



Meetings Scheduled for JUNE

Date: 06/25/2026, 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: 1.877.309.2074 Access Code: 516-416-931

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, June 25, 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: 06/25/2026, 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 7) Regular meeting of May 28, 2026

5. Reports

- Chair
- Commissioner
- Committee

6. Consent Agenda

- A. (page 13) Approval, Single Family Fix Up Loan Program Income Revisions

7. Action Items

- A. (page 19) Approval, Single Family Homeownership Program Changes
- B. (page 129) Approval, Lead Safe Homes Program Guide
- C. (page 153) Funding Modification, Publicly Owned Housing Program (POHP) - Columbia and Rouchleau Apartments, D8051, Virginia
- D. (page 159) Forgiveness, Affordable Rental Investment Fund (ARIF) Program Loan, Housing Trust Fund (HTF) Program Loans, and Transitional Housing (THL) Program Loan – Archdale Apartments, D0820, Minneapolis
- E. (page 167) Forgiveness, Housing Trust Fund (HTF) - North Haven I, Minneapolis, D4052; Preservation Affordable Rental Investment Fund (PARIF) Loan - North Haven II, Minneapolis, D6371; Ending Long-Term Homelessness Initiative Fund (ELHIF) Loan and Urban Indian Housing Fund (UIHF) Loan - Cedar View, Minneapolis, D3912; and Flexible Financing Capital Costs (FFCC) Loan - 3rd Avenue Townhomes, Minneapolis, D2903
- F. (page 181) Bifurcation and Modification, State Housing Tax Credit (SHTC) loan and Forgiveness, Preservation Affordable Rental Income Fund (PARIF) accrued interest - TWV Preservation, St. Paul, D5525
- G. (page 193) Approval, Amendment to the Community Stabilization: Distressed Multifamily Rental Building Program Guide
- H. (page 239) Approval, Amendments to Family Homeless Prevention and Assistance Program FY2025-27 Program Guide
- I. (page 297) Approval, Contract Amendment, Family Homeless Prevention and Assistance Program Funds for \$40 million
- J. (page 307) Rental Housing Bonds Resolution
- K. (page 311) NOAH Pool I – Loss Mitigation

8. Discussion Items

- A. (page 331) Third Quarter FY26 Update
- B. (page 341) Administrative Budget for Fiscal Year 2027
- C. (page 347) Liquidity Update

9. Information Items

- A. (page 349) Post Sale Report, Residential Housing Finance Bonds, Series 2026 FGH

10. Other Business

- A. *Pursuant to Minn. Stat. 13D.05, the board will move into closed session to receive attorney-client privileged advice related to a global settlement agreement that could resolve Case No. 62-CV-25-9139.*

11. Adjournment

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Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, May 28, 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 1:08 p.m.

2. Roll Call

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

Minnesota Housing staff present via hybrid: Kelby Alstad, Tal Anderson, Tom Anderson, Takara Archer, Ryan Baumtrog, Jennifer Bergman, Susan Bergmann, Scott Beutel, Judd Berthiaume, Nick Boettcher, Laura Bolstad Grafstrom, Stacie Brooks, Sara Bunn, Cassandra Busch, Alex Campbell, Eric Chapin, Nicole DeMario, Matt Dieveney, Hannah Dressen, Sam Dyer, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Shannon Fortune, Graydon Francis, Rachel Franco, Emily Fulton-Foley, Sara Gomoll, Vanessa Haight, Zahra Hassan, Anne Heitlinger, Darryl Hennen, Kang Her, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Sarah Huss, Summer Jefferson, Will Jensen-Kowski, Karen Johnson, Dylan Johnson, Jen Judas, Erin Karkula-Peterson, Mahbubur Khan, Tiffany Kibwota, Margaret King, Dan Kitzberger, Greg Klein, Ken Knutson, Debbie Krajsa, Greg Krenz, Laurie Krivitz, Kristen Kvalsten, Sue Ladehoff, Janine Langsjoen, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Hannah Lindemer, Joshua Love, Sarah Matala, Eric Mattson, Jill Mazullo, Jeff McDonald, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Kelli Minnerath, Jon Moler, Jennifer Nelson, Michael Nguyen, John Patterson, Caryn Polito, Andy Pratt, Rinal Ray, Annie Reiersen, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Lael Robertson, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, Meg Sorenson, Maria Steele, Lauren Stelter, Rachael Sterling, Corey Strong, Tim Sullivan, Susan Thompson, David Vang, Kayla Vang, Teresa Vaplon, Nicola Viana, Kerry Walsh, Amanda Welliver, Lakisha Whitson, Bev Wilharm and Kelly Winter.

Others present via hybrid: Michelle Adams, Kutak Rock; Ramona Advani, Office of the State Auditor; Jason Blume, Cinch Home Services; Colleen Ebinger, Impact Strategies; Peter Ebnet, Greater Minnesota Housing Fund; Cristen Incitti, Habitat for Humanity Minnesota; Melanie Johnson, Piper Sandler & Co., Emily Kirkevold, Twin Cities Habitat for Humanity; Anne Mavity, Minnesota Housing Partnership; Ellen

Sahli, Family Housing Fund; Chad Schwitters, McKnight Foundation; Traphie Slocum, LOMA; Anne Smetak, Housing Justice Center; Jeff Washburne, Everlong Consulting and Victoria Yepez, LOMA.

3. Agenda Review

None.

4. Approval

A. Regular Meeting Minutes of April 23, 2026

Motion: Stephanie Klinzing moved to approve the April 23, 2026, Regular Meeting Minutes. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0.

5. Reports

Chair

None.

Commissioner

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings/Events
- Division Updates

Committee

None.

6. Consent Agenda

None.

7. Action Items

A. Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - The LOMA, D8606, Minneapolis

Benjamin Miles presented to the board a request for the following: Adoption of a resolution authorizing the issuance of an LMIR program commitment in the amount of up to \$1,531,000; and Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$6,295,000. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Stephanie Klinzing moved Commitment, Low and Moderate Income Rental Loan and Bridge Loan (BL) - The LOMA, D8606, Minneapolis. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

B. Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 E (The LOMA)

Matt Dieveney presented to the board a request for 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 loan will be funded by tax-exempt bonds. The Agency anticipates to price and issue the bonds described in the Preliminary Official Statement in summer 2026. 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 E (The LOMA). Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

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

Sarah Huss presented to the board a request for adoption of two resolutions authorizing an amendment of the \$3,075,000 Minnesota Families Affordable Rental Investment Fund Program loan for Bottineau Commons; and an amendment of the \$1,925,000 MARIF loan for Bottineau Lofts. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Amendment to Loan Terms and Restrictions; Minnesota Families Affordable Rental Investment Fund Program Loans – Bottineau Commons, D3054 and Bottineau Lofts, D3082, Minneapolis. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

D. Approval, Selection and Commitment, 2026 Federal Low-Income Housing Tax Credit Program - Round 2

Tim Sullivan presented to the board a request for adoption of a resolution approving the selection and allocation of 2026 Federal Low-Income Housing Tax Credit Round 2 to allocate the state's Housing Tax Credit ceiling, the applicable waivers and the creation of a waiting list. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Chief Benjamin moved Approval, Selection and Commitment, 2026 Federal Low-Income Housing Tax Credit Program - Round 2. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

E. Approval, Selections, Community Stabilization, Distressed Properties Program

Beverly Wilharm and Margaret King presented to the board a request for approval and adoption of two resolutions to allocate \$50,646,364 from the Community Stabilization: Distressed Multifamily Rental Building Program to select: 13 applications to fund \$14,938,000 in loans; and 22 applications to fund \$35,708,364 in grants. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Stephanie Klinzing moved Approval, Selections, Community Stabilization, Distressed Properties Program. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

F. Approval, Amendments to Tenant Selection Plan Guidelines

Joshua Love and Sara Gomoll presented to the board a request for approval of the proposed amendments to Minnesota Housing's Tenant Selection Plan Guidelines. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Approval, Amendments to Tenant Selection Plan Guidelines. Seconded by Stephanie Klinzing. Roll call was taken. Terri Thao was not present for the vote. Motion carries 5-0. All were in favor.

G. Approval, Amendments to the Bring It Home Rental Assistance Program Guide

Peter Elwell presented to the board a request for approval of amendments to the Bring It Home Rental Assistance Program Guide. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Chief Benjamin moved Approval, Amendments to the Bring It Home Rental Assistance Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Terri Thao was not present for the vote. Motion carries 5-0. All were in favor.

8. Discussion Items

- A. 2026 State Legislative Session Recap

9. Information Items

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

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 3:06 p.m.

John DeCramer, Chair

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Item: Approval, Single Family Fix Up Loan Program Income Revisions

Consent Item: 6.A
Date: 06/25/2026
Staff Contacts: Vanessa Haight, 651.539.9941, vanessa.haight@state.mn.us
Shawn James, 651.539.9903, shawn.james@state.mn.us
Request Type: Approval, Motion

Request Summary

To better utilize available resources and increase homeowner use of the Fix Up Loan program, staff proposes the following changes:

- Return the income limit of secured and unsecured Fix Up loans to align with Step Up, approximately 150% of area median income (AMI).
- Return to no income limit for Energy Incentive loans.

If the proposed program changes are approved, we anticipate implementation on July 1, 2026.

Fiscal Impact

Fix Up is funded by Housing Investment Fund (aka Pool 2) and available resources are defined in the two-year Affordable Housing Plan (AHP). The 2026–2027 AHP included \$78 million in available resources for Fix Up loans. The proposed changes are expected to increase production within available resources.

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

- Background
- Proposed Changes to Income Limits

Background

Fix Up provides fully amortizing home improvement loans to improve the livability, safety and energy efficiency of owner-occupied properties. With several types of loan options, including secured and unsecured loans, and repayment terms of up to 20 years on some loans, borrowers can improve their home when other financing options might not be available or the best fit for them.

Each year staff conducts a programs analysis to position Fix Up for continued success in the coming year, both from a mission and financial perspective. Last year, staff conducted a thorough program analysis and in response to the liquidity challenges the Agency faced, we implemented the following program changes in May 2025:

- Reduced the income limits for Fix Up secured and unsecured loans from approximately 150% AMI to 130% AMI
- Added an income limit to the Energy Incentive loan (previously no income limit)
- Added construction or rehabilitation of detached Accessory Dwelling Unit (ADU) as an eligible improvement due to changes in statute

Due to a dramatic decrease in production, staff focused this year's analysis on evaluating Fix Up production after the 2025 program changes and identifying strategies to support an increase in loan production while remaining within budget.

Since our record-setting Fix Up production of \$39.4 million during the 2024 AHP, production started declining naturally, which was further compounded after the 2025 program changes. In 2025, production decreased to \$24.3 million, and without significant changes to the program or the market, staff is currently projecting a year-over-year decrease of nearly 50% for the 2026 AHP. The current production decrease is a meaningful departure from more recent historic production trends.

Based on our analysis and lender feedback, the decline in production may be attributed to the following:

- Fix Up Secured and Unsecured Loans
 - Income limit reduction from 150% AMI to 130% AMI
 - Ongoing rise in cost of labor and materials
 - Shortage of skilled labor
 - Economic uncertainty
 - Recent immigration enforcement
 - Availability of other home improvement programs with more favorable rates and terms
- Energy Incentive Loans

- Implementation of an income limit (130% AMI) after historically not having an income limit
- Increased interest rate in November 2024 after amending the contract with Commerce to permit rates above the 6% contractual cap, as the contract rate was no longer in line with market rates
- Ongoing rise in cost of labor and materials
- Expiration in December 2025 of energy tax credits
- Competition from solar lease and power purchase agreement

Proposed Changes to Income Limits

Of the factors contributing to decreased production, many of which are outside of our control, we determined that restoring income limits to their pre-2025 levels is the most effective way to increase program use and improve utilization of available resources. The proposed changes will expand eligibility for more Minnesotans, increase production and better support the Agency's home improvement and sustainability goals.

Fix Up Secured and Unsecured Loans

Staff proposes returning the income limit to align with Step Up, approximately 150% AMI. The income limit is currently set at 130% AMI. Prior to the 2025 program changes, the income limit for the Fix Up secured and unsecured was aligned with Step Up.

Table 1. Current and proposed Fix Up income limits

	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
Current Income Limits	\$172,100	\$172,100	\$152,000
Proposed Income Limits	\$196,600	\$196,600	\$177,800

The 11-County Twin Cities Metro Area is defined as: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright counties.

Energy Incentive Loans

Staff proposes returning to no income limit on Energy Incentive loans. Prior to the 2025 program changes, Energy Incentive loans had no income limit. Removing the income limit for Energy Incentive loans will advance the Agency's Strategic Plan by providing equitable access to financial support to make energy-efficient and climate-resilient improvements through the Fix Up Loan Program. There are several factors that have made access to these improvements more limited, including the elimination of energy tax credits and recission of climate-related Greenhouse Gas Reduction Fund resources, ongoing economic uncertainty, and rising labor and material costs.

Table 2. Current and proposed Energy Incentive Loan income limits

	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
Current Income Limits	\$172,100	\$172,100	\$152,000
Proposed Income Limits	No Limit	No Limit	No Limit

The 11-County Twin Cities Metro Area is defined as: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright counties.

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Item: Approval, Single Family Homeownership Program Changes

Action Item: 7.A
Date: 06.25.2026
Staff Contacts: Elsa Hildebrandt, 651.539.9690, Elsa.Hildebrandt@state.mn.us
Laura Bolstad Grafstrom, 651.539.9799, Laura.Bolstad.Grafstrom@state.mn.us
Request Type: Approval, Motion

Request Summary

Following the annual Single Family Homeownership Program review process to assess program alignment with the mortgage market and Agency mission and financial goals, staff request board approval to:

1. Implement the following changes to Monthly Payment Loan (MPL):
 - Change loan term to 15 years
 - Increase Step Up MPL income limit to match the Step Up limit
2. Implement the following changes to the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) programs:
 - Increase the income limit to 90% area median income (AMI)
 - Revise requirements for meeting the asset limit
 - Reduce the minimum housing ratio to 25%
3. Expand Step Up loan term options to include 15-, 20-, 25-, and 30-year loans
4. Add Freddie Mac renovation program
5. Update the Start Up and Step Up Procedural Manuals to reflect:
 - The program changes listed above
 - Re-organized content, edits to provide clearer guidance and plain language improvements

Fiscal Impact

We expect these changes to increase Agency funding demand for downpayment loan programs and drive growth in Start Up and Step Up program lending volume, which will increase Agency income over time.

Agency Priorities

- Improve the Housing System Preserve and Create Housing Opportunities

Make Homeownership More Accessible

Strengthen Communities

Support People Needing Services

Attachments

- Background
- Request Details
- Start Up Procedural Manual
- Step Up Procedural Manual

Background

Each year staff conducts an analysis of the Agency's home mortgage programs to ensure we're positioning our programs for success in meeting both mission and financial goals. We have concluded our annual program analysis of our Single Family Homeownership programs and have finalized our recommendation for program changes.

In 2024-2025, the Agency experienced a liquidity challenge, prompting an immediate need to ensure production didn't extend beyond the liquidity we could support. As a result, in March 2025 we made a suite of major program changes to meet a reduced downpayment and closing cost loan budget. The changes ensured continuous operation of our programs, while allowing the Agency to attain mission goals.

In FFY 2025 first mortgage production dropped to under \$780 million — a level of production well below expectations and below what is financially optimal for the Agency. The primary driver of the decrease was the closure of the First-Generation Homebuyer Program, which had substantially boosted production in 2024. At the same time, elevated interest rates, rising homeownership costs, and broader inflationary pressures created a challenging environment for low- to-moderate-income homebuyers, further contributing to lower production levels. The availability of other downpayment and closing cost assistance programs in the market has also further reduced Agency loan volume. These competing programs are expected to continue impacting Agency production into the 2026-2027 AHP cycle.

While production for the 2025-2026 AHP has rebounded slightly, it continues to be below budget targets. As such, this year's program analysis aimed to make program changes that support an increase in loan production to get us closer to budget, enhance affordability and support financial stability for borrowers, and improve ease of program use.

Request Details

Proposed changes to the Monthly Payment Loan (MPL) program:

Extend loan term

Staff propose extending the Monthly Payment Loan term from 10 years to 15 years. Extending the loan term will lower the monthly payment and improve affordability for our borrowers.

Increase income limit

To increase production staff recommend increasing the Step Up Monthly Payment Loan income limit to match the Step Up income limit. This change makes all Step Up borrowers income-eligible for the Monthly Payment Loan as they had been prior to the 2025 changes.

