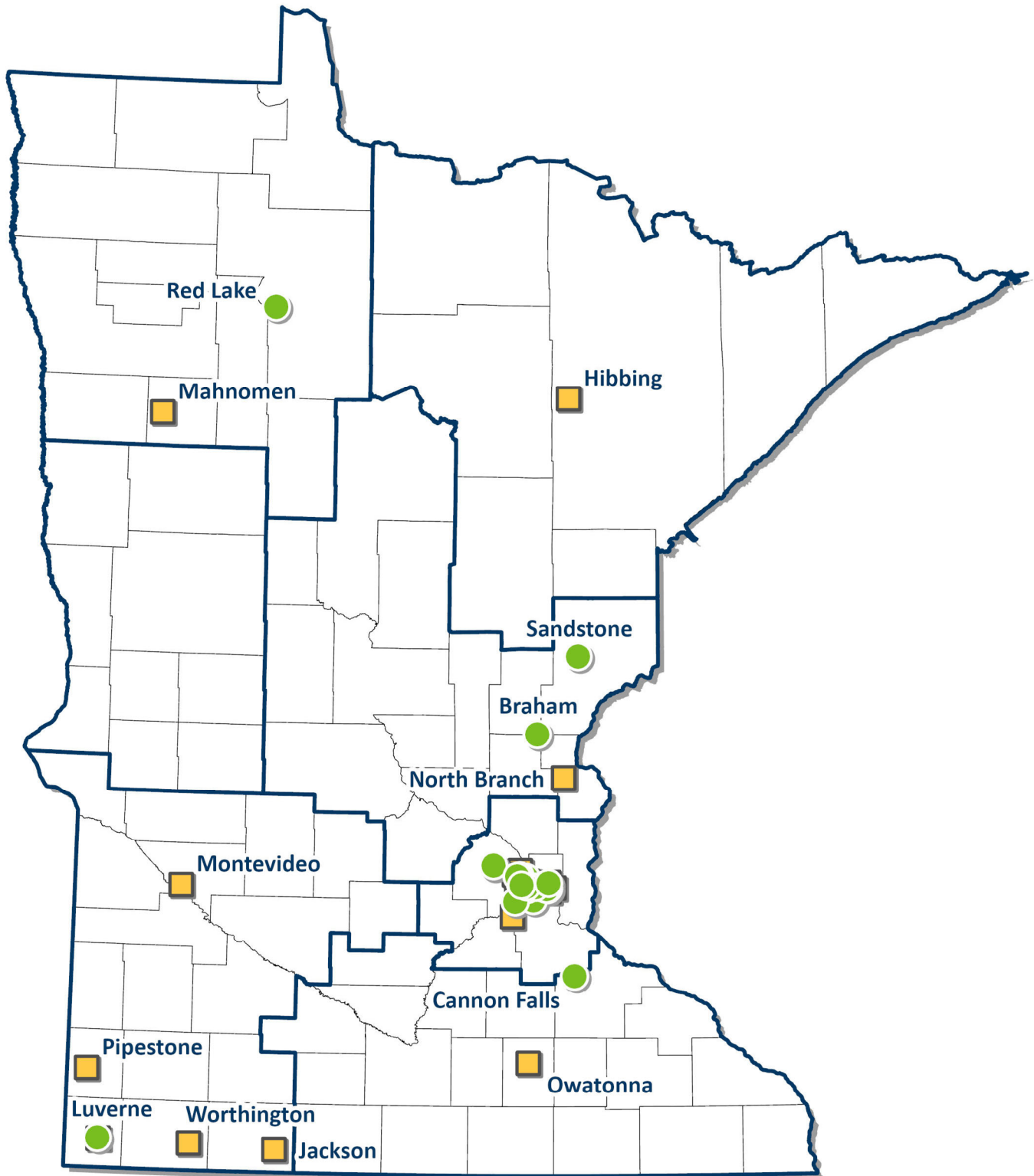


Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

-  Recommended for Funding Selection
-  Non-Selection



# Community Stabilization: Distressed Multifamily Rental Building Program Recommendations (2026)



-  Recommended for Funding Selection
-  Non-Selection



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## Development Summary

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### Project Name: Red Lake Supportive Housing 1

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<b>Sponsor/Applicant</b>	Red Lake Reservation Housing Authority		
<b>City</b>	Red Lake		
<b>Property #</b>	D6232	<b>Project #</b>	M21184

### Project Description

Red Lake Supportive Housing 1 is a 14-unit 100% supportive housing development for individuals. The units are in seven duplexes in four districts within the Red Lake Reservation. The project prioritizes serving enrolled Red Lake Tribal members. Resident services include mental and chemical health care, case management and support in daily living.

### Causes of Distress

The duplex units need rehabilitation due to deferred maintenance and substantial fire damage to two units. The sponsor took over property management in 2021 to stabilize the property. Replacement reserves are now depleted and inadequate to cover the current capital needs. The properties need numerous repairs, including bathrooms, HVAC, soffits and gutters, flooring and siding.

### Use of Program Funds

Funds will be used for rehabilitation and replacement reserves. The goals are to improve and maintain the physical stability of the property and replenish the replacement reserves for future maintenance needs.

Map of 24338 Hwy 1, Red Lake Reservation 56671



Photo of Supportive Housing 1 – Red Lake Reservation



## Development Summary

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### Project Name: Freeborn Manor Apts.

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<b>Sponsor/Applicant</b>	Minnesota Brokerage Group Ltd. / Freeborn Manor LLC		
<b>City</b>	Cannon Falls		
<b>Property #</b>	D3245	<b>Project #</b>	M20994

### Project Description

Freeborn Manor Apartments is a three-story building containing 44 units located in Cannon Falls. The project consists of 44 one-bedroom units and is age restricted to seniors (62+). All residents benefit from rental assistance from a Section 8 Housing Assistance Payment (HAP) contract in place since 1978. All of the households have incomes of less than 30% of the Area Median Income (AMI).

### Causes of Distress

There have been no major renovations since the property was constructed in 1978. The current owner acquired the property in 2022 and has since invested their own capital to make critical repairs to the building. However, due to the amount of disrepair, the development does not have sufficient reserves nor is able to generate the income required to complete the rest of the repairs that are needed.

### Use of Program Funds

Funds will be used for rehabilitation to increase the housing quality for residents and to help stabilize financial operations moving forward. The scope of work includes: common area carpet and lighting, replacing boilers, replacing unit toilets and bath fans, replacing kitchen countertops and cabinets and refurbishing the elevator, building entry and security system.

A 2025 HAP contract rent increase will assist in meeting capital needs moving forward. Improved cash flow with reduced maintenance costs will also allow the property to achieve a positive debt coverage ratio and increased staffing back up to levels acceptable to the sponsor.

Map of 224 Hoffman Street W, Cannon Falls, 55009

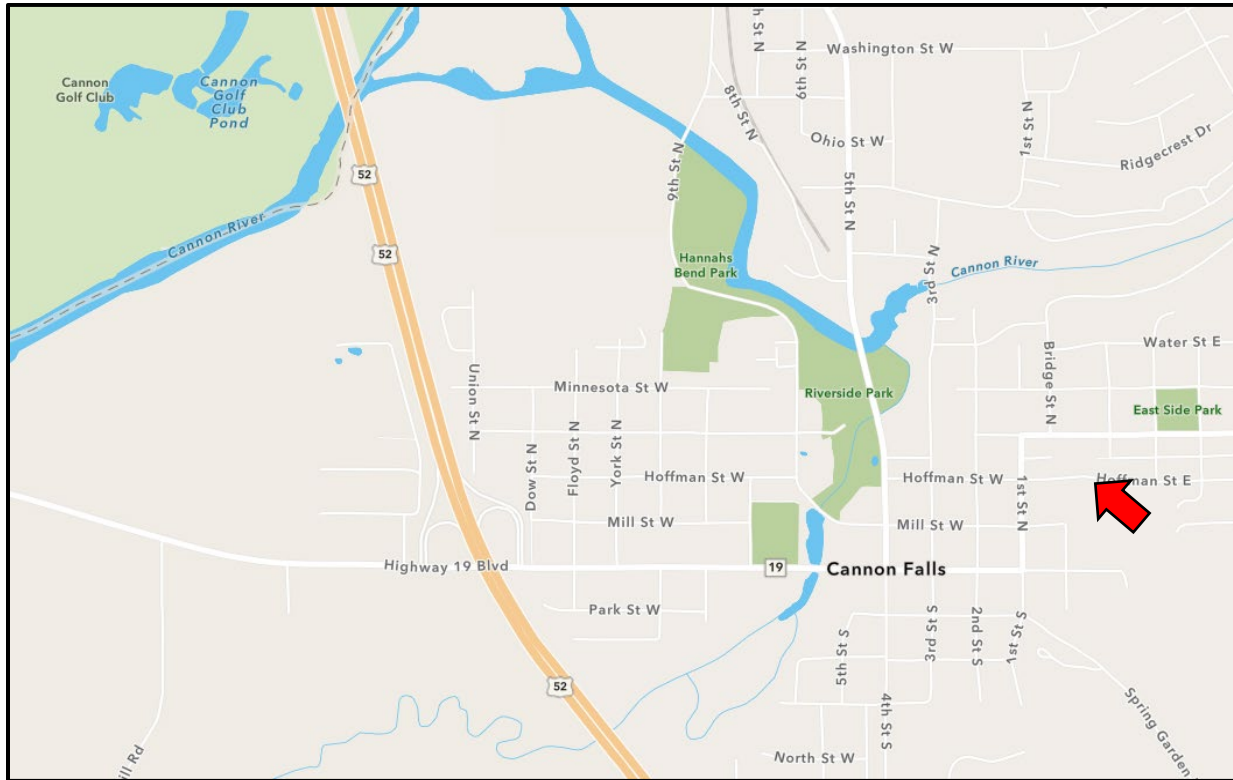


Photo of Freeborn Manor – Cannon Falls



## Development Summary

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### Project Name: Sandy Pines Apartments

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<b>Sponsor/Applicant</b>	MDG Sandy Braham LLC/Sandy Braham MDG LP		
<b>City</b>	Sandstone		
<b>Property #</b>	D3491	<b>Project #</b>	M21183

### Project Description

Sandy Pines Apartments is a single three-story building with 42 units located in Sandstone. The project consists of 30 two-bedroom units and 12 three-bedroom units. The building was constructed in 1979. All units benefit from a Section 8 HAP contract, and most households have incomes less than 30% MTSP. The HAP contract has been in place since 1979.

### Causes of Distress

Sandy Pines was originally built in 1979 and acquired by the current owner in December 2024. No major renovation has occurred since construction of the project over 45 years ago. After decades of deferred maintenance and insufficient management, the property is severely distressed due to capital needs, low occupancy and low rent collection. The property currently fails to generate enough revenue to fund the necessary capital repairs. The current cash flow has left the net operating income insufficient to cover the debt service. The vacancy rate is currently 14%, in part due to the property conditions.

### Use of Program Funds

Funds will be used for rehabilitation. Major infrastructure and unit improvements are needed to provide safe, decent and stable affordable housing and to prevent further deterioration. Program funds will address critical needs, including window replacement, major infrastructure repairs, new playground equipment, common area upgrades and unit interior modernization (cabinets, flooring, appliances, lighting and bathrooms). These improvements will help reduce maintenance costs, increase occupancy, strengthen tenant retention and help reach positive cash flow in the future.

Map of 709 Old Military Road, Sandstone, 55072

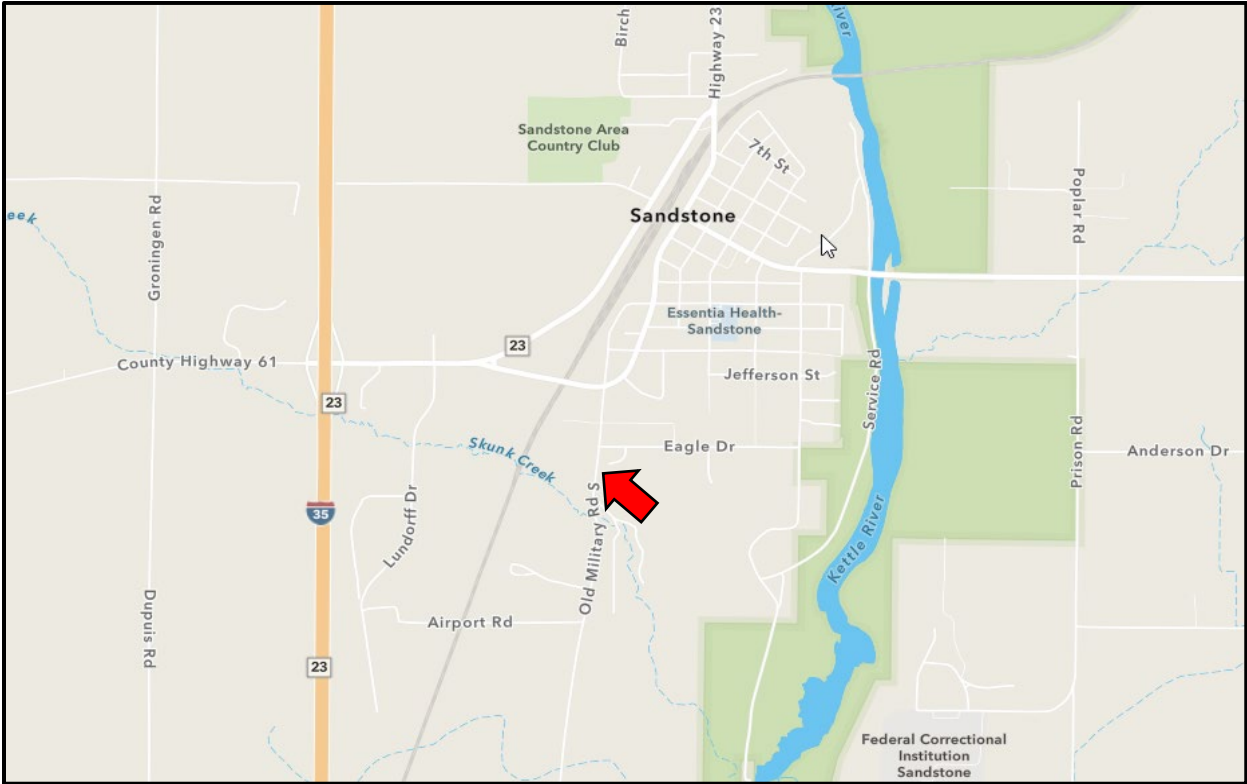


Photo of Sandy Pines Apartments – Sandstone



## Development Summary

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### Project Name: Braham Meadows Apartments

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<b>Sponsor/Applicant</b>	MDG Sandy Braham LLC/Sandy Braham MDG LP		
<b>City</b>	Braham		
<b>Property #</b>	D3234	<b>Project #</b>	M20982

### Project Description

Braham Meadows Apartments is a single three-story building containing 42 units located in Braham. The project consists of 30 two-bedroom units and 12 three-bedroom units. The building was constructed in 1978. All of the units are covered by a Section 8 HAP contract in place since 1978. Most households have incomes less than 30% MTSP.

### Causes of Distress

Braham Meadows was originally built in 1978 and acquired by the current owner in December 2024. After decades of deferred maintenance and insufficient management, the property is severely distressed due to capital needs, low occupancy and low rent collection. Net operating income remains negative due to high maintenance costs, payroll and supplies. Capital investment is necessary to prevent further deterioration. The vacancy rate is currently reported at 19.5%.

### Use of Program Funds

Funds will be used for rehabilitation. Major infrastructure and unit improvements are needed to provide safe, decent and stable affordable housing. Program funds will address critical needs, including replacement windows, major infrastructure repairs, new playground equipment, common area upgrades and unit interior modernization (cabinets, flooring, appliances, lighting and bathrooms). These improvements will reduce maintenance costs, strengthen tenant retention and help lead to positive cash flow in the future. Improved cash flow will enable the property to cover amortizing debt service.

Map of 106 5<sup>th</sup> Street NW, Braham, 55006

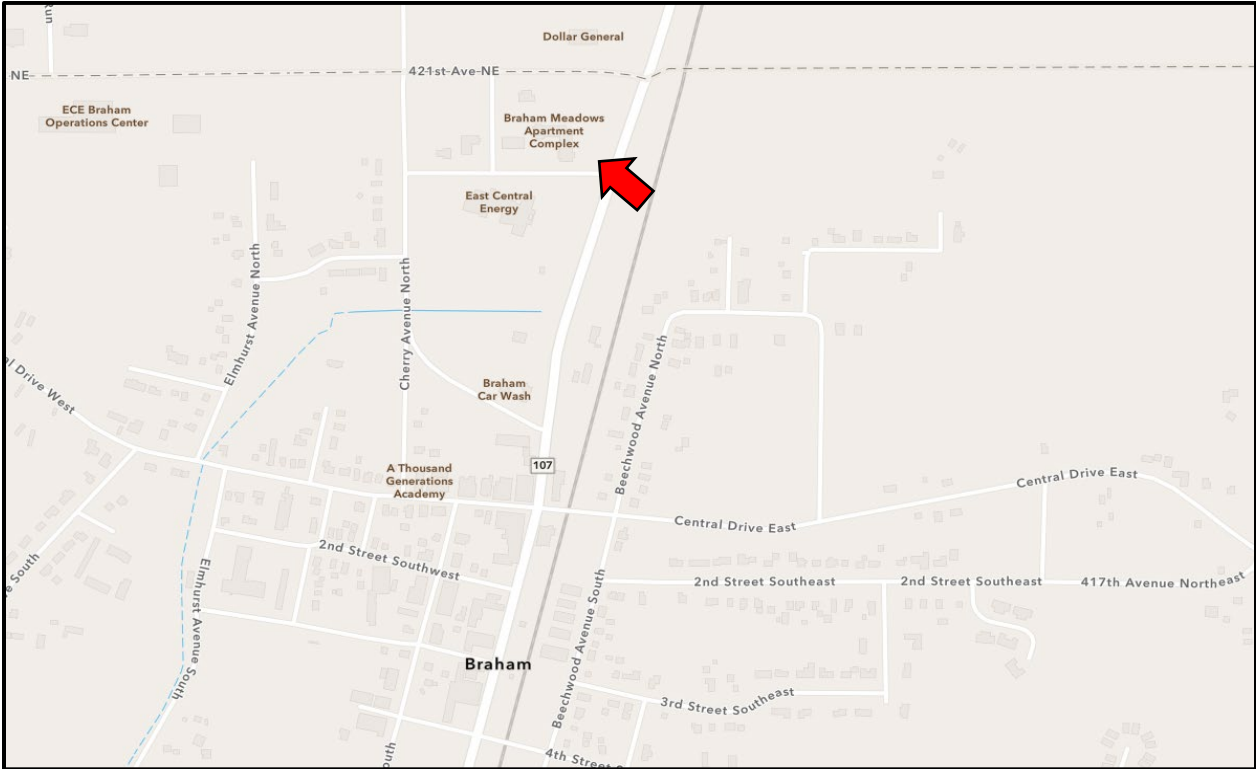


Photo of Braham Meadows Apartments – Braham



## Development Summary

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### Project Name: Rock Creek

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<b>Sponsor/Applicant</b>	Southwest Minnesota Housing Partnership (SWMHP)		
<b>City</b>	Luverne		
<b>Property #</b>	D0712	<b>Project #</b>	M20980

### Project Description

Rock Creek Apartments is a 24-unit townhome development consisting of four six-unit buildings located in Luverne. The project consists of 22 three-bedroom units and two four-bedroom units. The property was constructed in 1998 with no major renovation undertaken since the original construction. The project was originally funded with federal Low-Income Housing Tax Credits and is rent and income restricted to households with incomes less than 60% MTSP.

### Causes of Distress

Rock Creek Townhomes has experienced negative cash flow in 2022 and 2023. Maintenance deferrals during the COVID-19 pandemic, aging building systems and lack of prior capital infusion have resulted in significant capital needs. Major items such as siding, roofs and driveways are at the end of their useful lives and require capital improvements.

### Use of Program Funds

Funds will be used for rehabilitation. The most critical needs are the roofs and siding. Upgrading building exteriors, replacing aging systems and modernizing interiors will create a more comfortable and quality living environment for residents. These improvements are also intended to help stabilize occupancy by attracting and retaining households.

Map of 312 Oak Drive, Luverne, 56156

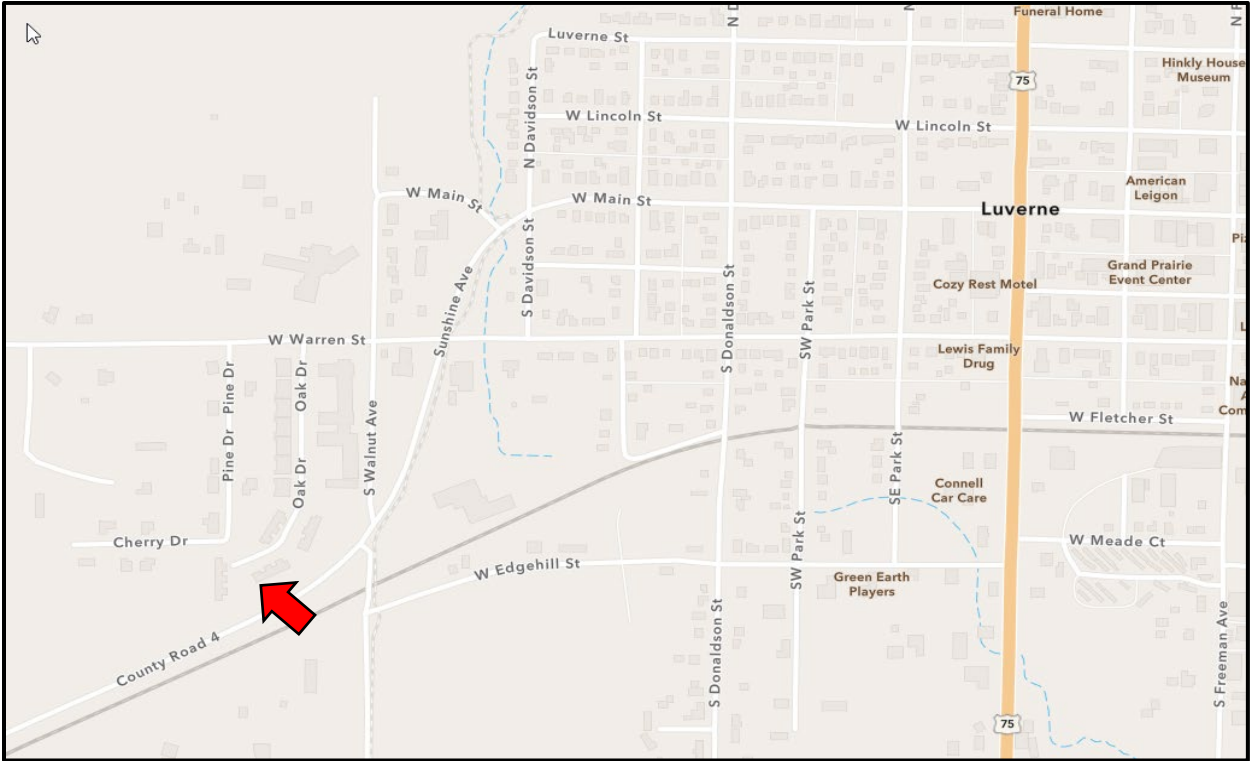


Photo of Rock Creek Townhomes – Luverne



## Development Summary

### Project Name: Minnesota Place

<b>Sponsor/Applicant</b>	Minnesota Partners LLC/Minnesota Place, LLC (Sand Companies)		
<b>City</b>	St. Paul		
<b>Property #</b>	D5960	<b>Project #</b>	M21190

### Project Description

Minnesota Place is a 13-story building containing 77 units located in downtown St. Paul. Originally constructed in 1929 as an office building, the Minnesota Building was repurposed in 2010 into affordable rental housing. The property now consists of three distinct projects with additional office space located on the second floor. The unit mix includes 15 efficiency apartments and 62 one-bedroom units. All units at Minnesota Place are designated as affordable with income limits at 30% MTSP for 14 units and 60% MTSP for 63 units, though actual resident incomes are well-below the 60% ceiling. In addition, Minnesota Place has 10 units of permanent supportive housing with services for individuals experiencing long-term homelessness.

### Causes of Distress

The post-pandemic environment has had a significant adverse financial effect on Minnesota Place. The property's operating expenses have increased by 24%, while vacancy rates have worsened, rising to 16% at the time of application. The building has needed 24/7 security services to restore safety and peace of mind for residents. Hiring and retaining staff has become increasingly challenging. The current leasing office is in the basement, which is a less than ideal location for both staff and residents.

### Use of Program Funds

Funds will be used for operations, rehabilitation and replacement reserves. Funds for operations will support staffing and security costs. The funds for replacement reserves will support turning all vacant units and will reestablish deposits that have been paused due to insufficient cash flow. Funds for rehabilitation will be used for new upgraded security cameras and to create a new leasing/management office on the first floor which will provide more eyes on the entrance as well as additional security. The requested funds, along with the current management practice of meeting weekly to review building operations, marketing and prioritization of expense payments, will help allow the property to return to positive cash flow.

The property has an Agency LMIR first mortgage, which is currently in forbearance through June 2026.

Map of 46 4<sup>th</sup> Street E, St. Paul, 55101

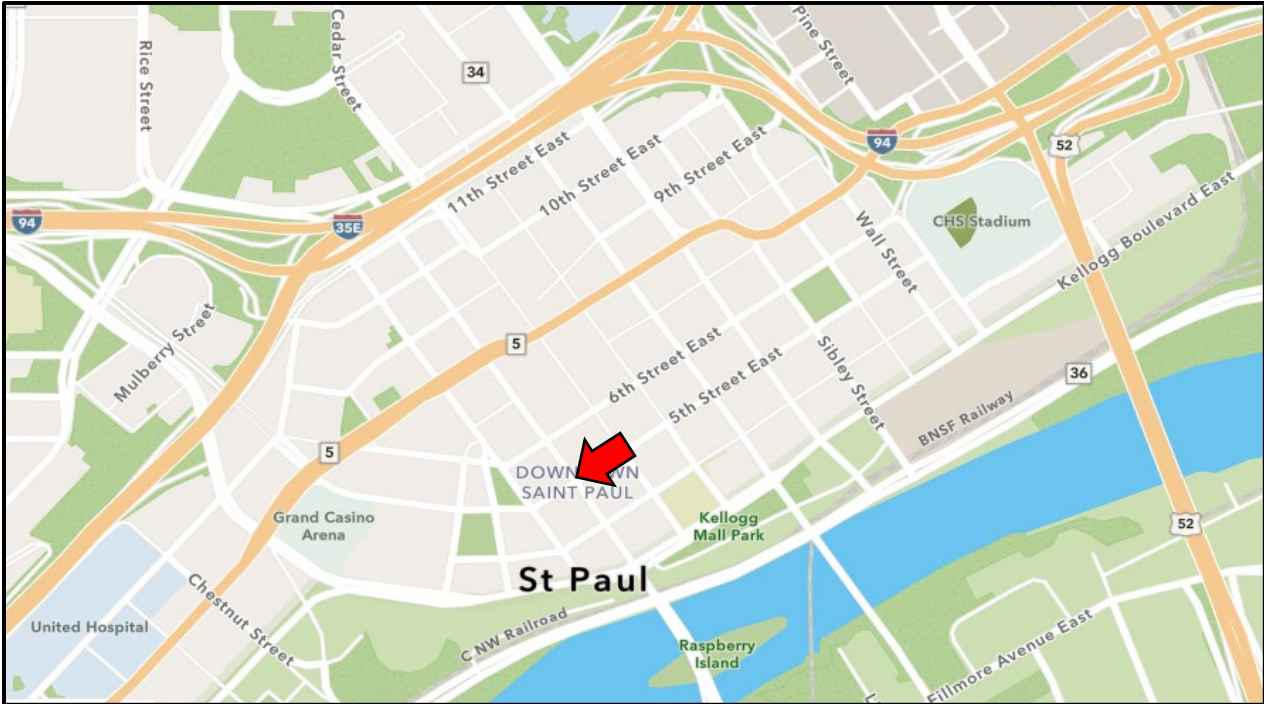


Photo of Minnesota Place Apartments - St. Paul



Agenda Item: 7.E

Attachment: Map and Photo

Agenda Item: 7.E

Development Summaries, Maps and Photos

## Development Summary

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### Project Name: PHM Supportive

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<b>Sponsor/Applicant</b>	Premier Development Corporation LLC/PHM-Supportive LLC		
<b>City</b>	Minneapolis		
<b>Property #</b>	D5906	<b>Project #</b>	M21205

### Project Description

PHM Supportive, located in north Minneapolis, is a 100% supportive housing project with 11 one-bedroom units for long-term homeless and very low-income individuals. Income and rent restrictions range from 30%-60% MTSP, but all tenants have incomes at or below 30% MTSP. All units have one bedroom. The building was originally constructed in 1965, with some rehabilitation in 2008 by the previous owner. Services are provided by Agate Housing and Services.

### Causes of Distress

Premier worked to stabilize the property after acquisition, but the COVID-19 pandemic and post-pandemic challenges have persisted. There are increased security concerns, low cash flow leading to deferred maintenance (which impacts occupancy), challenging rent collections and operating costs that have increased dramatically.

### Use of Distressed Properties Funds

Funds will be used for rehabilitation. The scope of renovations includes front entry repairs to improve security, roof replacement, new windows and blinds, new boiler, new smoke detectors, new flooring in units and common spaces, refurbished counter tops, new security system and outdoor lighting.

These improvements will help enhance livability and foster stability and sustainability both for property operations and the residents with the goal of increasing occupancy and operating cash flow.

Map of 3003 Penn Avenue N, Minneapolis, 55411

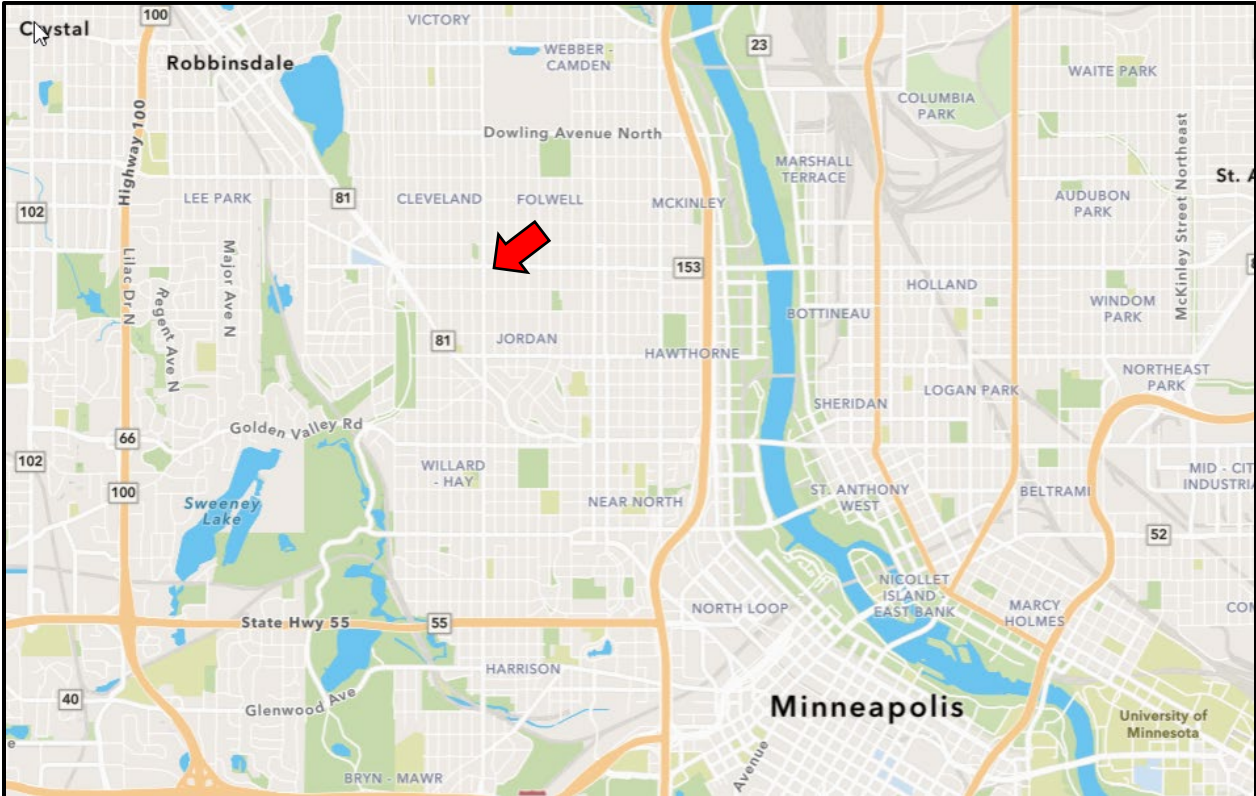


Photo of PHM Supportive – Minneapolis



## Development Summary

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### Project Name: PHM Grotto

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<b>Sponsor/Applicant</b>	Premier Development Corporation LLC/PHM-Grotto LLC		
<b>City</b>	St. Paul		
<b>Property #</b>	D3052	<b>Project #</b>	M21202

### Project Description

Purchased in 2015, PHM Grotto (formerly known as Grotto Place and Jendayi Place) is a three-story walkup multifamily building in the Payne-Phalen neighborhood of Saint Paul. There are eight rental units: four one-bedroom units that each serve one household and two two-bedroom units that each serve two households as they are rented as SROs with shared kitchens. All residents benefit from Housing Support with supportive services provided by Phoenix Services Corporation. The building was constructed in 1900. Premier acquired the property in 2015.

### Causes of Distress

When Premier acquired the property, the population was limited to women who were both formerly incarcerated and homeless. This was not a sustainable model, given the narrow eligibility and qualification for sources of rental assistance. Premier worked to broaden the eligible residents. Even with these efforts, the COVID-19 pandemic and post-pandemic challenges have persisted. There are increased security concerns, low cash flow leading to deferred maintenance (which impacts occupancy), challenging rent collections and operating costs that have increased dramatically. As a result, the owner has covered costs for repairs, which would usually be covered by operating reserves.

### Use of Program Funds

Funds will be used for rehabilitation. The rehabilitation scope includes interior and exterior improvements such as: new piers for front stoops, new roofs and entry enclosures, tuckpointing and foundation work, replacing windows and doors, new exterior lighting, security system, unit doors and bathroom exhaust fans. These improvements will enhance livability for residents with the goal of higher occupancy and an increase in operating cash flow.

Map of 450 Grotto Street N, St. Paul, 55104

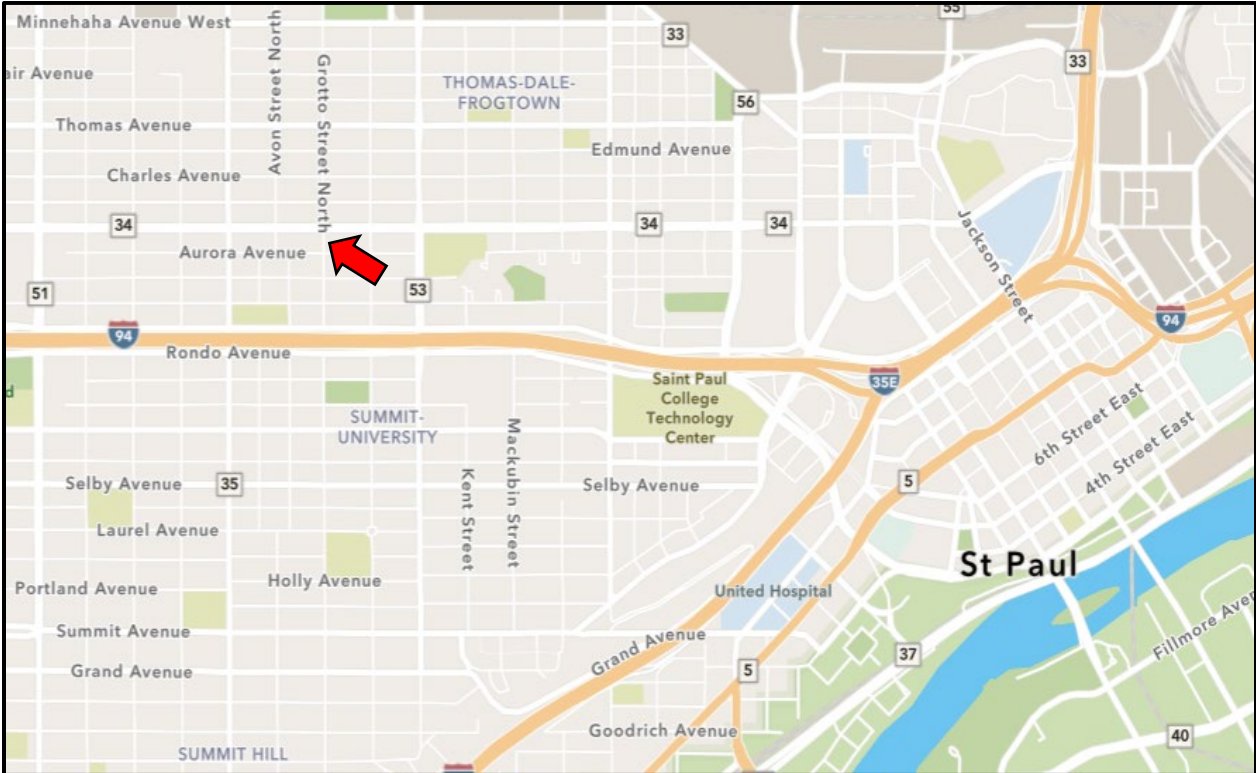


Photo of PHM Grotto - St. Paul



## Development Summary

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### Project Name: Opportunity Housing Program (OHP)

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	Minneapolis		
<b>Property #</b>	D0950	<b>Project #</b>	M21195

### Project Description

OHP Housing consists of three apartment buildings containing 116 single room occupancy (SRO) units of permanent supportive housing located in downtown Minneapolis. The Continental Hotel has 66 units, Coyle Apartments has 26 units and The Lamoreaux contains 24 units of supportive housing. Continental and Lamoreaux properties have a 24/7 front desk. All units are covered by either Section 8 or Housing Support rental assistance. The project was last rehabbed in 2016. Services are provided by Simpson Housing. Causes of Distress

OHP has experienced operating deficits since 2022 driven by persistent vacancy, elevated bad debt and increased turnover-related maintenance costs. These challenges have been compounded by incidents that triggered higher insurance deductibles and by rising extermination, janitorial and maintenance expenses required to support the people living the building. In 2024, the financial situation worsened with the unexpected loss of a \$105,000 grant that funded essential front-desk staffing. Despite multiple applications, Aeon has not yet been successful in replacing this revenue.

### Use of Program Funds

Funds will be used for operations and replacement reserves. Funds for operations will support the front desk, offset operating deficits and help manage cash flow for timely payment to vendors. The front desk provides continuous monitoring of the lobby and common areas, supports quicker response to incidents and ensures a safer environment for residents, services staff and management. The replacement reserves will address anticipated capital needs and emergency replacements for the next five years. Additional measures already taken by Aeon to improve operations include intensified vacancy management efforts, stronger oversight of partner coordination, targeted maintenance interventions to reduce repetitive costs. They have also hired a new Director of Supportive Housing Programs to improve service-provider communication and interventions with households. The operating funding is projected to provide for positive cash flow.

Map of Aeon's Opportunity Housing, Minneapolis, 55411

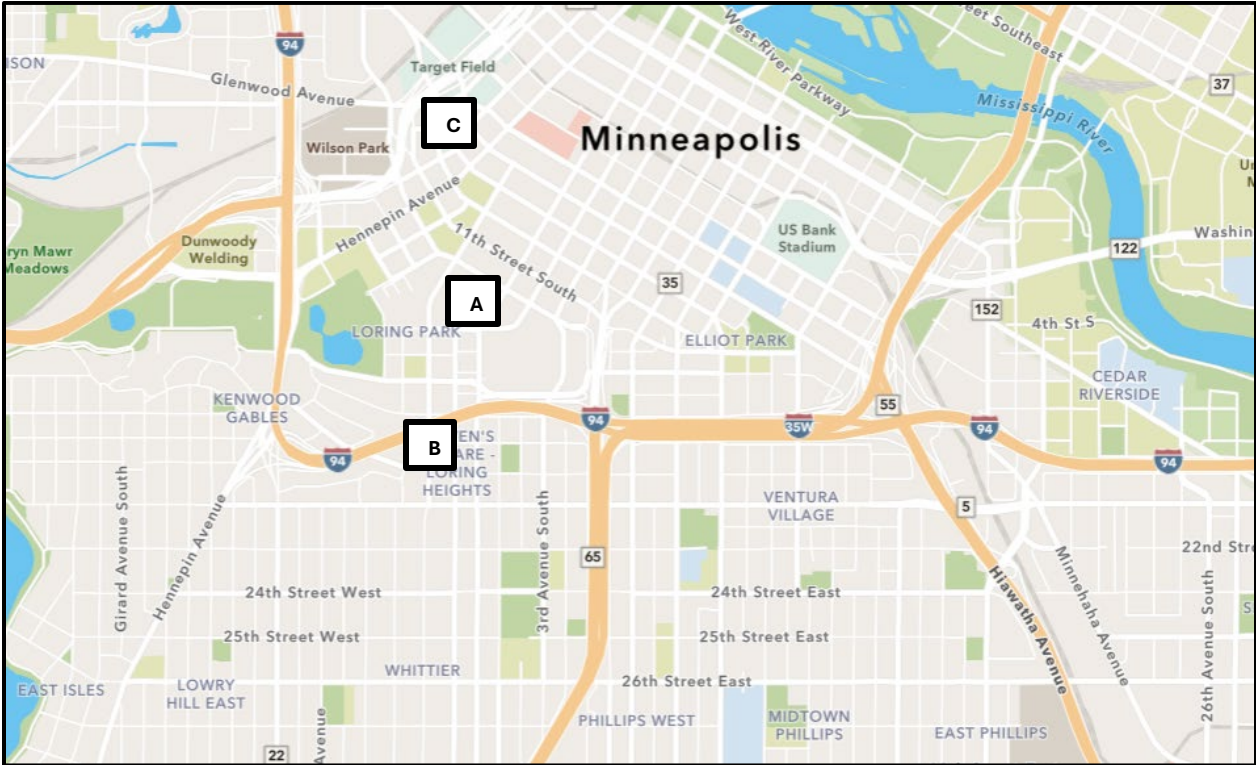


Photo of Continental Apartments (A) – Minneapolis



Photo of Coyle Apartments (B) – Minneapolis



Photo of Lamoreaux Apartments (C) – Minneapolis



## Development Summary

### Project Name: Clare Midtown

<b>Sponsor/Applicant</b>	Clare Housing		
<b>City</b>	Minneapolis		
<b>Property #</b>	D6260	<b>Project #</b>	M21188

### Project Description

Clare Midtown is a 45-unit permanent supportive housing development focused on serving high-needs individuals with histories of homelessness and multiple barriers to housing, social and health stability. All units are restricted to 30% MTSP. The building was built in 2010. There is 24/7 staffing, on-site nursing care and supportive care for activities of daily living for residents living with disability. All units have rental subsidy through Housing Support. Clare Housing is the sponsor and service provider.

### Causes of Distress

The primary cause of distress is an aging and sometimes non-functional HVAC system. They had an emergency repair in winter of 2025 when all six condensers failed and one-third of the units didn't have heat. They replaced one condenser as a stop-gap measure but expect the system to keep failing in its current design.

### Use of Program Funds

Funds will be used for rehabilitation, operations and replacement reserves. The requested rehabilitation and replacement reserve funds will ensure the building has functioning heating and cooling. Funds for operations will offset operating deficits.

Map of 3105 23<sup>rd</sup> Avenue S, Minneapolis, 55407

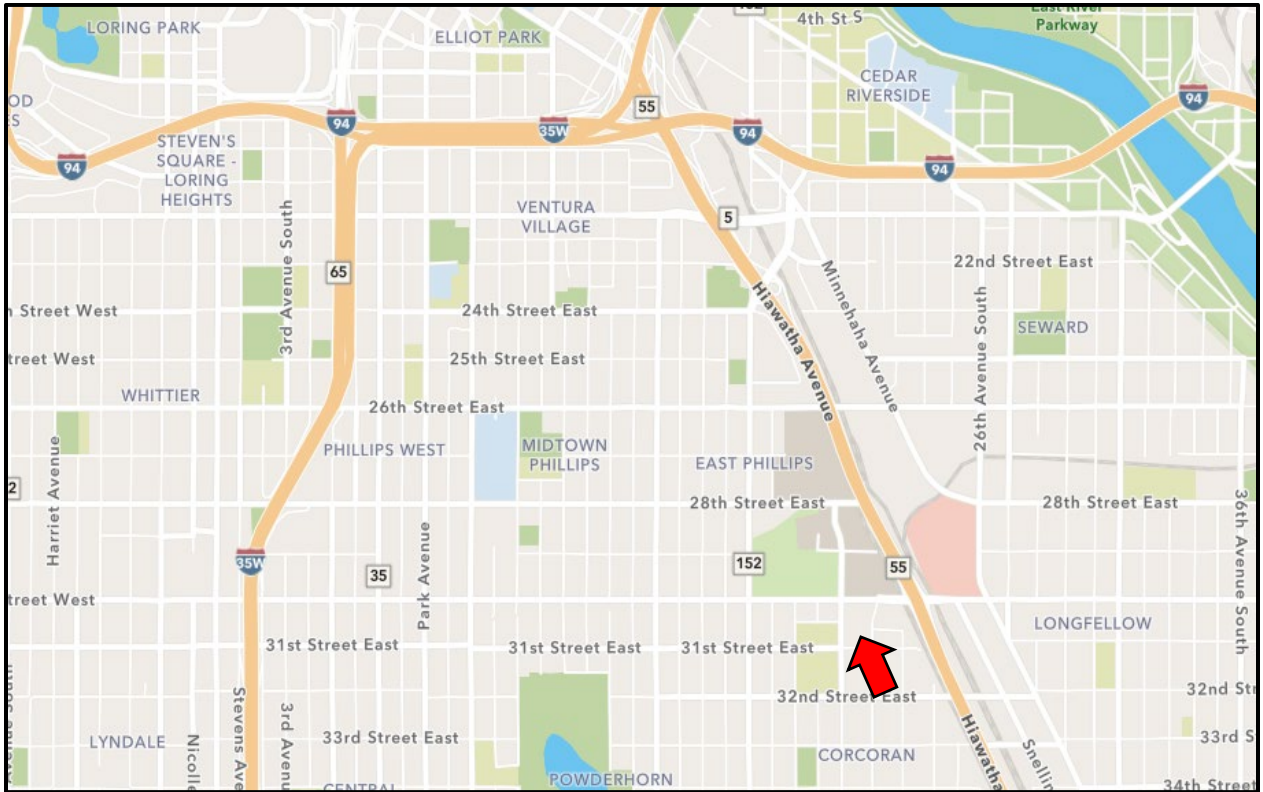


Photo of Clare Midtown Apartments - Minneapolis



## Development Summary

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### Project Name: Lydia Apartments

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	Minneapolis		
<b>Property #</b>	D3145	<b>Project #</b>	M21207

### Project Description

The property is an 80-unit supportive housing project in Minneapolis for individuals exiting homelessness. All units are efficiencies and restricted to 30% MTSP. The program emphasizes a recovery-oriented housing model with assertive case management, harm reduction and community services available to residents with long histories of homelessness and significant barriers to housing stability. Touchstone Mental Health is the service provider. Forty units were constructed in 2003, with an expansion of another 40 units in 2022.

### Causes of Distress

Causes of distress include increased security costs, increased insurance costs, costs for tenant service coordination and deferred maintenance. Occupancy challenges and bad debt are also contributing factors. The property has had a negative cash flow at least since 2021 and, as a result, Beacon expects to contribute funds to the property in order to offset operating losses.

### Use of Distressed Properties Funds

Funds will be used for operations and rehabilitation. Funding for operations will cover property insurance, front desk staffing, program staff, as well as security and safety expenses. Rehabilitation funds would replace and upgrade the mechanical and electrical systems needs that were not addressed in the 2022 expansion. These include an aging boiler, temperature controls and electrical infrastructure improvements. Additional stabilization strategies initiated by Beacon include changing the resident service provider and then working with that new provider and the property manager to improve rent collection and occupancy, as well as reducing front desk costs.

Map of 1920 LaSalle Avenue S, Minneapolis, 55411

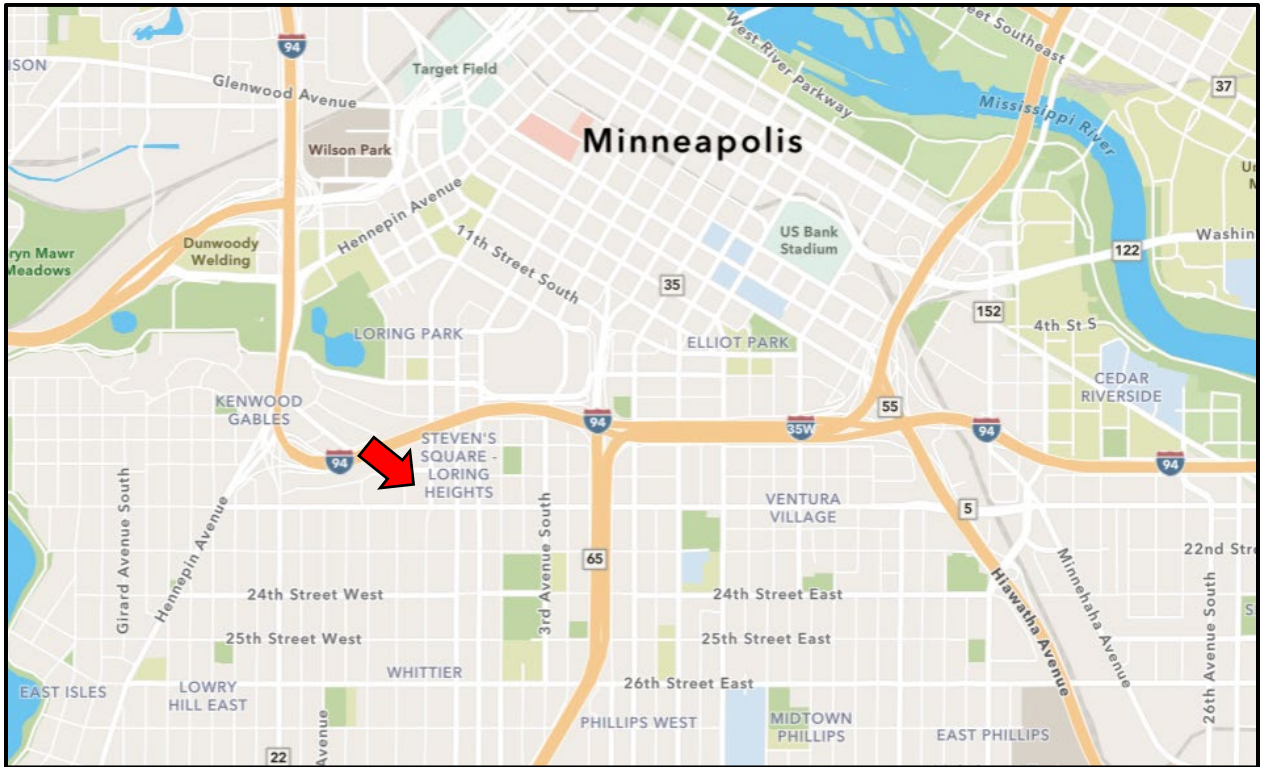


Photo of Lydia Apartments – Minneapolis



## Development Summary

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### Project Name: Prior Crossing

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	St. Paul		
<b>Property #</b>	D7595	<b>Project #</b>	M21206

### Project Description

Prior Crossing is a 44-unit 100% supportive housing project for youth exiting homelessness. All incomes are restricted to 30% MTSP. The residents of the building have significant barriers to housing stability. Services are provided to all residents by the YMCA through a progressive engagement model helping residents set their own goals for employment, education, health, safety and independent living.

### Causes of Distress

Causes of distress include the loss of an annual operating grant of \$250,000 along with escalating expenses for security, insurance and service provider support. Vacancy loss and bad debt are also contributing to negative cash flow. Beacon is contributing organizational funds to offset the operating losses.

### Use of Distressed Properties Funds

Funds will be used for operations. Funds will offset increases in security and insurance, as well cover resident services and case management. By funding security and services, the goal is to improve the quality of life for the youth by providing a safe and secure environment, along with access to quality services. Beacon is working with the property manager and service provider to improve their coordination in order to improve cash flow. The plan projects decreasing vacancy from 10% to 5%. The funds will relieve some of the pressure on Beacon to subsize operations.

Map of 1949 University Avenue W, St. Paul, 55104

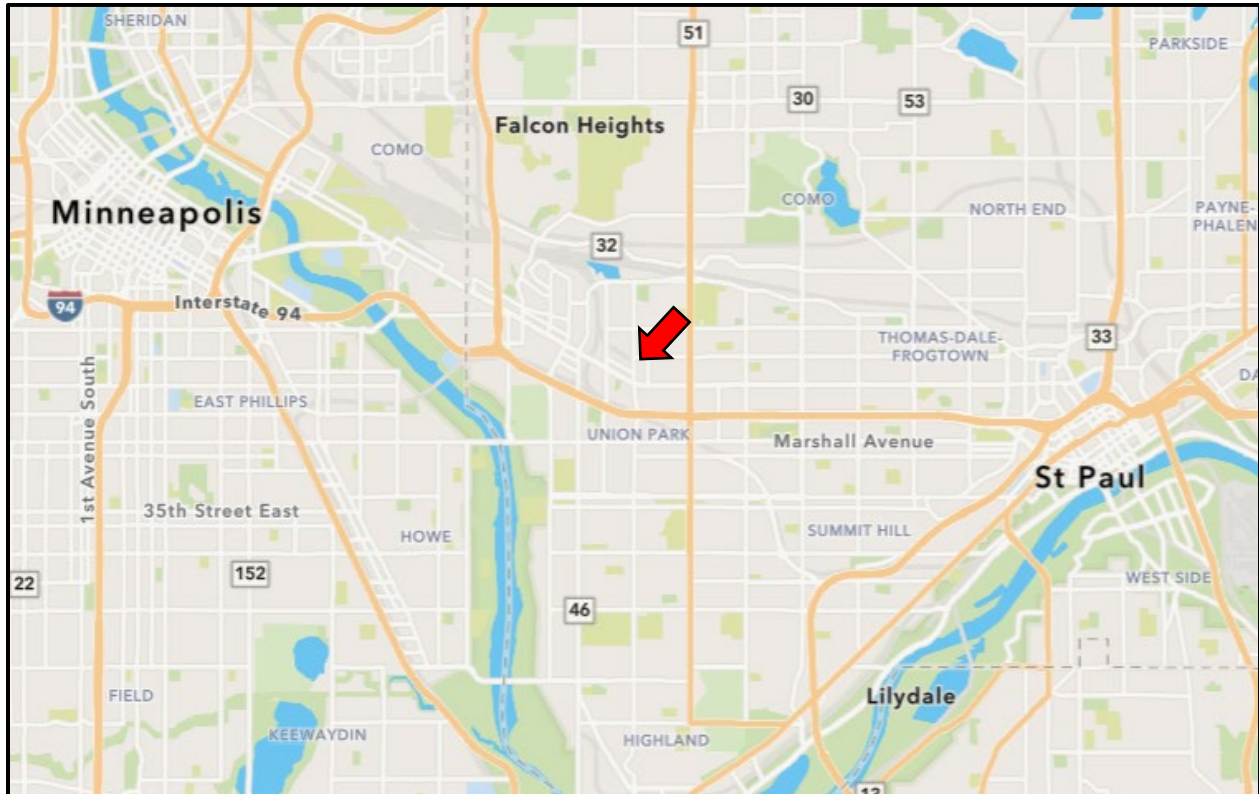


Photo of Prior Crossing Apartments - St. Paul



## Development Summary

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### Project Name: Endeavors

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<b>Sponsor/Applicant</b>	Catholic Charities Twin Cities		
<b>City</b>	Minneapolis		
<b>Property #</b>	D8947	<b>Project #</b>	M21199

### Project Description

The building was constructed in 1960 and renovated in 2023 to convert the building from a nursing home to an apartment building. There are kitchenettes and shared bathrooms throughout the building. The units are all restricted at 30% of MTSP. Residents are all referred through the Coordinated Entry system. There are 56 efficiency units and 111 single room occupancy units. Fifty-six units utilize project-based vouchers, 19 of which are HUD Veterans Affairs Supportive Housing (VASH) vouchers for veterans. Catholic Charities is the sponsor and service provider.

### Causes of Distress

With all 167 units providing housing for formerly homeless persons, the property has been significantly impacted by high turnover, the need for on-site security and incidents that have increased maintenance and insurance costs. Another challenge is that there is no dedicated source to fund services for those residents with project based rental assistance.

### Use of Program Funds

Grant funds will be utilized for operations. Operating expenses to be offset by grant funds include: insurance, front desk staffing, programs and services staffing, utilities, property management and maintenance/repairs. The grant funds will reduce the fundraising burden on Catholic Charities, which has several similar properties in financial distress.

Funds for additional staffing are a critical component of the property stabilization plan in order to both hire additional staff and for better retention of current staff. Full staffing of the front desk has a positive impact on both security and operations.

If approved as proposed, Catholic Charities will be at the maximum amount of funding allowed per sponsor, which is not more than 20% of the available funding. Applicants that submitted more than one application were asked to rank the priority of their requests. Catholic Charities identified Endeavors as a lower priority than their other applications. As a result, the award amount for

Endeavors is less than the requested amount so that Catholic Charities does not exceed the maximum award amount per sponsor.

Map of 1414 11<sup>th</sup> Avenue S, Minneapolis, 55404

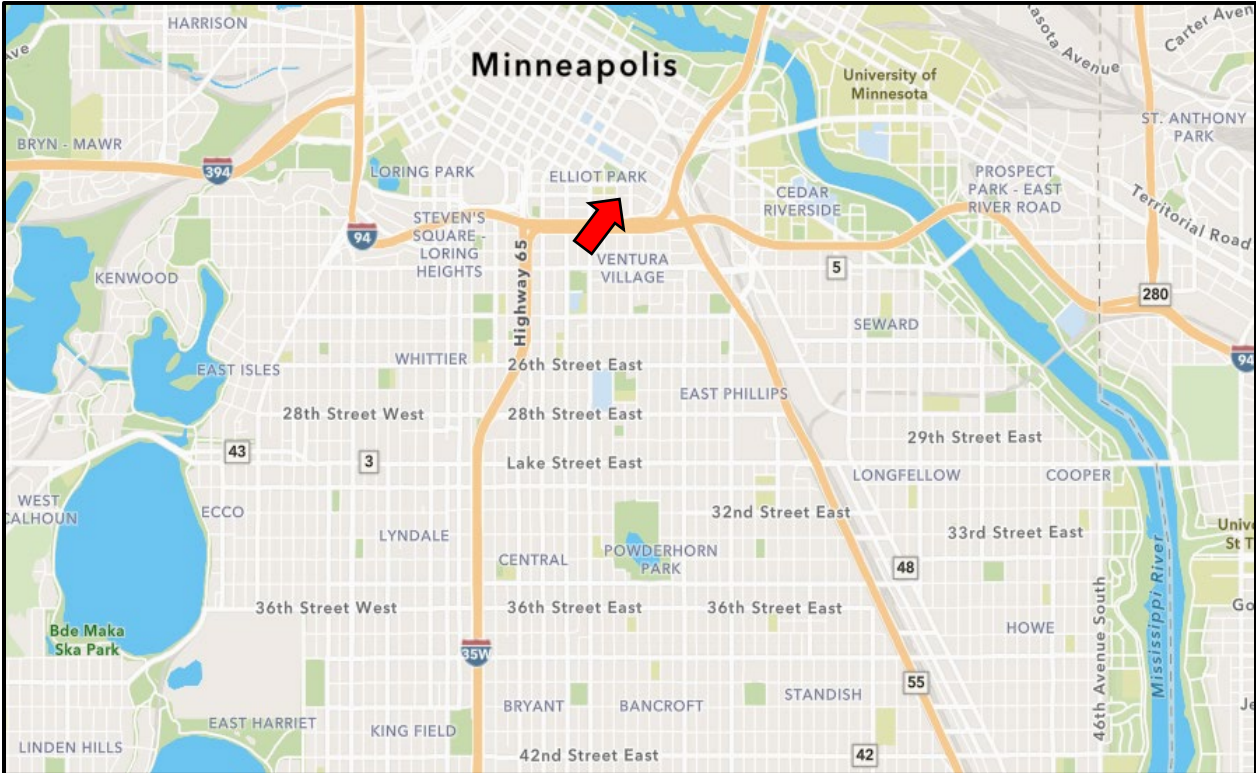


Photo of Endeavors Apartments - Minneapolis



## Development Summary

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### Project Name: Dillon Apartments

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<b>Sponsor/Applicant</b>	RS EDEN		
<b>City</b>	Minneapolis		
<b>Property #</b>	D1877	<b>Project #</b>	M20987

### Project Description

Dillon Apartments is a 32-unit community located within two buildings in north Minneapolis that were last renovated in 2008. The project houses 32 individuals with experiences of homelessness and disabilities, referred through the Coordinated Entry system in Hennepin County. All 32 units and households utilize Housing Support, which subsidizes rents and provides for service coordination. RS Eden is the sponsor and service provider.

### Causes of Distress

Dillon Apartments has experienced rising operating, security and insurance costs. The supportive service needs for residents have also increased. These changes have impacted the overall cost to operate the housing and serve residents. Building systems and mechanicals have aged since the project's last renovation in 2008 and require upgrading for the stability of all residents. RS EDEN has been funding operating shortfalls and capital needs.

### Use of Program Funds

Funds will be used for rehabilitation, operations and replacement reserves. Funds for renovation will address critical items including replacing windows, a new boiler, upgrades to electrical and mechanical systems and to support security services and remote monitoring. Creating a virtual front desk and greater access control and support will enhance livability and create a safer and more welcoming environment for residents. Funds for operations will cover operating shortfalls created as operating costs are increasing faster than increases in Housing Support rents. Together, the program funds will help strengthen the physical and operational stability of the property. Funds for replacement reserves will help address upcoming capital needs. The property plans a larger renovation in the next few years.

Map of 3210-3218 Lyndale Avenue N, Minneapolis, 55412

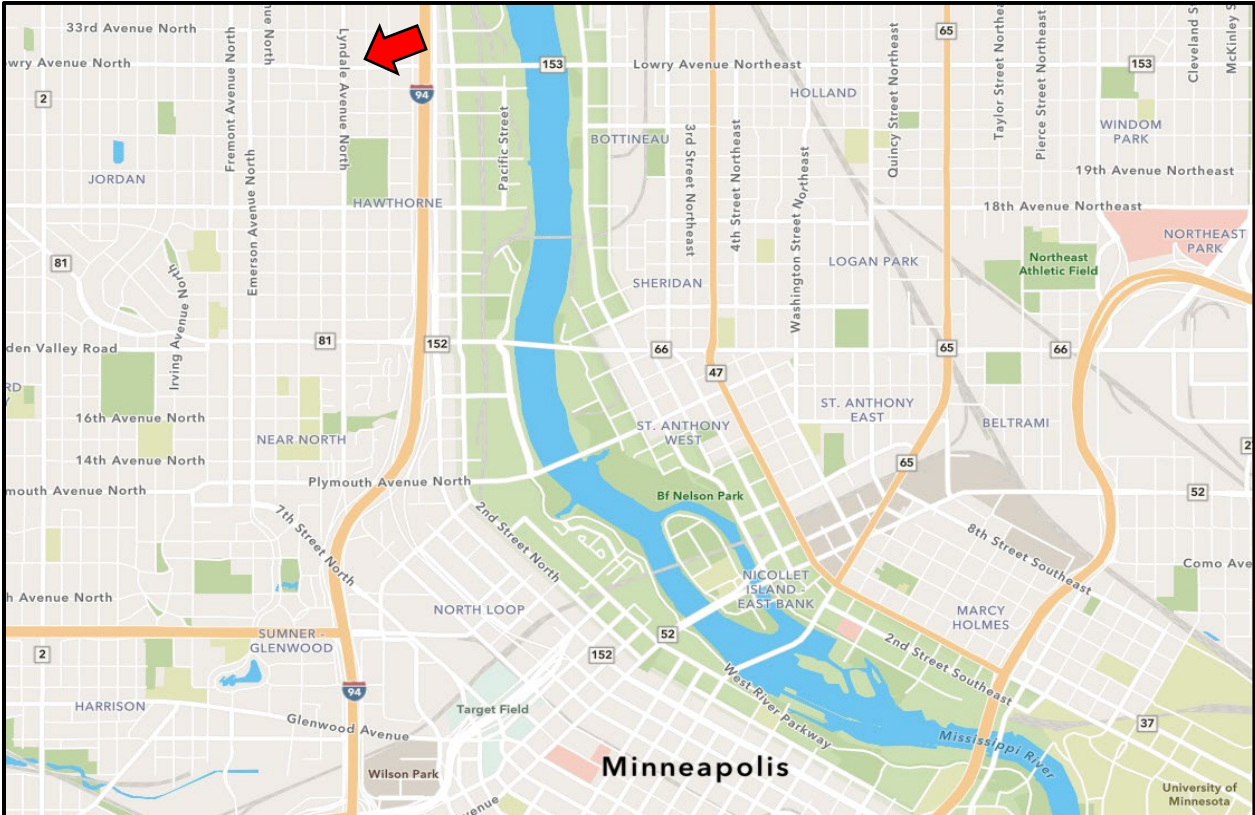


Photo of Dillon Apartments – Minneapolis



## Development Summary

### Project Name: Jeremiah Program - Minneapolis

<b>Sponsor/Applicant</b>	Jeremiah Program		
<b>City</b>	Minneapolis		
<b>Property #</b>	D1872	<b>Project #</b>	M20988

### Project Description

Jeremiah Program – Minneapolis is a 39-unit building constructed over two phases between 1998 and 2002 and includes 33 two-bedroom and six three-bedroom units. Thirty units benefit from project-based vouchers from the Minneapolis Public Housing Authority. Jeremiah Program’s mission is to disrupt the cycle of poverty for single mothers and their children two generations at a time. As such, the housing is structured to be affordable with wraparound services to families. The program’s model includes the on-site Child Development Center that operates separately from the residential portion of the building. Staffing across the residential site and Child Development Center includes executive leadership, housing and operations management, as well as dedicated family services coaches and teachers. Of the 39 housing units, 14 are rent and income restricted to 30% MTSP, while the remaining units are rent and income restricted to 50% MTSP.

### Causes of Distress

On the capital side, the causes of distress include deferred maintenance, including HVAC and boilers, plumbing stacks and an aging roof. In terms of operations, the property is struggling with rising utility and insurance costs. The increased needs of the population being housed at Jeremiah Program and resulting expensive unit turns have contributed to an operating budget deficit for more than three years. The property underwent a transition in property management a couple of years ago moving from third-party management to an in-house management model in order to better monitor property operations.

### Use of Program Funds

Funds will be used for rehabilitation and operations. The rehabilitation scope of work includes boiler replacement and fin-tube radiation repair/replacement. A more extensive renovation is planned in five years. The funds for operations will support costs of property insurance and utilities, as well as cushion for other expenses. The sponsor is working to secure additional rental assistance to increase revenue.

Map of 1510 Laurel Avenue W, Minneapolis, 55403

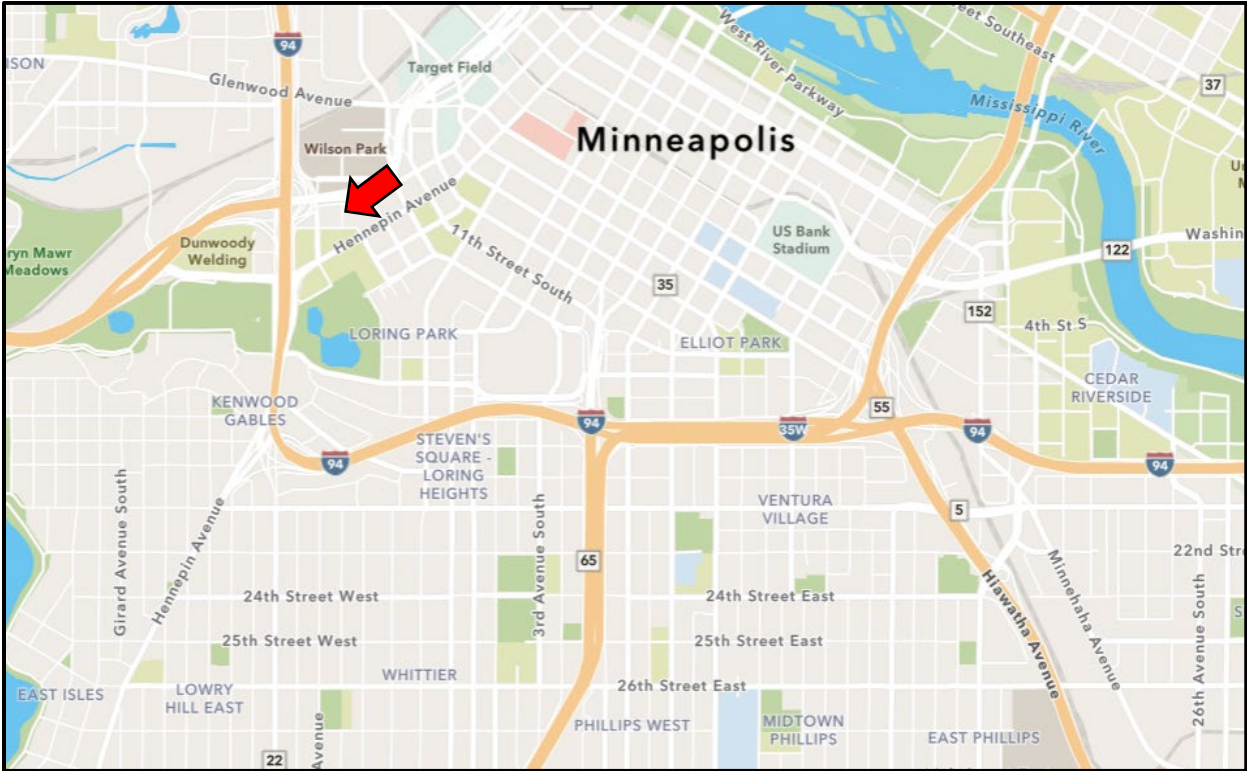
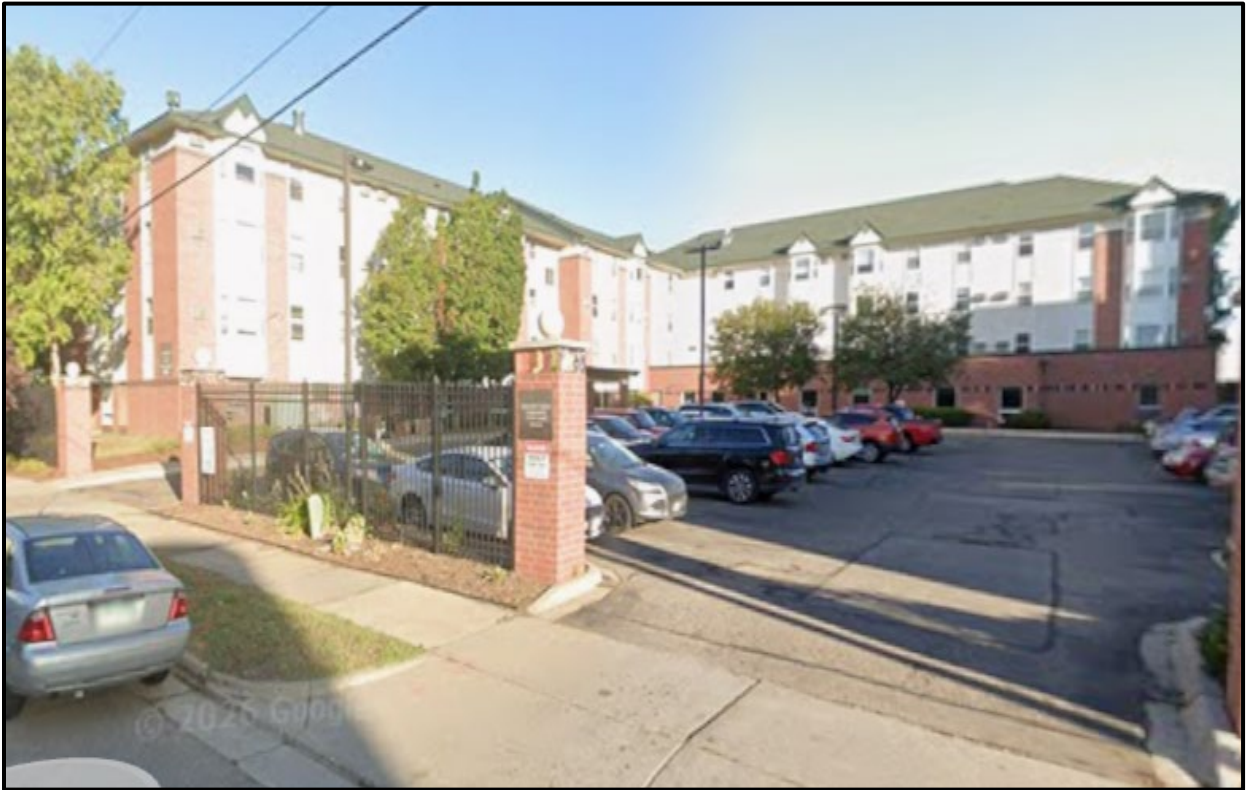


Photo of Jeremiah Program – Minneapolis



## Development Summary

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### Project Name: Nicollet Square

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	Minneapolis		
<b>Property #</b>	D5909	<b>Project #</b>	M21182

### Project Description

Nicollet Square, which opened in 2010, has 42 units of 100% permanent supportive housing designed to serve youth primarily ages 16-24 exiting foster care or homelessness. Nicollet Square utilizes project-based vouchers. All units at Nicollet Square are efficiencies pre-furnished with desks, chairs, full-sized beds and mattresses. Services are provided by YouthLink.