The Step Up Monthly Payment Loan income limits are currently 105% of the area median income. (See Table 1.)

Table 1: Step Up MPL income limit (based on 2026 HUD income limits)

Household Size	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
1-2 Person	\$ 138,100	\$ 138,100	\$ 124,900
3+ Person	\$ 158,800	\$ 158,800	\$ 143,600

Staff proposes setting the Step Up Monthly Payment Loan income limits at 130% AMI (Start Up Household of 3+ limit times 130%). (See Table 2.)

Table 2: Proposed Step Up MPL income limit (based on 2026 HUD income limits)

Household Size	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
All sizes	\$ 196,600	\$ 196,600	\$ 177,800

Proposed changes to Deferred Payment Loan (DPL)/Deferred Payment Loan Plus (DPL+) programs:

Increase income limit

To increase production, staff recommends increasing the Deferred Payment Loan (DPL)/Deferred Payment Loan Plus (DPL+) income limit from 80% AMI to 90% AMI.

Table 3. DPL/DPL+ income limits (based on 2026 HUD income limits)

Household Size	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
1-2 Person	\$ 84,100	\$ 84,100	\$ 76,000
3 Person	\$ 94,600	\$ 94,600	\$ 85,600
4 Person	\$ 105,200	\$ 105,200	\$ 95,100
5 Person	\$ 113,600	\$ 113,600	\$ 102,700
6 Person	\$ 122,000	\$ 122,000	\$ 110,300
7 Person	\$ 130,400	\$ 130,400	\$ 117,900
8 Person	\$ 138,800	\$ 138,800	\$ 125,500
9+ Person	\$ 147,200	\$ 147,200	\$ 133,100

Table 4. Proposed DPL/DPL+ income limits (based on 2026 HUD income limits)

Household Size	11-County Twin Cities Metro Area	Dodge and Olmsted Counties	All Other Counties
1-2 Person	\$ 94,600	\$ 94,600	\$ 85,600
3 Person	\$ 106,500	\$ 106,500	\$ 96,300
4 Person	\$ 118,300	\$ 118,300	\$ 107,000
5 Person	\$ 127,800	\$ 127,800	\$ 115,500
6 Person	\$ 137,200	\$ 137,200	\$ 124,100
7 Person	\$ 146,700	\$ 146,700	\$ 132,600
8+ Person	\$ 151,200	\$ 156,100	\$ 136,700

We expect an improvement to mission production with this change, given that in recent years a significant share of borrowers with incomes between 80% and 90% AMI within our DPL/DPL+ programs have been Black, Indigenous and people of color.

Add asset limit guidance

The program currently permits borrowers to spend-down assets by up to \$2,500 to meet the asset limit requirement, and staff recommends removing this spend-down limit. The recommendation to remove the spend-down limit keeps the asset limit unchanged and continues to allow borrowers to pay off existing debts to meet the asset limit, but removes the cap.

The proposed change removes unnecessary complexity in determining eligibility. The spend-down requirement created confusion and increased the workload for our lending network through additional inquiries and exception requests. Eliminating the spend-down cap supports successful homeownership by enabling borrowers to better their financial position through paying down debt to meet the asset limit.

Staff also recommends adding clarification within the asset limit guidance indicating that the asset limit must be met unless the underlying guidelines of the applicable loan product (Fannie Mae, Freddie Mac, Federal Housing Administration (FHA), Veterans Administration (VA) and Rural Development (RD) require greater reserves. Implementing this clarification addresses instances where the borrower is purchasing a duplex and the underlying program requirements require additional reserves after closing that exceed our established asset limit. Allowing the borrower to meet the added reserve requirements allows adherence to guidelines, helps support the borrower's financial success when purchasing a duplex and reduces the need for exception requests.

Decrease minimum housing ratio

Staff recommends decreasing the housing ratio minimum from 28% to 25%. The change will align with Impact Fund's housing ratio requirement for ease of use across our suite of programs and still support the Agency's efforts to serve borrowers with the greatest needs and maximize impact of Agency resources.

Program lenders have expressed concern that the 28% housing ratio minimum requirement for Deferred Payment Loan borrowers could incentivize lower-income borrowers to extend themselves financially by buying a larger home to qualify for assistance and could negatively impact Greater Minnesota in particular, where housing ratios tend to be lower. The change in the housing ratio will improve eligibility for more borrowers and may increase reach for those in Greater Minnesota.

Proposed Start Up and Step Up Program Updates:

Expand Step Up loan term options

We propose to add the Step Up purchase and refinance term options of 15-, 20-, and 25-year terms for conventional loans, and 20-, and 25-year terms for FHA and VA loans. Approval of the expanded terms will enable the Agency to offer 15-, 20-, 25, and 30-year loan terms for conventional, FHA and VA loans.

The term expansion improves borrower options, enables borrowers to pay down principal more quickly to build equity and will help Minnesota Housing compete in a refinance market.

Add renovation product

Staff propose adding the Freddie Mac CHOICEReno eXPress® product to our offerings under Start Up and Step Up. This product enables borrowers to include renovation costs in the home purchase or refinance. Offering CHOICEReno eXPress® supports the Agency's goal to preserve and create housing opportunities by addressing inventory shortages, as it enables borrowers to purchase homes that may have been on the market for extended periods of time due to needed repairs. The addition of the program is subject to U.S. Bank approval.

Update Start Up and Step Up Procedural Manuals

The Start Up and Step Up procedural manuals have been updated to reflect the program changes listed above. The manuals were also revised to re-organize content, complete minor edits to provide clearer guidance and incorporate plain language improvements. The revisions will provide for ease of use of our programs.



Minnesota Housing Mortgage Loans Start Up Program

Procedural Manual

~~July 7, 2026~~
[July 7, 2025](#)



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

| [July 7, 2026](#)

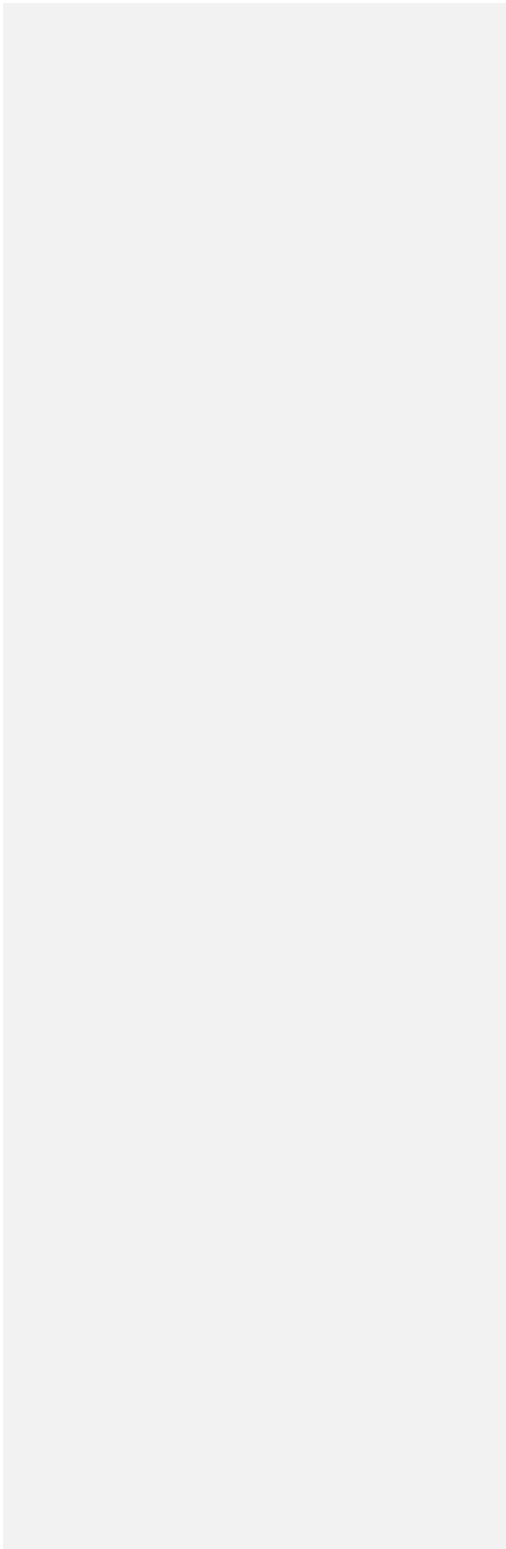
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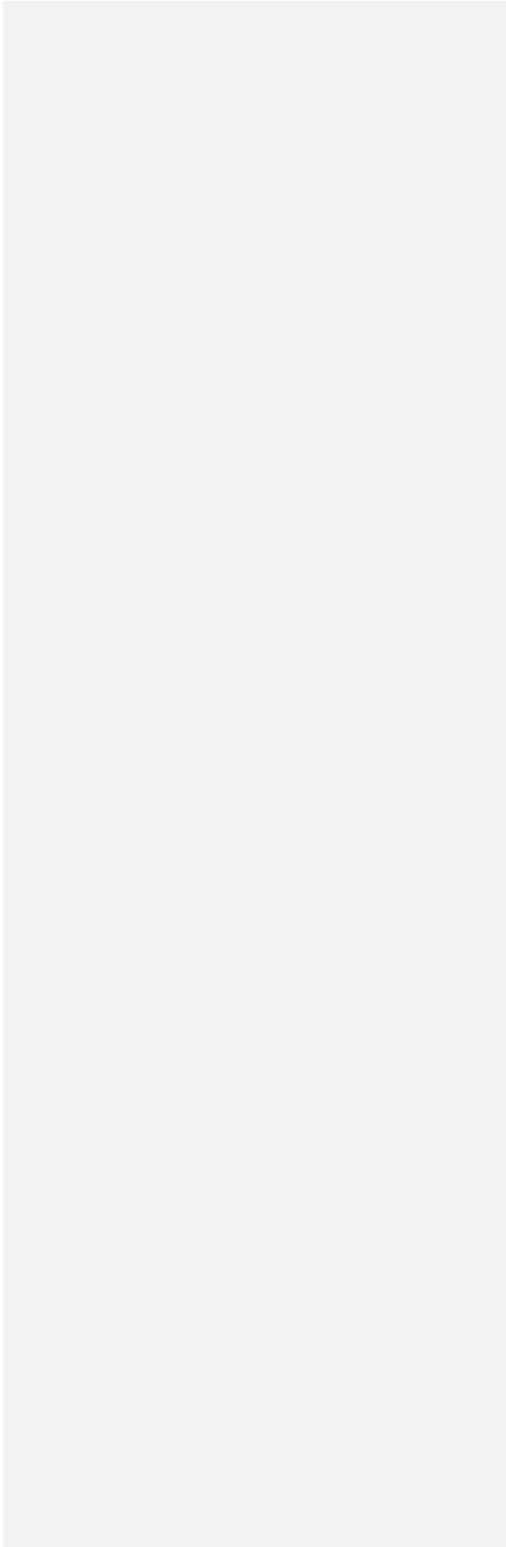
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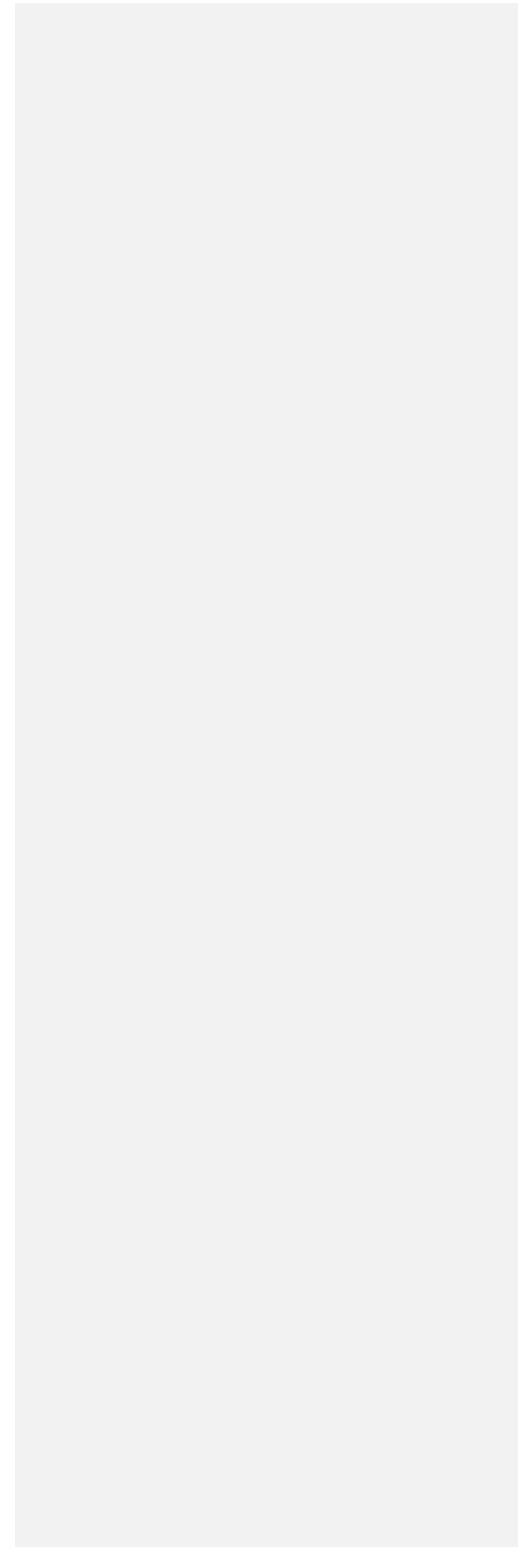
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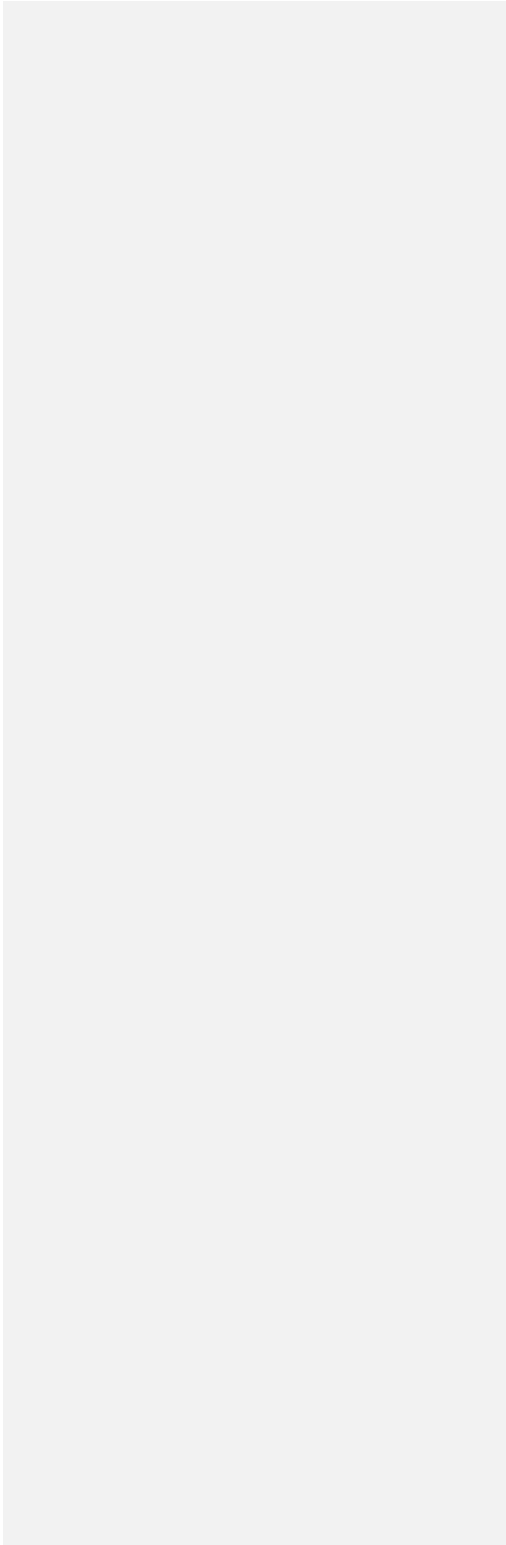
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Chapter 1 – Introduction

1.01 Minnesota Housing Mission Statement

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.

1.02 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 ~~the concept of One Minnesota where everyone thrives~~ 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.

1.03 Background

The Minnesota Housing Finance Agency (“Minnesota Housing”) was created in 1971 by the Minnesota Legislature.

Minnesota Housing offers two mortgage loan programs to serve low- and moderate-income homebuyers (defined in state law as “persons and families of low and moderate income”):

- The Start Up Program for first-time homebuyers, a first mortgage loan program with access to downpayment and closing cost loans.
- The Step Up Program for home purchase or refinance, with access to a downpayment and closing cost loan. Refer to the Step Up Program Procedural Manual for Step Up Program requirements.

Lenders originate and close loans under their individual underwriting and closing procedures. A Master Servicer purchases and securitizes closed loans originated by a Lender under prescribed program requirements. Lenders are advised that underlying eligible product guidelines and Master Servicer requirements apply, which may be more restrictive than the Minnesota Housing guidelines. Minnesota Housing's current Master Servicer is U.S. Bank Home Mortgage—Housing Finance Agency Division (U.S. Bank – HFA Division).

Minnesota Housing offers the Monthly Payment Loan and Deferred Payment Loan (including Deferred Payment Loan Plus) for Start Up Program Borrowers who need funds for downpayment and closing costs.

~~1.04~~ Procedural Manual

~~Procedural Manual sets forth the terms and conditions under which U.S. Bank—HFA Division will purchase mortgages under Minnesota Housing's Start Up Program, including downpayment and closing cost loans.~~

~~1.051.04~~ Mortgage Revenue Bond Programs Start Up Loan Program

The Start Up Program ~~is a Mortgage Revenue Bond Program which~~ offers ~~low interest~~ loans throughout Minnesota to low- and moderate-income, First-Time Homebuyer Borrowers through local participating Lenders.

~~1.061.05~~ Downpayment and Closing Cost Loans

~~Deferred Payment Loan Program (see Chapter 7).~~ The Deferred Payment Loans provide an interest-free deferred loan to assist Borrowers with downpayment and closing costs. [See Chapter 7 for the Deferred Payment Loan guidelines.](#) The Deferred Payment Loan is structured to require a lump-sum balloon payment at loan maturity.

1.06 Monthly Payment Loan

[The Monthly Payment Loan provides an amortizing loan with an interest rate equal to the first mortgage to assist Borrowers with downpayment and closing costs. See Chapter 7 for the Monthly Payment Loan guidelines.](#)

(see Chapter 7). The Monthly Payment Loan provides an amortizing loan with an interest rate equal to the first mortgage to assist Borrowers with downpayment and closing costs.

The Master Servicer

U.S. Bank Home Mortgage Housing Finance Agency Division (U.S. Bank — HFA Division), is the Master Servicer for Minnesota Housing and as such purchases Start Up Program Loans and issues mortgage-backed securities for the Agency. In order to be eligible for purchase, loans must meet the guidelines set forth in this Procedural Manual and all requirements published by U.S. Bank — HFA Division in AllRegs.

Chapter 2 – Responsible Lending

2.01 Procedural Manual

Participating Lenders must execute a Participation Agreement with Minnesota Housing to participate in Minnesota Housing's Single Family Mortgage Programs. This Procedural Manual, which may be updated or amended, is incorporated into the Participation Agreement by reference and Participating Lenders are obligated to adhere to both the Participation Agreement and the Procedural Manual. This Procedural Manual is a supplement to the Participation Agreement for Minnesota Housing Single Family Mortgage Programs, as amended or supplemented (referred to as the Participation Agreement) for Minnesota Housing mortgage programs executed between the Lender and Minnesota Housing. This Procedural Manual, which may be changed and modified, is incorporated into the Participation Agreement by reference and is a part of it as fully as if in the Participation Agreement at length.

Minnesota Housing reserves the right to:

- Change the program interest rate(s) at any time and at its sole discretion
- Change the commitment policy at any time
- Alter or waive any of the requirements
- Impose other or additional requirements
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated
- Grant waivers, alterations, or make revisions at its sole discretion

2.02 Single Family Responsible Lending Policy

Minnesota Housing uses prudent, sound and responsible business practices in marketing and product design related to its Single Family loan programs. -Minnesota Housing designs programs with a focus and goal of successful homeownership, which means Borrowers, must have the knowledge, ability, willingness and capacity to repay their housing debt. -Minnesota Housing does not offer subprime or high-cost mortgage lending programs. -Minnesota Housing reviews portfolio and market conditions regularly to ensure that business practices are updated as needed to meet its responsible lending goals.

In delivering Single Family loan programs, Minnesota Housing policies address:

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:

- Lender must evaluate a Borrower’s repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
- Lenders are prohibited from steering
- Lenders must comply with all rules and regulations for higher priced mortgage loans. Higher priced mortgage loans are defined in [12 CFR 1026.35 \(Regulation Z\)](#)
[12 CFR 1026.35 \(Regulation Z\)](#)
- Lenders are prohibited from delivering high-cost mortgage loans as defined in [12 CFR 1026.32 \(Regulation Z\)](#)
[12 CFR 1026.32 \(Regulation Z\)](#)
- Loans containing prepayment penalties or mandatory arbitration clauses are not permitted
- Single Premium Credit Life Insurance may not be required, nor can any funds provided by Minnesota Housing be used toward the purchase of any credit insurance products or premiums
- Compliance with the Interagency Guidelines on Nontraditional Mortgage Product Risks
- Compliance with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction

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Field Code Changed

2.03 Evidence of Misconduct ~~Referred to Attorney General~~

- Minnesota Housing will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of these programs to the Minnesota Attorney General’s office for appropriate legal action.
- If, after a loan is made, the Lender discovers any material misstatements or misuse of the proceeds of the loan by the Borrower(s) or others, the Lender must promptly report the discovery to Minnesota Housing and U.S. Bank – HFA Division.
- Minnesota Housing, or U.S. Bank – HFA Division, or both, may exercise all remedies available to them under the Participation Agreement or otherwise, both legal and equitable, to recover funds from the Lender or the Borrower(s). This includes possible repayment of loan funds, repayment of administrative costs, repayment of fees or commissions received by the Lender in connection with the loan and, reimbursement of all attorney fees, legal expenses, court costs, or any other expenses incurred in connection with the loan or its recovery.

2.04 Disclosure and Use of Social Security Number/Minnesota Tax Identification Number

The Minnesota Revenue Recapture Act (Minnesota Statutes, Sections 270A.01 to 270A.12, as amended) allows the disclosure of the Borrower(s) Social Security Number to the Minnesota Department of Revenue.

This could result in the application of state tax refunds to the payment of any delinquent indebtedness of the Borrower(s) to Minnesota Housing.

This collection remedy is in addition to and not in substitution for any other remedy available by law ([Minn. Stat. 270A.04, subd. 1](#)).

2.05 Unauthorized Compensation

The Lender may receive fees as approved in this Procedural Manual. However, the Lender may not receive or demand from the realtor, builder, [general contractor, subcontractor](#), Property Seller, or Borrower(s):

- Kickbacks
- Commissions
- Other compensation [in violation of state or federal law including but not limited to the Real Estate Settlement Procedures Act \(RESPA\)](#)

2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. ~~A loan file may be requested to be forwarded to Minnesota Housing for review. Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division. Minnesota Housing reserves the right to conduct quality control, audit and monitoring activities at its sole discretion upon written notice to Lender.~~

Audited loans are reviewed for:

- [Adherence to state and federal laws regulating mortgage lending and applicable income limits](#)
- [Mortgage revenue bond law compliance](#)
- ~~[Adherence to federal laws and regulations regarding applicable income limits](#)~~
- Minnesota Housing program and policy compliance
- Fraud or misrepresentation on the part of any party involved in the transaction
- [Trends or other indicators that may have an impact on the success of the Borrower\(s\) and programs](#)

[Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division.](#)

2.07 Termination of Lender Participation

Minnesota Housing may terminate the participation of any Lender under the programs at any time and may preclude the Lender's future eligibility for reasons including, but not limited to, nonconformance with:

- This Procedural Manual
- The Participation Agreement
- The U.S. Bank – HFA Division Lender Guide
- Applicable state and federal laws, rules, and regulations

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division ~~will~~may continue to purchase eligible loans delivered to U.S. Bank—HFA Division for loans originated prior to the termination.
- Minnesota Housing will not refund participation fees to the Lender.

Remedies and Reinstatement

- Minnesota Housing may, at its option, impose remedies other than termination of the Participation Agreement for Lender nonperformance.
- The Lender may request reinstatement into Minnesota Housing programs. The decision to reinstate a Lender is at Minnesota Housing's and U.S. Bank – HFA Division's sole discretion.

2.08 Representations and Warrants

The Lender ~~must comply with~~ agrees to follow all applicable federal, ~~s~~State, and local laws, ordinances, regulations, and orders ~~related to mortgage lending,~~ including, but not limited to, any rules/requirements that the Lender may be subject to, related to mortgage lending or based on their legal organizational structure. ~~, but not limited to:~~

- ~~Ability to Repay Qualified Mortgage (QM) Rule~~
- ~~Americans with Disabilities Act~~
- ~~Anti-Predatory Lending Act~~
- ~~Anti-Money Laundering and Office of Foreign Assets Control Policy~~
- ~~Bank Secrecy Act~~
- ~~CFPB Unfair, Deceptive, or Abusive Acts or Practices Rules~~
- ~~Data Privacy – Minnesota Statutes Chapter 13 and Section 462A.065~~
- ~~Dodd-Frank Wall Street Reform and Consumer Protection Act~~
- ~~Equal Credit Opportunity Act~~
- ~~Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on 11/20/62~~

- ~~Fair and Accurate Credit Transactions Act~~
- ~~Fair Credit Reporting Act~~
- ~~Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968)~~
- ~~Home Mortgage Disclosure Act~~
- ~~Home Ownership and Equity Protection Act (HOEPA)~~
- ~~HUD Discriminatory Effects Regulation/Disparate Impact Regulation~~
- ~~Internal Revenue Code of 1986, Section 6050H~~
- ~~Loan Officer Compensation~~
- ~~Minnesota Human Rights Act — Minnesota Statutes Chapter 363A~~
- ~~Minnesota S.A.F.E. Mortgage Licensing Act of 2010 — Minnesota Statutes Chapters 58 and 58A~~
- ~~Mortgage Disclosure Improvement Act (MDIA)~~
- ~~National Flood Insurance Act~~
- ~~Real Estate Settlement Procedures Act of 1974~~
- ~~Section 527 of the National Housing Act~~
- ~~Title VI of the Civil Rights Act of 1964~~
- ~~Title VII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974~~
- ~~Truth In Lending Act~~
- ~~Uniform Electronic Transactions Act (UETA), Minn. Stat. ch. 325L~~
- ~~USA Patriot Act~~

In addition to the above listed representations and warranties, the Lender must comply with the documents listed below and will ensure that the person who confirms the loan on Minnesota Housing's loan commitment system and who verifies the Lender's Representations and Warranties on behalf of the Lender, has both the authority to legally bind the Lender and is fully conversant with:

- U.S. Bank – HFA Division requirements as published in AllRegs
 - The U.S. Bank – HFA Division Lender Guide, unless those terms, conditions, and requirements are specifically waived by Minnesota Housing or U.S. Bank – HFA Division, as applicable, in writing.
 - US Bank AllRegs section 500 for Minnesota Housing and Section 1400 credit overlays
 -
- Minnesota Housing program requirements
 - The Participation Agreement
 - This Procedural Manual
- Underlying loan product and insurer/guarantor requirements
- ~~The Participation Agreement~~
- ~~This Procedural Manual~~

- ~~The U.S. Bank – HFA Division Lender Guide unless those terms, conditions, and requirements are specifically waived by Minnesota Housing or U.S. Bank – HFA Division, as applicable, in writing.~~

2.09 Lender Compensation

The Lender is compensated for each loan purchased by U.S. Bank – HFA Division as follows:

- 2.50% is the maximum compensation a Lender may retain on any Minnesota Housing loan file between origination/discount fees and Service Release Premium – see the [Lock, Fee, and SRP Guide](#).
- The Lender receives a service release premium (SRP) paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the [Minnesota Housing website](#).
- The Lender may collect an origination fee or discount point from the Borrower(s) in accordance with industry standard regulations and limited as follows:
 - Origination fee and ~~Discount~~ discount points cannot exceed 1% when using either with the 1.5% SRP option or the 3.5% SRP option (the 3.5% SRP option which helps to covers Upfront Paid Mortgage Insurance costs).
 - Lender ~~may~~ cannot charge any origination fee or discount points with the 2.5% SRP options.

2.10 Annual Renewal Requirements ~~and Fees~~

- ~~The Lender must confirm willingness to participate in the Minnesota Housing loan programs on an annually basis. This is done by completing the Annual Renewal Forms.~~
- ~~meet the minimum loan volume requirements as specified by Minnesota Housing or by U.S. Bank – HFA Division, whichever is greater.~~
- ~~The Lender must be approved by both Minnesota Housing and U.S. Bank – HFA Division to originate and deliver Minnesota Housing Start Up Program loans.~~

2.11 Marketing Materials Terms of Use

Lenders must follow Minnesota Housing's [Terms of Use](#) for marketing materials and the Participation Agreement requirements for marketing and use of Minnesota Housing's name or logo.

Chapter 3 – Master Servicer Requirements

Minnesota Housing’s Master Servicer, U.S. Bank – HFA Division, has requirements in addition to Minnesota Housing’s program requirements and underlying product guidelines. U.S. Bank – HFA Division’s requirements may be more restrictive and may vary by different state Housing Finance Agencies.

Lenders ~~should~~ must review and comply with all applicable U.S. Bank – HFA Division requirements, including Minnesota Housing specific requirements, located in [AllRegs](#). U.S. Bank – HFA Division has an Overlay Matrix resource [in AllRegs](#) highlighting common overlays (not comprehensive). In addition to U.S. Bank – HFA Division’s overlays, Lenders must follow U.S. Bank – HFA Division’s loan delivery, documentation, servicing, fees policies and all other due diligence.

Chapter 4 – Borrower Eligibility

4.01 Borrower

One individual or multiple individuals are eligible to be a Borrower only if the individual(s) meet the requirements set forth in this Procedural Manual.

4.02 Borrower Age

The Borrower(s) must be ~~18~~ eighteen years of age or older or legally emancipated~~be minors declared emancipated by a court having jurisdiction.~~

4.03 Co-Signers

Co-Signers are permitted on Start Up Program loans. Co-Signers must sign the Start Up Program loan note and the downpayment and closing cost loan note, if applicable. Co-signers are not vested in title to the property and are not required to reside in the subject property. See [Section 4.08](#).

~~4.04 Unauthorized Compensation~~

~~The Borrower(s) and Lender may not receive kickbacks, rebates, discounts, or compensation from any subcontractor, realtor, or Property Seller.~~

~~4.05~~4.04 **Prior Homeownership - Three-Year Requirement**

~~All Borrowers and their current spouses — even spouses who are not buying the home — must not have owned a home they lived in as their primary residence at any time during the three years before the loan closing. This rule applies to anyone who will sign the mortgage note and have an ownership interest in the property being financed. All Borrower(s) and their current spouses (including a non-purchasing spouse(s)) may not have had an ownership interest in their Principal Residence at any time during the three-year period immediately preceding execution of the mortgage loan documents (loan closing). This requirement applies to any person who will execute the note and will have an ownership interest in the financed property. See chart below.~~

Table 1/ Prior Year Requirements

Person	Resides in Property	Three year requirement must be verified
Borrower	Yes	Yes
Co-Borrower	Yes	Yes
Co-Signer, occupant	Yes	Yes

Person	Resides in Property	Three year requirement must be verified
Co-Signer, non-occupant (not allowed to be on title)	No	No
Spouse, occupant, non-purchasing	Yes	Yes
Spouse, non-occupant, non-purchasing	No	No
Non-occupying eCo-Signer's spouse	No	No
Other occupant, non-purchasing (on title)	Yes	Yes
Other occupant, non-purchasing (not on title)	Yes	No

Types of interest that constitute ownership interest include:

- A fee simple interest
- A joint tenancy, a tenancy in common, or a tenancy by the entirety
- The interest of a tenant shareholder in a cooperative
- A life estate
- A leasehold estate or a leasehold estate subject to a Community Land Trust
- A land contract, under which possession, benefits, and burdens of ownership are transferred although legal title is not transferred until a later time
- An interest held in trust for the Borrower(s) (whether or not created by the Borrower(s)) that would constitute a present ownership interest if held directly by the Borrower(s)
- A vendee interest in a contract for deed with a term greater than 24 months
- An ownership interest in a mobile or manufactured home that is permanently affixed to a foundation on the real property on which it is located.
- A marital interest in real property pursuant to the law of the state or country where that property is located.