### Causes of Distress

Nicollet Square has operated with negative cash flow since 2021, with Beacon providing funds to cover operating costs. In particular, security costs have increased dramatically in the past four years. Property insurance costs have increased. Funds are also needed for the service provider for adequate services.

### Use of Program Funds

Funds will be used for operations and replacement reserves. Funds for operations will cover property insurance costs, security, as well as front desk and program staff. The replacement reserves will cover a portion of the upcoming capital needs in the next five years. To improve cash flow, Beacon has worked with the property manager and service provider to improve occupancy and rent collections.

Map of 3710 Nicollet Avenue S, Minneapolis, 55409

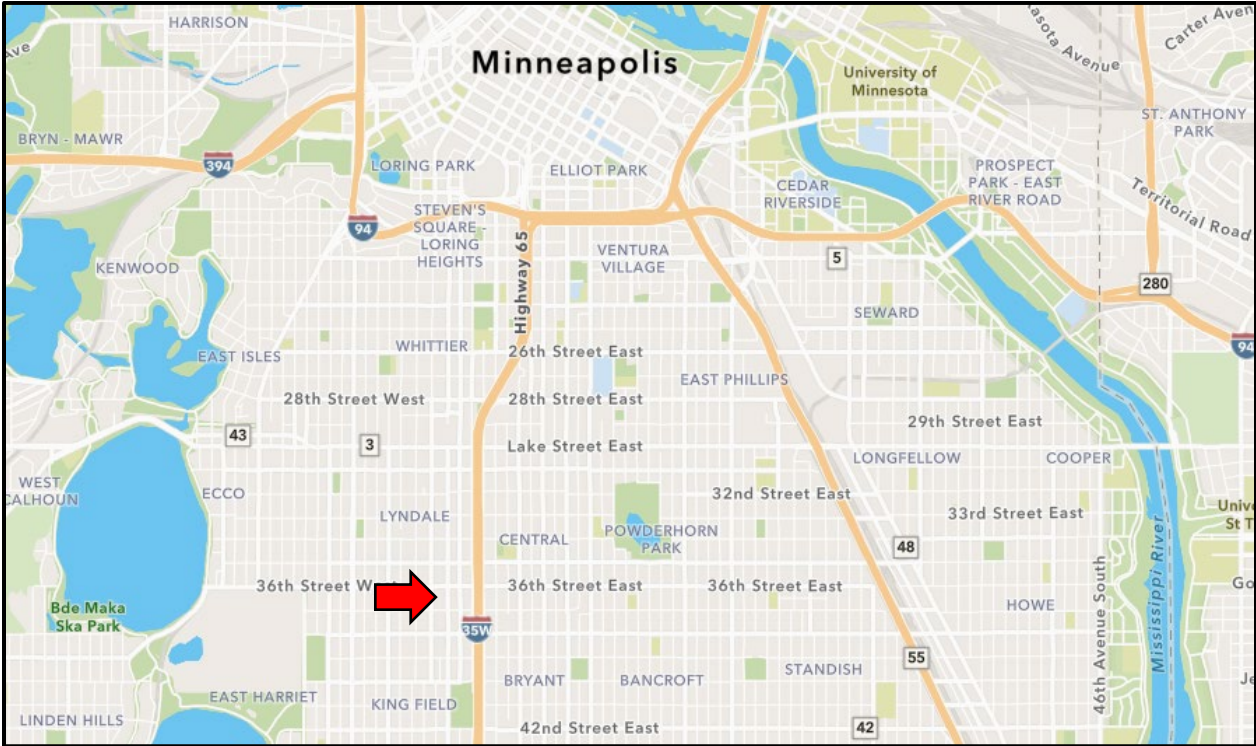


Photo of Nicollet Square Apartments - Minneapolis



## Development Summary

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### Project Name: Rising Cedar Apartments/Touchstone Community

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<b>Sponsor/Applicant</b>	Project for Pride in Living/Touchstone Community LP		
<b>City</b>	Minneapolis		
<b>Property #</b>	D6259	<b>Project #</b>	M21212

### Project Description

Rising Cedar/Touchstone Community is a 40-unit building offering permanent supportive housing for persons with serious and persistent mental illness. Eighteen residents benefit from Housing Support, and four units are set aside for persons who have experienced long-term homelessness. The building has one-bedroom units, support spaces throughout the building and an on-site community wellness center with services from Touchstone Mental Health. The property opened in 2013.

### Causes of Distress

Expenses have risen faster than expected, which has caused operating deficits. In particular, the cost of property insurance has increased substantially in the last three years.

### Use of Program Funds

Funds will be used for replacement reserves and operations. The replacement reserves will be utilized for water heaters, carpet, temperature controls, appliances and exhaust fans. Funds for operations will offset the annual operating deficits.

Map of 2308 Snelling Avenue S, Minneapolis, 55404

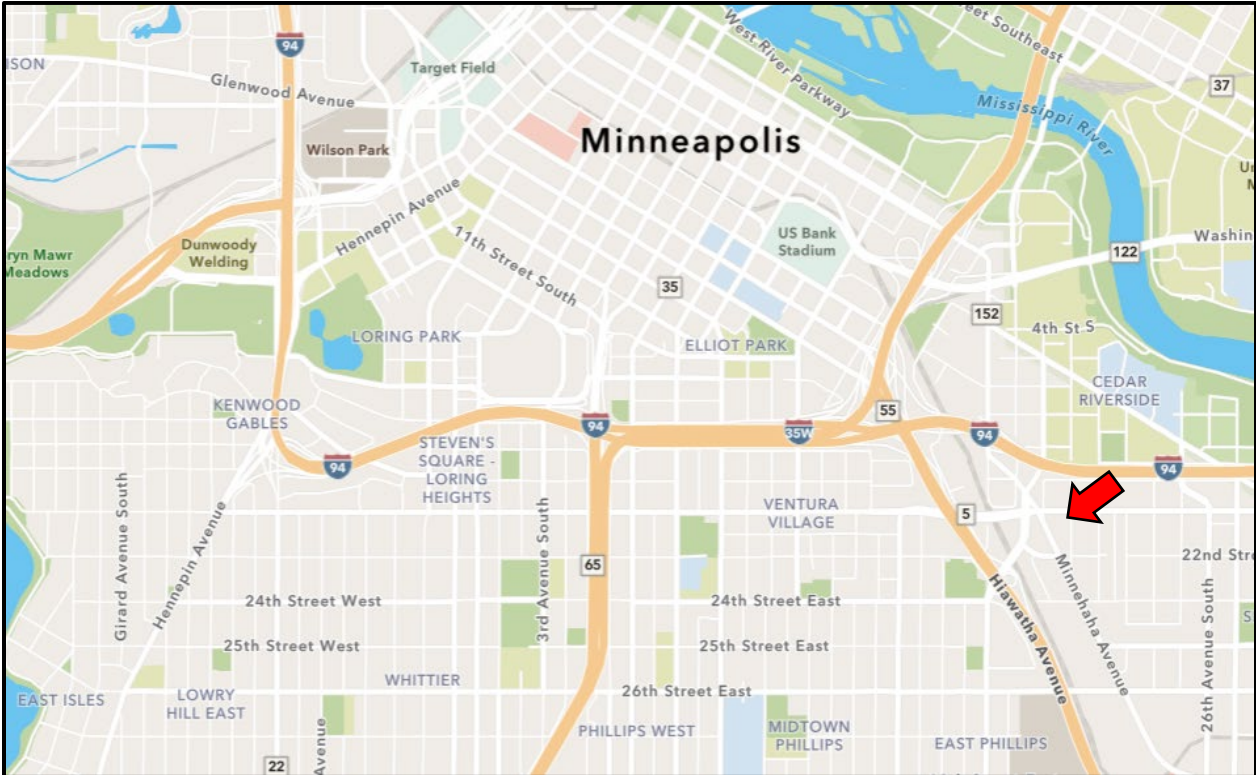


Photo of Rising Cedar Apartments – Minneapolis



## Development Summary

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### Project Name: Bimosedaa

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	Minneapolis		
<b>Property #</b>	D8235	<b>Project #</b>	M21181

### Project Description

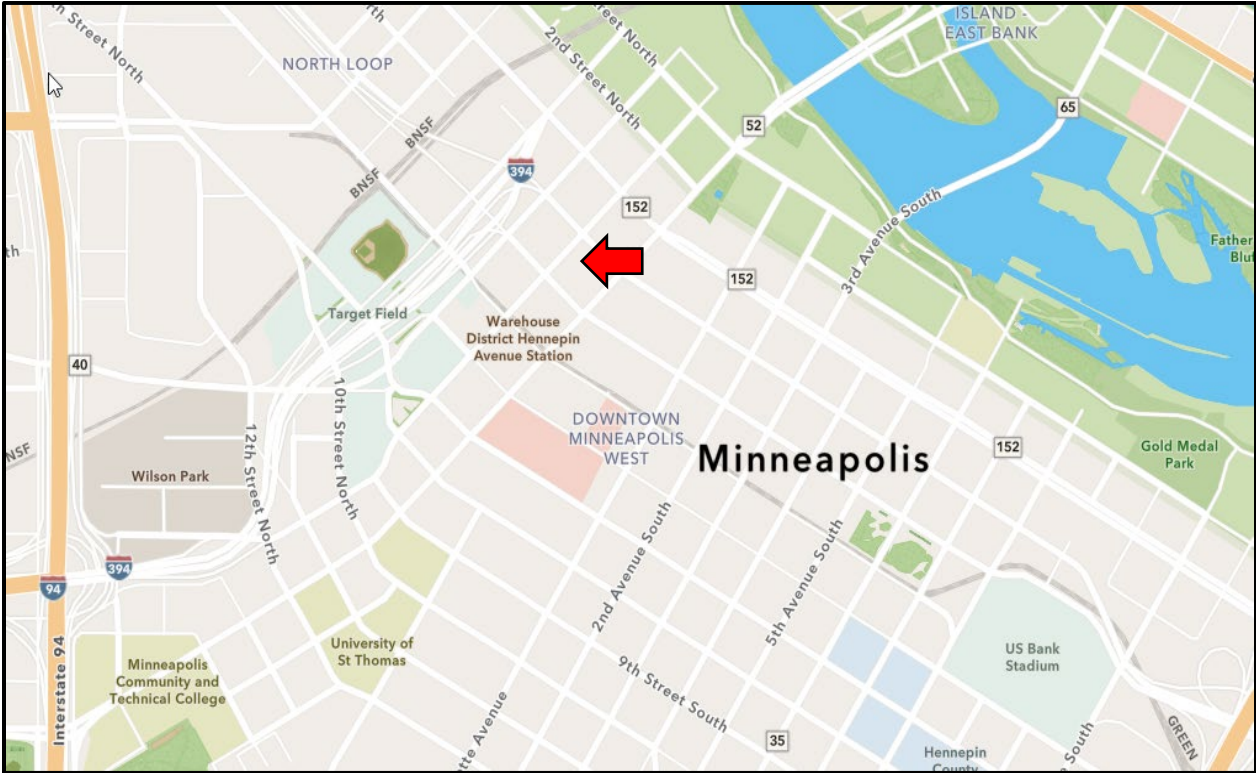
Bimosedaa is a 48-unit 100% permanent supportive housing development located in downtown Minneapolis. The project is owned and managed by Beacon. The project opened in 2023 and houses individuals experiencing chronic homelessness. Referrals come through Hennepin County Coordinated Entry and the Red Lake Nation and services are provided by Avivo. The majority of residents are Native American. Causes of Distress

Bimosedaa had a capitalized security reserve upon opening; however, that reserve has since been fully depleted. The security budget was developed prior to the COVID-19 pandemic and is insufficient to meet the project's current need. Based on its service model and resident population, Beacon considers a 24/7 security presence critical for safeguarding the property and ensuring the safety and well-being of all residents and visitors.

### Use of Program Funds

Funds will be used for operations, including 24/7 security at the property. Beacon also intends to make changes to the resident environment and adjustments to the supportive service model.

Map of 16 4<sup>th</sup> Street N, Minneapolis, 55401



Bimosedaa Apartments - Minneapolis



## Development Summary

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### Project Name: Higher Ground St. Paul

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<b>Sponsor/Applicant</b>	Catholic Charities Twin Cities		
<b>City</b>	St. Paul		
<b>Property #</b>	D7702	<b>Project #</b>	M21197

### Project Description

Higher Ground St. Paul (HGSP) is a new construction property that opened in 2017. All 193 units are single-room occupancy with kitchenettes on resident floors three through five and shared bathrooms throughout the building. There are 10 medical respite units, 16 units for RADIAS Health clients and 12 units dedicated to direct referrals from the Catholic Charities Aging Services programs. The first floor is occupied by the St. Paul Opportunity Center, a high-volume day-time shelter and service hub. Of the 193 units, about 50% are restricted to 30% MTSP. The property benefits from a HUD operating grant. Catholic Charities is both the sponsor and service provider.

### Causes of Distress

Resident services needs are greater than the service funding planned for when the building opened. Additionally, there are significant operating deficits due to deep affordability, unanticipated vacancy and higher than expected security and operating costs.

### Use of Program Funds

Funds would be used for operations. Funds will support front desk staffing, program and services staffing, utilities, property management and maintenance/repairs. Adequate and stable staffing in property management, front desk and supportive services is critical to improving property operations.

Map of 435 Dorothy Day Place, St. Paul, 55102

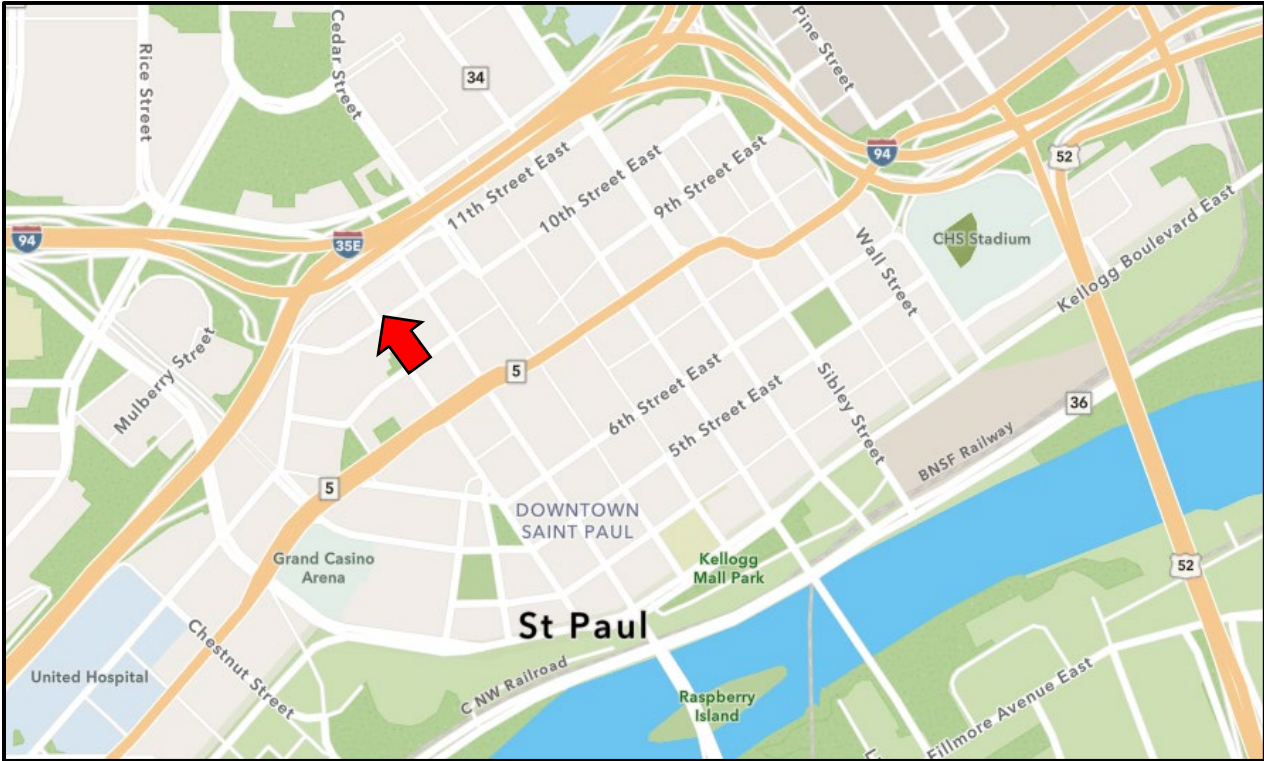


Photo of Higher Ground - St. Paul



## Development Summary

### Project Name: Upper Post Veterans Community

<b>Sponsor/Applicant</b>	CommonBond Communities		
<b>City</b>	Fort Snelling		
<b>Property #</b>	D7601	<b>Project #</b>	M20990

### Project Description

Upper Post Veterans Community at Fort Snelling opened in 2015 and includes 58 units with a mix of studios, one-, two- and three-bedroom units. All units serve households who have experienced homelessness, with a preference for Veterans. Upper Post includes six units for chronically homeless households with rents and services subsidized by the HUD Continuum of Care program, 14 Housing Support units, 20 HUD-VASH units, and 18 project-based voucher units serving homeless households through Metro Housing and Redevelopment Authority. Veterans Affairs provides case management for residents receiving HUD-VASH vouchers. Services are provided by CommonBond Advantage Services.

### Causes of Distress

The most significant contributor to the financial distress is prolonged vacancy. Vacancies were impacted by slow unit turnover and site staffing, as well as challenges to lease units to the intended population. The impact was compounded by inflation and significant increases in insurance costs. Physically, the building is experiencing age-related maintenance issues and as a historic site there are more demands on maintenance and unique constraints in addressing maintenance needs. To support cash flow, all related-party payables and fees have been deferred, and reserve withdrawals were used to meet operating needs and maintain a good working relationship with vendors.

### Use of Program Funds

Funds will be used for operations, rehabilitation and replacement reserves. Funds for operations will help offset negative cash flow. The rehabilitation scope of work includes critical and current capital needs including roofing, windows, HVAC, water heaters, flooring, doors, plumbing and cabinets. Replacing toilet valves and water monitoring features should reduce utility costs. Replacement reserves will cover upcoming capital needs. To improve operations, CommonBond has hired a new company to turn units and brought on a new third-party property manager. The on-site staff have engaged with Hennepin County referral systems to address Coordinated Entry referral challenges.

Map of 6210 Bloomington Road, Fort Snelling, 55111

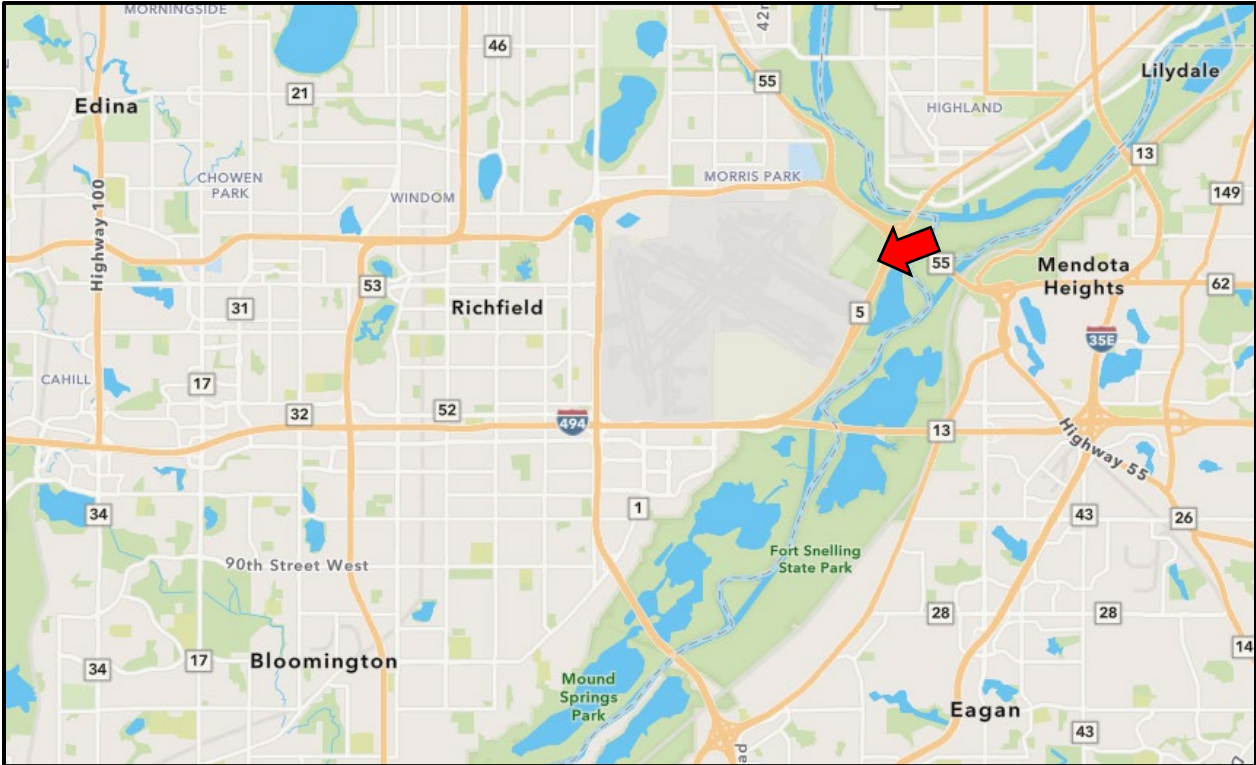


Photo of Upper Post Veteran’s Community – Fort Snelling



## Development Summary

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### Project Name: Alliance Apartments

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	Minneapolis		
<b>Property #</b>	D4064	<b>Project #</b>	M21191

### Project Description

Alliance Apartments is a 123-unit single room occupancy (SRO) apartment complex located in the Elliot Park neighborhood of downtown Minneapolis. Residents qualify for housing based on income levels and must meet a specific definition of homeless. Residents receive rental assistance from either a project-based 100-unit Section 8 contract or Housing Supports. On-site supportive services are provided by RS Eden and there is a front desk staffed by Aeon. The project was last rehabbed in 1997 using housing tax credits and deferred debt.

### Causes of Distress

In recent years, the property has used its reserves to support operations at a pace that is unsustainable and resulted in near depletion of all reserves in 2026. Alliance Apartments financial distress is driven by persistently high vacancy, elevated bad debt, increased security/safety and higher insurance expenses.

### Use of Program Funds

Fund will be used for operations and replacement reserves. Proposed funding will help keep the property adequately staffed to ensure the safety of the residents, to increase occupancy and rent collection, and to enhance preventive maintenance. Funds for operations will also help manage cash flow for timely payment to vendors. The reserves will address anticipated capital needs and emergency replacements. The property's capital needs in the next five years greatly exceed the requested funding, so funds will be spent on the most urgent needs.

Map of 719 E. 16<sup>th</sup> Street, Minneapolis, 55404

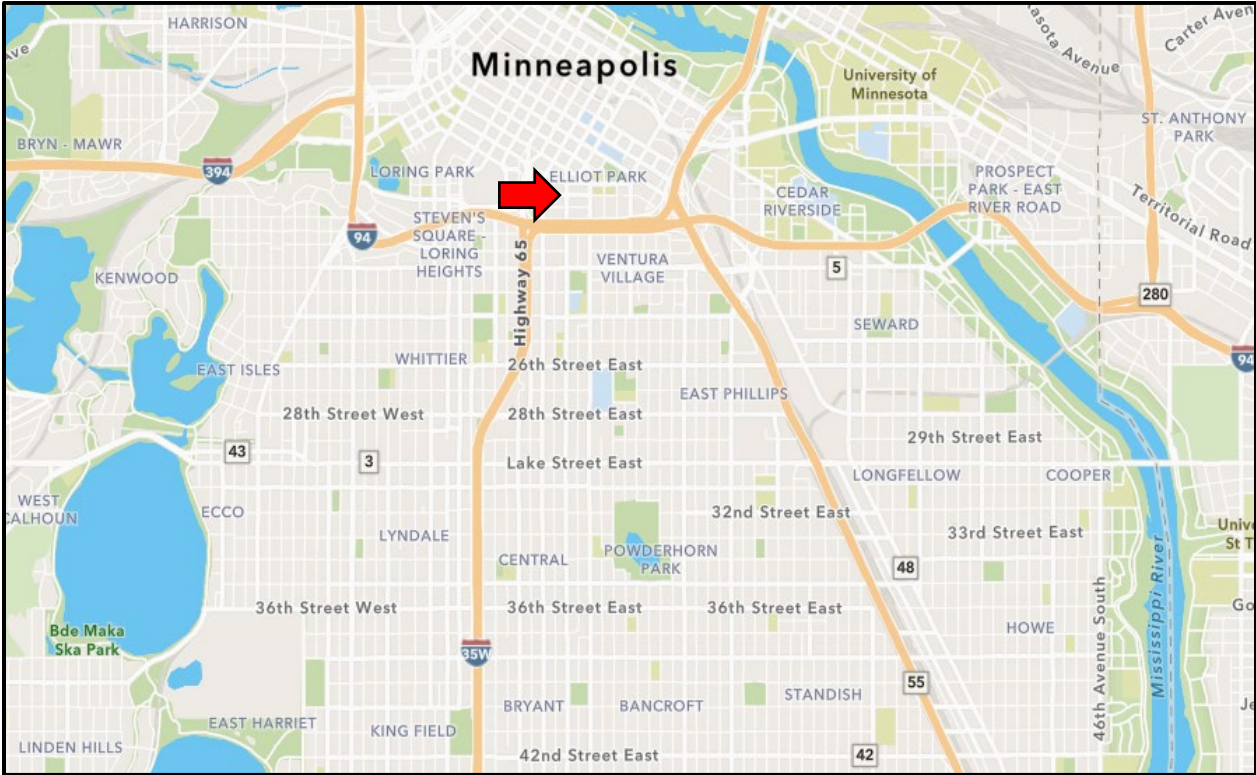


Photo of Alliance Apartments - Minneapolis



## Development Summary

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### Project Name: Crestview Community

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<b>Sponsor/Applicant</b>	Project for Pride in Living (PPL)/Crestview Community LP		
<b>City</b>	St. Paul		
<b>Property #</b>	D2538	<b>Project #</b>	M21211

### Project Description

PPL's Crestview Apartments is a 44-unit affordable housing project in St. Paul, consisting of one, two and three-bedroom units. In 2004, PPL recapitalized two buildings located at 1161 and 1171 Westminster Street and constructed a third building known as 1145 Westminster that contains additional affordable rental units and the New Foundations service offices and community space. The partnership was created to address the supportive housing needs of families served by New Foundations, Inc.

### Causes of Distress

PPL reports that the property has experienced a combination of neighborhood and property-level challenges that have contributed to resident instability and financial distress. These factors include increased public safety concerns in the surrounding area, deferred maintenance issues affecting building systems and security features, and broader market and operational pressures impacting resident satisfaction and retention. Over time, resident turnover and ongoing maintenance needs have reduced available resources for reinvestment in the property, contributing to the property's current condition.

### Use of Program Funds

Funds will be used for rehabilitation and operations. The requested rehabilitation funds will address security concerns in and around the building including installation of magnetic locked exterior doors, increased lighting and security camera upgrades. Other improvements include dwelling unit upgrades such as light fixtures, electrical breakers, water heaters and HVAC units. The operating reserve will help offset operating deficits.

Map of 1161 Westminster Street, St. Paul, 55310

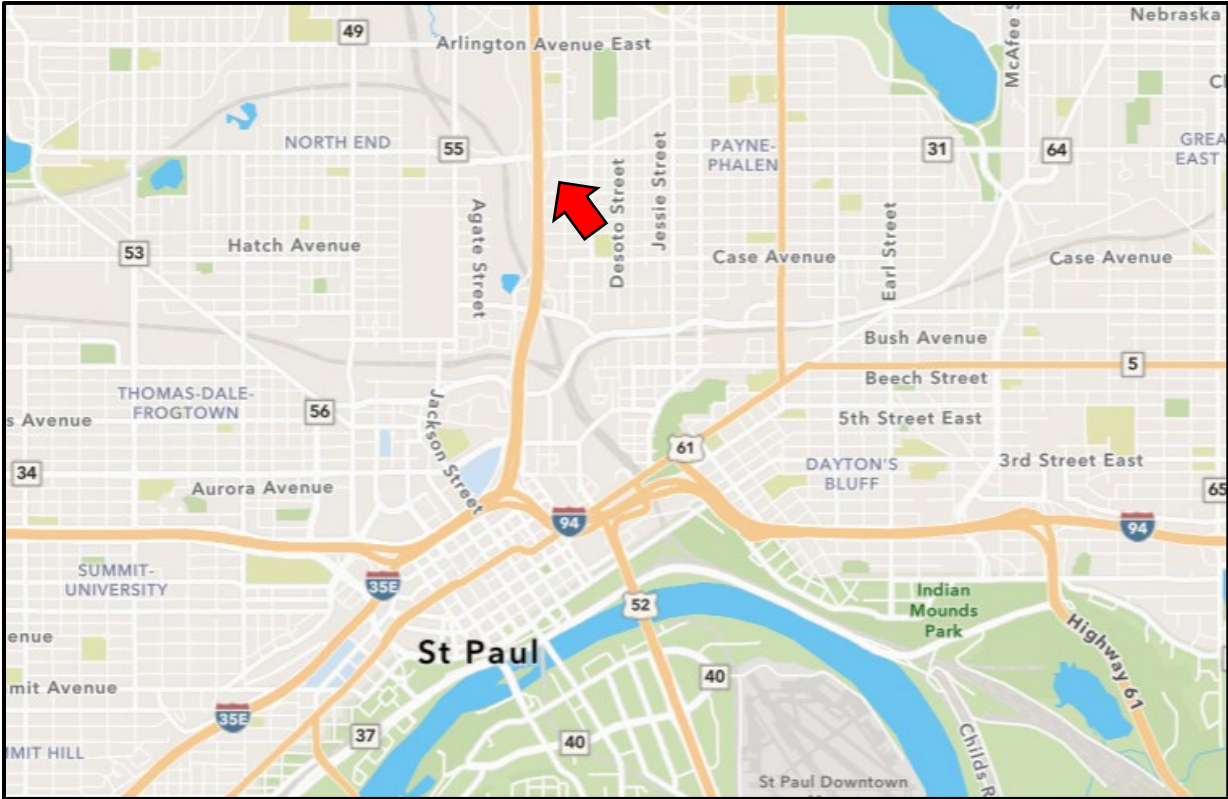


Photo of Crestview Community - St. Paul



## Development Summary

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### Project Name: 66 West

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	Edina		
<b>Property #</b>	D7720	<b>Project #</b>	M21208

### Project Description

66 West is an adaptive reuse of a former bank in Edina. The project was placed into service in 2017. 66 West is a 100% permanent supportive housing project serving youth and young adults who have experienced homelessness. The project consists of 39 efficiency apartments with individual kitchens and bathrooms. Resident services are provided by Simpson Housing.

### Causes of Distress

Causes of distress include the increased cost of property operations, supportive services and unexpected security costs. In particular, insurance costs have risen much higher than expected. The property has had a negative cash flow since at least 2021, and as a result, Beacon has been and expects to continue to contribute funds to the project to offset operating deficits.

### Use of Program Funds

Funds will be used for operations, including property insurance, safety and security, as well as staffing and fees related to on-site services and case management. By funding security and services, the goal is to improve the quality of life for the youth by providing a safe and secure environment for residents, along with access to quality services. With these improvements, Beacon also projects an increase in rent collections.