Interests that do not constitute an ownership interest include:

- A remaindermen interest
- An ordinary lease with or without an option to purchase
- A mere expectancy to inherit an interest in a Principal Residence
- The interest that a purchaser of a residence acquires on the execution of an accepted offer to purchase real estate
- An interest in a non-Principal Residence during the three-year period prior execution of the mortgage loan documents (e.g., [an investment property](#), a recreational or seasonal home)
- An ownership interest in a mobile or manufactured home which is not permanently affixed to real estate (e.g., anchored to the ground instead of attached to a foundation)

- An interest acquired through temporary financing (e.g., construction loan, bridge loan, contract for deed) with an initial term of 24 months or less

Review of documentation - All documentation must be retained in the Lender's closed loan file:

The Lender must examine all documents collected in evaluating the borrower's eligibility for the loan for any evidence that the Borrower(s) and any other person required to meet the 3-year requirement as outlined in the chart above, have not owned a Principal Residence during the three-year period prior to execution of the mortgage loan documents. Examples of types of documentation to be reviewed includes:

- Credit report
 - ~~(must not show any previous mortgage loan(s) in the three-year period prior to~~ execution of the mortgage loan documents, or if it does, follow the guidance ~~on for~~ "Special Documentation for Current Ownership" below; and)
- Final loan application
 - ~~(must not show an ownership interest in a Principal Residence in the three-year period prior to~~ execution of the mortgage loan documents, and must show a two-year residence history indicating no ownership interest in the Borrower(s) residence(s))
- If the Lender cannot verify the absence of ownership from a review of the credit report, final loan application, or other evidence, the absence of an ownership interest must be documented and verified by:
 - A title search with respect to the Borrower(s) residence(s) to provide reasonable assurance that there was no actual ownership document the Borrower was not on title to any real property they occupied within the three-year period prior to the closing date by the Borrower(s); and
 - ~~A signed and dated signed, written~~ letter of explanation from the Borrower(s) and any other person required to meet the 3-year requirement as outlined in the chart above of, of explanation from any the Borrower(s) indicating that the Borrower(s) has they have not had an ownership interest in a Principal Residence within the three-year period prior to the closing date of loan application. The letter does not need to be on a specific form and does not- need to be notarized.
- Special Documentation for Current Ownership: ~~A~~ Borrower(s) and any other person required to meet the 3-year requirement as outlined in the chart above with a current ownership interest in a residence within the three-year period prior to execution of the mortgage loan documents must ~~be able to~~ provide evidence (e.g. copy of rental agreement or lease) showing that they have not lived in the residence during the three-year period prior to execution of the mortgage loan documents.

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4.064.05 Principal Residence/Occupancy Requirement

The Borrower(s) must intend to occupy the financed dwelling as a Principal Residence within 60 days after the closing of the loan. A certification of the owner occupancy ~~is to~~must be made by the Borrower(s) ~~in~~on the ~~Borrower Affidavit~~Start Up Loan Program Affidavit.

4.06 Current Minnesota Housing Borrower Requirements

~~Borrowers may not have more than one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL, and one First-Generation Homebuyer loan open at a time.~~

4.07 Qualified Homebuyer Education

~~If all Borrowers are first-time homebuyers, are~~ At least one Borrower must complete an approved Homebuyer Education course prior to closing. A copy of the certificate of completion must be in the loan file. Minnesota Housing does not have a Homebuyer Education certificate expiration date policy. Approved Homebuyer Education courses are listed on the Minnesota Housing ~~our~~ website.

4.08 Credit Scores and Debt-to-Income (DTI) Ratios

The Start Up Program ~~Loan~~-credit score and debt-to-income (DTI) requirements vary based on underlying loan products. Refer to Minnesota Housing's Credit and DTI Matrix for credit score and DTI requirements by product types.

Refer to the following product descriptions on Minnesota Housing's website for additional conventional product requirements:

- [Fannie Mae HFA Preferred™ Product Description](#)
- [Freddie Mac HFA Advantage® Product Description](#)

Minnesota Housing offers these product descriptions and the following chart as resources for Lenders. ~~The~~ Lenders ~~are advised to~~ must conduct fulfill their own due diligence in adhering to all underlying product and U.S. Bank – HFA Division requirements, and ~~not solely~~ solely rely and/or information provided by Minnesota Housing, including the tools and/or information in this Procedural Manual.

See [AllRegs](#) for additional, specific U.S. Bank – HFA Division requirements.

~~Refer to Minnesota Housing's Credit and DTI Matrix for Minimum Credit Score/Maximum Debt to Income Ratio.~~

Table 2/Credit Score Guides

Number of Credit Scores	Guidance
3 scores	Use the middle of the scores
2 scores	Use the lower of the two scores
1 score	Use the available score
Multiple Borrowers: all with credit scores	Use the lowest middle score available
Multiple Borrowers: at least one Borrower has a credit score, and the other Borrower(s) does not have a credit score	Defer to the underlying product guidelines
Sole Borrower or Multiple Borrowers: No score	Defer to the underlying product guidelines
Insufficient credit to support an AUS Approval or has erroneous, inaccurate, or disputed credit	Defer to the underlying product guidelines

4.09 Program Eligibility Income

The Start Up Program is for persons and families of low and moderate income. The total Program Eligibility Income [must](#) not exceed Start Up Program [income limits](#) which are posted on Minnesota Housing's website.

Household Members Whose Income Must Be Included

The income of the following persons must be verified and included when calculating Program Eligibility Income:

- Anyone who will have title to the subject property and signs the Mortgage.
- Anyone who is expected to reside in the subject property and is obligated to repay the Start Up [Program](#) loan (e.g., signs the [Note](#)) but does not have title to the subject property (e.g., an occupant Co-Signer not named in title to the subject property and does not sign the Mortgage).
- Any legal spouse of the Borrower if the spouse will also reside in the subject property.

If the Borrower is legally married and the spouse is not expected to reside in the subject property, the loan file must contain either the [Non-Occupant Spouse Statement](#) or another statement signed by the borrowing spouse or non-occupant spouse indicating the spouse will not be occupying the home, will not be obligated to repay the loan and is not named in title to the subject property. See chart below.

Table 3/Income Eligibility Review

Person	Signs Mortgage	Signs Note	Resides in Property	Include in Eligibility Income Calculation
Co-Borrower	X	X	X	Yes
Co-Signer, occupant		X	X	Yes

Person	Signs Mortgage	Signs Note	Resides in Property	Include in Eligibility Income Calculation
Co-Signer, non-occupant		X		No
Other occupant, non-purchasing (on title)	X		X	Yes
Other occupant, non-purchasing (not on title)			X	No
Spouse, occupant, non-purchasing			X	Yes
Spouse, non-occupant, non-purchasing				No

Any person whose income must be included in the Program Eligibility Income calculation but receives no income must sign either the [Zero Income Statement](#) or another signed statement indicating that he/she/they receive no income.

Program Eligibility Income Calculation

The [Program Eligibility Income Worksheet](#) posted on Minnesota Housing’s [website Lender Portal](#) has delineates the Program Eligibility Income requirements. Lenders are responsible for [computing](#) Program Eligibility Income based on these requirements. [Always include all income received unless specifically excluded on the Program Eligibility Income Worksheet. For more details on definitions of income sources and income inclusions and exclusions, refer to the Program Eligibility Income worksheet.](#)

The total Program Eligibility Income is calculated using Annualized Gross Income. Annualized Gross Income includes, but is not limited to:

- Base pay from an employer
- Additional pay from an employer (over and above base pay)
- Self-employment or business income
- [Income from Financial Assets](#)
- [Government Transfer Payments, Insurance or Benefit Payments](#)
- [Investment Property Net Rental Income](#)
- Child or spousal support
- Regular cash contributions
- Employee allowances
- Custodial account income

Always include sources of income unless specifically excluded on the Program Eligibility Income Worksheet. For more details on definitions of income sources and income inclusions and exclusions, refer to the [Program Eligibility Income Worksheet](#).

The calculation of Program Eligibility Income must take place in the 120-day period immediately preceding execution of the mortgage loan documents. In determining Program Eligibility Income, the Lender must rely on the most recently verified income documentation in the loan file. [For program eligibility income, provide documents dated within four months of the closing date to support your calculations. Within those four months, use the most recent information available.](#)

Chapter 5 – Property Eligibility

5.01 Eligible Properties

Properties eligible for a loan under the Start Up Program must be located in the State of Minnesota and may include any of the following housing types.

- A single-family detached residence
- A unit within an eligible Planned Unit Development (“PUD”)
- A condominium unit
- A duplex that meets the following requirements:
 - The Borrower(s) must occupy one unit of a duplex property
 - ~~Duplex Mm~~ must have been a residential property for at least five years before the date of the new mortgage, i.e., cannot be ~~nNew Cc~~ construction or recently converted from non-residential use
- A modular home
- A manufactured home that meets the following requirements:
 - ~~Be-aA~~ double wide or larger manufactured home, permanently affixed to a foundation and taxed as real property; and
 - ~~Be-bB~~ built to Federal Manufactured Home Construction Safety Standards, administered by U.S. Housing and Urban Development (HUD)

Additionally, eligible properties must meet the following, as applicable:

- Underlying eligible conventional loan products guidelines:
 - Fannie Mae HFA Preferred™ Product Description and Freddie Mac HFA Advantage® Product Description on Minnesota Housing’s website.
 - If the underlying conventional product guidelines (Fannie Mae HomeReady™™ and Freddie Mac HomePossible®) conflict with the Minnesota Housing conventional product descriptions above, defer to the Minnesota Housing conventional product descriptions.
- Underlying FHA, VA and USDA loan product guidelines
- U.S. Bank – HFA Division requirements
- Refer located within AllRegs

5.02 Ineligible Properties

Properties not eligible for financing are as follows:

- A unit in a cooperative corporation or a limited equity cooperative corporation
- A recreational or seasonal home

- A single-wide ~~mobile or~~ manufactured home, even if permanently affixed to a foundation and taxed as real property
- A property intended to be used as an investment property (except the rental of a second unit in a duplex)
- A newly constructed duplex or a duplex converted from nonresidential use in the past five years
- A property where 15% or more of the total area of the property is used primarily in a trade or business in a manner which would permit the Borrower(s) to take a deduction for certain expenses incurred in connection with the business use of a home on the Borrowers' federal income tax return

5.03 Ownership Interest

Eligible forms of ownership interest include the following:

- Fee simple interest
- Joint tenancy
- Community Land Trust (CLT)
- Tenancy in common
- Tenants by the entirety
- Sole Ownership

5.04 Acquisition Cost Limit

The Acquisition Cost is the cost of acquiring an eligible property from the property seller as a completed residential unit. The Acquisition Cost of a property may not exceed the amounts listed on [Minnesota Housing's website](#).

The Acquisition Cost includes:

- All amounts paid either in cash or in kind, by the Borrower(s) or by a related party for the benefit of the Borrower(s) to the property seller or to a related party for the benefit of the property seller as consideration for the property.
- All amounts paid by or on behalf of the Borrower(s) and required to complete or repair a residence whether or not the cost of the completion or repairs is to be financed with the proceeds of a Minnesota Housing loan (which may be agreed upon beyond the contractual purchase price).
- The purchase price as well as all repair costs for FHA 203K Streamlined loans.
- All land cost or land value as stated in New Construction Requirements Section 5.08 below.
- All special assessments paid or assumed by the Borrower(s).

The Acquisition Cost does not include:

- Usual and reasonable closing or financing costs
- Any special assessments paid by the property seller

5.05 Appraised Value

The appraised value of the subject property may not exceed 125% of the applicable Acquisition Cost limit.

5.06 Personal Property

Personal property may not be financed by the ~~Minnesota Housing Loan~~ [Start Up Program](#) and may not be listed on the purchase agreement between the Borrower(s) and property seller for the purchase and sale of the real property financed by that loan. Only permanently affixed property (fixtures) ~~are~~ [is](#) eligible for financing.

5.07 Excess Property

The financing of a property may include only land necessary to maintain the “basic livability” of the dwelling.

- The financed land may not provide, other than incidentally, a source of income to the Borrower(s).
- The land may not comprise more than one parcel or be eligible for legal subdivision unless the appraiser states that the land is commensurate in size with other residential parcels in the community.
- If the land value exceeds 45% of the total appraised value, the appraiser must address in the appraisal whether the size of the lot is common or typical for the area.

5.08 New Construction Property Requirements

In addition to the property eligibility requirements stated in [Section 5.01](#) of this Procedural Manual, a New Construction property must meet the following requirements:

- The land must be zoned for residential housing.
- The cost of land purchased within 24 months before the date on which construction begins must be included in the Acquisition Cost.
- The value of land, as determined by the appraisal, must be used to determine the Acquisition Cost if the land was purchased more than 24 months before the date on which construction begins or purchased through a non-arm’s length transaction.
- Any temporary financing (e.g., construction loan, bridge loan, contract for deed) provided before the date of the loan closing may not exceed a 24-month term.

- The land equity, defined as the dollar value of the difference between land value/cost and the total amount the Borrower owes against the land, may be used by a Borrower only as a downpayment [on the loan](#).
- A certificate of occupancy or legal document that [confirms](#) ~~proves~~ a house is safe to inhabit must be issued for the property before loan closing.
- The Borrower(s) may not act as the general contractor.

See [Section 6.02](#) for New Construction financing requirements.

Chapter 6 – Loan Eligibility

6.01 Eligible Loans

U.S. Bank – HFA Division purchases closed loans from the Lender under contract in Minnesota Housing mortgage loan programs. The Lender must warrant that the following criteria are met for each loan submitted for purchase.

Eligible Loan Types:

- Purchase Transactions only

Eligible Government loan products ~~to include:~~

- Federal Housing Administration (FHA), including
 - FHA purchase transactions
 - FHA 203(k) Streamlined Purchase Limited
- Veterans Administration (VA)
- USDA Rural Development (RD)

Eligible Conventional Loan Products

- Fannie Mae HFA Preferred™ (Conventional)
- Freddie Mac HFA Advantage® (Conventional)

Lenders are advised to refer to the conventional product descriptions on the Minnesota Housing website and AllRegs for product requirements.

Program loans must satisfy the following criteria:

- All local, state, and federal laws and regulations including those relating to the Fair Housing Act, the Truth in Lending Act (TILA) and Minnesota’s Human Rights Act must be met.
- The Minnesota Housing First-Time Homebuyer’s program income limits and property acquisition cost limit requirements must be met.
- Both the first mortgage ~~The loan~~ and, if applicable, the second mortgage loan must be originated ~~and~~ closed in, or assigned ~~to,~~ under the name of the Lender who that is a party to the Minnesota Housing Participation Agreement and, That Lender must have who locked the loan(s) ~~in~~ on the Minnesota Housing loan commitment system.

6.02 New Construction Loan Eligibility Requirements

In addition to the loan eligibility requirements already stated in this Procedural Manual (Section 6.01), a New Construction property must meet the following requirements:

- The program funds are not used for temporary initial financing (e.g., interim or construction financing).
- All sweat equity meets the requirements of the applicable loan product and insurer/guarantor, as well as the following:
- The work was done by the Borrower or members of a Borrower's family, specifically, the Borrower's brothers and sisters (whether by whole or half-blood), spouse, or lineal descendants
 - The individuals that did the work must be qualified to do the specific type of work
 - The maximum dollar amount of the sweat equity does not exceed \$5,000
 - The sweat equity is not a part of the Acquisition Cost
 - The sweat equity includes only the value of work and not the cost of materials

6.03 Ineligible Loans

A Start Up Program loan cannot be used to acquire or refinance an existing mortgage loan. Certain existing Start Up Program Mortgage loans may be assumed, as described in [section 10.03 Assumption/Due-On-Sale](#).

6.04 Refinancing of an Existing Mortgage

Borrowers may not use the Start Up Program to refinance an existing loan unless the Start Up Program loan replaces or refinances temporary initial financing. [Borrowers may not have more than one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL, and one First-Generation Homebuyer Loan open at a time.](#)

6.05 Subsidy Recapture Statement

Federal law requires that all loans funded by mortgage revenue bonds be subject to subsidy recapture regulations. Subsidy recapture enables the federal government to collect some of the subsidy realized by Borrower(s) from the interest rate differential resulting from the mortgage revenue bond financing.

The recapture tax is payable through the Borrower's Federal Income Tax Returns for the year the Borrower sells or transfers an eligible residence. The recapture tax provisions of the Code apply to all Borrowers. The recapture may apply if all three of the following conditions occur at once:

- The residence is sold within the first nine years of the closing date
- The Borrower realizes a gain on the sale of the residence (as defined by the IRS)
- The Borrower's income has increased since the closing date and exceeds the limits established by the IRS

To ensure understanding and disclosure of subsidy recapture, the Lender must:

- Explain subsidy recapture to the Borrower(s) at the time of loan application (see the [Start Up Program Required Forms Summary](#))

Require the Borrower(s) to sign the completed Subsidy Recapture Statement [at closing or as close to closing as possible](#)

- ~~At closing or as close to closing as possible~~

6.06 Interest Rate/Amortization Requirements

Minnesota Housing requires all loans:

- ~~Must H~~ave a fixed interest rate
- ~~Must be A~~re fully amortized over the term of the loan
- ~~Must be A~~payable on the first of each month in level [monthly](#) installments that include at least principal and interest

~~The i~~nterest rates for Minnesota Housing loan programs are listed [in the Lender Portal on the Homeownership Interest Rates page](#).

~~here~~.

6.07 Mortgage Term

[Minnesota Housing mortgage terms and SRP options can be found in the Lender Portal Homeownership Interest Rates page](#).

- All loans must have a ~~15-year or~~ 30-year term.

6.08 Private Mortgage Insurance Coverage Requirements

All loans requiring private mortgage insurance must have coverage at the levels prescribed by the underlying mortgage product guidelines.

~~6.09 Private Mortgage Insurance Companies – Minimum Requirements~~

All private mortgage insurance companies must:

- Be licensed to do business in the State of Minnesota
- ~~Meet the minimum requirements for private mortgage insurance companies must~~ Maintain a rating of A2 from Moody's Investor Services and AA from Standard and Poor's Corporation, or better, at the time the mortgage loan is purchased by U.S. Bank – HFA Division, or have Fannie Mae and Freddie Mac approval
- ~~meet~~ [identified in the underlying loan product guidelines](#).

6.106.09 Settlement/Closing Costs

The settlement and closing costs, fees, or charges the Lender collects from any party in connection with any loan must:

- [Comply with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction](#)
- ~~Comply with Minnesota law~~
- Meet all requirements of the insurer/guarantor
- Not exceed the actual amounts expended for any item (e.g. credit report, appraisal)
- Ensure the Borrower does not pay more than a pro-rata share of property taxes

Additional limits:

- The total points and fees on the first mortgage cannot exceed 5% of the loan amount. See point and fees definition in ~~12 CFR 1026.32(b)(1) (Regulation Z)~~ [12 CFR 1026.32\(b\)\(1\) \(Regulation Z\)](#)
- Lender may not charge lender fees on any Minnesota Housing downpayment and closing cost loans (e.g. processing fee, underwriting fee, origination fee, etc.).
- Some third-party fees are allowed. See list of allowable third-party fees in the [Lock, Fee, and SRP Guide](#).
- See [Lock, Fee, and SRP Guide](#) for information on servicer fees that may be charged at loan closing.
- ~~The~~ Lender may not charge a “Minnesota Housing fee” (or similar) for processing/originating a Minnesota Housing first or subordinate loan.

Field Code Changed

6.116.10 Gifts

All gifts received by the Borrower(s) for a Minnesota Housing loan must satisfy the requirements of the applicable [underlying](#) first mortgage loan product and the insurer/guarantor.

6.12 Non-Minnesota Housing Secondary Financing

~~Secondary financing offered by a city or county government, a non-profit, or a for-profit, including downpayment and closing cost assistance, community seconds (including resale restrictions), or other forms of secondary financing used in conjunction with a Minnesota Housing loan, must comply with the following:~~

- ~~Meet all requirements of the applicable first mortgage loan product and insurer/guarantor (i.e., FHA Secondary Financing, Fannie Mae Subordinate Financing, Freddie Mac Affordable Seconds)~~
- ~~The Borrower may receive cash back at closing from secondary financing proceeds only when the cash back is a refund of the Borrower’s own investment, as allowed by the first mortgage product.~~

- ~~• The secondary financing does not reduce the Acquisition Cost~~
- ~~• Minnesota Housing requires full disclosure of any and all secondary financing~~

~~See for Lien position guidance.~~

6.136.11 Non-Complying Loans

Minnesota Housing or U.S. Bank – HFA Division has the right to take one or more of the following actions in the event the Lender submits a mortgage loan that does not, as determined by Minnesota Housing or U.S. Bank – HFA Division, fully comply with the requirements of this Procedural Manual:

- ~~Adjust the price at which Minnesota Housing or U.S. Bank-HFA Division is willing to acquire the loan for~~ Adjust the purchase price of the non-complying loan
- If not already purchased, refuse to purchase the loan
- If already purchased, require the Lender to repurchase the loan for the purchase price
- Terminate, suspend, or otherwise limit the Lender’s Participation Agreement with Minnesota Housing or U.S. Bank – HFA Division
- Preclude the Lender from future participation in Minnesota Housing programs

Chapter 7 – Downpayment and Closing Cost Loans

The downpayment and closing cost loan programs eligible to be used with the Start Up Program are the Deferred Payment Loan (including the Deferred Payment Loan Plus option), and the Monthly Payment Loan. (See the [Downpayment and Closing Cost Loan Comparison Chart](#)).

7.01 Eligible Use of Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans provide funds ~~to pay for~~ [downpayment and eligible expenses including standard downpayment, customary, additional downpayment, customary buyer closing costs, including prepaid expenses for taxes and insurance \(homeowners, flood and mortgage insurance\) and association fees as applicable.](#)

7.02 Ineligible Use of Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans cannot be used for any costs not covered in the Eligible Use of Funds section 7.01 above, including the value gap between the purchase price and the appraised value, to pay for the seller's closing costs, or to pay off debts [or buyer's real estate agent commissions](#).

7.03 Homebuyer Education Required for Downpayment and Closing Cost Loans

Qualified Homebuyer Education is required for at least one of the Borrowers who receives a Deferred Payment Loan, Deferred Payment Loan Plus, or the Monthly Payment Loan. See [Section 4.07](#) for more details.

7.04 Cash Investment Required for Downpayment and Closing Cost Loans

A minimum cash investment of the lesser of either 1% of the purchase price or \$1,000, including prepaids, is required. The cash investment must come from the Borrower's assets and may not be a gift, grant, loan, or sweat equity contribution.

7.05 No Assumptions on Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans are not assumable.

7.06 Layering parameters for Downpayment and Closing Cost Loans

~~All~~ Homebuyers who meet [Start Up Program](#) parameters may be eligible ~~for to use~~ [to utilize](#) one of the following Downpayment and Closing Cost loans ~~to be layered~~ with their Start Up Program loan. [Borrowers may not layer Monthly Payment, Deferred Payment, or Deferred Payment Plus loans.](#)

- ~~Deferred Payment Loan;~~
- ~~Deferred Payment Loan Plus;~~~~or~~
- Monthly Payment Loan

Additional Downpayment Loan Sources:

- ~~All~~Eligible Borrowers may layer transactions with Non-Minnesota Housing Secondary Financing (see [Section 7.08](#) for details)
- ~~All~~Eligible Borrowers may layer transactions with downpayment loans funded by the Minnesota Housing Community Homeownership Impact Fund Program.

7.07 Lien Position Downpayment and Closing Cost Loans

- Monthly Payment Loan must occupy a second mortgage lien position when combined with a non-Minnesota Housing Subordinate Financing.
- Deferred Payment Loan/Deferred Payment Loan Plus must be placed in second lien position, except when the Borrower is using a non-Minnesota Housing downpayment assistance loan that requires second lien position.

7.08 Non-Minnesota Housing Subordinate Financing

Subordinate financing offered by a city or county government, a non-profit, or a for-profit, including downpayment and closing cost assistance, community seconds (including resale restrictions), or other forms of subordinate financing used in conjunction with a Minnesota Housing loan, must comply with the following:

- Meet all requirements of the applicable first mortgage loan product and insurer/guarantor (i.e., FHA Secondary Financing, Fannie Mae Subordinate Financing, Freddie Mac Affordable Seconds)
- The Borrower may receive cash back at closing from subordinate financing proceeds only when the cash back is a refund of the Borrower's own investment, as allowed by the first mortgage product.
- The subordinate financing does not reduce the Acquisition Cost.
- Minnesota Housing requires initial and final disclosure of any and all subordinate lien financing

7.087.09 Cash to the Borrower at Closing of Downpayment and Closing Cost Loans

The Borrower(s) may receive cash back at closing only when all of the following criteria apply:

- The cash to the Borrower(s) at closing is a refund of dollars Paid Outside of Closing (POC) by the Borrower and is reflected on the Closing Disclosure

- The cash to the Borrower(s) at closing does not compromise the Borrower minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

7.097.10 Deferred Payment Loan Program

The Deferred Payment Loan program is available to Lenders who participate in the Start Up Program. The two Deferred Payment loan options available are:

- Deferred Payment Loan; or
- Deferred Payment Loan Plus

Terms and conditions of the Deferred Payment Loan and the Deferred Payment Loan Plus include the following:

- Are available only in conjunction with a first mortgage loan purchased by U.S. Bank – HFA Division under the Start Up Program
- May be combined only with a Start Up Program loan ~~with a 30-year term~~
- Must be paid in full when, among other things referenced in the loan ~~n~~Note:
 - The maturity date of the Deferred Payment Loan is reached;
 - The property ceases to be Owner-Occupied. To be considered Owner Occupied at least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term. -Non-occupancy is allowed for situations of verified military deployment;
 - The property is sold or transferred;
 - The first mortgage loan is paid in full, including upon a refinance (see [section 7.18](#) Subordination Policy for subordination information); or
- The first mortgage loan is in default or is declared to be due and payable in full.

The Deferred Payment Loan:

- Is available in whole dollar amounts up to \$14,000

The Deferred Payment Loan Plus:

- Is available in whole dollar amounts up to \$18,000

7.107.11 Deferred Payment Loan Program Borrower Eligibility

The Borrower's maximum income to be eligible for the Deferred Payment Loan Program is indexed to ~~A~~Area ~~M~~Median ~~I~~Income (AMI) and tiered by household size (see the Deferred Payment Loan Program [Income Limits](#)).

- The Borrower’s front end housing ratio must be 25% or higher as calculated with all housing costs, including DPA loans. The calculation may be done, at time of origination and the qualifying income amount is used.
- Lenders must document their good faith effort to identify the total housing costs in determining the front end ratio and it is recommended that Lenders use the Deferred Payment Loan (DPL) Plus Eligibility Worksheet to document their housing front end ratio calculations.
- Minnesota Housing realizes an estimated of front-end ratio may change in underwriting. If the final housing ratio is less than 25%, the Lender must submit the calculation and explanation to Minnesota Housing for a second level review. If approved by Minnesota Housing, the Lender must document Minnesota Housing’s approval to the file.

7.12 Deferred Payment Loan Plus

If using the Deferred Payment Loan Plus option, eligible Borrowers must meet the Asset Limit in this section, Borrower Eligibility requirements in Chapter 4, and demonstrate at least one of the following targeting criteria from the DPL and DPL Plus Eligibility Worksheet:

- ~~First Generation homebuyer as defined in section 7.16~~
- At least one ~~The~~ Borrower must who meets the criteria of a First-Generation Homebuyer as defined in section 7.17, and that Borrower must sign the First-Generation Homebuyer Affidavit attesting to their First-Generation Homebuyer status.
- A household of four or more people
- A household member who is a person with a disability
- Sole Head of Household with at least one Eligible Dependent residing in the household (Limitation: The household must include only one adult that is not an Eligible Dependent.)
 - An Eligible Dependent is:
 - A minor household member (under 18 years of age on the closing date);
 - A household member who is a person with a disability; or
 - A senior (age 62 or older on the closing date).

Asset Limit. The total of all Borrowers’ liquid assets at the completion of closing are limited to \$13,000.

Borrowers may spend down excess liquid assets by up to \$2,500 to meet the post-closing liquid asset limit, provided the following requirements are met:

- Funds must be used to pay down a borrower’s own existing debt(s).
- Payment transaction(s) must be completed prior to or at loan closing.
- Documentation of the debt(s) and the payment transaction(s) must be in the loan file.

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~~7.11~~ 7.13 Deferred Payment Loan Program Lender Warranties

In addition to the warranties stated in Section 2.08, the Lender warrants the following:

- The Borrower's cash investment is paid from the Borrower's own assets (not debt or others' funds)
- The Borrower's liquid asset reserves at the completion of closing are not more than \$13,000.
- The Deferred Payment Loan Program ~~and~~ Deferred Payment Loan Plus funds ~~received by the Borrower(s)~~ are applied to the transaction and verified through the Closing Disclosure
- For DPL Plus ~~B~~borrowers using the First-Generation Homebuyer targeting criteria, ~~a~~ the Borrower meets the definition of and has attested to being a First-Generation Homebuyer.

7.127.14 Monthly Payment Loan Program Requirements

The Monthly Payment Loan provides funds for downpayment and eligible expenses, including customary buyer closing costs, prepaid expenses for taxes and insurance (homeowners, flood and mortgage insurance) and association fees as applicable. Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan ~~purchased by U.S. Bank — HFA Division.~~
- Are available in whole dollar amounts up to \$14,000
- ~~Must H~~have an interest rate equal to that of the first mortgage
- ~~Must be A~~re fully amortizing and are payable in level monthly payments over a ~~40~~15-year term
- ~~Must have a A~~ monthly payment due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- ~~Must D~~not include any type of prepayment penalty
- Must be paid in full when, among other ~~requirements things~~ referenced in the loan ~~Note~~note, the following occur:
 - The property ceases to be Owner-Occupied
 - The property is sold or transferred
 - The first mortgage loan is paid in full, including upon a refinance (see [section 7.19](#) Subordination Policy for subordination information); or
 - The first mortgage loan is in default or is declared to be due and payable in full
- ~~May not be assumed~~

7.137.15 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Start Up Program eligibility requirements, ~~as well as~~ the following ~~additional~~ requirements for the Monthly Payment Loan ~~must be met~~:

Income Limits. ~~All Start Up Program B~~borrowers ~~eligible for the Start Up Program~~ may access the Monthly Payment Loan. Monthly Payment Loans to Start Up ~~Program B~~borrowers have no separate income limit.

Asset Limit. Monthly Payment Loans have no asset limit.

7.147.16 Monthly Payment Loan Lender Warranties

In addition to the warranties stated in Section 2.08, the Lender warrants the following:

- The Borrower cash investment is paid from Borrower's own assets (not debt or others' funds)
- The funds ~~received by the Borrower(s)~~ are applied to the transaction and verified through the Closing Disclosure

7.157.17 First-Generation Homebuyer Criteria

At least one Borrower has either never owned their Primary Residence or previously owned their Primary Residence but lost ownership of the home due to a foreclosure. That same Borrower and their Parents (see definition of "[Parent](#)" in Appendix A) or prior Legal Guardians (see definition of "[Legal Guardian](#)" in Appendix A) must have either never owned their Primary Residence or previously owned their Primary Residence but lost [ownership of the home](#) due to foreclosure.

For the purpose of determining First-Generation Homebuyer status:

- Ownership means owning residential real estate as your Primary Residence (in any country).
- Ownership is determined by a person being on the title and/or having a marital interest in real property pursuant to the law of the state or country where that property is located. (See Section 4.05 "[Types of interest that constitute ownership interest](#)")
- Ownership does not include an ownership interest in a ~~mobile or~~ manufactured home which is not permanently affixed to real estate.
- To be eligible as a result of losing a home through foreclosure, ~~that same Borrower and their Parents or prior Legal Guardians or parent~~ must have gone through a formal foreclosure, which is a legal process that allows lenders to recover the amount owed on a defaulted home loan by taking ownership of the mortgaged property. Other circumstances such as short sale, deed in lieu, disaster, tax forfeiture or fleeing from war, do not qualify as a foreclosure under this definition.

The Borrower who meets the criteria of a First-Generation Homebuyer must sign the [First-Generation Homebuyer Affidavit](#) attesting to their First-Generation Homebuyer status.

7.167.18 Housing Choice Voucher (HCV) Homeownership Program

The HCV Homeownership Program allows HUD Section 8 recipients to use their voucher subsidy to meet monthly homeownership expenses. Lenders originating HCV Homeownership loans must:

- Complete the U.S. Bank – HFA Division, Section 8 Homeownership Subsidy Program Agreement and Home Choice/Section 8 Contract Information Form.