Map of 3330 66<sup>th</sup> Street W, Edina, 55435

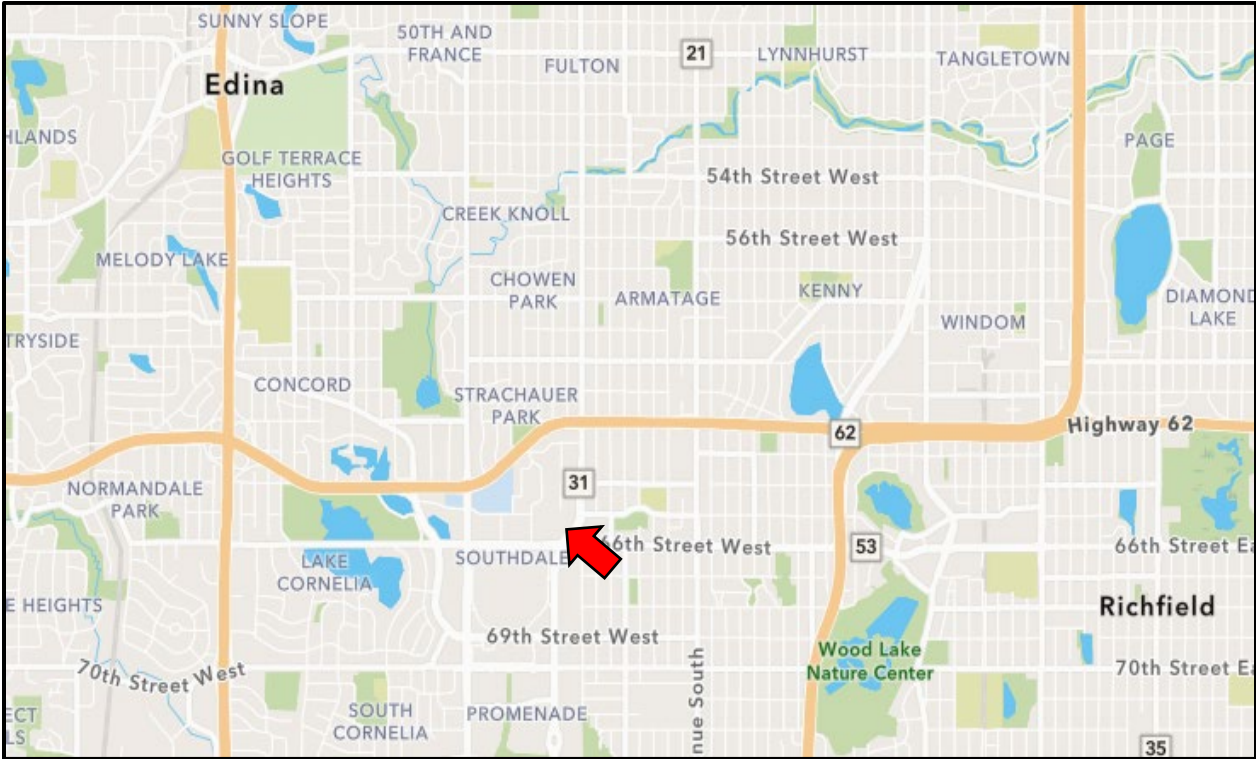


Photo of 66 West Apartments – Edina



## Development Summary

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### Project Name: Journey Homes

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<b>Sponsor/Applicant</b>	Lutheran Social Service (LSS)		
<b>City</b>	Minneapolis		
<b>Property #</b>	D3602	<b>Project #</b>	M21203

### Project Description

The Journey Homes property is located in the City of Minneapolis and includes two buildings: a duplex built in 1916 and an apartment building built in 1925. The apartment building includes 10 two-bedroom units and the duplex includes one three-bedroom and one four-bedroom unit. All 12 units are supportive housing, receiving referrals through Coordinated Entry. Households typically include one adult with one to three children. The units receive project-based rental assistance through Minneapolis Public Housing Authority and support households with incomes at 50% or less of the MTSP. LSS is the sponsor and service provider.

### Causes of Distress

The property has experienced financial distress due to the age of the buildings, which are over 100 years old. The buildings experience a high level of use due to the relatively large family sizes in relatively small units. Major capital issues include aged breaker panels in each of the units, an obsolete fire alarm system, tuckpointing, a risk of water intrusion and a need for foundation work of the duplex. Operating costs exceed revenues, creating negative cash flow. The property also has a level of vacancy and bad debt that is materially impacting cash flow. LSS has been investing in the property to offset operating deficits.

### Use of Program Funds

Funds will be used for rehabilitation. The scope of work includes new breaker panels, upgraded alarm system, tuckpointing, water mitigation, playground, windows and dwelling unit improvements. These improvements will address critical safety concerns and improve overall quality of life for residents. In order to improve performance, LSS recently hired a new property management company and created a new position, Asset and Relationship Manager (liaison between LSS and property management), both of which have had a positive impact on cash flow.

Map of 2421 Portland Avenue S, Minneapolis, 55404

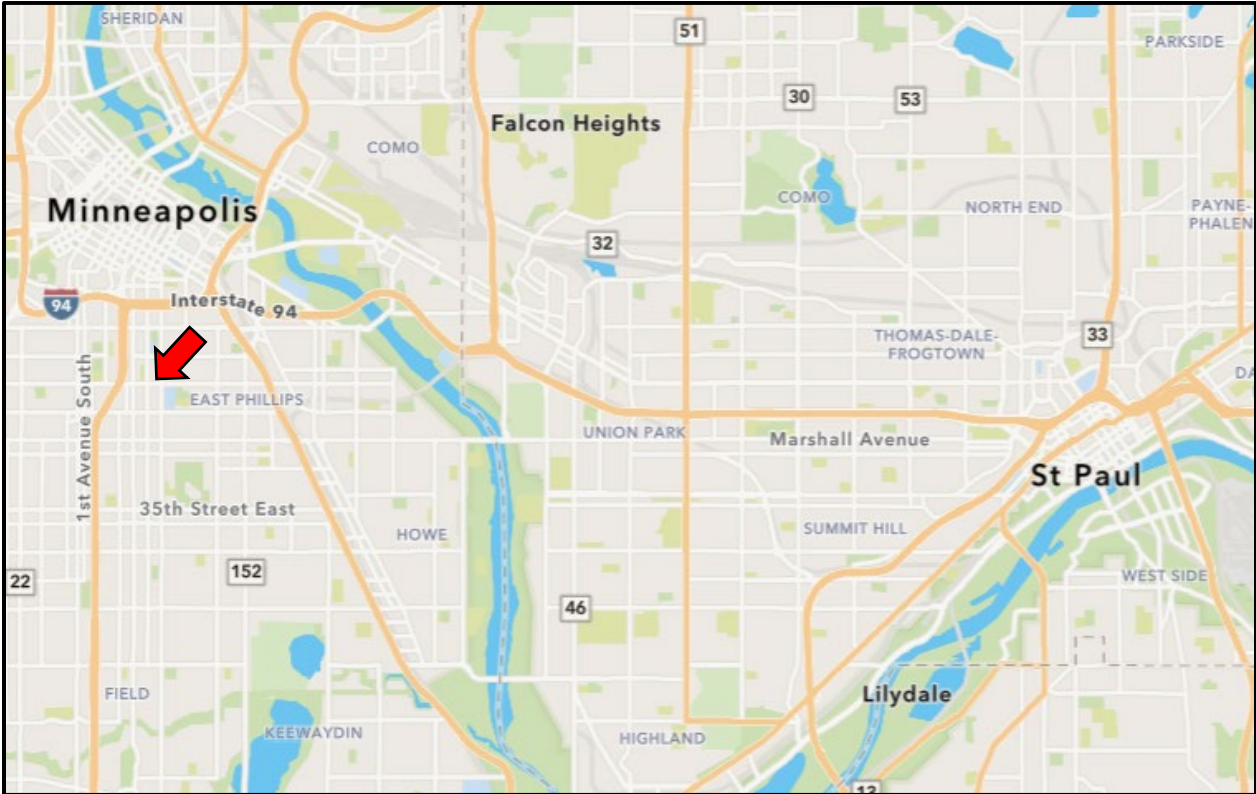


Photo of Journey Homes – Minneapolis



## Development Summary

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### Project Name: Minnesota Vistas

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<b>Sponsor/Applicant</b>	Minnesota Partners, LLC/Minnesota Vistas, LLC (Sand Companies)		
<b>City</b>	St. Paul	<b>Project #</b>	M21201
<b>Property #</b>	D5961		

### Project Description

Minnesota Vistas is a 13-story building containing 60 units located in downtown St. Paul. Originally constructed in 1929 as an office building, the Minnesota Building was repurposed in 2010 into affordable rental housing. The property consists of three distinct components: Minnesota Place (77 units), Minnesota Vistas (60 units) and Minnesota Park (6 units), with additional office space located on the second floor. All units at Minnesota Vistas are designated as affordable with income limits at 50% MTSP for 12 units and 60% MTSP for 48 units, though actual resident incomes are well below the 60% MTSP ceiling. The unit mix includes eight efficiency apartments, 49 one-bedroom units and three two-bedroom units.

### Causes of Distress

The post-COVID-19 pandemic environment has had a significant adverse financial effect on Minnesota Vistas. The property's operating expenses increased by 16%, while vacancy rates have worsened to 16% at the time of application. The building has experienced ongoing security incidents that have necessitated 24/7 security services. Hiring and retaining staff has become increasingly challenging. The current leasing office is in the basement, which is a less than ideal location for both staff and residents.

### Use of Program Funds

Funds will be used for operations and replacement reserves. Operations funds will be used for security and staffing. Replacement reserves will be used to turn all vacant units and meet other upcoming capital needs. Minnesota Vistas will also benefit from the physical security improvements that are proposed on the ground floor of Minnesota Place. The funding, along with the current management practice of meeting weekly to review building operations, marketing and prioritization of expense payments, will enable the property to return to positive cash flow.

The property has an Agency LMIR first mortgage and is in forbearance through June 2026.

Map of 46 4<sup>th</sup> Street E, St. Paul, 55101

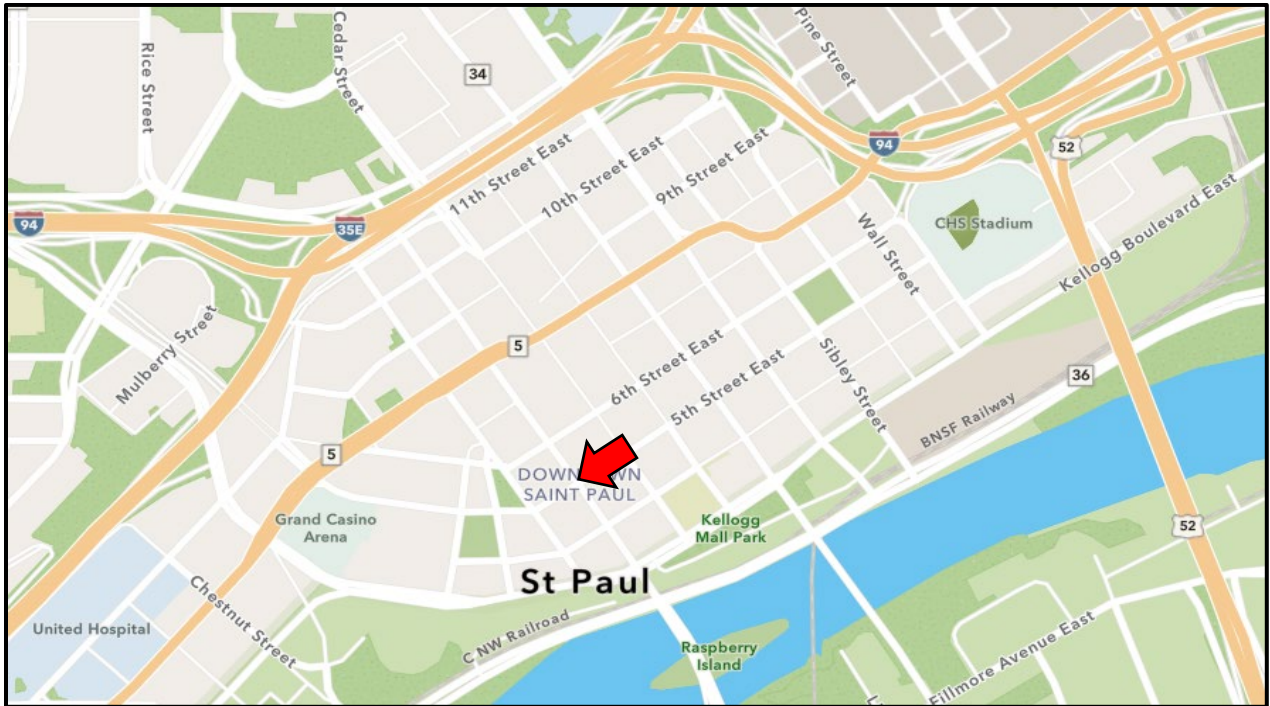


Photo of Minnesota Vistas Apartments - St. Paul



## Development Summary

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### Project Name: Dorothy Day Residence

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<b>Sponsor/Applicant</b>	Catholic Charities Twin Cities		
<b>City</b>	St. Paul		
<b>Property #</b>	D7890	<b>Project #</b>	M21198

### Project Description

Dorothy Day Residence (DDR) is new construction property in St. Paul that opened in 2019. There are 99 single-room occupancy units and 78 efficiency units. There is a dedicated women’s floor, as well as units specifically dedicated to youth and veterans who have experienced homelessness. The housing units are located on floors two through six, with the first floor occupied by the St. Paul Opportunity Center, a high-volume day-time shelter and service hub. Of the 177 units, 166 are restricted to 30% MTSP and many have rental assistance. Catholic Charities is both the sponsor and service provider.

### Causes of Distress

DDR opened just prior to the pandemic and the opioid crisis. Resident service needs are far greater than the service funding planned for when the building opened; only 48 of the 177 units have services funding. Additionally, there are significant operating deficits due to deep affordability, unanticipated economic vacancy, and higher-than-expected operating and security costs.

### Use of Program Funds

Funds will be used for operations. Grant funds will support front desk staffing, programs and services staffing, utilities, property management and maintenance/repairs. Additional funds for staffing is critical in order to hire additional staff as well as better staff retention.

Map of 215 Old 6<sup>th</sup> Street, St. Paul, 55102

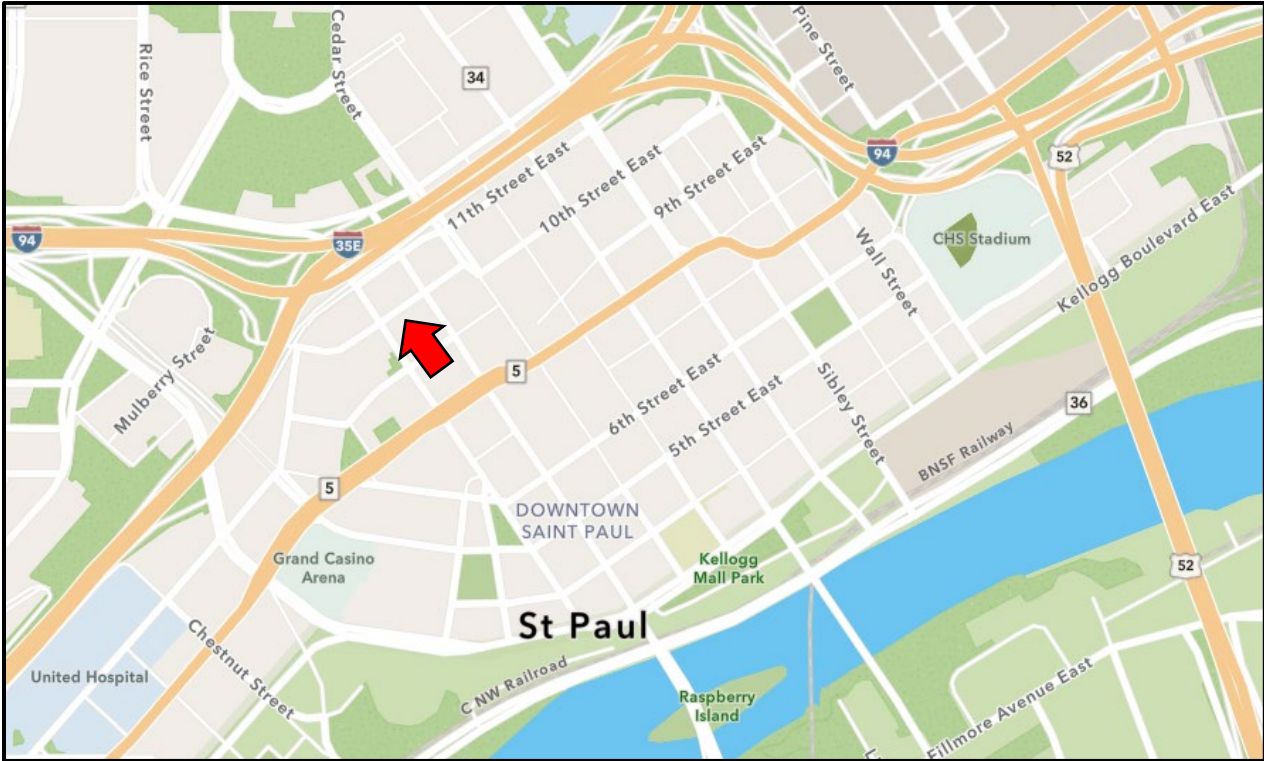


Photo of Dorthy Day Residence - St. Paul



## Development Summary

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### Project Name: Central Avenue Apartments

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<b>Sponsor/Applicant</b>	RS Eden		
<b>City</b>	Minneapolis		
<b>Property #</b>	D2921	<b>Project #</b>	M20986

### Project Description

Central Avenue Apartments is a 61-unit development in Minneapolis that was acquired and converted to operate as permanent supportive housing in 2002. All units are efficiencies, serving households coming out of homelessness and referred through systems like Coordinated Entry. The project operates as recovery-focused supportive housing and embeds case management, peer recovery services, mental health services and 24-hour front desk and security into the housing model. All residents benefit from rental assistance through a Section 8 contract. RS Eden is both the sponsor and service provider.

### Causes of Distress

Central Avenue Apartments has experienced the sector-wide increases in insurance and operating, including security costs and serving residents with higher needs. Collectively this has led to increased operating costs for general staffing, front desk, security and maintenance expenses. Vacancy and bad debt have increased in recent years. In addition, due to the age of the building, many systems have reached the end of their useful life and require updating, which has led to drawing down reserve funds.

### Use of Program Funds

Funds will be used for operations, rehabilitation, and replacement reserves. The operating funds will be used to stabilize operations and reduce the burden on RS Eden to support the property. Staffing the front desk is especially critical. The renovations include repairing and upgrading gates and fences, the elevator, fire suppression/alarms, and HVAC systems. Funds will also be used to repair and upgrade the front desk, as well as support newer access control and security technology (electronic key systems and camera intercoms) in order to provide a safer environment for residents and staff. The replacement reserve request will replenish depleted reserves.

Map of 1828 Central Avenue NE, Minneapolis, 55418

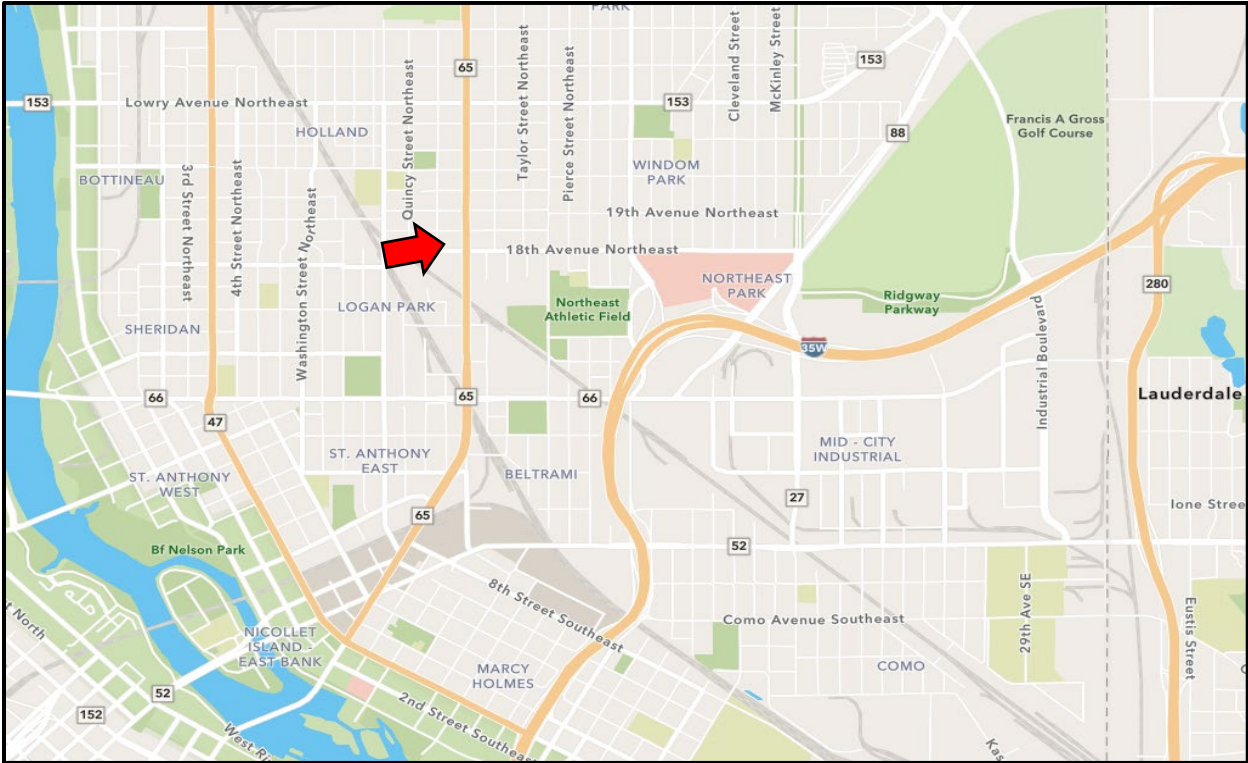


Photo of Central Avenue Apartments – Minneapolis



## Development Summary

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### Project Name: Archdale Apartments

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	Minneapolis		
<b>Property #</b>	D0820	<b>Project #</b>	M21210

### Project Description

Archdale is a 30-unit property in downtown Minneapolis serving homeless youth ages 16-25. All units are studio apartments. There is a preference for single parents. Residents benefit from project-based rental assistance through Minneapolis Public Housing Authority. Services are provided by YMCA.

### Causes of Distress

With a small building that requires a 24/7 front desk, the relative cost of staffing the front desk has become increasingly difficult. HUD Continuum of Care funding has been flat, and potentially facing elimination entirely, which would make the current programming at the property untenable. The property has also experienced higher economic vacancy, increasing security issues, and higher staff turnover.

### Use of Program Funds

Funds will be used for operations and replacement reserves. Funds for operations will offset negative cash flow. Replacement reserves will be used to cover the most urgent capital needs over the next five years.

Map of 1600 1<sup>st</sup> Avenue S, Minneapolis, 55403

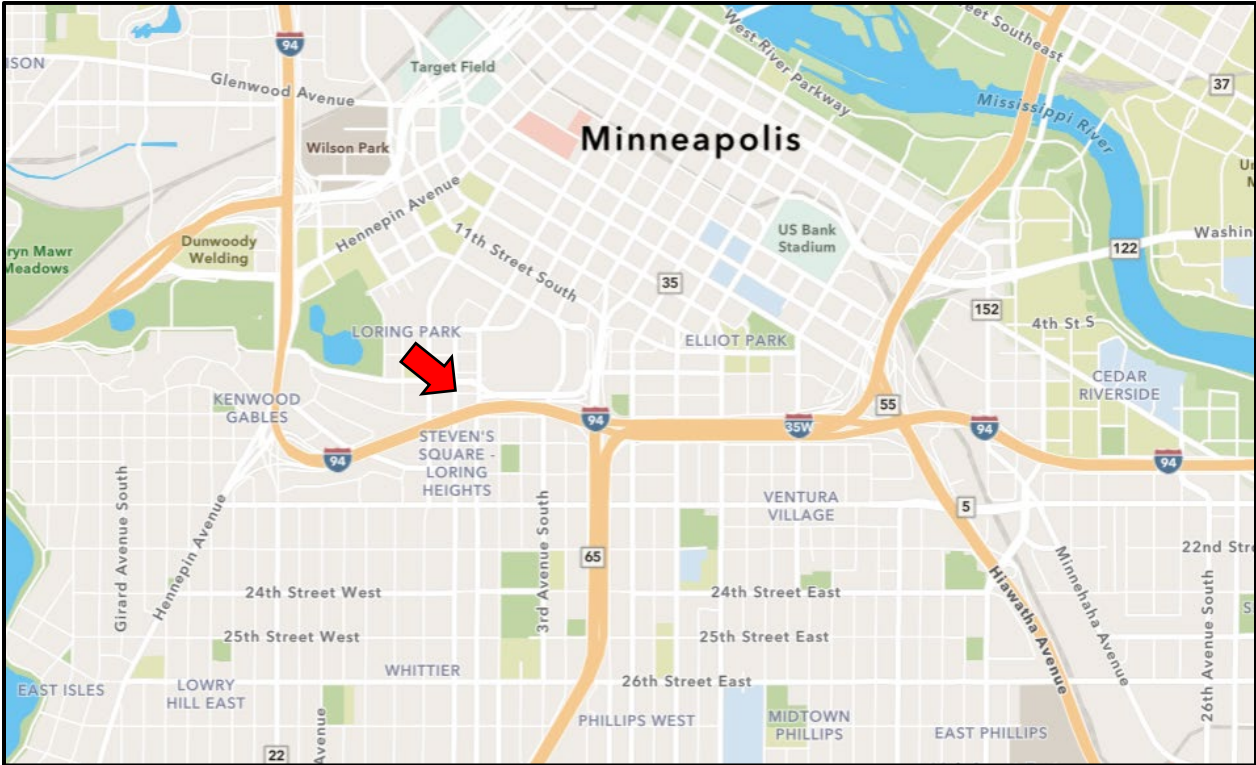


Photo of Archdale Apartments – Minneapolis



## Development Summary

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### Project Name: Lonoke

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<b>Sponsor/Applicant</b>	Beacon Interfaith Housing Collaborative		
<b>City</b>	Minneapolis		
<b>Property #</b>	D0837	<b>Project #</b>	M20993

### Project Description

The Lonoke is a 1915 building renovated in 2015 with a total of 19 units, 10 of which are supportive housing. All units are one bedroom. Tenant service coordination is provided by Beacon. Resident services are provided to the supportive housing units by two community agencies, Avivo and Simpson Housing Services.

### Causes of Distress

The main causes of financial distress are the increased costs of insurance, security and services. The property utilizes a mobile patrol for security. Negative cash flow has also been exacerbated by low rent collection and high bad debt. The property has had a negative cash flow at least since 2021, and as a result, Beacon has been contributing funds and expects to continue contributing funds in 2025 and in the coming years.

### Use of Program Funds

Funds will be used for operations. Funds will offset costs in critical areas including property insurance, safety and security, and tenant service coordination fees. Beacon is also working on strategies to improve rent collection and reduce bad debt, both of which currently contribute to negative cash flow. The projections reflect reducing vacancy from 17% to 10%. The funds will reduce the burden on Beacon to subsize operations.

Map of 1926 3<sup>rd</sup> Avenue S, Minneapolis, 55404

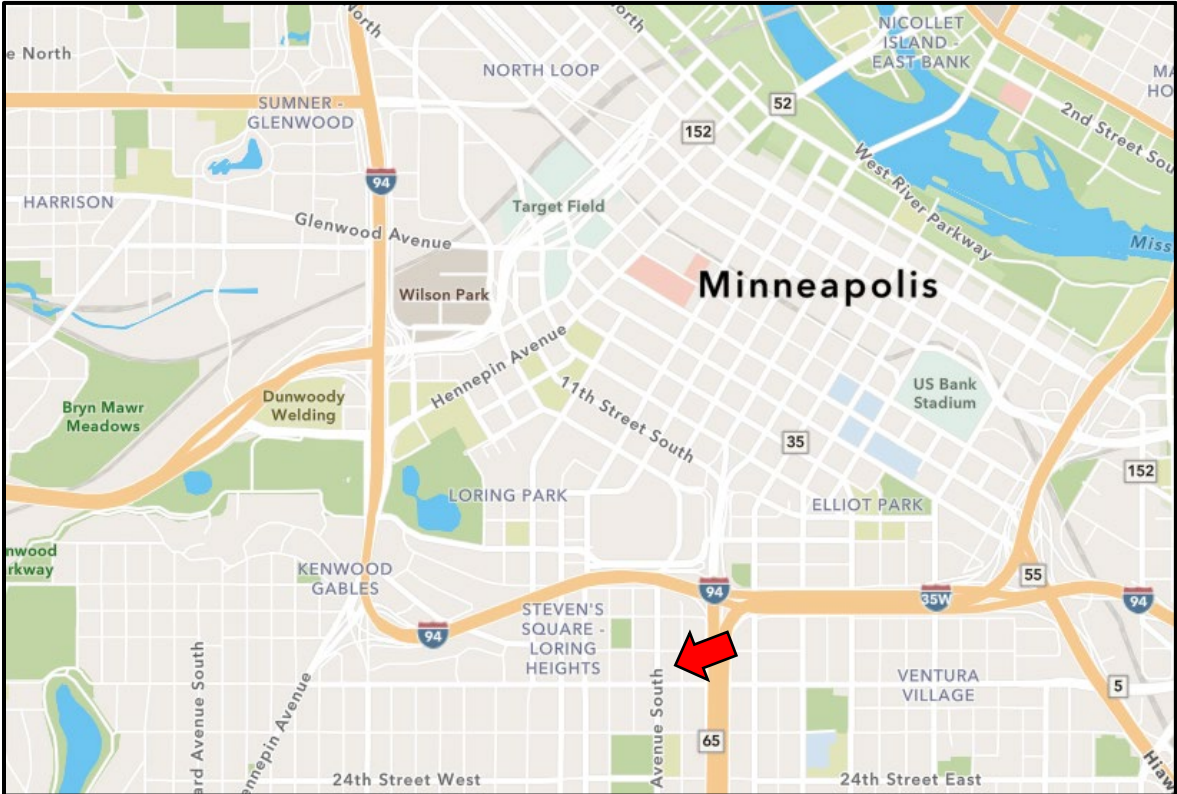


Photo of Lonoke Apartments - Minneapolis



## Development Summary

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### Project Name: St. Barnabas

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	Minneapolis		
<b>Property #</b>	D2931	<b>Project #</b>	M21184

### Project Description

St. Barnabas is a 52-unit apartment complex in downtown Minneapolis. Thirty-nine of the units are supportive housing for youth ages 16-25 and 13 units are for general low income/workforce renters. The supportive housing units have rental subsidies through Section 8 program at Minneapolis Public Housing Authority and also have a separate controlled entry that is staffed 24/7. Services for these units are provided by the YMCA. The property was last renovated in 2005.

### Causes of Distress

Causes of distress include the loss of funding for front desk and services, which are critical at St. Barnabas. This reduced funding has been compounded by increased vacancy, higher bad debt, and more security needs. Aeon has been relying on reserves for several years to meet increasing staffing costs.

### Use of Program Funds

Funds will be used for replacement reserves and operations. Replacement reserve funds will meet current and projected upcoming capital needs. Funds for operations will help offset operating deficits. Aeon is working with both property management and the service provider to prevent and better manage vacancy, reduce bad debt, and get residents stabilized more quickly. Aeon anticipates that redevelopment may be needed in the next 3-5 years depending in part upon available service funding. Program funds would give Aeon time to figure out a strategy for long-term stability.

Map of 906 7<sup>th</sup> Street S, Minneapolis, 55415

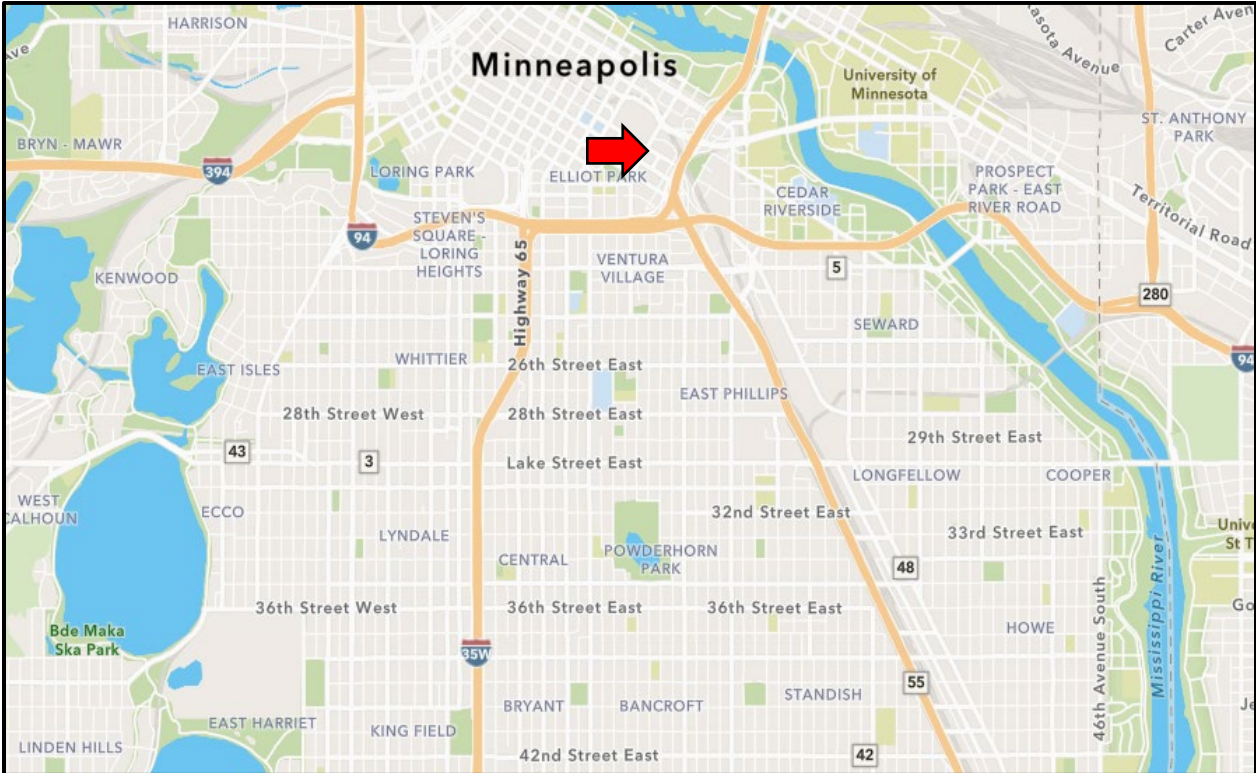


Photo of St. Barnabas Apartments - Minneapolis



## Development Summary

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### Project Name: 3301 Nicollet

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<b>Sponsor/Applicant</b>	Alliance Housing, Inc.		
<b>City</b>	Minneapolis		
<b>Property #</b>	D8117	<b>Project #</b>	M20985

### Project Description

3301 Nicollet is a 64-unit building constructed in 2022 that includes 50 studios and 14 one-bedroom units. The project includes 24 supportive housing units, of which 20 serve households that have experienced chronic homelessness. Services are provided by Touchstone Mental Health. The other 26 units are occupied by individuals that benefit from services provided by other entities. As a result, the project effectively functions as 100% permanent supportive housing with the associated increased operating costs.

### Causes of Distress

The project was underwritten prior to the COVID-19 pandemic and therefore did not account for the operating cost inflation that has occurred since the pandemic, including significantly higher insurance and security costs. The project has also found that the affordable units, not intentionally designed to be supportive housing, are serving a similar population to the chronic homeless units and so the costs for operating those units have risen.

### Use of Program Funds

Funds will be used for rehabilitation, operations, replacement reserves and supportive services. The scope of work includes construction of a front desk to bolster site presence for better security and resident support. Replacement reserves will help meet future capital needs. Funds for operations will cover increased security costs, individual water meters and operating deficits. Funds for services will enable greater service provider capacity on-site. Alliance and Touchstone are seeking other service funding sources in order to provide more support to all households in the future.

Map of 3301 Nicollet Ave S, Minneapolis, 55408

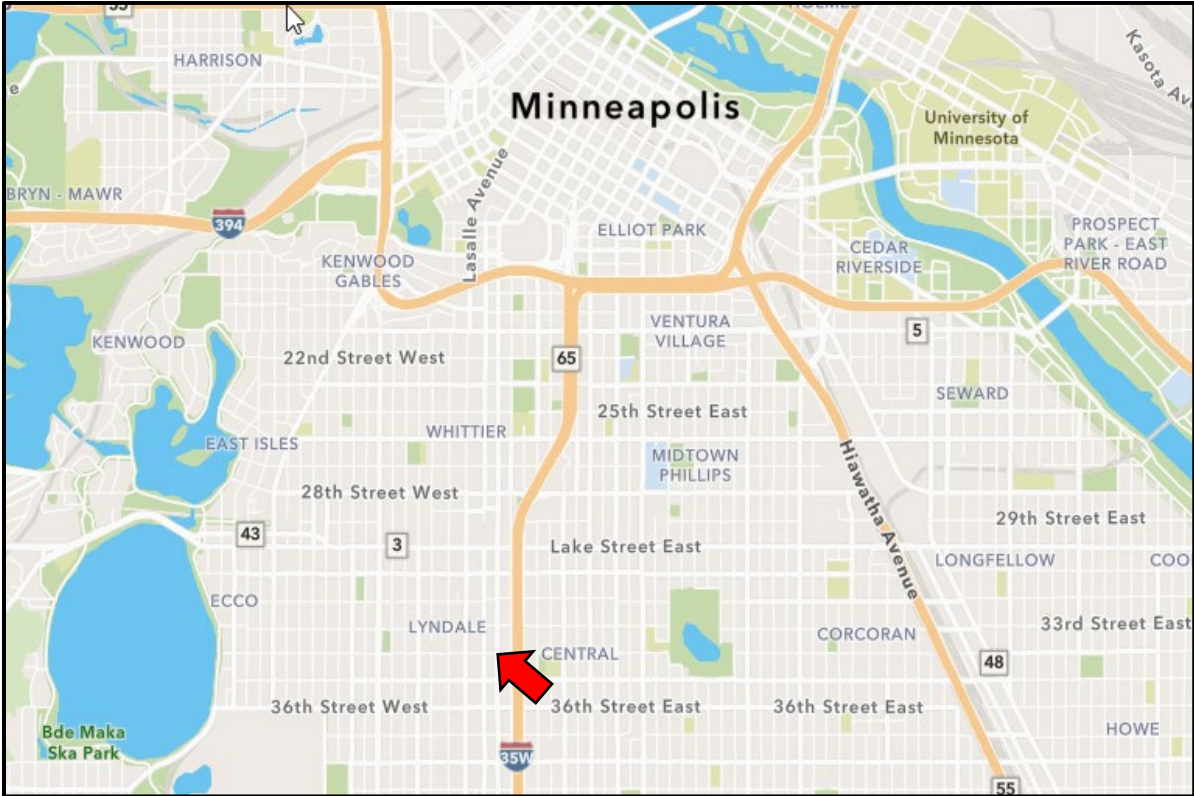


Photo of 3301 Nicollet – Minneapolis



## Development Summary

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### Project Name: Crane-Ordway

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	St. Paul		
<b>Property #</b>	D3813	<b>Project #</b>	M21193

### Project Description

Crane Ordway is a 70-unit building located in downtown St. Paul. The property serves residents with incomes between 30-60% MTSP, and 14 units are for persons who have experienced long-term homelessness (LTH). The LTH units receive Agency assistance through a Housing Trust Fund grant awarded to RADIUS. Another 19 units benefit from Housing Choice Vouchers from St. Paul Public Housing Authority.

### Causes of Distress

Since 2023, the property has experienced high bad debt, higher-than-expected turnover, as well as significant increases in insurance and energy costs. Security is a newer and increasingly expensive issue. The elevator also requires frequent repairs. Vacancy was 25% at the time of application.

### Use of Program Funds

Funds will be used for rehabilitation, replacement reserves, and operations. The rehabilitation scope of work includes additional security features and modernizing the elevator. Modernization will require the elevator to be down for several weeks and as a result, the budget includes temporary relocation costs. Replacement reserves will be used to address upcoming capital needs. Funds for operations will cover on-site security guards in the evenings and overnight. The use of the funds will remedy an on-going maintenance issue (elevator), and the added security enhancement should help offset recent increases in operating expenses.

Map of 281 5<sup>th</sup> Street E, St. Paul, 55101

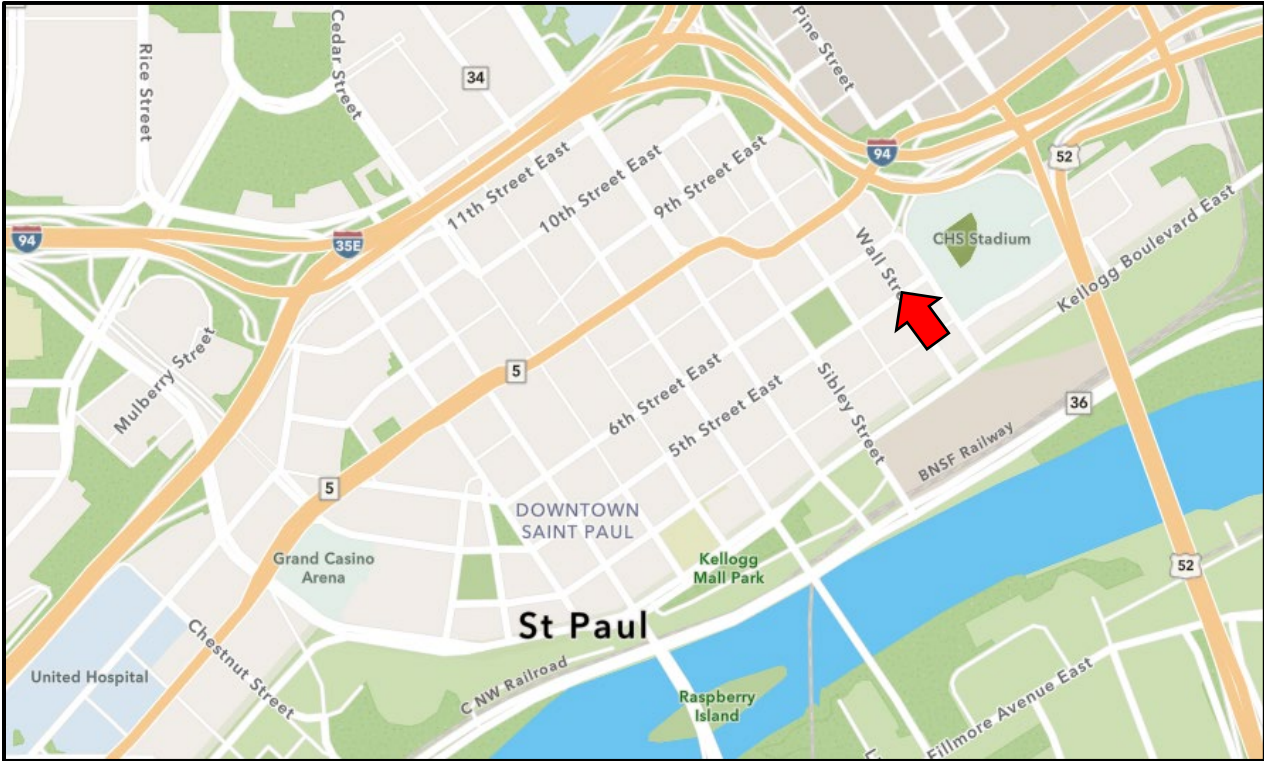


Photo of Crane Ordway Apartments - St. Paul



## Development Summary

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### Project Name: Spirit on Lake

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<b>Sponsor/Applicant</b>	Trellis Co.		
<b>City</b>	Minneapolis		
<b>Property #</b>	D7532	<b>Project #</b>	M21183

### Project Description

Spirit on Lake is a three-story building containing 46 units located in the Phillips neighborhood of Minneapolis. The project consists of 29 one-bedroom units and 17 two-bedroom units. The property was developed in 2013 with federal Low-Income Housing Tax Credits. Five units are required to be occupied as long-term homeless units. Clare Housing provides services for the property. There is no front desk staff. Clare Housing has a dedicated housing case manager that is available on-site one day a week for five hours.

### Causes of Distress

Trellis purchased the general partner interest in Spirit on Lake at the request of the minority partner, Powderhorn Residents Group (PRG). Trellis has contributed substantial resources in the last four years to stabilize operations and address urgent capital needs caused by deferred maintenance.

### Use of Program Funds

The funds will be used for rehabilitation. The scope of work includes addressing structural integrity issues, the building envelope, plumbing and sanitation systems and mechanical systems. Correcting these deferred items will help physically stabilize the property and help ensure that Trellis Co is able to continue providing a clean, safe and stable home for residents. Trellis anticipates that the rehabilitation will significantly reduce maintenance and repairs expenses.

Map of 2930 13<sup>th</sup> Avenue S, Minneapolis, 55407

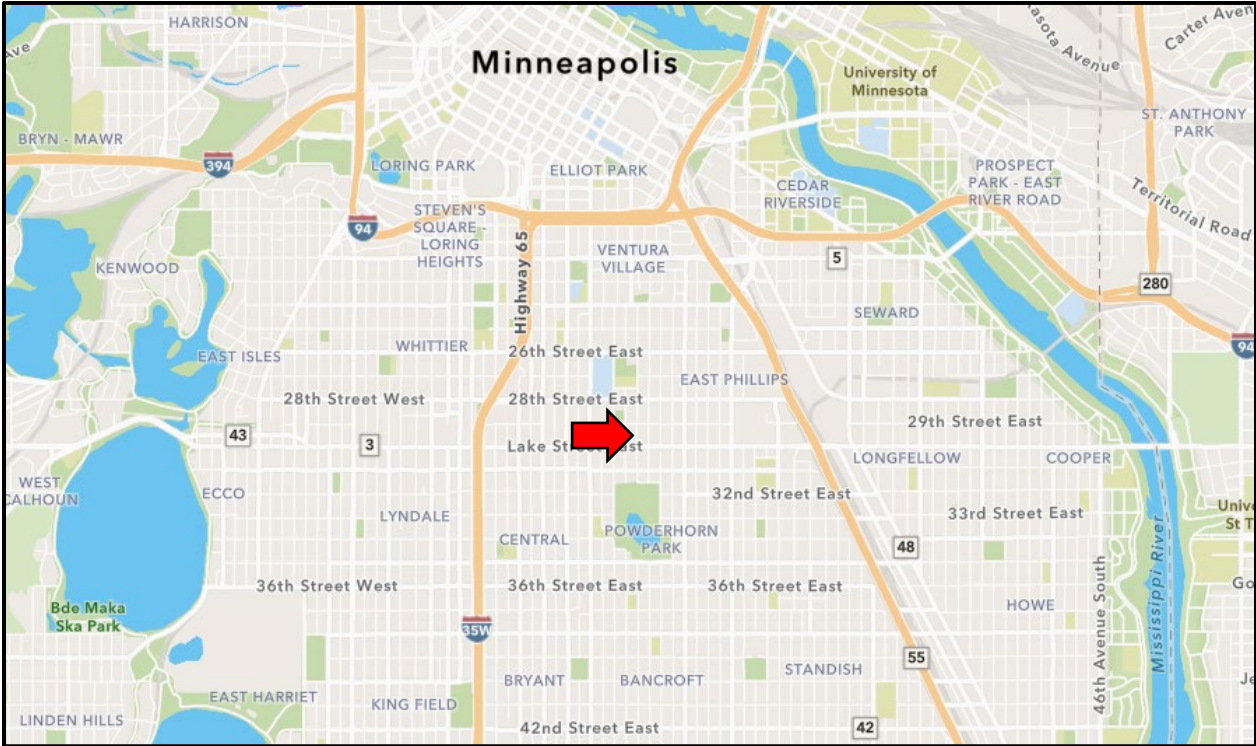


Photo of Spirit on Lake Apartments - Minneapolis



## Development Summary

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### Project Name: Vicksburg Commons

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<b>Sponsor/Applicant</b>	CommonBond Communities		
<b>City</b>	Plymouth		
<b>Property #</b>	D3874	<b>Project #</b>	M20989

### Project Description

Vicksburg Commons was constructed in 2007 through the Low-Income Housing Tax Credit program and consists of 10 buildings with 50 units that contain a mix of one, two and three-bedroom units. Four of the 50 units serve long-term homeless households with services provided by Interfaith Outreach & Community Partners.

### Causes of Distress

The primary causes of distress for Vicksburg Commons are rooted in the physical condition of the property and recent management challenges. The physical site of the property has caused foundation settling issues for 12 of the townhome units and the community building, that, if left unaddressed, could make the units uninhabitable. The property has also experienced substantial vacancy loss and had 78% occupancy at time of application.

### Use of Program Funds

Funds will be used for rehabilitation and replacement reserves. The scope of work will address water remediation and foundation repairs as well as deferred maintenance. Funds for replacement reserves will address upcoming capital needs. Addressing the physical needs of the property is anticipated to have a positive impact on operating costs. Capitalized replacement reserves will help cover costs of unit turns.

Map of 6040 Shenandoah Lane N, Plymouth, 55446

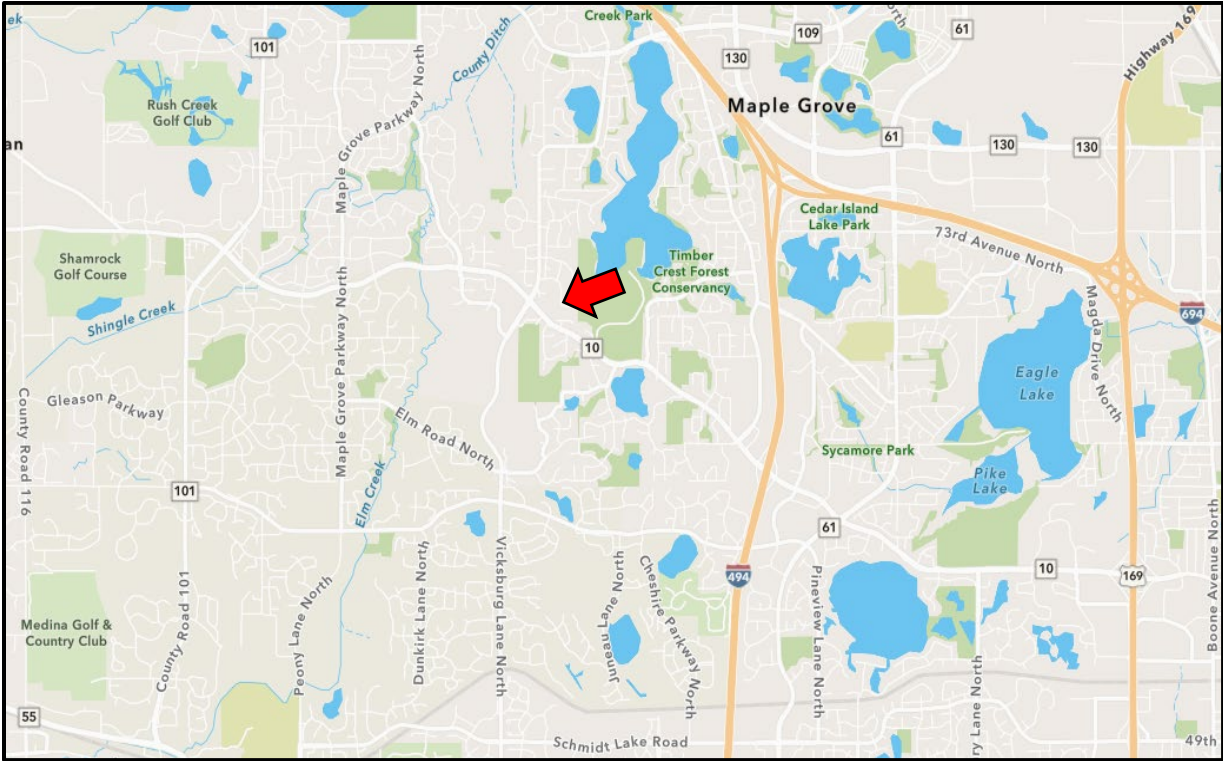


Photo of Vicksburg Commons – Plymouth



## Development Summary

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### Project Name: MP3 Portfolio

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<b>Sponsor/Applicant</b>	Aeon		
<b>City</b>	Minneapolis		
<b>Property #</b>	D7586	<b>Project #</b>	M21194

### Project Description

The Minneapolis Portfolio Preservation Project (MP3) consists of 582 units at 10 properties in the Elliot Park neighborhood and one property in Loring Park neighborhood in Minneapolis. The properties were bundled into one transaction that was placed in service in 2015. Rent and income restrictions range from 30-60% MTSP. Project-based rental assistance includes: 25 units of Housing Support, 33 units with HUD Section 811, and 99 units with project-based rental assistance. Many residents also have tenant-based rental assistance. Twenty units are set aside for persons exiting long-term homelessness.

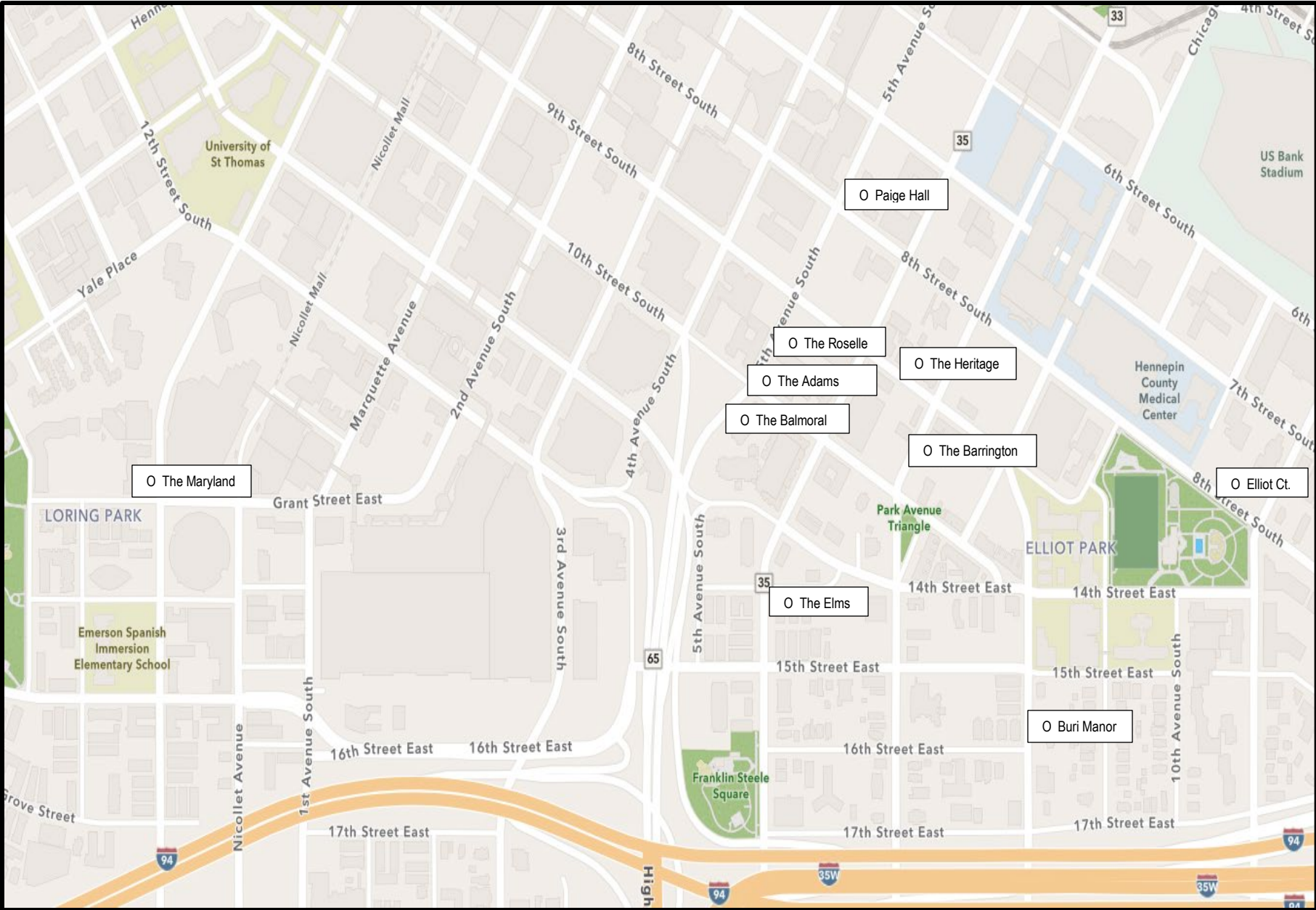
### Causes of Distress

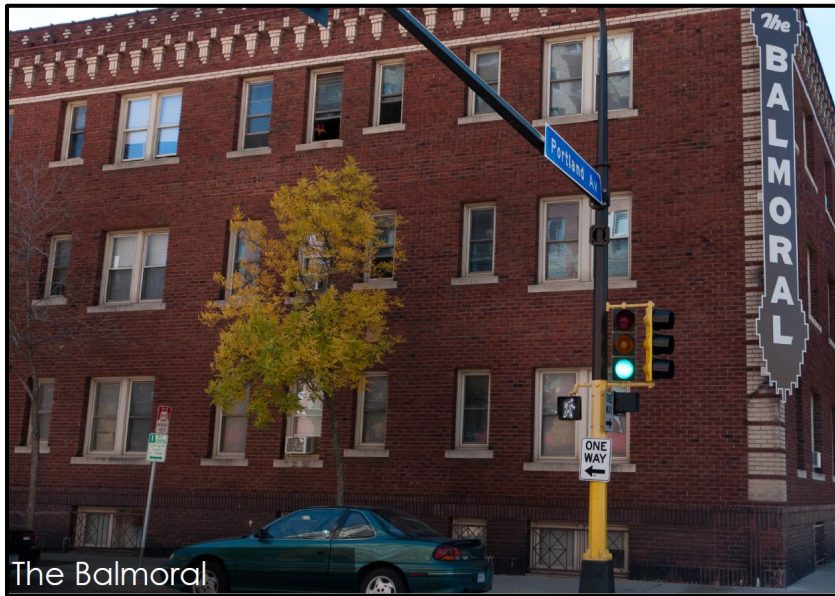
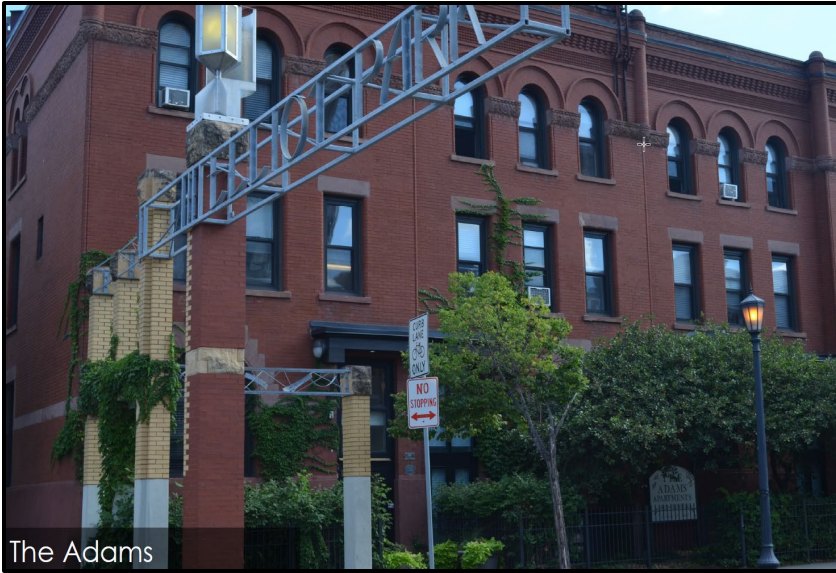
Overall, increased operating expenses have outpaced the ability to increase revenue. Post COVID-19 pandemic, the portfolio has struggled with security, which has increased costs and lowered occupancy. Security costs are now twice what was budgeted for. Costs for unit turns have increased. Previous operating deficits were covered by Aeon and the operating reserve funded by the limited partner.

### Use of Program Funds

Funds will be used for replacement reserves and operations. Deposits to replacement reserves have been paused, and these funds will help make up for that pause. Funds for operations will help offset an operating deficit. Aeon is working to reduce unit turn times, increase occupancy and improve rent collections.

Aeon MP3 Portfolio - Minneapolis







Elliot Court



The Heritage



The Elms



The Maryland



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**Community Stabilization: Distressed Multifamily Rental Building**  
**Non-Selections**

D#	M#	Applicant	Sponsor	Building Name	City	Region	Units	Requested Funding	Use of Funding	% Supportive Housing	Grant or Loan	Reason for Non-Selection
D0825	M21189	Catholic Charities Twin Cities	Catholic Charities	Glenwood	Minneapolis	Metro	80	\$ 1,705,823	Operations	100%	Grant	Met 20% to one sponsor limit.
D2380	M21196	Catholic Charities Twin Cities	Catholic Charities	Evergreen	Minneapolis	Metro	88	\$ 1,800,455	Operations	100%	Grant	Met 20% to one sponsor limit.
D0173	M21209	CommonBond Communities	CommonBond	Bloomington Family Townhomes	Bloomington	Metro	20	\$ 800,000	Debt Restructure, Rehabilitation, Replacement Reserve, Operations	0%	Grant	Insufficient Funds
D8889	M20992	CommonBond Communities	CommonBond	St. Anne's	Minneapolis	Metro	61	\$ 2,137,857	Rehabilitation, Replacement Reserve, Operations	7%	Grant	Insufficient Funds
D3640	M20983	Homewood Limited Partnership	TCHDC	Homewood	Minneapolis	Metro	36	\$ 1,440,000	Rehabilitation	0%	Grant	Insufficient Funds
D8031	M21200	Wilson II Apartments, LP	Minn/Wall	Eastside 1256	St. Paul	Metro	114	\$ 2,476,897	Rehabilitation, Replacement Reserve, Operations, Other	0%	Loan	Insufficient Funds
D7604	M20995	CommonBond Communities	CommonBond	West Broadway Crescent	Minneapolis	Metro	54	\$ 2,113,984	Rehabilitation, Replacement Reserve, Operations	0%	Grant	Insufficient Funds
D7875	M21179	CommonBond Communities	CommonBond	PRG II (scattered site: includes multiple buildings)	Minneapolis	Metro	49	\$ 1,910,702	Rehabilitation, Replacement Reserve, Operations	0%	Grant	Insufficient Funds
D3057	M21204	Lutheran Social Service of MN	Lutheran Social Service	Courtyard	Minneapolis	Metro	12	\$ 478,000	Rehabilitation	0%	Grant	Insufficient Funds
D8763	M20979	TWV Limited Partnership	CommonBond	Westminster and Vista Villa	St. Paul	Metro	147	\$ 5,880,000	Rehabilitation	0%	Loan	Insufficient Funds
D3860	M20991	Beacon Interfaith Housing Collaborative	Beacon	Hawthorne Apartments	Minneapolis	Metro	35	\$ 1,400,000	Rehabilitation	0%	Grant	Insufficient Funds
D3066	M20978	Hope Community	Hope	Franklin Portland Gateway Phase I	Minneapolis	Metro	36	\$ 1,440,000	Rehabilitation, Replacement Reserve, Operations	0%	Grant	Insufficient Funds
D3925	M21186	Trellis Co	Trellis	Hamline Park Properties	St. Paul	Metro	58	\$ 2,320,000	Rehabilitation	0%	Grant	Insufficient Funds
D7874	M20996	CommonBond Communities	CommonBond	PRG I	Minneapolis	Metro	42	\$ 1,663,000	Replacement Reserve, Operations	10%	Grant	Insufficient Funds
D0898	M21185	Trellis Co	Trellis	Zinsmaster	Minneapolis	Metro	36	\$ 1,440,000	Rehabilitation	0%	Grant	Insufficient Funds
D1859	M20984	SWMHP LP LLC	SWMHP	Tanglewood Estates Townhomes	Montevideo	Southwest	24	\$ 960,000	Debt Restructure, Rehabilitation	0%	Loan	Insufficient Funds
D1787	M21180	Prairie View Limited Partnership/SWMHP LP LLC	SWMHP	Willow Court Townhomes	Worthington	Southwest	24	\$ 960,000	Rehabilitation	0%	Loan	Insufficient Funds
D3760	M21187	Trellis Co	Trellis	LaSalle Commons	Minneapolis	Metro	63	\$ 2,520,000	Rehabilitation	0%	Grant	Insufficient Funds
D8948	M21213	Bulanja Investments	Bulanja Investments	Roof Replacement	Hibbing	Northeast	10	\$ 122,757	Rehabilitation	0%	Grant	Ineligible
D8949	M21214	United Way of Steele County	United Way of Steele County	Oakdale Motel Transition to Temp Housing	Owatonna	Southeast	25	\$ 1,000,000	Rehabilitation, Finance to Sell Property, Reporting Costs	0%	Grant	Ineligible
D8950	M21215	Prairie Land Rentals LLC	GrowSWMN	Pipestone Building	Pipestone	Southwest	12	\$ 800,000	Rehabilitation	0%	Grant	Ineligible
D8951	M21216	5637 Lyndale Avenue LLC	Agate Housing and Services, Inc	Metro Inn	Minneapolis	Metro	39	\$ 269,000	Rehabilitation, Operations	0%	Grant	Submitted after Due Date and Time
D7648	M21217	PPL Affirmation House LLC	Project for Pride in Living	Affirmation House	Minneapolis	Metro	12	\$ 318,000	Rehabilitation, Operations	100%	Loan	Submitted after Due Date and Time
D5217	M21218	Van Cleve Apts West LP	Project for Pride in Living	Brook Commons	Minneapolis	Metro	50	\$ 839,000	Replacement Reserves, Operations	24%	Loan	Submitted after Due Date and Time
D3903	M21219	n/a	Project for Pride in Living	Camden Apartments	Minneapolis	Metro	23	n/a	n/a	100%	n/a	Submitted after Due Date and Time
D3081	M21220	n/a	Project for Pride in Living	Collaborative Village	Minneapolis	Metro	20	n/a	n/a	100%	n/a	Submitted after Due Date and Time
D8952	M21221	Land Bank Twin Cities, Inc	Land Bank Twin Cities, Inc	New Town Project of Elliot Park Neighborhood	Minneapolis	Metro	57	\$ 748,000	Rehabilitation, Operations	0%	Grant	Submitted after Due Date and Time

D#	M#	Applicant	Sponsor	Building Name	City	Region	Units	Requested Funding	Use of Funding	% Supportive Housing	Grant or Loan	Reason for Non-Selection
D6249	M21222	Hope Block Stabilization Phase I LLC	Hope Community	Hope Block	Minneapolis	Metro	16	\$ 640,000	Rehabilitation, Op Costs, Replacement Reserves, Operations	100.00%	Grant	Incomplete Application
D8953	M21223	White Earth HRA	Travois Inc.	Riverland Apartments	Mahnomen	Northwest	48	\$ 960,000	Rehabilitation	20%	Grant	Incomplete Application
D0714	M21224	Rock Manor LP	SWMHP	Stone Creek Townhomes	Luverne	Southwest	24	\$ 960,000	Rehabilitation	0%	Loan	Incomplete Application
D1567	M21225	Artspace Northern Warehouse LP	Artspace Projects, Inc	Northern Warehouse Lofts	Saint Paul	Metro	52	\$ 904,000	Rehabilitation	100%	Grant	Incomplete Application
D7658	M21226			Clare Marshall Flats		Metro		n/a	n/a	n/a	n/a	Incomplete Application
D7664	M21227	Clare Terrace LP	Clare Housing	Clare Terrace	Robbinsdale	Metro	36	\$ 897,000	Replacement Reserve, Operations, Supportive Service Reserve	100%	Grant	Incomplete Application
D0844	M21228	2100 Bloomington LP	VOA of MN	Village at Franklin Station	Minneapolis	Metro	90	\$ 609,000	Operations	4%	Grant	Incomplete Application
D2741	M21229	Uptown Maple Commons	Ecumen	Uptown Maple Commons	North Branch	Central	32	\$ 1,365,639	Rehabilitation	0%	Grant	Incomplete Application
D3374	M21230	Loring 100 Partnership, A MN LP	Nationwide Housing Corporation	Loring 100 Apartments	Minneapolis	Metro	107	\$ 4,280,000	Rehabilitation, Operations	91%	Grant	Incomplete Application
D0667	M21231	Jackson Townhouses, A MN LP	Nationwide Housing Corporation	Sunrise Estates	Jackson	Southwest	40	\$ 1,600,000	Rehabilitation	0%	Grant	Incomplete Application
D8954	M21232	Goshen Estate LLC	Goshen Estate LLC	Merriam Park Project	Saint Paul	Metro	11	\$ 440,000	Debt Restructure	0%	Grant	Incomplete Application
D8226	M21233	The Preservation Project One, LLC		Bellwether Communities	Saint Paul	Metro	172	n/a	Rehabilitation	0%	n/a	Incomplete Application
D1569	M21234	Torre De San Miguel		CommonBond	Saint Paul	Metro	142	\$ 5,099,000	Rehabilitation	0%	Loan	Withdraw
<b>TOTAL</b>							<b>1997</b>	<b>55,298,113</b>				



## Item: Approval, Amendments to Tenant Selection Plan Guidelines

**Action Item:** 7.F  
**Date:** 05/28/2026  
**Staff Contacts:** Joshua Love, 651.539.9754, Joshua.Love@state.mn.us  
Sara Gomoll, 651.539.9884, Sara.Gomoll@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff request approval of the proposed amendments to [Minnesota Housing's Tenant Selection Plan \(TSP\) Guidelines](#).

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Background
- Tenant Selection Plan Guidelines - Redline
- Applicable Funding Sources - Redline

## Background

Minnesota Housing is committed to creating equitable, affordable and accessible housing for all Minnesotans. This includes people with barriers that may prevent them from equal access to housing. A Tenant Selection Plan (TSP) identifies a property's tenant screening criteria and must clearly state what elements will be used to determine an applicant's acceptance for the housing unit.

The board approved the Agency's current [TSP Guidelines](#) at the December 17, 2020, board meeting. The TSP Guidelines reflect the Agency's TSP requirements for all projects in applicable programs and that receive applicable funding across Minnesota Housing financed properties. TSPs are reviewed during the financial closing process as well as during monitoring and compliance reviews.

The TSP Guidelines include two sections: General Considerations and Tenant Screening Criteria. The General Considerations section applies to all qualifying projects and the Tenant Screening Criteria section is required for all qualifying projects with an application submitted for funding after March 31, 2021. For projects that applied before March 31, 2021, the Tenant Screening Criteria section are considered best practices but not requirements.

The proposed revisions do not materially change policy or guidance. These revisions reflect updates to the data, law and research sources that underpin the policy.

## Revisions Summary

The notable recommended updates are summarized below. There are also several minor revisions throughout the document.

### General Considerations

- Item 7, Domestic Violence: Added the National Housing Trust Fund program to the list of federal programs covered by the Violence Against Women Act, as it is also subject to those requirements.
- Item 10, Criminal Background Screening: Rephrased to no longer refer to rescinded HUD guidance. The current TSP Guidelines includes references to HUD's Public and Indian Housing 2015-19 guidance, "Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions." This provided guidance for PHAs and owners of federally-assisted housing on excluding the use of arrest records in housing decisions and other tenant screening criteria best practices. In November 2025, HUD rescinded this guidance. Regardless of the guidance being rescinded, the legal justification for the practices outlined in the TSP Guidelines does not change. The recommended changes remove reference to the guidance specifically and instead insert relevant data sources and applicable legal precedent.

## Tenant Screening Criteria

- Item 3a, Housing First: Housing First is an evidence-based best practice that prioritizes housing without preconditions in the provision of permanent supportive housing. The 2025 HUD Continuum of Care (CoC) Program grant agreements barred grantees from implementing Housing First practices. HUD stated it will release a new FY26 Notice of Funding Opportunity for the Continuum of Care program and there is indication that it will not allow for the use of a Housing First approach. CoC grants supporting permanent supportive housing activities are used in many properties that also receive funding from Minnesota Housing, so those properties must comply with both sets of requirements.

To maintain the Agency's commitment to Housing First practices while also recognizing that some housing providers may receive funding prohibiting these practices, the proposed TSP Guidelines revision on this item requires consultation to determine if, whether and how the requirement can be satisfied or if it can be waived. In addition, the link to HUD's now non-existent Housing First principles webpage has been removed and replaced with an alternative source detailing Housing First practices.