- Service the loans before purchase by U.S. Bank – HFA Division in compliance with this Procedural Manual. This involves collecting a portion of the monthly payment from the Borrower(s) and a portion of the monthly payment from the public housing authority.

7.177.19 Second Mortgage Application and Loan Disclosure Procedures

The Lender must follow mortgage industry standard requirements for second mortgages when originating loans under the Deferred Payment Loan, Deferred Payment Loan Plus, and the Monthly Payment Loan programs. [See the Downpayment Loan Disclosure Information for guidance on disclosing downpayment assistance loans.](#)

The Lender should consult with its compliance department or legal counsel for additional information and guidance in completing required disclosures. The Lender should be aware of the following:

- The Deferred Payment Loan ~~and~~ Deferred Payment Loan Plus ~~are~~ structured to require a balloon payment in accordance with the terms of the Minnesota Housing Finance Agency Deferred Payment Loan ~~n~~Note.

7.187.20 Subordination

Minnesota Housing permits the subordination or replacement of the [following down payment and closing cost loans only in cases where the Minnesota Housing ~~First Mortgage Loan~~ is refinanced to a Step Up Program loan: Deferred Payment Loan \(DPL\), Deferred Payment Loan Plus \(DPL+\), or Monthly Payment Loan \(MPL\) only in cases where the Minnesota Housing First Mortgage is refinanced to a Step Up Loan. For more details see the Minnesota Housing Subordination Options Guide.](#)

Commented [KW1]: This is not capitalized elsewhere.

- [Homeownership Assistance Fund \(HAF\) Loan](#)
- [Deferred Payment Loan \(DPL\)](#),
- [Deferred Payment Loan Plus \(DPL+\)](#)
- ~~or~~ [Monthly Payment Loan \(MPL\)](#)

[For mortgages with the First-Generation Homebuyer Loans; Borrowers may not have more than one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL loan and one First-Generation Homebuyer Loan open at a time. Review the Minnesota Housing subordination requirements and details in the Subordination Options Guide.](#)

Chapter 8 – Minnesota Housing Loan Commitments/Disbursement

See Minnesota Housing's website for:

- The [Lock, Fee, and SRP Guide](#)
- The [Loan Commitment System Page](#)

Chapter 9 – Document Requirements

9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

- Loans must be closed and disbursed before completing the True and Certify process in the Minnesota Housing loan commitment system.
- The Lender must follow all mortgage industry regulatory and compliance provisions throughout the processing of the loan. All loan documents other than Minnesota Housing forms must be industry standard and meet the requirements of U.S. Bank – HFA Division, the underlying loan product, and the insurer/guarantor, as applicable. (See the [Minnesota Housing website](#) for more details on required forms.)
- All loan documents must be complete, accurate, and reviewed by the Lender at the various and ~~appropriate-required~~ stages of the loan. ~~Lender is responsible for updating the Minnesota Housing Commitment System with any changes.~~
- For loans underwritten utilizing industry standard automated underwriting systems, Minnesota Housing requires full documentation when verifying income and assets to confirm Minnesota Housing eligibility.
- **Minnesota Housing forms may not be altered in any way.** Industry standard forms may not be altered in any way other than to add a company name and logo.
- ~~Both the first mortgage loan, and if applicable, and the second mortgage loan (if applicable)~~ must be originated, ~~and~~ closed ~~in~~, or assigned ~~under to~~, the name of the ~~Lender~~ that is a party to the [Minnesota Housing Participation Agreement](#) and ~~that who~~ locked the loan(s) ~~in~~ the Minnesota Housing loan commitment system.
- All first mortgage assignments must run directly from the Lender to U.S. Bank – HFA Division.
- All second mortgage assignments must run directly from the Lender to the Minnesota Housing Finance Agency.
- The Lender must submit final documents to U.S. Bank – HFA Division within 120 days of U.S. Bank – HFA Division’s loan purchase.
- Product specific requirements must be met: ~~For Conventional HFA product requirements – refer to the Fannie Mae HFA Preferred™ Product Description and Freddie Mac Product Description~~ ~~Freddie Mac HFA Advantage product descriptions~~ on [Minnesota Housing's website](#).

9.02 Minnesota Housing Documentation/Delivery Requirements

U.S. Bank – HFA Division provides ~~at the~~ Delivery Checklist form detailing specific documentation and delivery requirements ~~located in AllRegs. Pursuant to this Delivery Checklist, t~~The Lender must fully execute and deliver documents within designated timeframes. In addition, the Lender must specifically warrant the following occurred:

- The Lender has reviewed any and all contracts in connection with the residence sale transaction to ensure total compliance with this Procedural Manual;
- The Lender has obtained and reviewed applicable documentation to determine compliance with ~~the certifications on the~~ [Borrower Affidavit](#) [Start Up Loan Program Affidavit](#), [Subsidy Recapture Statement](#) and [Tennessee Warning and the Notice to Buyers \(FHA/VA and Conventional/RD\)](#) as it pertains to the mortgage revenue bond First-Time Homebuyer requirements and other program requirements. [The following documents must be signed by the applicable parties at closing or as close to closing as reasonably practicable;](#)
 - ~~o The following Minnesota Housing program documents are signed at closing, or as close to closing as possible:~~
 - [o The Borrower Affidavit was signed by](#)
 - [The -Start Up Loan Program Affidavit](#)
 - [The form must be executed by all Borrower\(s\) with an interest in the Property, including the following, as applicable:](#)
 - [If the Borrower is married, the occupying non purchasing spouse of Borrower](#)
 - [An occupying Co-Signer](#)
 - [Any other occupant of the Property who will be on title.](#)
- ~~The~~ [Subsidy Recapture Statement and Tennessee Warning](#) ~~was completed by lender and signed by each Borrower~~
- [The Notice to Buyers \(FHA/VA and Conventional/RD\)](#)

Consequence for Non-Compliance

Documentation not delivered to U.S. Bank – HFA Division within the specified time-frames may result, ~~at Minnesota Housing's or U.S. Bank – HFA Division's discretion~~, in the Lender repurchasing the loan, or any other remedy as identified in this Procedural Manual, ~~at Minnesota Housing's or U.S. Bank – HFA Division's discretion~~. Minnesota Housing or U.S. Bank – HFA Division may also, at their discretion, extend the aforementioned timeframes ~~identified in the Delivery Checklist.~~

9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically. Under no circumstances may a Borrower or ~~eCo-Signer~~ be required to sign a document electronically. The following criteria must be met:

- Must follow Minnesota Housing Electronic Signature policy (see [Legal Addendum Electronic Signatures](#))
- Must follow all counterparty requirements (i.e., US Bank, GSE, FHA, VA/RD)
- Note: Questions about Remote Online Notary (RON) can be directed to [U.S. Bank - HFA Division](#)

9.04 Records Retention

The Lender must retain any and all compliance documents, (including compliance with Minnesota Housing program guidelines,) as may be required by the Lender's regulatory authority, the requirements of the underlying loan product, and the requirements of the insurer/guarantor, as appropriate.

Loan product and insurer/guarantor minimum or alternative documentation requirements do not relieve the Lender from the responsibility of acquiring and maintaining complete files, including ~~any~~ ~~and~~ all documents and materials as would customarily be required for servicing or loan audit.

Chapter 10 – Servicing

10.01 Servicing

Loans committed in connection with the Start Up Program are purchased by U.S. Bank—HFA Division. Minnesota Housing may, at its discretion and, subject to any contractual provisions between Minnesota Housing and U.S. Bank – HFA Division, choose, modify or change the Servicer.

10.02 Lender Servicing Responsibilities

Notwithstanding anything to the contrary contained in the Participation Agreement, during the period from loan closing to U.S. Bank – HFA Division purchase, the Lender must perform all required servicing functions for the loan until it is transferred to U.S. Bank Servicing. This includes collecting and applying all loan payments for the Start Up Program Loan, the Monthly Payment Loan, and the Deferred Payment Loans Program, if applicable, made by the Borrower(s) in accordance with State and Federal Servicing regulations. Loan payments collected must include the following:

- The Start Up Program Loan monthly principal and interest
- The Monthly Payment Loan monthly principal and interest, if applicable
- 1/12th of the annual property tax (escrows)
- ~~The Mortgage~~ mortgage insurance, if applicable (escrows)
- Flood insurance, if applicable (escrows)
- Hazard insurance (escrows)
- Assessments, if applicable

In addition, the Lender must complete the following servicing activities for the Start Up Program Loan and, if applicable, the Monthly Payment Loan:

- Maintain payment history indicating:
 - The breakdown of payment applied to principal, interest, and escrows
 - Any principal repayments
 - The remaining principal balance of the loan
 - The collection of any past due payments

The Lender must also provide to the Borrower as applicable, any

- Required tax reporting
- Required servicing notices
- Servicing Transfer disclosure notices

The Lender must retain all statements, documents, and correspondence related to servicing the loan in the loan file that is transferred to U.S. Bank Servicing.

10.03 Assumption/Due-On-Sale

A Minnesota Housing first mortgage loan financed with either a Conventional loan or Rural Development loan product is due upon sale and may not be assumed. (See section 7.05 [No Assumptions on Downpayment and Closing Cost Loans](#))

A Minnesota Housing first mortgage loan financed with either a Federal Housing Administration (FHA) or Veterans Administration (VA) loan product may be assumed only by persons who:

- At the time of the assumption, intends to occupy the property as their Principal Residence within 60 days of closing;
- Has not had an ownership interest in a Principal Residence (other than the property purchased with the proceeds of the loan) during the three-year period preceding the day the Borrower(s) executed the loan application;
- Does not have [an annualized](#) gross household income that exceeds the current Minnesota Housing [Start Up income limits](#)~~Start Up Program income limits~~; and
- Is not purchasing or acquiring the residence at an Acquisition Cost that exceeds the current Minnesota Housing [Start Up Acquisition Cost Limits](#).

All assumption requests must be reviewed and approved by [U.S. Bank Servicing Department](#) and Minnesota Housing prior to the execution of any assumption documents.

Unless the loan assumption is approved in accordance with the above provisions for allowable assumptions, the loan is due upon sale or transfer of title.

10.04 Hardship Policy

Minnesota Housing has in place a hardship policy for its Monthly Payment Loan, and the Deferred Payment Loan. The hardship policy may allow forgiveness either in part or whole if a Borrower is experiencing a financial hardship(s) which prevents them from having the financial ability to pay back the full indebtedness. Hardship will be evaluated at the time of the instance and upon request of the Borrower. A determination will be made in accordance with the servicing policies in [ae](#) effect at that time.

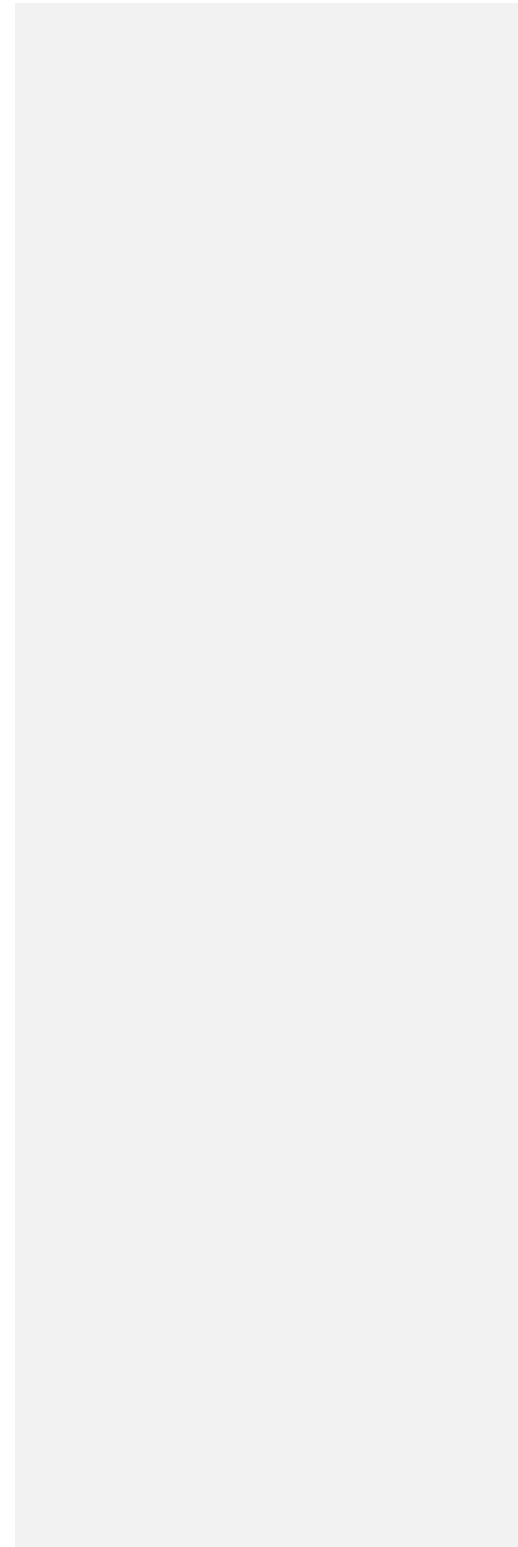
Appendix A – Definitions

Table 4/Definitions

Term	Definition
Acquisition Cost	The cost of acquiring a completed residential unit (see Section 5.04).
Annualized Gross Income	Gross monthly income multiplied by 12.
Borrower	A person who receives funds in the form of a loan secured by real property with the obligation of repaying the loan and, in addition, any person purchasing the real property securing the loan, executing the promissory note, executing a guarantee of the debt evidenced by the promissory note, or signing a security instrument in connection with a loan.
Co-Signer	A party that is obligated to repay the loan. A Co-Signer assumes only personal liability and has no ownership interest in the property.
Household Member with a Disability	A Borrower or household member who has a permanent physical or mental condition, which substantially reduces the person's ability to function in a residential setting.
First-Generation Homebuyer	A Borrower who meets the requirements as stated in Section 7.157 of this Procedural Manual.
First-Time Homebuyer	A <u>First-Time Homebuyer is a Borrower(s) who has not had an ownership interest in their principal residence in the three years preceding execution of the mortgage documents (loan closing). Borrower who</u> The First-Time Homebuyer must meets the requirements as stated in Section 4.05 of this Procedural Manual.
First-Generation Homebuyer	A Borrower who meets the requirements as stated in Section 7.15 of this Procedural Manual.
Household Member who is a person with a Disability	A Borrower or household member who has a permanent physical or mental condition, which substantially reduces the person's ability to function in a residential setting.
<u>Legal Guardian</u>	A Legal Guardian is a person appointed by a court to care for and take permanent responsibility for a minor child.
Master Servicer	A company selected by Minnesota Housing to purchase, securitize and service mortgage loans

Term	Definition
	originated pursuant to Minnesota Housing's mortgage loan programs.
New Construction or Newly Constructed Residence	New Construction or a Newly Constructed Residence refers to a residence, which either has never been occupied or was completed within 24 months preceding the date of the home mortgage loan and was not subject to previous financing with a term greater than 24 months (i.e., a contract-for-deed, mortgage, or bridgegap loan).
Owner Occupied	At least one Borrower must occupy the Property within 60 B days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term.- Non-occupancy is allowed for situations of verified military deployment.
Parent	<p>For the purposes of this definition, a Parent is a lawful father, mother, or non-binary term for a parent established either through birth or court order showing custody or responsibility. Parent includes a biological Parent, adoptive Parent, or a person that the State has determined to be a Parent.</p> <p>A person who had their parental rights to a child modified through a state, district, or Tribal court proceeding, such as a voluntary or involuntary termination or suspension of parental rights, is still considered a Parent for purposes of this definition.</p> <p>For the purposes of this definition, a Parent does not include standby custodians, temporary guardians, grandparents, siblings, or stepparents who act as caregivers to a child without a permanent legal responsibility to the child.</p>
Participation Agreement	The Participation Agreement for Minnesota Housing Single Family Programs executed between the Lender and Minnesota Housing that allows the Lender to participate and offer Minnesota Housing's Start Up and Step Up mortgage loan programs.
Personal Property	Property such as an appliance, a piece of furniture, or a radio etc. , which under applicable law is not a fixture.
Primary Residence-/Principal Residence	<p>A dwelling the Borrower and their household occupy as their permanent place of abode residence.</p> <p>A person may have only one Primary Residence at any one time.</p>

Term	Definition
	Residences used as second homes or temporary residences do not qualify as Primary Residences.
Program Eligibility Income	See Section 4.09. Any of several different types of earned or unearned income claimed by the Borrower (see Program Eligibility Income Worksheet for guidance). Types of income include, but are not limited to: Base Pay, Variable Income, Income resulting from Self-Employment or a Business, Income from Assets, Government Transfer Payments, Insurance Benefits, etc.
Property Seller	The seller of the property under contract for sale to the Borrower who is using Minnesota Housing financing.
Qualified Homebuyer Education	<p>Homebuyer education is a course or program that teaches prospective buyers about the entire home-buying process, from financial readiness (budgeting, credit) and mortgage basics to searching for a home, closing costs, and the ongoing responsibilities of homeownership, often required for assistance programs or specific loans to ensure successful, sustainable ownership.</p> <p>Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in See Section 4.07 of this Procedural Manual.</p>
Sole head of household with at least one Eligible Dependent	<ul style="list-style-type: none"> • Sole head of household with at least one Eligible Dependent residing in the household. • An Eligible Dependents is: <ul style="list-style-type: none"> ○ A minor household member (under 18 years of age on the closing date); ○ A Household Member with a Disability or ○ A senior (age 62 or older on the closing date). ○ Limitation: The household must include only one adult that is not an Eligible Dependent.
Temporary Financing	Initial financing such as a construction loan, bridge loan, and contract for deed with a term of 24 months or less.
True and Certify	The loan-level process in Minnesota Housing’s loan commitment system completed by the Lender that certifies all the information entered into the system is true and accurate.