## Tenant Selection Plan Guidelines

Revised: ~~December 2020~~ May 2026

Minnesota Housing's Strategic Plan seeks to reduce barriers to accessing housing. To further that goal, all properties financed with applicable Minnesota Housing program and funding sources<sup>1</sup> must have a Tenant Selection Plan (TSP). ~~The below TSP Guidelines~~ These guidelines provide best practices and performance requirements.

These ~~Tenant Selection Plan (TSP)~~ Guidelines are a requirement for all projects that are selected for an applicable program and funding source as a result of a funding application submitted to Minnesota Housing after March 31, 2021.<sup>2</sup>

For all other projects with applicable program and funding sources, the **General Considerations** section is ~~a requirement~~ required and the **Tenant Screening Criteria** section is ~~a recommended best practice~~.

For developments that are subject to specific tenant screening requirements because of federal obligations or local laws/ordinances, housing providers should follow those requirements. These guidelines are not intended to be a complete list nor to supersede those requirements. Consult with an attorney to determine if your TSP complies with all applicable laws and regulations, program requirements, the Fair Housing Act, the Violence Against Women Act (VAWA),<sup>3</sup> and the Minnesota Human Rights Act.<sup>3</sup>

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<sup>1</sup> Applicable programs and funding sources that are subject to this guidance.

<sup>2</sup> Developments that were advanced, selected or received an allocation of funding sources under previous Consolidated RFPs or developments submitted under the 2021 Qualified Allocation Plan are subject to the General Considerations and the Tenant Screening Criteria are recommended.

<sup>3</sup> It is Minnesota Housing's policy to affirmatively further fair housing in all programs so that individuals of similar income levels have equal access to its programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation. Property owners and managers are expected to comply with laws and regulations prohibiting housing discrimination when creating and implementing a tenant selection plan.

## General Considerations

1. **Written Tenant Selection Plan.** Housing providers must have a written tenant selection plan. The plan must be readable and accessible to applicants and must be made available to applicants before they apply and/or pay an application fee. The owner must provide meaningful access to the information for people with limited English proficiency and people with disabilities.
2. **Waiting List.** The tenant selection plan must describe any waiting list process.
3. **Eligibility.** The tenant selection plan must provide clear information on eligibility criteria such as income restrictions and any program-specific requirements. It must also clearly state the processes and criteria that will be used to evaluate applications. If the development receives funding to serve a specific population, such as individuals eligible for supportive housing or senior housing, the tenant selection plan's evaluation criteria must be structured in a way that will consider the specific barriers faced by these households.

~~<sup>1</sup> that are subject to this guidance.~~

~~<sup>2</sup> The TSP Guidelines will be a requirement for developments that are selected for an applicable program or funding source from Minnesota Housing from the 2021 Consolidated RFP and after as well as pipeline applications selected after March 31, 2021. Developments that were advanced, selected, or received an allocation of funding sources under previous Consolidated RFPs or developments submitted under the 2021 Qualified Allocation Plan (QAP) are subject to the General Considerations and the Tenant Screening Criteria is a recommended best practice.~~

~~<sup>3</sup> It is Minnesota Housing's policy to affirmatively further fair housing in all programs so that individuals of similar income levels have equal access to its programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation. Property owners and managers are expected to comply with laws and regulations prohibiting housing discrimination when creating and implementing a tenant selection plan.~~

4. ~~<sup>4</sup> Federal Trade Commission, Using Consumer Reports: What Landlords Need to Know, available at~~ **Tenant Screening/Credit Reports.** Many housing providers use consumer reports, such as tenant screening or credit reports, as part of the application process. The Federal Trade Commission (FTC) provides [guidance for housing providers](#) who use such reports. The FTC requires that when a housing provider takes an adverse action based on information in a consumer report, the housing provider must provide a notice to the applicant that includes:
  - a. The name, address and telephone number of the credit reporting agency (CRA) that supplied the consumer report, including a toll-free telephone number for CRAs that maintain files nationwide;
  - b. A statement that the CRA that supplied the report did not make the decision to take the adverse action and cannot give the specific reasons for it; and,

- c. A notice of the applicant’s right to dispute the accuracy or completeness of any information the CRA furnished, and the applicant’s right to a free report from the CRA upon request within 60 days.<sup>4</sup>
5. **Notice of Denial.** Housing providers must give applicants a prompt written notice of denial that states the criteria the applicant failed to meet and the process to appeal.<sup>5</sup>
6. **Appeals Process.** Housing providers must offer an appeals process. The appeals process must allow ~~an opportunity for~~ applicants to provide information of mitigating circumstances or information that would demonstrate their ability to be a successful tenant, or correct inaccurate background check results. Housing providers must review all information provided to determine if the grounds for denial are a reliable indication of future tenancy performance. The appeals process and timeline must be clearly stated in the TSP. The housing provider must notify the applicant, in writing, of the outcome of the appeal.
7. **Domestic Violence.** Several federal programs, including HOME, National Housing Trust Fund, Section 811 and the Low-Income Housing Tax Credit (LIHTC) ~~program,~~ are subject to the restrictions outlined in the Violence Against Women Act (VAWA). VAWA ~~providessays~~ that an applicant “may not be denied admission ... on the basis that the applicant ... is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission.”<sup>6</sup> Similarly, adverse eligibility factors such as criminal activity or other adverse credit or rental history related to the abuse should not be considered.

Housing providers are encouraged to include language that clearly explains the protections for victims of domestic violence in their tenant selection plans.

Housing providers not subject to VAWA are still prohibited from discriminating against victims of domestic violence under the federal Fair Housing Act.<sup>7</sup> ~~¶~~ Therefore, policies and practices that target or otherwise discriminate against women because of their status as domestic violence survivors are likely unlawful under federal law. Examples of circumstances that are related to abuse include:

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<sup>4</sup> If the rejection is based on a credit score, the housing provider must also inform the applicant of the numerical score used as well as information based on the score. For more information, see 15 U.S.C. §§ 1681m(a), 1681g(f).

<sup>5</sup> Refer to Minn. Stat. § 504B.173.

<sup>6</sup> 42 U.S.C. § 14043e(b)(1); 24 C.F.R § 5.2001. Housing providers subject to VAWA should review HUD regulations and policies regarding how to fully comply with the requirements.

- a. Poor credit history resulting from the perpetrator using the victim’s name to open credit card accounts, loans, utilities,<sup>7</sup> and failing to pay unpaid medical bills resulting from the abuse or forcing the victim to work without pay.
- b. Poor rental history attributable to the perpetrator’s actions such as property damage, noise complaints, missed or late rent or utilities, or drug activity.
- c. Criminal grounds due to the perpetrator forcing the victim to engage in criminal behavior such as sex work, drug use or sale, or crimes committed by the victim to defend themselves or a third party from the abuse.<sup>7</sup>

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<sup>5</sup> If the rejection is based on a credit score, the housing provider must also inform the applicant of the numerical score used as well as information based on the score. For more information, see 15 U.S.C. §§ 1681m(a), 1681g(f).

<sup>6</sup> Refer to Minn. Stat. § 504B.173.

<sup>7</sup> 42 USC § 14043e(b)(1); 24 CFR § 5.2001. Housing providers subject to VAWA should review HUD regulations and policies regarding how to fully comply with the requirements.

<sup>8</sup> U.S. Department of Housing and Urban Development, Violence Against Women Act (VAWA) Reauthorization Act of 2013 – Additional

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<sup>7</sup> U.S. Department of Housing and Urban Development, Violence Against Women Act (VAWA) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents (June 30, 2017) available at: <https://www.hud.gov/sites/documents/17-05hsgn.pdf>

~~Housing providers are encouraged to include language that clearly explains the protections for victims of domestic violence in their tenant selection plans.~~

8. **Applicants with Disabilities and Reasonable Accommodations.** Housing providers must not raise barriers for individuals with disabilities, such as imposing requirements that applicants be able to live independently. Additionally, housing providers must have a written reasonable accommodation policy and process for handling accommodation requests at application. The housing provider's TSP must state that the reasonable accommodation policy will be made available to applicants upon request.<sup>7</sup>
9. **Tenant-based Rental Assistance.** As a condition ~~of receipt~~ of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective tenant because the prospective tenant has a housing choice voucher (HCV) or any other form of tenant-based rental assistance.<sup>7</sup> Research has shown that tenant-based rental assistance improves housing outcomes.<sup>8</sup> This requirement must be reflected in the tenant selection plan.
10. **Criminal Background Screening.** ~~In 2016, the U.S. Department of Housing and Urban Development (HUD) issued guidance that provides considerations for. Screening potential tenants for criminal history is a common practice by housing providers related to the use of criminal history in tenant. The intent is to maintain a safe environment for all households in multifamily housing developments. However, overly broad criminal screening and the Fair Housing Act. The includes practices may violate federal and state fair housing laws if they disparately affect protected classes.<sup>9</sup> Minnesota Housing has established the following considerations, which are relevant to all for properties funded by Minnesota Housing, the Agency when creating a criminal history screening practice.~~
  - a. ~~Arrests.~~ HUD makes it clear that a policy that rejects applicants because of arrests (without conviction) is not valid under fair housing laws.
  - b. ~~Convictions:~~

<sup>8</sup> Warren, Cael. Success in Housing: How Much Does Criminal Background Matter? Wilder Research 16 (January 2019), available at [https://drive.google.com/file/d/1HwYOBfJ\\_k98C6TT99w2o7ryk2CnAGvgo/view](https://drive.google.com/file/d/1HwYOBfJ_k98C6TT99w2o7ryk2CnAGvgo/view) (Wilder Research).

<sup>9</sup> See Texas Dept. of Housing and Community Affairs v. Inclusive Communities Project, Inc., 576 U.S. 519, 534 (2015) for a discussion on disparate impact liability. See also, e.g., McKenzie, Britny J., and Dash, Evan, Criminal Legal Records: An Impediment to Housing Choice, Fair Housing Justice Center, available at [https://fairhousingjustice.org/wp-content/uploads/2023/06/Criminal-Legal-Records\\_-\\_An-Impediment-to-Housing-Choice-FULL-w\\_Cover.pdf](https://fairhousingjustice.org/wp-content/uploads/2023/06/Criminal-Legal-Records_-_An-Impediment-to-Housing-Choice-FULL-w_Cover.pdf)

~~a. While a conviction is usually evidence of criminal conduct, HUD states that~~ **Arrests.** Numerous studies have shown that people of color are significantly more likely to be stopped and arrested than white people in the United States.<sup>10</sup> However, arrests themselves provide no evidence of criminal activity, and many arrests result in no charges being brought or criminal convictions. Accordingly, arrest records are not reliable means by which a housing provider can assess whether a potential tenant poses any safety concern and may violate state and federal housing laws. Therefore, a policy that rejects applicants based on arrest records (without conviction) is not valid under this guidance.

**Convictions.** While a conviction is usually evidence of criminal conduct, not all past criminal conduct is a reliable determinant of whether a potential tenant poses a safety concern or whether the potential tenant is more likely to reoffend. A research study of over 10,000 households who had resided in multifamily affordable housing showed that most types of criminal offenses do not significantly increase a household's likelihood of a negative housing outcome – such as a lease violation or non-payment of rent.<sup>11</sup> Additionally, the research showed that felonies that occurred more than five years prior to move in had no significant effect on housing outcomes and for misdemeanors, there are no significant effects after two years.<sup>12</sup>

Therefore, under this guidance, a housing provider's screening policy cannot simply exclude all applicants with convictions. Instead, ~~in order~~ to avoid liability under fair housing laws, the policy must accurately distinguish between convictions for criminal conduct that indicate a demonstrable risk to tenant safety ~~and/or~~ property and those that do not.

~~In addition, HUD recommends a tenant~~ Tenant screening policies should consider:

- i. The **nature and severity** of a conviction; and
- ii. The **amount of time that has passed** since the criminal conduct occurred.<sup>13</sup>

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<sup>10</sup> Kajeepeta, Sandhya. Barred from Housing: The Discriminatory Impacts of Criminal History Restrictions in Tenant Screening, Thurgood Marshall Institute, Legal Defense Fund, available at <https://tminstituteldf.org/criminal-background-checks-housing-barrier/#part2>

<sup>11</sup> Warren, Cael. Success in Housing: How Much Does Criminal Background Matter?, 15. Wilder Research (January 2019), available at [https://drive.google.com/file/d/1HwYOBfJ\\_k98C6TT99w2o7ryk2CnAGvgo/view](https://drive.google.com/file/d/1HwYOBfJ_k98C6TT99w2o7ryk2CnAGvgo/view) (Wilder Research)w1.

<sup>12</sup> Id.

<sup>13</sup> Id.

Guidance for Multifamily Owners and Management Agents (July 30, 2017) available at: <https://www.hud.gov/secretary/20170730-guidance-for-multifamily-owners-and-management-agents>

<sup>9</sup> See, e.g., Minn. Stat. § 363A.10 (“[D]iscrimination includes . . . a refusal to make reasonable accommodations in rules, policies, practices, or services, when accommodations may be necessary to afford a disabled person equal opportunity to use and enjoy a dwelling.”); 42 U.S.C. § 3604(f)(3)(B); Joint Statement of the Department of Housing and Urban Development and the Department of Justice, Reasonable Accommodation Under the Fair Housing Act (May 17, 2004), available at [https://www.fairhousing.org/sites/default/files/20040517\\_Joint\\_Statement\\_of\\_HUD\\_and\\_DOJ\\_Regarding\\_Reasonable\\_Accommodation\\_Under\\_the\\_Fair\\_Housing\\_Act.pdf](https://www.fairhousing.org/sites/default/files/20040517_Joint_Statement_of_HUD_and_DOJ_Regarding_Reasonable_Accommodation_Under_the_Fair_Housing_Act.pdf)

<sup>10</sup> Warren, Cael. *Success in Housing: How Much Does Criminal Background Matter?* Wilder Research 16 (January 2019), available at <https://www.wilderresearch.com/research/success-in-housing-how-much-does-criminal-background-matter/>.

<sup>11</sup> US Department of Housing and Urban Development, Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Reports by Providers of Housing and Real Estate-Related Transactions (Apr. 4, 2016), available at <https://www.hud.gov/secretary/20160404-guidance-on-application-of-fair-housing-act-standards-to-the-use-of-criminal-reports-by-providers-of-housing-and-real-estate-related-transactions>

<sup>12</sup> Some funding sources incorporate additional criminal screening requirements. Housing providers should consult with an attorney to ensure their plan complies with all program requirements.

<sup>13</sup> HUD makes clear that the Fair Housing Act does not prohibit housing providers from rejecting applicants with convictions of the illegal manufacture or distribution of the controlled substances listed in section 102 of the Controlled Substances Act, 21 U.S.C. HUD Guidance at 8. HUD stresses that the limitation applies only to convictions for manufacturing or distribution of those substances and does not apply to arrests (without conviction) for those offenses or to convictions for drug possession. Id

<sup>14</sup> The HUD Guidance cites research “reporting that after six or seven years without reoffending, the risk of new offenses by persons with a prior criminal history begins to approximate the risk of new offenses among persons with no criminal record.” HUD Guidance at 7 fn 34, citing Megan C. Kurlycheck et al., *Scarlet Letters and Recidivism: Does an Old Criminal Record Predict Future Offending?*, 5 *CRIMINOLOGY & PUB. POL’Y*

~~a.b. Mitigating Factors. HUD guidance advises that a~~ policy that considers mitigating information (as opposed to a policy with blanket exclusions) is less likely to ~~be in violation of/violate~~ fair housing laws. ~~HUD suggests that housing. Housing~~ providers should consider the following factors:

- i. The **facts or circumstances** surrounding the criminal conduct;
- ii. The **age** of the individual at the time of the conduct;
- iii. Evidence that the individual has maintained a **good tenant history** before and/or after the conviction or conduct; and
- iv. Evidence of **rehabilitation** efforts.

~~b.c. Consistent Application of Tenant Screening Policy. HUD stresses the importance of applying~~ It is important to apply the standards consistently to all applicants.

~~In addition to HUD guidance, recent research by the Wilder Foundation that examined over 10,000 households in affordable housing properties found:~~

- ~~a. Eleven of 15 criminal offense categories examined have no significant effect on housing outcomes;~~
- ~~b. The effect of a prior criminal offense on a tenant's housing outcome declines over time. Felonies that occurred more than five years prior to move in have no significant effect on housing outcomes; for misdemeanors, there are no significant effects after only two years; and,~~

~~The level of impact that criminal backgrounds may have on housing success is small in comparison to other factors such as household size, income and rental assistance.~~ Minnesota Housing encourages housing providers to read and consider ~~both the HUD guidance and the Wilder Foundation Research~~ study and consult with legal counsel before developing and submitting a TSP for review.

11. **Supportive Housing.** The TSP must clearly state the intended population for supportive housing units, and, if applicable, the referral source for these units.

Supportive housing programs are intended to house people who often have poor credit histories, poor rental histories, criminal histories, or other barriers that may prevent them from accessing housing. Such programs are successful in serving the people for whom they are designed only when these issues do not raise insurmountable barriers to accessing housing. To the extent permitted by the rules and regulations related to the type of housing, housing providers are encouraged to adopt lenient and flexible criteria regarding these common barriers when creating a TSP. ~~In addition, and in the course of tenant screening, consideration of mitigating factors either before or during an appeals process~~ Providers must also consider the extent to which supportive services will help alleviate the real or perceived

risk of the negative screening factors. Consideration of mitigating factors must be considered during tenant screening and prior to an appeals process.

<sup>14</sup> 483 (2006). That research also refers to studies showing that recidivism decreased significantly if the individual avoided engaging in criminal activity for two years. Kurlycheck at 7

HUD notes that by “delaying consideration of criminal history until after an individual’s financial and other qualifications are verified, a housing provider may be able to minimize any additional costs that such individualized assessment might add to the applicant screening process.” HUD Guidance at 7

<sup>16</sup> HUD Guidance at 9 (“For example, the fact that a housing provider acted upon comparable criminal history information differently for one or more individuals of a different protected class . . . is strong evidence that a housing provider was not considering criminal history information uniformly or did not in fact have a criminal history policy.”).

<sup>17</sup> Warren, Cael. *Success in Housing: How Much Does Criminal Background Matter?* Wilder Research 16 (January 2019), available at Wilder Research}.

real or perceived risk of the negative screening factors.

## 12. Records Retention. Minnesota Housing encourages records retention as a best practice.

Providers have found it beneficial to track outcomes to help ensure the process is effective for tenant success. To help ensure that tenancy determinations and appeals processes are being conducted in a non-discriminatory manner, housing providers should retain records regarding applicant denials and appeals in addition to tenant records. Housing providers are encouraged to periodically review such records for consistency and to identify areas where their records retention process could be improved.

## Tenant Screening Criteria

1. **Supplemental Evidence. For all housing units,** the tenant selection plan must state that an applicant can provide additional information with a completed application to explain, justify, or negate the relevance of potentially negative information that may be revealed by screening and that the applicant believes to be relevant to the applicant's predicted performance as a tenant.

The review of this information may occur after reviewing the screening report to assist the owner/agent in considering ALL circumstances related to applicant’s history. This information must be evaluated **before a final determination of acceptance or denial** of applicant and must also consider:

- a. The nature and severity of the incidents that would lead to a denial;
- b. The number and type of the incidents;
- c. The time that has elapsed since the date the incidents occurred;
- d. The age of the individual at the time the incidents occurred; and

- e. The extent to which the applicant has taken all reasonable steps to prevent or mitigate any negative history.
2. **For all housing units** that are not supportive housing, an owner must apply screening criteria that do not reject an applicant for any of the following reasons:
    - a. Credit history:
      - i. Credit score by itself, though information within a credit report directly relevant to fitness as a tenant can be relied upon by a landlord; or
      - ii. Insufficient credit history, unless the applicant in bad faith withholds credit history information that might otherwise form a basis for denial.
    - b. Rental history:
      - i. An eviction action pursuant to Minnesota Statutes Chapter 504B if the action:
        - Was dismissed or resulted in a judgment for the applicant before the applicant submits the application;
        - Resulted in a judgment against the applicant that was entered three (3) or more years before the applicant submits the application; or
        - Insufficient rental history, unless the applicant in bad faith withholds rental history information that might otherwise form a basis for denial.
    - c. Income to rent ratio: If a minimum income test is used, the income to rent ratio cannot exceed two and a half (2 ½) times the rent. Minnesota Housing does not have a minimum income requirement.
  3. **For all supportive housing units** (any units with supportive services that are restricted to or set aside to serve households or persons experiencing homelessness or with a disability, including high priority homeless (HPH) and people with disabilities (PWD) units), tenant selection plans must demonstrate the following:
    - a. Adherence to Housing First practices ~~principles, including addressing how~~ unless prohibited by a specific funding source and approved by Minnesota Housing at our sole discretion. Housing First practices include tenant screening ~~criteria reduces~~ practices that reduce barriers to ~~accessing housing~~ housing and separating service participation and engagement from lease requirements.
    - b. Applicants shall not be screened out based on housing history. This includes eviction history, references from previous landlords and others, as well as money owed to previous landlords or money owed for utilities unless the tenant will be responsible for utilities for the unit and is not able to resolve the issue to set up an account. A recent egregious activity in housing may be considered as a reason for rejection. This includes extremely disruptive behavior to peaceable enjoyment or abusive treatment of other tenants or staff.
    - c. Applicants shall not be screened out based on credit history or credit score.

An income to rent ratio cannot be required (e.g., “income must be two or three times the rent amount”), but an owner may review the applicant’s income to determine that

- they have adequate income to pay their portion of the rent if they do not have rental assistance.
- d. Criminal History: An owner's screening criteria shall not reject an applicant for any of the following reasons:
- i. Any arrest in an inactive case that did not result in conviction;
  - ii. Participation in or completion of a diversion or a deferral of judgment program, including stays of adjudication and continuances for dismissal or without prosecution;
  - iii. Any conviction that has been vacated or expunged, or for which the applicant received a stay of imposition of sentencing and complied with the terms of the stay;
  - iv. Any conviction for a crime that is no longer illegal in the state of Minnesota;
  - v. Any conviction or any other determination or adjudication in the juvenile justice system;
  - vi. Any convictions for petty misdemeanors, prostitution, alcohol related crimes, or low-level property crimes (theft);
  - vii. Any conviction for misdemeanor offenses for which the dates of sentencing are older than two (2) years;
  - viii. Any criminal conviction for felony offenses for which the dates of sentencing are older than seven (7) years; however, a landlord may deny an applicant who has been convicted of the illegal manufacture or distribution of a controlled substance as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802) or for those same offenses that mandate denial of tenancy in federally assisted housing subject to federal regulations, including but not limited to, when any member of the household is subject to a lifetime sex offender registration requirement under a state sex offender registration program.



## Funding Sources Requirements for Tenant Selection Plan (TSP) Guidelines

~~December~~ May 2026

Minnesota Housing Program/Funding Source:	Do Agency TSP Guidelines apply?
Asset Management Loans	Yes
Low and Moderate Income Rental (LMIR) and Flexible Financing Capital Costs (FFCC)	Yes
Housing Infrastructure <del>Bonds</del> <u>Resources (HIB)</u>	Yes
Preservation Affordable Rental Investment Fund (PARIF)	Yes
Economic Development and Housing Challenge (EDHC)	Yes
9% and 4% Housing Tax Credits (HTC)	Yes. Effective with 2022-2023 QAP.
HOME and National Housing Trust Fund (NHTF)	Yes. Subject to applicable federal requirements.
Section 811 Project-based Rental Assistance Program (811 PRA)	Yes. Subject to applicable federal requirements and the 811 PRA program- specific TSP Addendum Template.
Workforce Housing Development Program	No. Agency TSP Guidelines encouraged.
Rental Rehab Development Loan (RRDL)	No. Agency TSP Guidelines encouraged.
Publicly Owned Housing Program (POHP)	No. PIH Guidance and Regulations apply. Agency TSP Guidelines encouraged.
<u>State Housing Tax Credit</u>	<u>No.</u> <u>Agency TSP Guidelines encouraged.</u>





## Item: Approval, Amendments to the Bring It Home Rental Assistance Program Guide

**Action Item:** 7.G  
**Date:** 5/28/2026  
**Staff Contacts:** Peter Elwell, 651.539.9859, [peter.elwell@state.mn.us](mailto:peter.elwell@state.mn.us)  
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**Request Type:** Approval, Motion

### Request Summary

Staff requests board approval of amendments to the Bring It Home Rental Assistance Program Guide.

### Fiscal Impact

None.

### 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
- Amended Bring It Home Rental Assistance Program Guide

## Background

The Bring It Home Rental Assistance Program (Bring It Home) was authorized in the 2023 legislative session under [Minnesota Statute § 462A.2095](#). Bring It Home provides rental assistance for low-income families across Minnesota through both tenant-based and project-based rental assistance for cost-burdened households earning up to 50% of Area Median Income (AMI). Priority for rental assistance must be given to households with children 18 years of age and under and with annual incomes at or below 30% of AMI. Grantees may administer the program using existing administrative plans, amendments to current plans, or newly developed plans.

The Board approved the Bring It Home Program Guide on December 19, 2024. During the 2025 legislative session, the Legislature enacted changes to the authorizing statute. The statutory changes clarify that annual income recertification can only be used to adjust the amount of rental assistance to a household rather than to re-determine eligibility in the program. The updated legislation also provides the Commissioner with authority to implement formula-based allocations to redistribute unused or underutilized funds across Program Administrators without the requirement of a Request for Proposals (RFP).

The Bring It Home team is recommending updates to the Program Guide to reflect the 2025 changes to statute. In addition, the team is recommending updates to the Program Guide to better align with Agency standards and Office of Grants Management (OGM) requirements and clarify program requirements. All of the proposed updates were made in collaboration with staff from across the Agency.

While there are revisions throughout the Program Guide, substantive changes fall into two primary categories:

- Alignment with legislative changes, Agency standards and OGM requirements
- Clarification of program requirements to improve guidance to Program Administrators

The bullets that follow summarize the material updates under each category.

### **Alignment with Legislative Changes, Agency Standards and Office of Grants Management Requirements**

- **Introduction (Chapter 1):** Updated Section 1.01 to reflect the revised Values Statement for Program Guides, aligning with agency-wide standards.
- **Priority Populations (Chapter 2 and Chapter 3):** Added language allowing Program Administrators to establish additional priority populations based on local needs, per statute. The revision still maintains the statutory priority to serve households at or below 30% AMI with children 18 years and under. This flexibility allows local administrators to better address regional housing instability trends and community-specific needs.
- **Income Recertification (Chapter 3):** Clarified that annual recertification is only required to

adjust rental assistance amounts rather than to determine continued eligibility in the program. This change reflects the 2025 update to the statutory language.

- **Project-Based Voucher Requirements (Chapter 3):** Incorporated guidance on issuance of project-based vouchers consistent with Office of Grants Management procurement thresholds and documentation requirements. Also clarified that Program Administrators may choose whether to allow households in project-based voucher units to receive a tenant-based voucher after living in the unit for a year or more. While this is a requirement for Housing Choice Vouchers, it may not be practical under Bring it Home.
- **Grant Awards (Chapter 4):** Revised Section 4.01 to align with the 2025 statutory amendment by removing the requirement to issue an RFP while retaining Minnesota Housing's discretion to do so. The revisions provide the Agency with additional flexibility to redistribute funds through formula-based allocations when necessary to maintain statewide program coverage and utilization. The Agency may still use competitive processes when appropriate to address program needs or geographic gaps.
- **Grants Management Compliance Standards (Chapter 6):** Added Office of Grants Management requirements for posting organizational leadership and grant oversight contacts publicly, as well as participation in formal grantee performance evaluations.

#### Clarification of Program Requirements

- **Partnerships (Chapter 2):** Clarified roles and responsibilities of grantees participating in partnerships. The revisions specify that one entity must serve as the primary grantee responsible for voucher administration, reporting and compliance activities across the combined service area.
- **Utility Allowances (Chapter 2):** Added guidance on utility allowances and utility reimbursements to provide clearer directions to grantees.
- **Unserviced Geographic Areas (Chapter 4):** Retitled and revised this section to clearly outline processes for addressing geographic areas where no applications were received during the initial RFP or where program administration capacity is no longer available. These updates are intended to help ensure statewide coverage and continuity of rental assistance for eligible households.
- **Funding Process (Chapter 5):** Updated language to reflect how grants may be awarded following the initial two-year grant period. Continued funding for Program Administrators will be based on future legislative appropriations, grantee performance and program compliance. These updates are intended to support continuity of assistance while ensuring accountability for program administration.



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## **Bring It Home Rental Assistance**

Program Guide

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*An equal opportunity employer.*

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

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## Chapter 1 – Introduction

### 1.01 Values Statement

Our vision is that all Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy. We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making
- Listen and share the power we have,
- Honor, respect and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

### 1.02 Program Purpose and Authorizing Statute

Minnesota Housing has the authority under [Minnesota Statute 462A.2095](#) to establish and administer a statewide rental assistance program that provides tenant-based and project-based rental assistance through Program Administrators.

Minnesota Housing will retain a portion of the available funding, including but not limited to appropriations to cover administrative costs in accordance with [Minnesota Statute 462A.05, Subd. 8.](#)

### 1.03 Program Overview

The Bring it Home Rental Assistance Program, also referred to as “Bring It Home,” is a new program to create rental assistance for low-income families across Minnesota. Funded by state appropriations and the new metro sales tax for housing, the program will provide grants to Program Administrators who will administer the program as direct assistance for renter households.

The program provides funding for tenant-based and project-based rental assistance for cost-burdened households earning up to 50% area median income (AMI) or less. Cost burdened households means a household that is paying more than 30% of the household’s annual income on rent. Priority for rental assistance shall be given to households with children 18 years of age and under and annual incomes of up to 30% of the area median income.

A Program Administrator may provide tenant-based or project-based rental assistance in amounts equal to the difference between 30% of household income and the rent charged, plus an allowance for utilities if not included in rent. A Program Administrator may not provide assistance that is more than

the difference between 30% of the tenant's gross income and 120% of the payment standard, plus utilities, as established by the local Public Housing Authority, unless otherwise authorized by Minnesota Housing. Like the federal Housing Choice Vouchers, households may continue to receive housing assistance as long as the household remains income-eligible and is compliant with Participant obligations.

#### **1.04 Program Guide**

This Program Guide will be incorporated into and is considered part of the Grant Contract Agreement executed between the Program Administrator and Minnesota Housing.

#### **1.05 Definition of Terms**

Appendix A includes definitions of capitalized terms used in this Program Guide.

## Chapter 2 – Eligibility and Program Requirements

### 2.01 Eligible Recipients

To be eligible for Bring It Home Rental Assistance Program funds, the applicant must be a Program Administrator as defined in [Minnesota Statute 462A.2095, Subd 2\(c\)](#). Program Administrators are:

- Housing Choice Voucher (HCV) administrator: A Housing and Redevelopment Authority (HRA) or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937;
- Tribal Entity: A Tribal government or Tribal Designated Housing Entity; or
- Nongovernmental Organization: If there is no entity in either category above with the capacity or authority to administer the program, a nongovernmental organization determined by the Minnesota Housing to have the capacity to administer the program.

Minnesota Housing will make every effort to ensure coverage of all geographies within Minnesota so that all low-income renter households have an opportunity for assistance. Program Administrators may partner to deliver the rental assistance in another Service Area.

Partnerships may be used to increase geographic coverage, reduce financial limitations placed on smaller housing authorities, or fill gaps by Program Administrators that choose not to participate in the program. Program Administrators that choose to partner with another Program Administrator must enter into a Memorandum of Agreement (MOA) that describes how they will work together to achieve the agreed-upon goals and objectives. The MOA must be reviewed and approved by Minnesota Housing. Only one of the Program Administrators in the partnership can be the Grantee and administer the vouchers. Bring It Home does not permit subgrantee relationships.

The Grantee will be eligible to receive the combined Minimum Grant Awards for all Service Areas under the MOA. The Grantee will be responsible for all requirements under the contract, including issuing the vouchers for the combined Service Areas as well as meeting the monitoring and reporting requirements in Chapters 7 and 8 for the combined Service Areas. Vouchers issued under a partnership arrangement may be used anywhere within the partnership's combined Service Area.

### 2.02 Eligible Households

Households are eligible to apply for the Bring It Home Rental Assistance Program if they:

- Are a Minnesota resident;
- Have an annual income of up to 50% of the area median income as determined by the United States Department of Housing and Urban Development (HUD), adjusted for family size;
- Pay more than 30% of the household's annual income on rent;
- Are not receiving federal tenant-based assistance under Section 8 of the United States Housing Act of 1937, as amended; and

- Are not currently in a unit receiving project-based assistance under Section 8 of the United States Housing Act of 1937, as amended.

After initial eligibility, Program Administrators may use additional screening criteria to determine a household's qualification and prioritization for the program. Program Administrators may consider modeling tenant screening guidelines on Minnesota Housing's [Tenant Selection Plan Guidelines](#).

Priority for rental assistance must be given to households with children 18 years of age and under, and annual incomes of up to 30% of the area median income. Program Administrators may establish additional priority populations based on local need.

Program Administrators must ensure that additional screening criteria does not conflict with state law or Minnesota Housing policies. This includes but is not limited to:

- [Minnesota Statute 504B.117](#) - Individual Taxpayer Identification Number
- [Minnesota Statute 504B.173, Subd. 3a](#) – Denial Based on Pending Cases
- [Minnesota Statutes, chapter 363A](#) – Minnesota Human Rights Act
- Minnesota Housing [Tenant Selection Plan Guidelines](#), if Project Administrators are using Project Based Rental Assistance in their own properties

Program Administrators should consult with their legal counsel when adapting screening criteria from other rental assistance programs to ensure compliance with the Bring it Home Program. If there is a conflict between other program eligibility and the terms of this Program Guide, the Program Guide controls.

## 2.03 Eligible Uses

This program provides grants to Program Administrators for the purpose of providing tenant- or project-based rental assistance directly to Housing Providers for Eligible Households. Eligible uses under this program are Start Up Costs, Administrative Fees and Housing Assistance Payments.

- **Start Up Costs**

Start Up Costs shall include any necessary costs to establish and quickly disburse funds on behalf of Eligible Households to expediently engage in activities of establishing the program staff and infrastructure needed to operate the Bring It Home Rental Assistance Program as determined by the Program Administrator and approved by Minnesota Housing.

Start Up Costs should be adequate to establish program policies, hire and train staff, establish waitlists and develop program procedures during the first twelve months of the program. Start Up Costs will be covered through the initial grants with Program Administrators for the first round of funding only. The Start Up Costs are in addition to the Bring It Home Rental Assistance Program grant proceeds used for Housing Assistance Payments and Administrative Fees.

Examples of reasonable Start Up Costs include but are not limited to:

- Advertising for program staff, hiring and other recruitment activities;
- Hiring, onboarding, orientation and training of program staff;
- Initial salary and benefits for program staff before Administrative Fees are fully realized;
- Accounting and audit expenses;
- Legal fees related to the program;
- Software changes and licensing costs to run an efficient and responsible program including changes to Program Administrators' general software and accounting systems;
- Purchase of necessary office equipment, furnishings and technology equipment;
- Advertising and outreach materials including printing, advertising, changes to websites, pamphlets and social media;
- Educational outreach activities to Housing Providers, other service agencies and potential Participants. Translation and interpretations costs included; and/or
- Funding for operating losses incurred prior to Administrative Fees being fully realized.

Start Up Costs must be directly related to the Bring It Home Rental Assistance Program.

Unreasonable expenses may be rejected by Minnesota Housing. Approval or disapproval of Start Up Costs is at the sole discretion of Minnesota Housing.

- **Administrative Fees**

Administrative Fees are an eligible expense under the Bring It Home Program. Administrative Fees specifically for the Bring It Home Rental Assistance Program will be reimbursed on a monthly basis with submission of the disbursement request form provided by Minnesota Housing, based on the number of vouchers issued at the time of the submission.

Program Administrators may receive Administrative Fees based on a per voucher per month basis. Minnesota Housing has developed a schedule of Administrative Fees for the initial round of the Bring It Home Rental Assistance Program based on the Program Administrator's estimated number of vouchers. The schedule will be reviewed and updated by Minnesota Housing as necessary. Administrators will be notified when the schedule is updated.

Administrative expenses covered by Administrative Fees must be directly related to the Bring It Home Rental Assistance Program. A portion of a Program Administrator's Administrative Fee may be used for Landlord Incentive Programs.

- **Housing Assistance Payments (HAP)/Rental Assistance**

A Program Administrator must use grant proceeds to provide tenant-based or project-based rental assistance payments in an amount equal to the difference between 30% of the tenant's adjusted gross income and up to 120% of the payment standard, plus utilities, as established by the local Public Housing Authority, unless otherwise authorized by Minnesota Housing.

This rental assistance payment made by the Program Administrator to the Housing Provider is known as a Housing Assistance Payment (HAP). Program Administrators will calculate HAP amounts for each household and use grant proceeds to make payments directly to the Housing Provider. Program Administrators must use utility allowances and may provide utility reimbursements if they choose. The amount of the reimbursement is required to be capped at the amount of the utility allowance for that unit. Details regarding administration of the HAP can be found in Chapter 3 of this Guide.

## **2.04 Portability**

Portability between Program Administrators' Service Areas is not allowed in the Bring It Home Rental Assistance Program.

## **2.05 Privacy Act Notice and Tennesen Warning**

Prior to collecting private data from any individual, the Grantee must supply the individual with a Combined Privacy Act Notice and Tennesen Warning. The Notice and Warning must be consistent with the requirements of [Minnesota Statute 13.04, Subd. 2](#) and list Minnesota Housing as a party with whom the data may be shared.

## Chapter 3 – Housing Assistance Payments/Rental Assistance Options

Program Administrators may choose from one of three options to administer the Bring It Home Rental Assistance Program: Option 1: Existing Procedures, Option 2: Amended Procedures and Option 3: Alternative Plans.

A Program Administrator may pick one or more option in administering their grant and operating the program. Minnesota Housing must approve the Program Administrator's Option 2: Amended Procedures or Option 3: Alternative Plan.

Under all options, the following Bring it Home Rental Assistance Program statutory requirements must be met:

- Maximum household income of 50% AMI, as determined at the time of initial receipt of rental assistance;
- Priority for households with children 18 years and under and annual incomes below 30% AMI (Program Administrators may establish additional priority populations based on local need as long as the statutory priority remains the top priority population);
- Housing Assistance Payments are made directly to the Housing Provider; and
- Eligible ongoing grant expenses (after Start Up Costs) are Housing Assistance Payments and Administrative Fees.

In addition, under all options listed below, Program Administrators must recertify household income annually and comply with program eligibility requirements, and applicable state and federal laws.

### 3.01 Option 1: Existing Procedures

Program Administrators may follow Existing Procedures used to administer the federal Housing Choice Voucher (HCV) or other substantially similar federal rental assistance programs. Existing procedures do not require approval by Minnesota Housing. However, Program Administrators should consult with their legal counsel when adapting policies and procedures from other rental assistance programs. These include the following federal programs:

- Housing Choice Voucher Program
- Moving to Work (MTW) Demonstration Program
- Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) or other Tribally based housing programs

Program Administrators may follow their HCV Administrative Plan or similar document in establishing requirements such as waitlists, leasing units and making payments.

Under Option 1, Program Administrators may adopt the following changes to their Existing Procedures without further review by Minnesota Housing:

- Rental Assistance at up to 120% of the payment standard
- Prioritization for households with children 18 years and under and annual incomes below 30% AMI

### **3.02 Option 2: Amended Procedures**

Program Administrators may propose using their Existing Procedures as outlined in Option 1 with substantial modifications to achieve the goals of reaching households most in need and incentivizing Landlord participation. The substantial modifications must be submitted for review and approval by Minnesota Housing.

Under Option 2, Program Administrators must submit an outline of what items will differ from the Program Administrator's HCV Administrative Plan or similar document beyond the changes that are automatically approved under Option 1.

Minnesota Housing encourages the following modifications under Option 2 and will expedite approval for Program Administrators that propose only these modifications:

- Additional time for the housing search so that renters are more likely to find and secure housing.
- Alternatives to the HUD Housing Quality Standards/National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections that achieve efficiencies for the renter, Housing Providers and Program Administrator while maintaining health and safety standards.
- Changes to the definitions of household or family for the purposes of determining eligibility.
- Project-based assistance without limitations on the number of units receiving Rental Assistance per property or address.
- Issuance of project-based Rental Assistance without HUD-required property reviews such as environmental reviews that are not otherwise required by state or local law.
- Allowing households to rent units above 120% of the payment standard and pay up to 50% of their income towards rent where the Program Administrator can demonstrate that choices are severely restricted, the alternative would be homelessness or housing instability and all other options have been exhausted.
- Allowing shorter-term leases including month-to-month or rental agreements that are not in a standard lease form where the Housing Provider would otherwise refuse to rent to the household.
- Allowing Eligible Households to apply using an individual taxpayer identification number.
- Allowing eligibility based on receipt of income-based state or federal benefits.

### 3.03 Option 3: Alternative Plan

A Program Administrator may choose to submit an Alternative Plan for a Bring It Home Rental Assistance program that does not rely on existing procedures and differs substantially from Option 1: Existing Procedures or Option 2: Amended Procedures.

Minnesota Housing will review Alternative Plan proposals and procedures and, at its sole discretion, approve or deny the plans. Minnesota Housing encourages Program Administrators to operate at least some portion of each grant under Option 1 or Option 2 in order to expedite and increase Rental Assistance availability in all communities.

A Program Administrator may also develop an Alternative Plan where the proposed method of assisting renter households is in no way similar to an HCV, MTW or NAHASDA Administrative Plan.

In all cases, the basic requirements of the Bring it Home Rental Assistance Program as described in 2.02 must be met:

- Serve households at or below 50% AMI who pay more than 30% of their income toward rent;
- Provide housing assistance for the difference between 30% of renter income and the contract rent or 120% of the payment standard, whichever is lower; and,
- Prioritize households with children 18 years and under and annual incomes below 30% AMI.

All submissions for Option 2: Amended Procedures or Option 3: Alternative Plan must be approved by Minnesota Housing.

### 3.04 Project Based Rental Assistance

Program Administrators may choose to use all or a portion of grant proceeds for Project Based Rental Assistance vouchers. Program Administrators that plan to fund Project Based Rental Assistance are not required to follow HUD's PBV guidelines. However, the Program Administrator should include the proposed PBV procedures. Program Administrators must have a competitive process for any Project-Based voucher contract that is \$10,000 or more.

- Services and/or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of two (2) bids or awarded to a targeted vendor.
- Services and/or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three bids or awarded to a targeted vendor. Any services and/or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process.
- The Grantee must maintain supporting documentation of the purchasing or bidding process used to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

For the purposes of Bring it Home, the term “services” refers to the amount of the Project-Based voucher contract and “bids” refers to applications to receive Project-Based vouchers from a Program Administrator. Verbal applications will not be allowed for Project-Based vouchers.

There are two exceptions to the bidding requirements. First, if a Program Administrator places Project-Based vouchers in a project that they own and operate, they do not need to hold a competitive process. Second, a Program Administrator may select a proposal to Project-Based vouchers without a Request for Proposal (RFP) when that proposal has been selected through a competitive process within the last three years.

Program Administrators must use the Project-Based voucher contract in the format provided by Minnesota Housing on the Bring It Home [webpage](#).

Program Administrators may choose whether to allow households that are in Project-Based voucher units to receive a tenant-based voucher after living in the unit for a year or more. If Program Administrators elect to allow this, the policy must be applied to all Project-Based units in that Service Area.

## Chapter 4 – Funding Information

Bring It Home Rental Assistance Program funds will be made available as grants to eligible Program Administrators. Minnesota Housing may use a formula to determine award amounts.

As outlined in [Minnesota Statute 462A.2095](#), Minnesota Housing has established a Minimum Grant Award for each Program Administrator with a set-aside for Tribal Nations. Program Administrators may request additional grant funds subject to their performance under the grant contract agreement and availability of additional or unused funds. Program Administrators that operate in multiple Service Areas under a Memorandum of Agreement or where there is no other qualified Program Administrator may receive the total of all Minimum Grant Awards in all covered Service Areas.

### 4.01 Minimum Grant Awards

Minnesota Statute 462A.2095 subd. 3 (a) requires Minnesota Housing, to the extent practicable, to issue grants statewide in proportion to the number of households eligible for assistance in each county according to the [American Community Survey](#) (ACS). Minnesota Housing will grant awards through a formula consistent with the statute. Minnesota Housing will release a schedule of Minimum Grant Awards that reflects the minimum annual amount of funds a Program Administrator would receive.

For Program Administrators that are HRAs or similar organizations as described in 2.01, the Minimum Grant Awards are meant to cover a specific Service Area that is made of the geography covered by that Program Administrator. Eligible Tribal entities are not restricted to serving any particular geographic areas in the state of Minnesota. For eligible nongovernmental organizations that meet the requirements in 2.01, the organization would serve only the geographies for which it has submitted an application and an entity that is a HRA is not otherwise serving.

Minnesota Housing's methodology for forecasting revenues, establishing a set-aside for Tribal Nations, determining need and establishing Minimum Grant Awards is in Appendix B.

Minnesota Housing reserves the right to issue an RFP or solicitation as necessary to address statewide need. If an RFP is held, instructions for applying for the RFP will be found on Minnesota Housing's website, including, but not limited to, application instructions, documentation checklists, RFP timeline and submission process. Eligible entities must apply through the RFP with a complete application in order to be selected as a Program Administrator.

An eligible Program Administrator may apply for any amount of funding through the RFP or solicitation. If the Program Administrator requests less than the Minimum Grant Award, the award would be capped at the requested amount, rather than the Minimum Grant Award. Program Administrators may apply for more than the Minimum Grant Award amount and may be eligible to receive additional funding subject to availability of additional or unused funds.

## 4.02 Unserved Geographic Areas

Minnesota Housing will work diligently to make sure all geographic areas are covered.

If a Program Administrator described in 2.01 does not apply for the Minimum Grant Award covering the Service Area, partner with another Program Administrator, or is no longer able to administer the program, the award for that Service Area would be made in the following priority:

- First to an eligible HCV Administrator or Tribal entity that has a current grant contract agreement for Bring It Home and is geographically adjacent to the Service Area.
- Second to an eligible HCV Administrator or Tribal Administrator that has submitted a complete application that indicates they would serve the Service Area.
- Third to a nongovernmental organization that has a binding agreement for Bring it Home.

Finally, a nongovernmental organization that is determined by Minnesota Housing to have the capacity to administer the program if such organization has submitted a complete application for the Service Area through an RFP. **Tribal Entities**

Minnesota Housing will notify Tribal Entities that have not applied for funding during the initial RFP that they can apply for the remaining funding under the Tribal set-aside if there are funds available. Interested Tribal Entities will submit a letter of interest, a brief narrative and budget in a format required by Minnesota Housing for the Tribal Nation they wish to serve.

### **HCV Administrators**

Minnesota Housing will notify Minnesota HCV Administrators of the uncovered Service Areas and the Minimum Grant Award amounts available for each Service Area. Interested HCV Administrators will submit a letter of interest, a brief narrative and budget in a format required by Minnesota Housing for the Service Area(s) they wish to serve.

If more than one HCV Administrator expresses interest in the same Service Area, the decision will be based upon the following considerations:

- Current performance of Bring it Home and Housing Choice Vouchers, including program implementation, voucher utilization and compliance
- Capacity
- Experience working with households in the geographic area

## Chapter 5 – Funding Process, Review and Financial Criteria

This Program is subject to applicable policies established by the Minnesota Department of Administration's [Office of Grants Management](#) (OGM).

After the initial two-year grant contract agreement period, Minnesota Housing will award **funding** to Program Administrators, selected during the initial RFP, in the form of a new biannual grant contract agreement. Funding is contingent on continued, sufficient funding from the Minnesota Legislature and evidence of the Program Administrator's acceptable past performance, as determined at the sole discretion of Minnesota Housing. Program Administrators will not receive payment for work found by Minnesota Housing to be unsatisfactory or performed in violation of federal, state or local law.

Minnesota Housing, at its sole discretion, may choose to conduct a formal RFP or solicitation for all unserved geographies. If no eligible Tribal Entities or HCV Administrators apply for a service area, then Minnesota Housing will conduct a formal solicitation (RFP) for all entities, including nongovernmental organizations, to apply for those areas. Funding will be allocated using the formula developed by Minnesota Housing.

Minnesota Housing will make forms and instructions available on its website at such times and for such duration as it deems necessary and appropriate to fulfill the goals of the Program.

### 5.01 Funding Selections and Work Plan

Funding selections are subject to approval by the Minnesota Housing Board of Directors. Minnesota Housing's award decisions are final and are not subject to appeal.

After selection, each Grantee will receive a grant award letter with the allocated grant amount, terms and any due diligence requirements. The Grantee must complete a work plan and budget template based on the allocated grant amount. The work plan and budget template will be provided by Minnesota Housing and incorporated into the Grant Contract Agreement.

## Chapter 6 – Contracting, Payments and Budget Modifications

### 6.01 Grantee Requirements

The Grantee is a party to the Grant Contract Agreement and shall adhere to the following requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls. Program Administrators will be required to:

- Execute a Grant Contract Agreement with Minnesota Housing outlining the scope of work to be performed. The Grantee may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Agree to clearly post on the grantee's website the names of, and contact information for, the organization's leadership and the employee or other person who directly manages and oversees the grant for the grantee per [Minn. Stat. 16B.98](#).
- Acknowledge that Minnesota Housing will complete a Grantee Performance Evaluation at the end of the grant term, which will be saved to the grantee's file. For all contracts over \$25,000, evaluation information will be submitted to the Office of Grants Management and made available [publicly online](#).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all grant proceeds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records as a part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed or discovered conflicts of interest must be reported to Minnesota Housing in a timely manner.
- Comply with applicable contracting and bidding requirements noted in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements noted in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

### 6.02 Payment Requests

After the Grant Contract Agreement is fully executed, the Program Administrator may only submit a disbursement request to Minnesota Housing using the disbursement request form provided by Minnesota Housing. On the disbursement request form, the Program Administrator must identify the actual expenditures for Start Up Costs and Housing Assistance Payments (HAP). Disbursements will be

made directly to the Program Administrator. Minnesota Housing will process one disbursement request per month for each Program Administrator. Administrative Fees will be based on a per voucher per month basis based on the number of vouchers issued.

The disbursement schedule will be determined by the Grant Contract Agreement. Minnesota Housing may provide an initial advanced payment, at the Agency's discretion, for a portion of the awarded Start Up Costs and HAP payments to the Program Administrator within applicable laws, rules, and policies.

### **Start Up Costs**

Start Up Costs are intended to be used for the first twelve months of the Bring It Home Rental Assistance Program and may include any necessary expenses to establish and quickly disperse funds on behalf of Eligible Households to expediently engage in activities for initial start-up expenses determined by the Administrator. Start Up Costs will be paid monthly for the start-up period as outlined in the Grant Contract Agreement. Program Administrators will prepare a budget proposal and submit it with their initial application. Minnesota Housing will review, request changes as needed and approve the start-up budget.

### **Monthly Housing Assistance Payments**

Program Administrators will prepare and submit to Minnesota Housing their monthly Housing Assistance Payment requests that detail actual expenditures and summary participant information for the previous month. The information collected with the disbursement request form includes but is not limited to actual expenses incurred in the payment of rent plus utilities for the previous month, and other supporting documentation as requested by Minnesota Housing. .

Minnesota Housing will use a disbursement request form to determine the reimbursement amount to be sent to the Grantee. The Grantee should submit the request for funds to Minnesota Housing no later than the 15th of each month, unless other arrangements have been approved by Minnesota Housing.

### **Administrative Fees**

At the time of selection for funding, Minnesota Housing will approve a monthly Administrative Fee based on a per voucher per month basis for the Program Administrator, and it will be described in the Grant Contract Agreement. The monthly disbursement request form will calculate the total amount of eligible Administrative Fees to be paid to the Program Administrator based on the number of vouchers that are issued.

### **6.03 Budget Modifications that Do Not Require Pre-Approval**

Grantees are not required to seek Minnesota Housing approval for the following budget modifications but are required to inform Minnesota Housing staff in writing of these budget modifications within two working days of making the modification:

- Moving funds between Start Up Cost line items. For example, from software to technology equipment.

### **6.04 Budget Modifications that Require Preapproval**

All other budget modifications require approval from Minnesota Housing. When requesting a budget modification, Grantees must submit the following information in writing to Minnesota Housing staff:

- The reason for the request;
- The amount of funds proposed to be shifted;
- The expense categories that funds will be moved to and from; and
- If there will be a change in the total projected households served or an impact to the program design outlined in the application or work plan.

Budget modification request approvals are at the sole discretion of Minnesota Housing.

## Chapter 7 – Reporting, Monitoring and Record Keeping

### 7.01 Reporting

In order to demonstrate the success of the program, data collection will be required on an ongoing basis. Data will be shared with the legislature, the Governor’s office and the public.

Minnesota Housing will establish a template through which Program Administrators will submit a report which will include information on overall program administration and Participant information. This template will be available on Minnesota Housing’s website. The following are examples of the types of information that may be requested:

Program information, such as, but not limited to:

- Payment Standards/Income Limits
- Number of people on the waiting list
- Shopping times
- Number of vouchers currently issued
- Number of vouchers that are under contract
- Number of Participants denied assistance and reason for denial
- List of vouchers by bedroom size
- Number of Project Based Rental Assistance and Tenant Based Rental Assistance vouchers

Participant information, such as, but not limited to:

- Number of household members
- Background at admission such as income, assets, race, disability status, etc.
- Unit to be occupied on effective date of action
- Assets
- Income
- Contract rent
- Housing Assistance Payment (HAP)
- Total Tenant Payment (TTP)
- Other information as requested by Minnesota Housing

### 7.02 Monitoring

Minnesota Housing will conduct ongoing monitoring and evaluations of the projects funded by the Program. If the grant award is over \$250,000, annual monitoring will be required. If the grant award is less than that amount, monitoring will be required once during the biennium. The following will be required as part of grant monitoring:

- A written narrative that summarizes the grant activities, outcomes, eligible expenses and challenges for the given period.
- A financial reconciliation completed by Minnesota Housing as required by [OGM Policy 8-10](#) on Grant Monitoring before the final payment is made or within 12 months of issuance. Grantees shall be required to submit a cost report or general ledger, including receipts and expenses for the work, invoices for the work, and any other documentation deemed necessary by Minnesota Housing to complete the financial reconciliation.
- A final written narrative and financial review that includes the outcomes of the grant activities and confirmation of compliance with applicable affordability requirements.
- Site visits at the request of Minnesota Housing.

Minnesota Housing will schedule monitoring with Program Administrators giving adequate notice and preparation time (typically 30 days). Minnesota Housing staff will advise Grantees on how to prepare for the monitoring visit and financial reconciliation, the format for the monitoring and which Program Administrator staff should be involved in the visit.

Minnesota Housing staff will review all financial and progress narratives that have been submitted by a Program Administrator prior to the monitoring visit.

During a monitoring visit, Minnesota Housing staff will complete a review of the overall program as well as a review of the Participant files. The review will include, but not be limited to, the following items:

- Overall program review including:
  - Program outcomes and reporting
  - Grantee policies and procedures
  - Program Administrator's Administrative Plan or other program guidelines
  - Payment Standards/Fair Market Rents
- Financial records including:
  - Expenditures for Housing Assistance Payments to Housing Providers
  - Security deposits
  - Balance sheet and check register
  - Program Administrator's adherence to the Procedures (or other program guidelines), the Bring It Home Program Guide and the Grant Contract Agreement
  - Participant files

Grantees are responsible for maintaining financial records that document the use of all Bring It Home Rental Assistance funds and that include all eligible payments. After completion of the grant term, Grantees are expected to maintain all records for a minimum of six years after the grant term has ended. In addition to program financial records, Participant records must also be maintained for a minimum of six years after the grant term has ended. In addition, Minnesota Housing reserves the

right to review financial and Participant records during this period, and records must be made available upon request.

### 7.03 Participant Files

Each Program Administrator will establish files for applicants and Participants. Minnesota Housing will provide a template for required file documentation.

Minnesota Housing will review Participant files kept on site by the Program Administrator during site visits or through an audit of requested files. Minnesota Housing staff will determine the number of files for review and select files via a random sampling. Additional files may be reviewed at Minnesota Housing's discretion.

File documentation should align with the procedures the Program Administrator has adopted for Bring It Home Rental Assistance and with any Minnesota Housing approvals. A checklist for required file documentation may be found on Minnesota Housing's [website](#). File documentation may include, but is not limited to:

- Household Application for Bring It Home Rental Assistance
- Minnesota Government Data Practices Act Disclosure Statement and Acknowledgement (signed by all adults 18 or older on lease)
- Income and Asset determination
- Computation of gross Income, payment standard, Participant rent and HAP
- Unit inspection report
- Executed lease agreement
- Recertification documents
- Other correspondence

### 7.04 Corrections and Funding Repayment

If the Grantee expends funds on any ineligible expenses, Minnesota Housing will issue a notification to the Grantee requiring immediate return of the applicable funds. The Grantee shall have 10 business days to respond to Minnesota Housing to appeal the determination and submit any supporting documentation that supports its appeal or return the improperly invoiced funds. Minnesota Housing may extend the appeal period at its sole discretion. Grantees that fail to comply and/or return funds within 10 business day for ineligible uses may be subject to consequences, including a finding of Unacceptable Practices in future Consolidated Requests for Proposals (RFPs), suspension from doing business with Minnesota Housing, and/or any other disciplinary or legal action Minnesota Housing deems appropriate and as determined at Minnesota Housing's sole discretion.

## 7.05 Record Keeping

Grantees are responsible for maintaining records that document the use of all grant proceeds. Grantees must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Grantees must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include, but are not limited to:

- Executed Grant Contract Agreement and any amendments
- Reports submitted by the Grantee to Minnesota Housing
- Any necessary approvals, such as city council resolutions regarding application for, receipt and expenditure of program funds
- Invoices and supporting invoice documentation (receipts, proof of payment, etc.)
- Written approvals from Minnesota Housing

## Chapter 8 – Government Data Practices Act

The Program Administrator and Minnesota Housing must comply with the Data Practices Act ([Minnesota Statutes Chapter 13](#)). The Data Practices Act applies to all data provided by Minnesota Housing under the Grant Contract Agreement, and it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Program Administrator under the Grant Contract Agreement. The civil remedies of [Minnesota Statute 13.08](#) apply to the release of the data referred to in this section by either the Program Administrator or Minnesota Housing.

The Data Practices Act provides that the collection and use of nonpublic data including private and confidential data on individuals “shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government” ([Minnesota Statute 13.05, Subd. 3](#)). The Program Administrator must “establish appropriate security safeguards” including that data are “accessible to persons whose work assignment reasonably requires access to the data and is only to be accessed by those persons for purposes described in the procedure” ([Minnesota Statute 13.05, Subd. 5\(a\)\(2\)](#)).

The Program Administrator will ensure that it protects any nonpublic data it receives. Private or confidential information on individuals may include but is not limited to:

- Name
- Email address, phone number, or other contact information
- Photos

The Program Administrator should contact Minnesota Housing with any questions about the Data Practices Act and whether a request it received is considered a data request. If the Program Administrator receives a request to release the data referred to in this section, the Program Administrator must immediately notify Minnesota Housing. Minnesota Housing will give the Program Administrator instructions concerning the release of the data to the requesting party before the data is released. The Program Administrator’s response to the request shall comply with applicable law.

## Appendix A – Definitions

Term	Definition
Administrative Fees	Funds provided to Program Administrators for the operation of the program.
Alternative Plan	A set of procedures developed by the Program Administrator to implement the Bring It Home Rental Assistance Program that are substantially different from their Existing Procedures.
Amended Procedures	A modified version of the procedures currently used in a Program Administrator’s federal rental assistance program, such as the Housing Choice Voucher Program, Moving to Work demonstration program, or tribal rental assistance program.
Bring it Home Rental Assistance Program	State of Minnesota rent assistance program established under <a href="#">Minnesota Statute 462A.2095</a> .
Data Practices Act	References the Minnesota Government Data Practices act ( <a href="#">Minnesota Statutes chapter 13</a> )
Eligible Household	A household domiciled in Minnesota with an annual income of up to 50% of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying more than 30% of the household's annual income on rent. Eligibility is determined at the time a household first receives rental assistance under this section.
Existing Procedures	Procedures currently used by a Program Administrator’s federal rental assistance program, such as the Housing Choice Voucher program, Moving to Work demonstration program, or tribal rental assistance program.
Grant Contract Agreement	The Grant Contract Agreement executed between the Minnesota Housing Finance Agency and the Grantee for funds to

Term	Definition
	administer the Bring It Home Rental Assistance Program.
Grantee	An entity awarded funding under the Bring It Home Rental Assistance Program. Also referred to as the Program Administrator.
Housing Assistance Payments (HAP)	Rental Assistance payments made on behalf of a Participant to a Housing Provider. Generally, these payments will be the difference between 30% of the Participant's income and the rent.
Housing Choice Voucher (HCV)	The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.
HCV Administrator	An entity, typically a public housing authority, Housing Redevelopment Authority or community development agency that has a contract with the Department of Housing and Urban Development to administer the HCV program.
Housing Provider	A property owner, manager or other authorized individual acting as a Landlord under Minnesota law.
Housing Redevelopment Authority (HRA)	A municipal public entity, legally separate from the city council, created to address local housing needs.
Landlord	An owner of real property, a contract for deed vendee, receiver, executor, trustee, lessee, agent, or other person directly or indirectly in control of rental property

Term	Definition
Landlord Incentive Programs	Programs developed to provide Housing Providers with resources - financial or otherwise - to encourage participation in the Bring It Home Rental Assistance Program.
Memorandum of Agreement (MOA)	A legally binding document between two parties that outlines the agreed upon terms to work cooperatively together on a project or program.
Minimum Grant Award	The minimum annual amount of funds a Program Administrator would receive that is in proportion to its share of households eligible for assistance and is provided by Minnesota Housing in a schedule.
Minnesota Housing or Agency	The Minnesota Housing Finance Agency or Minnesota Housing
Nongovernmental Organization	A nonprofit organization that works independently from any government, typically with a humanitarian or charitable mission.
Participant	A family or individual who has received Bring It Home Rental Assistance
Portability	The ability for a program Participant to use Rental Assistance outside of the Service Area served by a Program Administrator. This is not allowed for Bring It Home Rental Assistance.
Program Administrators	Housing and redevelopment authority or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937; A Tribal government or Tribal designated housing entity; or if there is no entity under clause (1) or (2) with the capacity or authority to administer the program, a nongovernmental organization determined by Minnesota Housing to have the capacity

Term	Definition
	to administer the program. Also referred to as the Grantee.
Program Guide	This document developed by Minnesota Housing explaining the policies and procedures used to administer the Bring It Home Rental Assistance Program.
Project Based Rental Assistance	A housing subsidy that connects rental assistance to a specific housing unit and remains project based
Public Housing Authority (PHA)	A state, county, municipality or other governmental entity or public body or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the United States Housing Act of 1937 in accordance with 24 CFR §5.100.
Rental Assistance	Financial assistance provided to Housing Providers on behalf of individuals or families who are unable to afford their rent
Service Area	The geographic area in which a Program Administrator will be administering tenant-based or project-based Rental Assistance through the Bring It Home Rental Assistance Program.
Start Up Costs	Necessary expenses in the first twelve months of a Grantee's contract to establish and begin administration of the Bring It Home Rental Assistance Program for the Grantee's Service Area.
Tenant Based Rental Assistance	A housing subsidy that connects rental assistance to an Eligible Household rather than a specific housing unit.
Tribal Designated Housing Entity	Entities that meet the requirements defined by Unites States Code, title 25, section 4103(22)

## Appendix B – Bring It Home Minimum Grant Award Amount Methodology

For non-Tribal Program Administrators, Minnesota Housing was required to use the most recent data from the Census Bureau's [American Community Survey](#) (ACS), which is updated annually, to determine the number of Eligible Households (those who would be eligible for the Bring It Home Rental Assistance Program) by Program Administrator Service Area.

The number of Eligible Households was then multiplied by the average Housing Assistance Payment (HAP) provided by HUD (which was a point in time for the most recent year) to determine the amount of money needed to assist all Eligible Households, which totaled approximately \$163 million per month.

The need amount for each Program Administrator was then divided by the total amount of need to come up with a “share of need” for each Program Administrator’s Service Area.

The share of need percentage was then multiplied by the total projected amount available (metro sales tax and appropriated funds) for the Bring It Home Rental Assistance Program to determine each Program Administrator’s Minimum Grant Award amount. The metro sales tax funds will only go to Program Administrators in the metro area, and the appropriated funds will largely go to Program Administrators in Greater Minnesota with a small share potentially going to the metro area.

Tribal Nations do not currently participate in the federal Housing Choice Voucher (HCV) program and therefore HAP payments are not available to calculate the cost of administering the Bring It Home Rental Assistance Program within the Tribal Service Areas. In addition, Tribal Service Areas are not limited by specific geographic boundaries. Minnesota Housing analyzed need among renters likely to be served by Tribal Program Administrators. Tribal Nations will apply for grants within a set-aside of Minimum Grant Awards that is funded by state appropriations.

The Minimum Grant Award calculations will be updated at least once before each new grant cycle begins.

## **Appendix C – Legal Addendum**

### **1.01 Conflict and Control**

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

### **1.02 Fraud**

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.03 Misuse of Funds**

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.04 Conflict of Interest**

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- Actual Conflict of Interest: An Actual Conflict of Interest occurs when a person’s decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- Potential Conflict of Interest: A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- Appearance of a Conflict of Interest: The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person’s personal interest, affiliation or relationship inappropriately influenced that person’s action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one’s judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- Business: Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- Family Member: A person’s current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person’s household.
- Friend: A person with whom the individual has an ongoing personal social relationship. “Friend” does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. “Friend” does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- Outside Interest: An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- Partner: A person’s romantic and domestic partners and outside Business partners.
- Relative: Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party’s responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and Request for Proposals (RFP) material, if applicable, for further requirements.

### **1.05 Assistance to Employees and Affiliated Parties**

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

### **1.06 Suspension**

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to

Minnesota Housing’s website for a list of [suspended individuals and organizations](#) (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, Grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing’s Risk and Internal Controls Director at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);
- Any member Minnesota Housing’s [Servant Leadership Team](#), as denoted on Minnesota Housing’s current organizational chart (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- [Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select Report Wrongdoing).

## 1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## 1.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing’s fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate-related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers

and other entities involved in real estate-related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate-related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

## 1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, [Minnesota Statutes Chapter 13](#), as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of [Minnesota Statute 13.08](#) apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing.

Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes Chapter 177](#) or [Minnesota Statute 116J.871](#). In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. [Minnesota Statute 116J.871](#) applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

[Minnesota Statute 116J.871](#) sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to:  
[mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

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## Item: 2026 State Legislative Session Recap

**Discussion Item:** 8.A  
**Date:** 05/28/2026  
**Staff Contacts:** Dan Kitzberger, dan.kitzberger@state.mn.us  
Ryan Baumtrog, ryan.baumtrog@state.mn.us  
**Request Type:** No Action, Discussion

### Request Summary

The 2026 State Regular Legislative Session ended on May 18. Staff will provide an update of legislative action at the board meeting.

### Fiscal Impact

To be discussed at the board meeting.

### Agency Priorities

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

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

**Information Item:** 9.A  
**Date:** 5/28/2026  
**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 Second Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

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

## **Second 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.

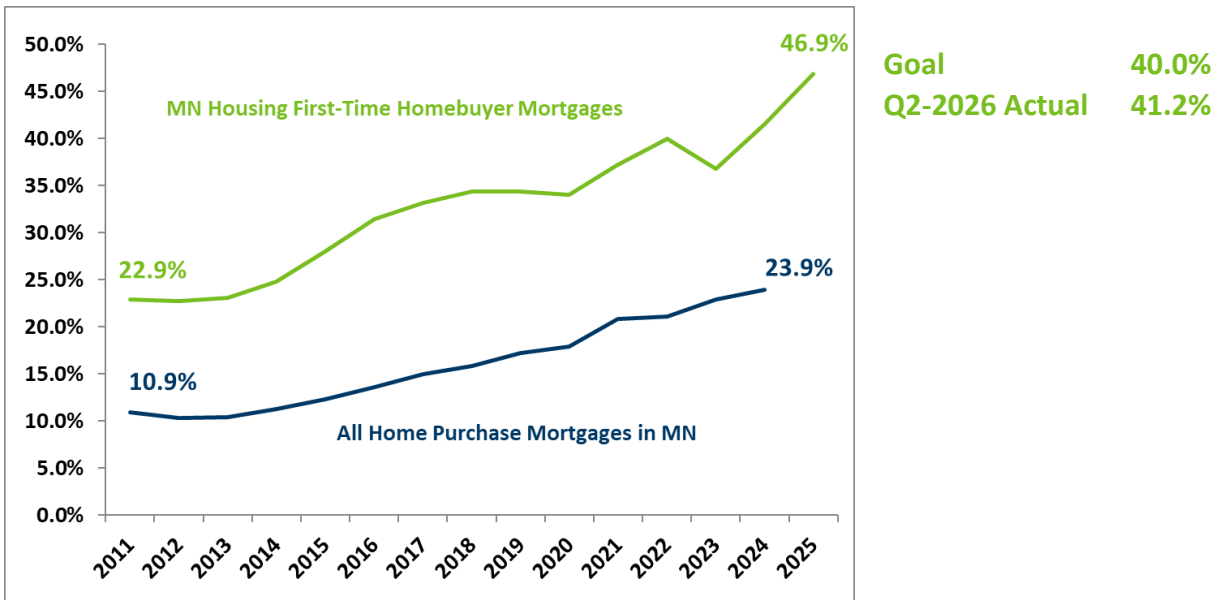
Key highlights include:

- Through the second quarter, 41.2% 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. Relatively high interest rates, a limited supply of affordable homes for sale, and economic uncertainty have limited lending. In addition, in the winter of 2025, we made program changes to our downpayment assistance programs to slow lending a bit 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 some. 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 reached 122% of our year-end forecast for the new rental units we expected to finance.
- Across all programs, we have reached 75% of our year-end forecast of households to serve when we are typically at 78% after the second quarter.

## Strategic Goals

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



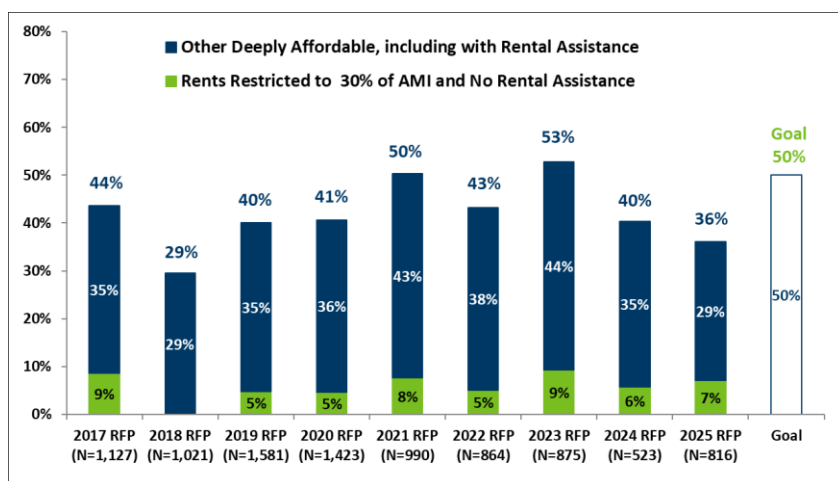
Our 2024-2027 Strategic Plan recognizes that some communities of shared identities, experience or geographies disproportionately face housing instability and experience disparities in access and outcomes. These include Indigenous, Black, people of color, people with disabilities, single parents, large 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 sixth 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 Loan 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 comparison, it also provides the level we reached in 2025 after the second quarter.