Appendix B – Forms List

See [Minnesota Housing's website](#) for required [Start Up Program forms](#) as well as the Start Up Program Process Guide and optional forms.

Appendix C – Legal Addendum

C.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.

C.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 C.07 [of this Addendum](#).

C.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 C.07 [of this Addendum](#).

C.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 (that is 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 C.07 [of this Addendum](#).

C.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 C.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 C.04 [of this Addendum](#).

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 C.07 [of this Addendum](#).

C.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).

C.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 (for example 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 [Chief Risk Officer and Controls Director](#) at 651.296.7608 or 800.657.3769 or by email at 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](#) - (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

C.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.

C.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.

C.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 Statutes Section 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.



Minnesota Housing Mortgage Loans Step Up Program

Procedural Manual

July 7, 2026⁵



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

| July 7, 2025

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Chapter 1 – Introduction

1.01 Minnesota Housing Mission Statement

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.

1.02 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 the concept of One Minnesota where everyone thrives 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.

1.03 Background

The Minnesota Housing Finance Agency (“Minnesota Housing”) was created in 1971 by the Minnesota Legislature.

Minnesota Housing offers two mortgage loan programs to serve low- and moderate-income homebuyers (defined in state law as “persons and families of low and moderate income”):

- The Step Up Program for home purchase or refinance, with access to a downpayment and closing cost loan.
- The Start Up Program for First-Time Homebuyers, a first mortgage loan program with access to downpayment and closing cost loans. Refer to the Start Up Program Procedural Manual for Start Up Program requirements.

Lenders originate and close loans under their individual underwriting and closing procedures. A Master Servicer securitizes and purchases and securitizes closed loans originated by the Lender under prescribed program requirements. ~~The~~ Lenders are advised that underlying eligible product guidelines

and Master Servicer requirements apply, which may be more restrictive than the Minnesota Housing guidelines. Minnesota Housing's current Master Servicer is U.S. Bank Home Mortgage—Housing Finance Agency Division (U.S. Bank – HFA Division).

Minnesota Housing offers the Monthly Payment Loan for Step Up Program Borrowers who need funds for downpayment and closing costs.

~~1.04~~ **Procedural Manual**

~~This Procedural Manual sets forth the terms and conditions under which U.S. Bank—HFA Division will purchase mortgages under Minnesota Housing's Step Up Program and Monthly Payment Loan option. Step Up Program is not subject to tax-exempt bond regulations so it is not restricted to first-time homebuyers.~~

~~1.05~~**1.04** **Step Up Program**

Step Up Program offers low-interest home mortgages and refinance loans throughout Minnesota to low- and moderate-income Borrowers through local participating Lenders.

~~1.06~~**1.05** **Monthly Payment Loan Program**

The Monthly Payment Loan provides an amortizing loan with an interest rate equal to the first mortgage to assist Borrowers with downpayment and closing costs. See [Chapter 7](#) for Monthly Payment Loan guidelines. The Monthly Payment Loan is the only Minnesota Housing downpayment and closing cost loan option available with Step Up Program.

~~1.07~~ **The Master Servicer**

~~The Master Servicer purchases Step Up Program Loans and issues mortgage-backed securities for Minnesota Housing. In order to be eligible for purchase, loans must meet the guidelines set forth in this Procedural Manual and all requirements published by U.S. Bank—HFA Division in [AllRegs](#).~~

Chapter 2 – Responsible Lending

2.01 Procedural Manual

Participating Lenders must execute a Participation Agreement with Minnesota Housing to participate in Minnesota Housing’s Single Family Mortgage Programs. This Procedural Manual, which may be updated or amended, is incorporated into the Participation Agreement by reference and Participating Lenders are obligated to adhere to both the Participation Agreement and the Procedural Manual.

~~This Procedural Manual, which may be changed and modified, is referenced and incorporated in the Participation Agreement.~~

Minnesota Housing reserves the right to:

- Change the program interest rate(s) at any time and at its sole discretion
- Change the commitment policy at any time
- Alter or waive any of the requirements
- Impose other or additional requirements
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated
- Grant waivers, alterations, or make revisions at its sole discretion

2.02 Single Family Responsible Lending Policy

Minnesota Housing uses prudent, sound and responsible business practices in marketing and product design related to its Single Family loan programs. Minnesota Housing designs programs with a focus and goal of successful homeownership, which means Borrowers, must have the knowledge, ability, willingness, and capacity to repay their housing debt. -Minnesota Housing does not offer subprime or high-cost mortgage lending programs. -Minnesota Housing reviews portfolio and market conditions regularly to ensure that business practices are updated as needed to meet its responsible lending goals.

In delivering Single Family loan programs, Minnesota Housing policies address:

- Lender relationships and a Lender’s role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
 - Lenders must evaluate a Borrower’s repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
 - Lenders are prohibited from steering
 - Lenders must comply with all rules and regulations for higher priced mortgage loans. Higher priced mortgage loans are defined in 12 CFR §1026.35 (Regulation Z)12 CFR 1026.35 (Regulation Z)

Field Code Changed

- Lenders are prohibited from delivering high-cost mortgage loans as defined in [12 CFR §1026.32 \(Regulation Z\)](#) [12 CFR 1026.32 \(Regulation Z\)](#)
- Loans containing prepayment penalties or mandatory arbitration clauses are not permitted
- Single Premium Credit Life Insurance may not be required, nor can any funds provided by Minnesota Housing be used toward the purchase of any credit insurance products or premiums
- Compliance with the Interagency Guidelines on Nontraditional Mortgage Product Risks
- Compliance with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction

Field Code Changed

2.03 Evidence of Misconduct ~~Referred to Attorney General~~

- Minnesota Housing will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of these programs to the Minnesota Attorney General's office for appropriate legal action.
- If, after a loan is made, a Lender discovers any material misstatements or misuse of the proceeds of the loan by the Borrower(s) or others, the Lender will promptly report the discovery to Minnesota Housing and U.S. Bank – HFA Division.
- Minnesota Housing, or U.S. Bank – HFA Division, or both, may exercise all remedies available to them under the Participation Agreement or otherwise, both legal and equitable, to recover funds from the Lender or the Borrower(s). This includes possible repayment of loan funds, repayment of administrative costs, repayment of fees or commissions received by the Lender in connection with the loan and reimbursement of all attorney fees, legal expenses, court costs, or any other expenses incurred in connection with the loan or its recovery.

2.04 Disclosure and Use of Social Security Number/Minnesota Tax Identification Number

The Minnesota Revenue Recapture Act (Minnesota Statutes, Sections 270A.01 to 270A.12, as amended) allows the disclosure of the Borrower(s) Social Security Number to the Minnesota Department of Revenue.

This could result in the application of state tax refunds to the payment of any delinquent indebtedness of the Borrower(s) to Minnesota Housing.

This collection remedy is in addition to and not in substitution for any other remedy available by law ([Minn. Stat. 270A.04, subd. 1](#)).

2.05 Unauthorized Compensation

The Lender may receive fees as approved in this Procedural Manual. However, the Lender may not receive or demand from the realtor, builder, general contractor, subcontractor, Property Seller, or Borrower(s):

- Kickbacks
- Commissions
- Other compensation in violation of state or federal law including but not limited to the Real Estate Settlement Procedures Act (RESPA)

2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. ~~A loan file may be requested to be forwarded to Minnesota Housing for review. Minnesota Housing reserves the right to conduct quality control, audit, and monitoring activities at its sole discretion upon written notice to Lender. Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division.~~

Audited loans are reviewed for:

- Adherence to state and federal laws regulating mortgage lending
- ~~Minnesota Housing program and policy compliance~~
- Fraud or misrepresentation on the part of any party involved in the transaction
- Trends or other indicators that may have an impact on the success of the Borrower(s) and programs

Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division.

2.07 Termination of Lender Participation

Minnesota Housing may terminate the participation of any Lender under the programs at any time and may preclude the Lender's future eligibility for reasons including, but not limited to, nonconformance with:

- This Procedural Manual
- The Participation Agreement
- The U.S. Bank – HFA Division's Lender Guide
- Applicable state and federal laws, rules, and regulations

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division ~~will~~may continue to purchase eligible loans delivered to U.S. Bank – HFA Division for loans originated prior to termination.
- ~~Minnesota Housing will~~not refund participation fees to the Lender.
- _____

Remedies and Reinstatement

- Minnesota Housing may, at its option, impose remedies other than termination of the Participation Agreement for the Lender’s nonperformance.
- The Lender may request reinstatement into Minnesota Housing programs. The decision to reinstate a Lender is at Minnesota Housing’s and U.S. Bank – HFA Division’s sole discretion.

2.08 Representations and Warrants

The Lender ~~must comply with~~agrees to follow all applicable federal, state, and local laws, ordinances, regulations, and orders, including, ~~but not limited to, any rules~~requirements that the Lender may be subject to, related to mortgage lending or based on their legal organizational structure. but not limited to the following as then in effect (and any applicable rules, regulations, and orders):

~~Ability to Repay /Qualified Mortgage (QM) Rule~~

- ~~Americans with Disabilities Act~~
- ~~Anti-Predatory Lending Act~~
- ~~Anti-Money Laundering and Office of Foreign Assets Control Policy~~
- ~~Bank Secrecy Act~~
- ~~Consumer Financial Protection Bureau’s Unfair, Deceptive, or Abusive Acts or Practices Rules~~
- ~~State Data Privacy – Minnesota Statutes Chapter 13 and Section 462A.065~~
- ~~Dodd-Frank Wall Street Reform and Consumer Protection Act~~
- ~~Equal Credit Opportunity Act~~
- ~~Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on 11/20/62~~
- ~~Fair and Accurate Credit Transactions Act~~
- ~~Fair Credit Reporting Act~~
- ~~Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968)~~
- ~~Home Mortgage Disclosure Act~~
- ~~Home Ownership and Equity Protection Act (HOEPA)~~
- ~~Department of Housing and Urban Development’s Discriminatory Effects Regulation/Disparate Impact Regulation~~
- ~~Internal Revenue Code of 1986, Section 6050H~~

- ~~Loan Officer Compensation~~
- ~~Minnesota Human Rights Act – Minnesota Statutes Chapter 263A~~
- ~~Minnesota S.A.F.E. Mortgage Licensing Act of 2010 – Minnesota Statutes Chapters 58 and 58A~~
- ~~Mortgage Disclosure Improvement Act (MDIA)~~
- ~~National Flood Insurance Act~~
- ~~Real Estate Settlement Procedures Act of 1974~~
- ~~Section 527 of the National Housing Act~~
- ~~Title VI of the Civil Rights Act of 1964~~
- ~~Title VII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974~~
- ~~Truth In Lending Act~~
- ~~Uniform Electronic Transactions Act (UETA), Minn. Stat. ch. 325L~~
- ~~USA Patriot Act~~

In addition to the above listed representations and warrants, the Lender must comply with the documents listed below and will ensure that the person who confirms the loan on Minnesota Housing's loan commitment system and who verifies the Lender's Representations and Warranties on behalf of the Lender, has both the authority to legally bind the Lender and is fully conversant with:

- U.S. Bank – HFA Division requirements as published in AllRegs
 - The U.S. Bank – HFA Division Lender Guide unless those terms, conditions, and requirements are specifically waived by Minnesota Housing or U.S. Bank – HFA Division, as applicable, in writing.
 - US Bank AllRegs section 500 for Minnesota Housing and Section 1400 credit overlays
- Minnesota Housing program requirements
 - The Participation Agreement
 - This Procedural Manual
- Underlying loan product and insurer/guarantor requirements
 - ~~The Participation Agreement~~
 - ~~This Procedural Manual~~
 - ~~The U.S. Bank – HFA Division Lender Guide unless those terms, conditions, and requirements are specifically waived by Minnesota Housing or U.S. Bank – HFA Division, as applicable, in writing.~~

2.09 Lender Compensation

The Lender is compensated for each loan purchased by U.S. Bank – HFA Division as follows:

- 2.50% is the maximum compensation a Lender may retain on any Minnesota Housing loan file between origination/discount fees and Service Release Premium – see the [Lock, Fee, and SRP Guide](#).

- The Lender receives a service release premium (SRP) paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the [Minnesota Housing website](#)
- The Lender may collect an origination fee or discount points from the Borrower(s) in accordance with industry-standard regulations and limited as follows:
 - Origination fee and Discount points cannot exceed 1% ~~when using either with~~ the 1.5% SRP option or the 3.5% SRP option (~~the 3.5% SRP option which helps to~~ covers Upfront Paid Mortgage Insurance costs).
 - Lender ~~may can~~not charge any origination fee or discount points with the 2.5% SRP options.

2.10 Annual Renewal Requirements ~~and Fees~~

- ~~All Lenders must confirm willingness to participate in the Minnesota Housing Loan programs on an annually basis. This is done by completing the Annual Renewal Forms.~~
- ~~meet the minimum loan volume requirements as specified by Minnesota Housing or by U.S. Bank – HFA Division, whichever is greater.~~
- ~~The Lender must be approved by both Minnesota Housing and U.S. Bank – HFA Division to originate and deliver Minnesota Housing Step Up Program loans.~~

2.11 Marketing Materials Terms of Use

Lenders must follow Minnesota Housing's [Terms of Use](#) for marketing materials and the Participation Agreement requirements for marketing and use of Minnesota Housing's name or logo.

Chapter 3 – Master Servicer

Minnesota Housing’s Master Servicer, U.S. Bank – HFA Division, has requirements in addition to Minnesota Housing’s program requirements and underlying product guidelines. U.S. Bank – HFA Division’s requirements may be more restrictive and may vary by different state Housing Finance Agencies.

Lenders ~~should~~ **must** review and comply with all applicable U.S. Bank – HFA Division requirements, including Minnesota Housing specific requirements, [located in AllRegs](#). U.S. Bank – HFA Division has an Overlay Matrix resource [in AllRegs](#) highlighting common overlays (not comprehensive). In addition to U.S. Bank – HFA Division’s overlays, Lenders must follow U.S. Bank – HFA Division’s loan delivery, documentation, servicing, fees policies and all other due diligence.

Chapter 4 – Borrower Eligibility

4.01 Borrower

One individual or multiple individuals are eligible to be a Borrower only if the individual(s) meet the requirements set forth in this Procedural Manual.

4.02 Borrower Age

The Borrower(s) must be ~~18~~ eighteen years of age or older or legally emancipated minors declared emancipated by a court having jurisdiction.

4.03 Co-Signers

Co-Signers are permitted on Step Up Program loans. Co-Signers must sign the Step Up Program loan note and the Monthly Payment ~~l~~ loan note, if applicable. Co-Signers are not vested in title to the property and are not required to reside in the subject property.

~~4.04 Unauthorized Compensation~~

~~The Borrower(s) and Lender may not receive kickbacks, rebates, discounts, or compensation from any subcontractor, realtor, or property seller.~~

~~4.05.04~~ Principal Residence/Occupancy Requirement

~~At a minimum, One~~ One Borrower must intend to occupy the financed dwelling as a Principal Residence within 60 days after the closing of the loan.

4.05 Current Minnesota Housing Borrower Requirements

Borrowers may not have more than one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL, and one First-Generation Homebuyer loan open at a time.