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

		2026 Year-End Forecast	2026 Actual After Second Quarter	Share of 2026 Forecast Reached After Second Quarter	2025 Actual After Second Quarter	Historical Share After Second Quarter
1	Homebuying	4,599	1,336	29%	2,003	40%
2	Homebuyer Education and Counseling	4,754	1,819	38%	4,557	45%
3	Home Improvement Lending	1,485	311	21%	529	40%
4	Single Family Housing Development and Supports	289	279	97%	602	95%
5	Manufactured Housing and Communities	0	0	N/A	1,275	40%
6	Rental New Construction	670	816	122%	601	85%
7	Rental Rehabilitation	1,133	329	29%	350	55%
8	Rental Refinance Only	11	0	0%	0	50%
9	State Rental Assistance and Operating Subsidies	7,842	2,121	27%	2,183	75%
10	Section 8 Contract Administration	34,259	34,115	100%	34,315	100%
11	Homelessness Prevention and Other Supports	4,535	3,370	74%	8,132	60%
12	Other Housing Programs	2,262	2,000	88%	57	50%
13	Total	61,839	46,496	75%	54,604	78%

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 second quarter, we reached just 29% of our year-end forecast for our homebuyer programs when we are typically at 40% at this point in the year. With the prime homebuying season occurring in the spring and summer, the first two quarters are typically a little slower, but recent activity has been slower than expected. Relatively high interest rates, a limited supply of affordable homes for sale, and economic uncertainty continue to limit lending. In addition, a year ago, we made program changes to manage the funding that the Agency had anticipated providing for downpayment and closing-cost assistance. We are now assessing program adjustments to modestly increase lending.

**Lines 2:** Homebuyer/owner education and counseling are in line with expectations, reaching 38% of the year-end forecast after the second quarter. At this point in the year, these programs are typically at 45%.

**Line 3:** With respect to home improvement activity, we are only at 21% of the year-end forecast after the second 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 this summer 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 exact timing of the RFPs in either 2026 or 2027 is uncertain.

**Line 8:** We did not refinance any rental properties in the first two quarters. 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 second quarter, we are only at 27% of our year-end forecast for rental assistance and operating subsidies, when we are typically at 75%. Our existing and established programs are on track. Most renters getting assistance in the first two quarters will continue to do so, but some vouchers will turn over to additional households over the course of the year. In addition, more rental units will receive their operating subsidies.

The 27% is driven by the fact that we are 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 of the year. Through March 31, 2026, 25 vouchers were placed and in use. Once Bring It Home is fully operational, roughly 4,700 vouchers will be in use, and the number of households assisted with rental assistance across our programs will be close to the year-end forecast.

**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 homelessness 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 appears to be reversing, at least for the first two quarters 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 – Naturally Occurring Affordable Housing and Lead-Safe Homes. Program activity during the second quarter included the board making funding selections for the Community Stabilization – Distressed Properties program, which will assist more rental units than expected because the amount of assisted needed per rental unit was less than expected.

**Line 13:** The Agency reached 75% of its year-end forecast after the second quarter when we typically reach about 78% at this point.



## Item: Post Sale Report, Rental Housing Bonds, Series 2026 B (3<sup>rd</sup> Avenue Flats)

**Information Item:** 9.B  
**Date:** 05/28/2026  
**Staff Contacts:** Matt Dieveney, 651.539.9827, matthew.dieveney@state.mn.us  
Andy Pratt, 651.539.9618, andy.pratt@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$6,660,000 of its Series 2026 B Rental Housing Bonds on April 15, 2026, to finance development of the 3<sup>rd</sup> Avenue Flats multifamily project in Dilworth, MN. The bonds closed April 28, 2026. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy) the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### 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 type="checkbox"/> Strengthen Communities             |

### Attachments

- Post Sale Report

## POST-SALE REPORT

**\$6,660,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2026 Series B-1, B-2 and B-3 (3<sup>rd</sup> Avenue Flats)

Minnesota Housing issued its \$6,660,000 2026 Series B-1, B-2, and B-3 Rental Housing Bonds to provide funding for the 44-unit 3<sup>rd</sup> Avenue Flats development in Dilworth. The B-1 and B-2 bonds make the development eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on April 15, 2026. The transaction closed on April 28, 2026.

The issue was structured with three components. The first is \$1,940,000 tax-exempt Series B-1 with maturities in 2036, 2046, 2056, and 2068 to provide long-term financing. The other two are short-term bridge financing components maturing 8/1/28 – \$2,960,000 tax-exempt Series B-2 and \$1,760,000 taxable Series B-3 (structured as taxable to preserve volume cap). The B-1 long-term bonds are not insured and are expected to be repaid from project net operating income. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 6.23% to the development. The B-2 and B-3 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to the development is 3.85% for \$2,960,000 tax-exempt B-2 and 5% for \$1,760,000 taxable B-3 (or 4.28% on a blended basis). Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated \$5,715,000 of orders, with subscription levels ranging from 0x to 2.96x depending on the maturity (0.90x overall). For Series B-1, the 8/1/36 maturity got no orders but RBC underwrote the bonds as-is, while the 8/1/68 maturity was oversubscribed by 2.96x and RBC reduced the coupon by 5 basis points. The Series B-2 \$2,960,000 bridge bond received just \$25,000 of orders, but RBC left the coupon unchanged and underwrote the balance. The final spread on the B-2 bonds was +53 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +53 basis points spread on the B-2 tax-exempt short-term bonds is among the lowest of the twelve other bridge bonds priced by MHFA since 2024. Overall, the 2026 Series B pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### MHFA RENTAL SHORT-TERM TAX-EXEMPT HOUSING BONDS: 1/1/24 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted		Spread to iMMD (bps)	
				Average Life (yrs) First Call / Maturity	Yield	Prior Day	Pricing Day
5/1/24	24A2	Walnut Towers	4.060	1.731 / 2.231	3.875%	+67.5	+67.5
7/24/24	24B2	Edge Apartments	5.640	1.000 / 1.503	3.25%	+40	+40
8/12/24	24C2	Carver Place	5.195	1.114 / 1.947	3.30%	+66	+66
12/11/24	24F2	Maple Hills	9.350	1.117 / 2.117	3.25%	+75	+73
12/11/24	24G2	Gladstone Village II	8.350	1.534 / 2.617	3.25%	+75	+73
1/21/25	25A2	Views on 7th	7.300	1.425 / 2.008	3.35%	+53	+57
3/12/25	25B	Welch Place	7.195	1.361 / 1.861	3.10%	+57	+52
4/9/25	25C	Hillside Gardens	7.600	1.289 / 1.789	4.00%	+100	+58
4/21/25	25E2	Carver Oaks	5.985	1.753 / 2.253	3.75%	+73	+70
4/28/25	25D2	Vue Pointe	8.845	1.731 / 2.231	3.70%	+70	+70
5/7/25	25F2	Trailside	4.665	0.711 / 1.211	3.70%	+79	+81
2/19/26	26A2	Hilltop Manor	2.830	0.933 / 1.433	2.60%	+54	+54
4/15/26	26B2	3rd Avenue Flats	2.960	1.675 / 2.258	2.85%	+55	+53

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date	4/15/26			4/15/26			4/14/26			4/8/26			4/7/26			4/7/26			4/7/26			4/6/26					
Amount	\$4,900,000			\$125,000,000			\$60,000,000			\$10,915,000			\$34,800,000			\$100,000,000			\$170,000,000			\$107,345,000					
Issuer	Minnesota HFA			Maryland DHCD			Arkansas DFA			Michigan SHDA			Colorado HFA			Delaware SHA			Illinois HDA			Maine SHA					
Series	2026 Series B-1,2			2026 Series B			2026 Series A			S. 2026 (Trumbull)			S. 2026 (Creekside)			2026 Series A			2026 Series C			2026 Series B					
Program	Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated					
Rating(s)	Aa1 / AAA / - Non-AMT			Aa1 / AA+ / - Non-AMT			- / AA+ / - Non-AMT			Aa1/VMIG-1 / - / - Non-AMT			Aa1 / - / - Non-AMT			Aa1 / - / - Non-AMT			Aaa / - / - Non-AMT			Aa1 / AA+ / - Non-AMT					
Tax Status																											
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread			
Yr (26 pricings)	Aug1	(if diff.)	to iMMD	Sep1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	10/1/29	(if diff.)	to iMMD	5/1/48	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Nov15	(if diff.)	to iMMD			
0	2026																										
1	2027						2.65	-	+37																		
2	2028	2.85	-	+53			2.75 / 2.80	-	+46 / +50	4.00	3.00	+69				2.80 / 2.85	-	+44 / +49									
3	2029						2.85 / 2.90	-	+51 / +53				3.00	-	+56	2.95 / 2.95	-	+52 / +52				2.95	-	+49			
4	2030				2.95	-	+47	3.00 / 3.05	-	+57 / +58						3.10 / 3.15	-	+58 / +62				3.15	-	+59			
5	2031						3.10 / 3.20	-	+58 / +65							3.25 / 3.30	-	+64 / +67				3.30	-	+63			
6	2032						3.25 / 3.35	-	+65 / +69							3.35 / 3.45	-	+66 / +71				3.50	-	+72			
7	2033						3.45 / 3.50	-	+76 / +80							3.50 / 3.55	-	+73 / +77				3.55	-	+75			
8	2034						3.55 / 3.60	-	+81 / +82							3.65 / 3.70	-	+79 / +82				3.70	-	+76			
9	2035						3.65 / 3.70	-	+82 / +83							3.75 / 3.80	-	+82 / +83	3.75 / 3.80	-	+81 / +81	3.80	-	+78			
10	2036	3.85	-	+86			3.75 / 3.85	-	+82 / +86							3.85 / 3.95	-	+82 / +86	3.85 / 3.90	-	+80 / +79	3.90	-	+77			
11	2037						3.875 / 3.90	-	+84.5 / +85							4.00 / 4.00	-	+87 / +85	3.95 / 4.00	-	+82 / +83	4.00	-	+81			
12	2038				4.00	-	+86	3.95 / 3.95	-	+85 / +82						4.05 / 4.05	-	+83 / +81	4.05 / 4.10	-	+82 / +85	4.10	-	+82			
13	2039																										
14	2040																										
15	2041						4.20	-	+84							4.40	-	+92	4.40	-	+92	4.40	-	+90			
16	2042																										
17	2043																										
18	2044																		4.70	-	+92						
19	2045																										
20	2046	4.75	-	+82	4.70	-	+77	4.60	-	+67						4.75	-	+72	4.80	-	+77	4.80	-	+75			
21	2047																										
22	2048																										
23	2049																										
24	2050																										
25	2051						4.65	-	+44							4.80	-	+50	4.85	-	+55	4.85	-	+53			
26	2052				4.80	-	+56																				
27	2053																										
28	2054																										
29	2055																										
30	2056	4.90	-	+59			4.70	-	+39							4.85 / 4.85	-	+45 / +45									
31	2057																										
32	2058																										
33	2059																										
34	2060																										
35	2061																										
36	2062																										
37	2063																										
38	2064																										
39	2065																										
40	2066																										
41	2067																										
42	2068	4.95	-	+64																							
43	2069																										
44	2070																										
PAC					6.25	3.48	+94	5.50	3.47	+93						5.75	3.60	+98	6.50	3.61	+91	6.25	3.55	+91			
PAC AvgLfl, Price					5yrs, 75-600% PSA, \$112.440			5.1yrs, 75-600% PSA, \$109.286								5yrs, 100-500% PSA, \$109.562			6yrs, 75-500% PSA, \$115.082			5yrs, 75-600% PSA, \$112.103					
Notes	B1 is \$1,940,000 8/36, 8/46, 8/56, & 2/68 maturities & 2/34 call; B2 is \$2,960,000 8/28 maturity & 1/28 call																										
Par Call	B-1: 2/1/34; B-2: 1/1/28			3/1/34 (+adj PAC)			1/1/34 (+adj PAC)			None			8/1/28			7/1/34 (+adj PAC)			4/1/34 (+adj PAC)			5/15/34 (+adj PAC)					
Mandatory Tender	N/A			N/A			N/A			10/1/28 (used for spread)			11/1/29 (used for spread)			N/A			N/A			N/A					
Mkt Index																											
Sr Manager	RBC Capital Markets			Wells Fargo			Raymond James			Sturges			JPMorgan Securities			JPMorgan Securities			Jefferies			Barclays					

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date	4/2/26			3/31/26			3/30/26			3/23/26			3/20/26			3/19/26			3/18/26			3/16/26			
Amount	\$21,300,000			\$34,800,000			\$375,625,000			\$50,000,000			\$73,004,000			\$235,145,000			\$15,500,000			\$90,000,000			
Issuer	California HFA			Montana BOH			Michigan SHDA			New Hampshire HFA			California MFA			New York State HFA			Florida HFC			Ohio HFA			
Series	S. 2026 (Banana)			S. 2026 (Hidden Creek)			2026 Series A			2026 Series C			2026 Series A			2026 Series B-1,2			2026 Series D			2026 Series A			
Program	Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			
Rating(s)	Aa1/VMIG-1 / - / -			Aa1 / - / -			Aa2 / AA+ / -			Aa1 / - / -			Aa1/VMIG-1 / - / -			Aa2 / - / -			Aa1/VMIG-1 / - / -			Aa1 / - / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
Yr (26 pricings)	11/1/59	(if diff.)	to iMMD	11/1/46	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD	Jul1	(if diff.)	to iMMD	10/1/60	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	9/1/43	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	
0	2026																								
1	2027						2.75 / 2.80	-	+36 / +40													6.00 / 6.00	2.37 / 2.39	+23 / +24	
2	2028	2.80	-	+41			2.85 / 2.90	-	+43 / +47													6.00 / 6.00	2.41 / 2.44	+24 / +26	
3	2029				3.05	-	+56	3.00 / 3.00	-	+51 / +50			3.00	-	+64	2.60 / 2.65	-	+34 / +38	2.80	-	+56	6.00 / 6.00	2.51 / 2.55	+27 / +30	
4	2030						3.10 / 3.15	-	+51 / +55							2.80 / 2.85 / 3.00	-	+45 / +49 / +65				6.00 / 6.00	2.60 / 2.63	+29 / +30	
5	2031						3.25	3.299	+58.9							2.90 / 2.95	-	+48 / +50				6.00 / 6.00	2.69 / 2.74	+31 / +33	
6	2032						3.40 / 3.50	-	+60 / +66							3.00 / 3.05	-	+47 / +48				6.00 / 6.00	2.82 / 2.89	+35 / +36	
7	2033						3.50	3.537	+68.7							3.15 / 3.25	-	+54 / +64				6.00 / 6.00	2.95 / 2.96	+38 / +38	
8	2034						3.70 / 3.80	-	+76 / +80							3.40 / 3.45	-	+69 / +69				6.00 / 6.00	3.10 / 3.14	+43 / +43	
9	2035						3.875 / 3.95	-	+82.5 / +85							3.50 / 3.50	-	+68 / +63				3.45 / 3.55	-	+68 / +72	
10	2036						4.00 / 4.00	-	+83 / +79							3.50 / 3.55	-	+57 / +57				3.60 / 3.625	-	+73 / +68.5	
11	2037						4.05 / 4.10	-	+82 / +83							3.65 / 3.75	-	+62 / +69				3.75 / 3.80	-	+76 / +78	
12	2038						4.20 / 4.20	-	+86 / +84							3.80 / 3.80	-	+65 / +62				3.85 / 3.85	-	+74 / +71	
13	2039																								
14	2040																								
15	2041						4.50	-	+92							4.15	-	+72				4.15	-	+75	
16	2042																								
17	2043																								
18	2044																								
19	2045																								
20	2046						4.90	-	+78	4.75	-	+65				4.65	-	+65				4.65	-	+67	
21	2047																								
22	2048																								
23	2049																								
24	2050																								
25	2051						4.95	-	+58	4.85	-	+50				4.80	-	+55				4.75	-	+51	
26	2052																								
27	2053																								
28	2054																								
29	2055																								
30	2056						5.00	-	+53													4.80	-	+46	
31	2057									4.875	-	+42.5				4.875	-	+52.5							
32	2058																								
33	2059																								
34	2060																								
35	2061																								
36	2062																								
37	2063																								
38	2064																								
39	2065																								
40	2066																								
41	2067																								
42	2068																								
43	2069																								
44	2070																								
PAC							6.00	3.60	+93	6.50	3.56	+93										6.25	3.26	+88	
PAC AvgLf, Price							5yrs, 75-500% PSA, \$110.709			6yrs, 100-700% PSA, \$115.429													5yrs, 75-500% PSA, \$113.488		
Notes																									
Par Call		11/1/27			1/1/29		6/1/34			1/1/34			8/1/28			B-1: 5/1/31			11/1/27			9/1/34			
Mandatory Tender	5/1/28 (used for spread)			5/1/29 (used for spread)			N/A			N/A		2/1/29 (used for spread)			B-2: 5/1/30 (used for spread)			3/1/29 (used for spread)			N/A				
Mkt Index																									
Sr Manager	Jefferies			Stifel			RBC Capital Markets			RBC Capital Markets		Lument			Wells Fargo			RBC Capital Markets				JPMorgan Securities			

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date	3/16/26			3/10/26			3/10/26			3/10/26			3/3/26			3/3/26			3/3/26			
Amount	\$90,240,000			\$88,635,000			\$76,315,000			\$74,685,000			\$53,935,000			\$299,000,000			\$119,810,000			
Issuer	Utah HC			SONYMA			Maryland CDA			Connecticut HFA			Nevada HD			North Carolina HFA			Rhode Island HMFC			
Series	2026 Series A			Series 274			2026 Series B			2026 Series B-1,2			2026 Series A			Series 60			Series 88-A			
Program	Single Family / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			
Rating(s)	Aa2 / - / -			Aa1 / - / -			Aa1 / AA+ / -			Aaa / AAA / -			- / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
Yr (26 pricings)	Jan1 / Jul1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	May15 / Nov15	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	
0 2026										2.25	-	+										
1 2027										2.30 / 2.35	-	+18 / +22				2.45	-	+33				
2 2028										2.45 / 2.45	-	+32 / +31				2.50 / 2.50	-	+37 / +37				
3 2029	2.65 / 2.70	-	+41 / +46				2.60 / 2.65	-	+43 / +48	2.50 / 2.60 / 2.75	-	+33 / +42 / +58				2.55 / 2.60	-	+38 / +43	2.60	-	+42	
4 2030	2.75 / 2.80	-	+44 / +48				2.70 / 2.75	-	+50 / +54	2.65 / 2.70	-	+44 / +48				2.65 / 2.70	-	+45 / +49	2.65 / 2.70	-	+45 / +48	
5 2031	2.90 / 2.95	-	+52 / +55				2.85 / 2.90	-	+60 / +63	2.75 / 2.80	-	+49 / +51				2.80 / 2.85	-	+55 / +58	2.75 / 2.80	-	+50 / +52	
6 2032	3.05 / 3.10	-	+58 / +58				3.00 / 3.05	-	+67 / +67	2.85 / 2.85	-	+49 / +45				2.95 / 3.00	-	+62 / +62	2.85 / 2.90	-	+51 / +50	
7 2033	3.15 / 3.20	-	+58 / +62				3.15 / 3.20	-	+72 / +76	2.95 / 3.05	-	+51 / +61	2.90 / 2.95	-	+56 / +55	3.05 / 3.125	-	+63 / +69.5	3.00 / 3.05	-	+58 / +62	
8 2034	3.35 / 3.40	-	+68 / +71				3.30 / 3.35	-	+78 / +81	3.15 / 3.20	-	+62 / +62	3.05 / 3.10	-	+63 / +67	3.20 / 3.25	-	+71 / +74	3.15 / 3.20	-	+66 / +66	
9 2035	3.45 / 3.50	-	+68 / +69				3.45 / 3.50	-	+83 / +84	3.30 / 3.35	-	+66 / +66	3.15 / 3.20	-	+66 / +66	3.30 / 3.40	-	+76 / +77	3.35 / 3.40	-	+75 / +75	
10 2036	3.55 / 3.60	-	+68 / +67				3.55 / 3.60	-	+84 / +83	3.40 / 3.45	-	+66 / +66	3.30 / 3.35	-	+70 / +70	3.35 / 3.40	-	+76 / +77	3.35 / 3.40	-	+75 / +75	
11 2037				3.55 / 3.60	-	+72 / +73	3.65 / 3.70	-	+82 / +85	3.55 / 3.60	-	+71 / +73	3.45 / 3.50	-	+75 / +74	3.50 / 3.55	-	+82 / +81	3.50 / 3.55	-	+80 / +79	
12 2038	3.75	-	+62	3.65 / 3.70	-	+68 / +71	3.75 / 3.75	-	+79 / +77	3.70 / 3.70	-	+73 / +70	3.55 / 3.60	-	+75 / +76	5.00 / 5.00	3.35 / 3.37	+55 / +55	3.60 / 3.65	-	+80 / +81	
13 2039													3.75 / 3.80	-	+81 / +84	5.00 / 5.00	3.48 / 3.50	+55 / +55	3.70 / 3.75	-	+76 / +79	
14 2040																						
15 2041	4.20	-	+80	4.00	-	+74	4.05	-	+79	3.95	-	+69	4.15	-	+91	4.05	-	+81	5.50 / 4.10	3.75 / 4.10	+51 / +86	
16 2042																						
17 2043																						
18 2044																						
19 2045																						
20 2046	4.65	-	+67	4.50	-	+55	4.70	-	+75	4.45	-	+50	5.50	4.25	+32	4.50	-	+57	4.55	-	+62	
21 2047																						
22 2048	4.70	-	+54																			
23 2049																						
24 2050																						
25 2051				4.65	-	+46	4.75	-	+56	4.65	-	+46	4.70	-	+54	4.65	-	+49	4.70	-	+54	
26 2052																						
27 2053																						
28 2054																						
29 2055																						
30 2056							4.85	-	+56	4.70	-	+41	4.75	-	+49				4.75	-	+49	
31 2057																4.70	-	+44				
32 2058																						
33 2059																						
34 2060																						
35 2061							4.95	-	+66	4.80	-	+51										
36 2062																						
37 2063																						
38 2064																						
39 2065																						
40 2066										4.90	-	+61										
41 2067																						
42 2068																						
43 2069							5.00	-	+71													
44 2070																						
PAC	6.50	3.27	+87	6.25	3.13	+88										6.25	3.24	+90				
PAC AvgLf. Price	5.2yrs, 100-500% PSA, \$115.135			5yrs, 50-700% PSA, \$114.166												6yrs, 75-700% PSA, \$116.044						
Notes										B-2 is \$50.275MM 65 mat w 5/15/29 tender			10/1/46 maturity is a lockout			1/1/37-7/1/38 maturities are lockouts			10/1/41 maturity is a lockout			
Par Call		1/1/34			10/1/33			1/1/34		B-1: 5/15/34; B-2: 5/15/27			1/1/34		1/1/34 (+adj PAC)			4/1/34				
Mandatory Tende		N/A			N/A			N/A		B-2: 5/15/29 (used for spread)			N/A		N/A			N/A				
Mkt Index																						
Sr Manager	RBC Capital Markets			RBC Capital Markets			Wells Fargo			Morgan Stanley			JPMorgan Securities			Wells Fargo			BofA Securities			

**TAXABLE HOUSING BOND PRICING COMPARABLES**

Pricing Date	4/15/26			4/15/26			4/7/26			4/2/26			3/30/26		
Amount	\$1,760,000			\$150,000,000			\$30,000,000			\$28,300,000			\$115,375,000		
Issuer	Minnesota HFA			Maryland DHCD			Illinois HDA			California HFA			Michigan SHDA		
Series	2026 Series B-3			2026 Series C			2026 Series D			S. 2026 (Banana)			2026 Series B		
Program	Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AAA / -			Aa1 / AA+ / -			Aaa / - / -			Aa1/VMIG-1 / - / -			Aa2 / AA+ / - / -		
Tax Status	Taxable			Taxable			Taxable			Taxable			Taxable		
Maturity Yr (26 pricings)	Coupon 8/1/28	Yield (if diff.)	Spread to UST	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to UST	Coupon Apr1 / Oct1	Yield (if diff.)	Spread to UST	Coupon 11/1/29	Yield (if diff.)	Spread to UST	Coupon Jun1 / Dec1	Yield (if diff.)	Spread to UST
0 2026															
1 2027				3.92 / 3.92	-	+15 / +15 to 2yr	3.998 / 3.998	-	+15 / +15 to 2yr				3.913 / 3.923	-	+12 / +13 to 2yr
2 2028	4.00	-	+24 to 2yr	3.92	-	+15 to 2yr	3.998 / 3.998	-	+15 / +15 to 2yr	4.20	-	+41 to 2yr	3.923 / 3.923	-	+13 / +13 to 2yr
3 2029							4.024 / 4.074	-	+15 / +20 to 3yr				3.946 / 3.966	-	+13 / +15 to 3yr
4 2030				4.097 / 4.147	-	+20 / +25 to 5yr	4.187 / 4.237	-	+20 / +25 to 5yr				4.086 / 4.136	-	+14 / +19 to 5yr
5 2031							4.287 / 4.337	-	+30 / +35 to 5yr				4.226 / 4.276	-	+28 / +33 to 5yr
6 2032				4.481	-	+40 to 7yr	4.519 / 4.569	-	+35 / +40 to 7yr				4.452 / 4.502	-	+32 / +37 to 7yr
7 2033				4.581 / 4.247	-	+50 / +35 to 7yr	4.619 / 4.669	-	+45 / +50 to 7yr				4.582 / 4.632	-	+45 / +50 to 7yr
8 2034				4.733 / 4.783	-	+45 / +50 to 10yr	4.783 / 4.833	-	+43 / +48 to 10yr				4.791 / 4.841	-	+47 / +52 to 10yr
9 2035				4.833 / 4.883	-	+55 / +60 to 10yr	4.903	-	+55 to 10yr				4.901 / 4.941	-	+58 / +62 to 10yr
10 2036				4.933 / 4.983	-	+65 / +70 to 10yr							4.991 / 5.031	-	+67 / +71 to 10yr
11 2037				5.033 / 5.083	-	+75 / +80 to 10yr							5.091 / 5.141	-	+77 / +82 to 10yr
12 2038				5.133 / 5.183	-	+85 / +90 to 10yr							5.201 / 5.251	-	+88 / +93 to 10yr
13 2039															
14 2040															
15 2041				5.433	-	+115 to 10yr							5.471	-	+115 to 10yr
16 2042															
17 2043				5.613	-	+133 to 10yr									
18 2044															
19 2045															
20 2046													5.816	-	+90 to 30yr
21 2047															
22 2048															
23 2049															
24 2050															
25 2051													5.846	-	+93 to 30yr
26 2052															
27 2053															
28 2054															
29 2055															
30 2056													5.906	-	+99 to 30yr
PAC				6.25	4.797	+90 to 5yr									
PAC AvgLf, Price				5yrs, 75-600% PSA, \$106.280											
Notes															
Par Call	1/1/28			3/1/34 (+adj PAC)			4/1/34			11/1/27			6/1/34		
Sr Manager	RBC Capital Markets			Wells Fargo			Jefferies			Jefferies			RBC Capital Markets		

**TAXABLE HOUSING BOND PRICING COMPARABLES**

Pricing Date	3/23/26			3/20/26			3/16/26			3/16/26		
Amount	\$40,000,000			\$6,000,000			\$59,995,000			\$130,000,000		
Issuer	New Hampshire HFA			California MFA			Ohio HFA			Utah HC		
Series	2026 Series D			2026 Series A			2026 Series B			2026 Series C		
Program	Single Family / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / - / -			Aa1/VMIG-1 / - / -			Aa1 / - / -			Aa2 / - / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity Yr (26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon 2/1/30	Yield (if diff.)	Spread to UST	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST
0 2026												
1 2027	3.984	-	+13 to 2yr				3.827 / 3.827	-	+15 / +15 to 2yr	3.823 / 3.803	-	+15 / +13 to 2yr
2 2028	4.004 / 4.034	-	+15 / +18 to 2yr				3.877 / 3.877	-	+20 / +20 to 2yr	3.823 / 3.853	-	+15 / +18 to 2yr
3 2029	4.027 / 4.047	-	+16 / +18 to 3yr	4.60	-	+70 to 3yr	3.89 / 3.94	-	+20 / +25 to 3yr	3.846 / 3.856	-	+16 / +17 to 3yr
4 2030	4.151 / 4.201	-	+18 / +23 to 5yr				4.005 / 4.055	-	+20 / +25 to 5yr	3.96 / 4.03	-	+16 / +23 to 5yr
5 2031	4.251 / 4.301	-	+28 / +33 to 5yr				4.105 / 4.155	-	+30 / +35 to 5yr	4.08 / 4.15	-	+28 / +35 to 5yr
6 2032	4.483 / 4.533	-	+32 / +37 to 7yr				4.35 / 4.45	-	+35 / +45 to 7yr	4.316 / 4.396	-	+32 / +40 to 7yr
7 2033	4.583 / 4.633	-	+42 / +47 to 7yr				4.50 / 4.55	-	+50 / +55 to 7yr	4.446 / 4.496	-	+45 / +50 to 7yr
8 2034	4.844 / 4.874	-	+49 / +52 to 10yr				4.722 / 4.772	-	+50 / +55 to 10yr	4.692 / 4.752	-	+47 / +53 to 10yr
9 2035	4.924 / 4.974	-	+57 / +62 to 10yr							4.822 / 4.872	-	+60 / +65 to 10yr
10 2036	5.004 / 5.044	-	+65 / +69 to 10yr							4.922 / 4.972	-	+70 / +75 to 10yr
11 2037	5.104 / 5.174	-	+75 / +82 to 10yr							5.022 / 5.072	-	+80 / +85 to 10yr
12 2038	5.224 / 5.274	-	+87 / +92 to 10yr				5.022	-	+80 to 10yr	5.102 / 5.142	-	+88 / +92 to 10yr
13 2039												
14 2040												
15 2041	5.494	-	+114 to 10yr				5.382	-	+116 to 10yr	5.372	-	+115 to 10yr
16 2042												
17 2043												
18 2044												
19 2045												
20 2046							5.747	-	+88 to 30yr	5.721	-	+85 to 30yr
21 2047												
22 2048												
23 2049												
24 2050										5.771	-	+90 to 30yr
25 2051							5.797	-	+93 to 30yr			
26 2052												
27 2053												
28 2054												
29 2055												
30 2056							5.867	-	+100 to 30yr			
PAC	6.25	4.851	+88 to 5yr				6.25	4.655	+85 to 5yr	6.25	4.66	+86 to 5yr
PAC AvgLf, Price	5yrs, 100-700% PSA, \$106.037						5yrs, 75-500% PSA, \$106.918			5.7yrs, 100-500% PSA, \$107.668		
Notes												
Par Call	1/1/34			8/1/28			9/1/34			1/1/34		
Sr Manager	RBC Capital Markets			Lument			JPMorgan Securities			RBC Capital Markets		

## TAXABLE HOUSING BOND PRICING COMPARABLES

Pricing Date	3/3/26			2/17/26			2/17/26			2/11/26		
Amount	\$52,615,000			\$10,000,000			\$26,660,000			\$194,435,000		
Issuer	Nevada HD			Missouri HDC			Pennsylvania HFA			Colorado HFA		
Series	2026 Series B			2026 Series B			2026 Series 152-B			2026 Series C		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	- / AA+ / -			- / AA+ / -			Aa1 / - / -			Aaa / AAA / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('26 pricings)	Apr1 / Oct1	(if diff.)	to UST	Nov1	(if diff.)	to UST	Apr1 / Oct1	(if diff.)	to UST	May1 / Nov1	(if diff.)	to UST
0 2026							6.00	3.585	+15 to 2yr			
1 2027							6.00 / 6.00	3.585 / 3.585	+15 / +15 to 2yr			
2 2028				3.61	-	+14 to 2yr	6.00 / 6.00	3.635 / 3.635	+20 / +20 to 2yr			
3 2029				3.66	-	+16 to 3yr	6.00 / 6.00	3.667 / 3.667	+20 / +20 to 3yr			
4 2030				3.86	-	+20 to 5yr	6.00 / 6.00	3.823 / 3.873	+20 / +25 to 5yr			
5 2031				3.96	-	+30 to 5yr	6.00 / 6.00	3.923 / 3.973	+30 / +35 to 5yr	4.061	-	+32 to 5yr
6 2032				4.20	-	+34 to 7yr	6.00 / 6.00	4.174 / 4.224	+35 / +40 to 7yr	4.371	-	+42 to 7yr
7 2033				4.31	-	+45 to 7yr	6.00 / 6.00	4.274 / 4.324	+45 / +50 to 7yr	6.00 / 4.481	3.987 / 4.481	+42 / +53 to 3yr
8 2034	6.00	3.976	+35 to 5yr	4.60	-	+51 to 10yr	6.00 / 4.608	4.608 / 4.608	+55 / +55 to 10yr	4.672 / 4.722	-	+50 / +55 to 10yr
9 2035	4.654 / 4.674	-	+60 / +62 to 10yr	4.75	-	+66 to 10yr	4.708 / 4.758	-	+65 / +70 to 10yr	4.822 / 4.872	-	+65 / +70 to 10yr
10 2036	4.754 / 4.804	-	+70 / +75 to 10yr	4.85	-	+76 to 10yr	4.808 / 4.858	-	+75 / +80 to 10yr	4.922 / 4.972	-	+75 / +80 to 10yr
11 2037	4.854 / 4.904	-	+80 / +85 to 10yr	4.99	-	+90 to 10yr	4.958 / 4.988	-	+90 / +93 to 10yr	5.052 / 5.102	-	+88 / +93 to 10yr
12 2038	4.954 / 4.984	-	+90 / +93 to 10yr	5.11	-	+102 to 10yr	5.058 / 5.108	-	+100 / +105 to 10yr	5.152 / 5.202	-	+98 / +103 to 10yr
13 2039												
14 2040												
15 2041	5.184	-	+113 to 10yr	5.30	-	+121 to 10yr	5.298	-	+124 to 10yr	5.382	-	+121 to 10yr
16 2042												
17 2043										5.616	-	+80 to 30yr
18 2044												
19 2045												
20 2046	5.523	-	+82 to 30yr	5.58	-	+87 to 30yr	5.583	-	+89 to 30yr			
21 2047												
22 2048												
23 2049												
24 2050												
25 2051	5.603	-	+90 to 30yr	5.63	-	+92 to 30yr	5.613	-	+92 to 30yr			
26 2052												
27 2053												
28 2054												
29 2055												
30 2056				5.67	-	+96 to 30yr	5.663	-	+97 to 30yr			
PAC	6.25	4.476	+85 to 5yr							6.25	4.681	+94 to 5yr
PAC AvgLf, Price	5yrs, 50-700% PSA, \$107.729									5yrs, 100-700% PSA, \$106.778		
Notes	10/1/34 maturity is a lockout						10/1/26-4/1/34 maturities are lockouts					
Par Call	1/1/34 (+adj PAC)			5/1/34			4/1/34			5/1/34		
Sr Manager	JPMorgan Securities			Raymond James			Raymond James			RBC Capital Markets		