4.06 Qualified Homebuyer Education

If all Borrowers are First-Time Homebuyers, at least one Borrower must complete an approved homebuyer education course prior to closing. A copy of the certificate of completion must be in the loan file. Minnesota Housing does not have a Homebuyer Education certificate expiration date policy. Approved Homebuyer Education courses are listed on the Minnesota Housing ~~our~~ website.

4.07 Credit Score and Debt-to-Income (DTI) Ratios

The Step Up Program ~~Loan~~ credit score and debt-to-income (DTI) requirements vary based on underlying loan products. Refer to Minnesota Housing's [Credit and DTI Matrix](#) for credit score and DTI requirements by product types.

Refer to the following product descriptions on Minnesota Housing's website for additional conventional product requirements:

- [Fannie Mae HFA Preferred™ Product Description](#)
- ~~Freddie Mac HFA Advantage®~~ [Freddie Mac HFA Advantage® Product Description](#)

Minnesota Housing offers these product descriptions and the following chart as resources for Lenders. ~~The Lenders are advised to must conduct fulfill~~ their ~~own~~ due diligence in adhering to all underlying product and U.S. Bank–HFA Division requirements, and ~~should not solely~~ ~~rely solely~~ on the tools ~~and/or information~~ provided ~~by Minnesota Housing, including the tools and/or information~~ in this Procedural Manual.

See [AllRegs](#) for additional, specific U.S. Bank– HFA Division requirements.

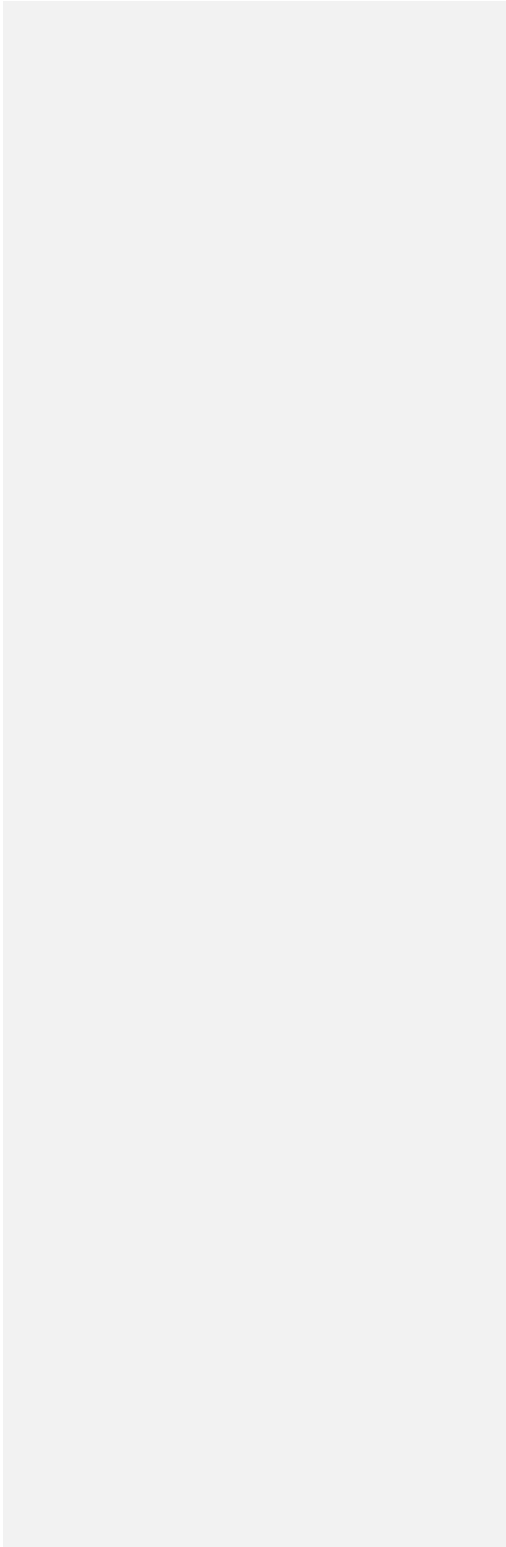
~~Refer to Minnesota Housing's Credit and DTI Matrix for Minimum Credit Score/Maximum Debt to Income Ratio~~

Table 1/Credit Score Guides

Number of Credit Scores	Guidance
3 scores	Use the middle of the scores
2 scores	Use the lower of the two scores
1 score	Use the available score
Multiple Borrowers: all with credit scores	Use the lowest middle score available
Multiple Borrowers: at least one Borrower has a credit score, and the other Borrower(s) does not have a credit score	Defer to the underlying product guidelines
Sole Borrower or Multiple Borrowers: No score	Defer to the underlying product guidelines
Insufficient credit to support an AUS Approval or has erroneous, inaccurate, or disputed credit	Defer to the underlying product guidelines

4.08 Program Income Limits

The income used to qualify the Borrower ~~must may~~ not exceed the Step Up Program [income limits](#) posted on Minnesota Housing's website. Income is defined by and calculated according to credit underwriting guidelines (i.e., qualifying income) for the underlying loan product (FHA, RD, VA, Fannie Mae, or Freddie Mac).



Chapter 5 – Property Eligibility

5.01 Eligible Properties

Properties eligible for a loan under Step Up Program must be located in the State of Minnesota and may include any of the following housing types.

- A single-family detached residence
- A unit within an eligible Planned Unit Development (“PUD”)
- A condominium unit
- A duplex that meets the following requirements:
 - The Borrower(s) must occupy one unit of a duplex property
 - Duplex must have been a residential property for at least five years before the date of the new mortgage, i.e., cannot be New Construction or recently converted from non-residential use
- A modular home
- A manufactured home that meets the following requirements:
 - Be a double wide or larger manufactured home permanently affixed to a foundation and taxed as real property; and
 - Built to Federal Manufactured Home Construction Safety Standards, administered by U.S. Housing and Urban Development (HUD)

Additionally, eligible properties must meet the following, as applicable:

- Underlying eligible [conventional loan](#) product guidelines:
 - [Fannie Mae HFA Preferred™ Product Description](#) and [Freddie Mac HFA Advantage® Product Descriptions](#) on [Minnesota Housing’s website](#)
 - If the underlying conventional product guidelines (Fannie Mae HomeReady™ and Freddie Mac HomePossible®) conflict with the Minnesota Housing conventional product descriptions above, defer to the Minnesota Housing conventional product descriptions.
- [Underlying FHA, VA and USDA loan product guidelines](#)
- U.S. Bank – HFA Division requirements
- [located within Refer to AllRegs](#)

5.02 Ineligible Properties

Properties not eligible for financing are as follows:

- [A unit in a cooperative corporation or a limited equity cooperative corporation](#)
- [A recreational or seasonal home](#)

- [A single-wide manufactured home, even if permanently affixed to a foundation and taxed as real property](#)
- [A property intended to be used as an investment property \(except the rental of a second unit in a duplex\)](#)

5.025.03 Ownership Interest

Eligible forms of ownership interest include the following:

- Fee simple interest
- Joint tenancy
- Community Land Trust (CLT)
- Tenancy in common
- Tenants by the entirety
- Sole Ownership

5.035.04 Loan and Purchase Price Limits

The maximum purchase price for purchase transactions and the maximum loan amount for refinance transactions may not exceed the [purchase price/loan amount limits](#) posted on [Minnesota Housing's website](#).

5.045.05 New Construction Property Requirements

[In addition to the property eligibility requirements stated in Section 5.01 of this Procedural Manual, a New Construction property](#) must meet the following requirements:

- The land must be zoned for residential housing
- The land must not have been annexed within the previous calendar year
- A certificate of occupancy or legal document that [confirms](#) a house is safe to inhabit must be issued for the property before loan closing
- [The Borrower\(s\) may not act as the general contractor](#)

Chapter 6 – Loan Eligibility

6.01 Eligible Loans

U.S. Bank – HFA Division purchases closed loans from the Lender under a Participation Agreement in Minnesota Housing mortgage loan programs. The Lender must warrant that the following criteria are met for each loan submitted for purchase.

Eligible loan types:

- Purchase transactions
- Refinance transactions:
 - No cash out
 - Limited cash out

Eligible Government loan products:

- Federal Housing Administration (FHA), including:
 - FHA 203(k) Limited
 - FHA Streamline Refinance
- Veterans Administration (VA), including:
 - [VA Streamline Refinance \(IRRRL – Interest Rate Reduction Refinance Loan\)](#)
 - [VA – Type I cash-out Refinance](#)
- [USDA](#) Rural Development (RD), including:
 - RD Streamline Refinance
 - RD Streamline Assist Refinance

Eligible Conventional loan products:

- [Fannie Mae HFA Preferred™](#)
- [Freddie Mac HFA Advantage®](#)

Lenders are advised to refer to the conventional product descriptions on the Minnesota Housing website [and AllRegs](#) for product requirements.

Program loans must satisfy the following criteria:

- All local, state and federal laws, and regulations including those relating to the Fair Housing Act, the Truth in Lending Act (TILA) and Minnesota’s Human Rights Act are met.
- ~~Both the first mortgage loan and if applicable, the second mortgage loan~~ must be originated, ~~and closed in,~~ or assigned ~~under to,~~ the name of the Lender that is a party to the [Minnesota Housing](#) Participation Agreement, ~~and who That Lender must have~~ locked the loan(s) ~~in the~~ Minnesota Housing loan commitment system.

6.02 Interest Rate/Amortization Requirements

Minnesota Housing requires that all loans:

- ~~Must h~~Have a fixed interest rate
- ~~Must be~~Are fully amortizing over the term of the loan
- ~~Must be~~Are payable on the first of each month in level monthly installments that include at least principal and interest-

The interest rates for Minnesota Housing loan programs are listed ~~in the Lender Portal~~in the Lender Portal on the Homeownership Interest Rates page.

6.03 Mortgage Term

Minnesota Housing mortgage terms and SRP options can be found in the Lender Portal on the Homeownership Interest Rates page.

- Step Up Program loans can have a 15, 20, 25 or 30 year term
- ~~All purchase loans must have a 15-year or 30-year term.~~

6.04 Private Mortgage Insurance Coverage Requirements

All loans requiring private mortgage insurance must have coverage at the levels prescribed by the underlying mortgage product guidelines.

~~6.05 Private Mortgage Insurance Companies – Minimum Requirements~~

All private mortgage insurance companies must:

- Be licensed to do business in the State of Minnesota
- Maintain a rating of A2 from Moody's Investor Services and AA from Standard and Poor's Corporation, or better, at the time the mortgage loan is purchased by U.S. Bank – HFA Division, or have Fannie Mae and Freddie Mac approval
- Meet the minimum requirements for private mortgage insurance companies ~~must~~ meet identified in the underlying loan product guidelines.

~~6.06.05~~ Settlement/Closing Costs

The settlement and closing costs, fees, or charges the Lender collects from any party in connection with any loan must:

- ~~Comply with Minnesota law~~

- [Comply with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction](#)
- Meet all requirements of the insurer/guarantor
- Not exceed the actual amounts expended for any item (e.g. credit report, appraisal)
- Ensure the Borrower does not pay more than a pro-rata share of property taxes

Additional limits:

- The total points and fees on the first mortgage cannot exceed 5% of the loan amount. See point and fees definition in [12 CFR 1026.32\(b\)\(1\) \(Regulation Z\)](#)
- Lender may not charge lender fees on any Minnesota Housing downpayment and closing cost loans (e.g. processing fee, underwriting fee, origination fee, etc.).
- Some third-party fees are allowed. See list of allowable third-party fees in the [Lock, Fee, and SRP Guide](#).
- See [Lock, Fee, and SRP Guide](#) for information on servicer fees that may be charged at loan closing.
- The Lender may not charge a "Minnesota Housing fee" (or similar) for processing/originating a Minnesota Housing first or subordinate loan.

Field Code Changed

6.076.06 Gifts

All gifts received by the Borrower(s) for a Minnesota Housing loan must satisfy the requirements of the applicable underlying first mortgage loan product and the insurer/guarantor.

6.08 Non-Minnesota Housing Secondary Financing

Secondary financing offered by a city or county government, a non-profit, or a for-profit, including downpayment assistance, community seconds (including resale restrictions), or other forms of secondary financing used in conjunction with a Minnesota Housing loan, must comply with the following:

- Meet all requirements of the applicable first mortgage loan product and insurer/guarantor (i.e., FHA Secondary Financing, Fannie Mae Subordinate Financing, Freddie Mac Affordable Seconds)
- The Borrower may receive cash back at closing from secondary financing proceeds only when the cash back is a refund of the Borrower's own investment, as allowed by the first mortgage product.
- Minnesota Housing requires full disclosure of any and all secondary financing.

For transactions using Minnesota Housing's Monthly Payment Loan, the Monthly Payment Loan must be in a second mortgage lien position.

6.096.07 Non-Complying Loans

Minnesota Housing or U.S. Bank – HFA Division has the right to take one or more of the following actions in the event a Lender submits a mortgage loan that does not, as determined by Minnesota Housing or U.S. Bank – HFA Division, comply with the requirements of this Procedural Manual:

- [Adjust the price at which Minnesota Housing or U.S. Bank-HFA Division is willing to acquire the loan for ~~Adjust the purchase price of the non-complying loan~~](#)
- If not already purchased, refuse to purchase the loan
- If already purchased, require the Lender to repurchase the loan for the purchase price
- Terminate, suspend, or otherwise limit the Lender’s Participation Agreement with Minnesota Housing or U.S. Bank – HFA Division
- Preclude the Lender from future participation in Minnesota Housing programs

Chapter 7 – Downpayment and Closing Cost Loans

The only Minnesota Housing downpayment and closing cost loan option available with the Step Up Program is the Monthly Payment Loan.

7.01 Monthly Payment Loan Requirements

The Monthly Payment Loan provides funds ~~to pay for~~ downpayment and eligible expenses, including ~~downpayment and~~ customary buyer closing costs, prepaid expenses for taxes and insurance (homeowners, flood and mortgage insurance) and association fees as applicable. Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan ~~purchased by U.S. Bank—HFA Division~~.
- Are available in whole dollar amounts up to \$14,000
- Must occupy a second mortgage lien position when combined with a non-Minnesota Housing Community ~~Subordinate~~ second Financing Mortgage
- Must have an interest rate equal to that of the first mortgage
- Are Must be fully amortizing and are payable in level monthly payments over a 105-year loan term
- Are Must have a monthly payment due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must not include any type of prepayment penalty
- May be used to combine the balance of an existing Monthly Payment Loan into a new Monthly Payment Loan when:
 - The Borrower is refinancing their first mortgage into a Step Up Program loan, and
 - The new Monthly Payment Loan (the combined total of the payoff of the existing Monthly Payment Loan and new funds) does not exceed the Monthly Payment Loan maximum loan amount
- May be used by Borrowers refinancing:
 - A Start Up Program loan into a Step Up Program loan
 - A Step Up Program loan into a new Step Up Program loan
- A first mortgage loan from another institution into a Step Up Program loan
- Must be paid in full when, among other requirements things referenced in the loan ~~Note~~ note, the following occur:
 - The property ceases to be Owner-Occupied;
 - The property is sold or transferred;
 - ~~The~~ The first mortgage loan is paid in full, including upon a refinance (see section 7.05 Subordination for subordination information); or

- ~~That~~ the first mortgage loan is in default; or is declared to be due and payable in full.
- May not be assumed

7.02 Non-Minnesota Housing Subordinate Financing

Subordinate financing offered by a city or county government, a non-profit, or a for-profit, including downpayment and closing cost assistance, community seconds (including resale restrictions), or other forms of secondary financing used in conjunction with a Minnesota Housing loan, must comply with the following:

- Meet all requirements of the applicable first mortgage loan product and insurer/guarantor (i.e., FHA Secondary Financing, Fannie Mae Subordinate Financing, Freddie Mac Affordable Seconds)
- The Borrower may receive cash back at closing from subordinate financing proceeds only when the cash back is a refund of the Borrower’s own investment, as allowed by the first mortgage product.
- Minnesota Housing requires initial and final disclosure of any and all subordinate financing.

7.03 Ineligible Use of Monthly Payment Loan

Minnesota Housing downpayment and closing cost loans cannot be used for any costs not covered in the Eligible Use of Funds section 7.01 above, including the value gap between the purchase price and the appraised value, to pay for the seller’s closing costs, or to pay off debts or buyer’s real estate agent commissions.

Commented [KW1]: Update to align with 7.01 heading?

Monthly Payment Loan Requirements

~~7.02~~ 7.04 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Step Up Program eligibility requirements, ~~as well as the~~ the following ~~additional~~ requirements for the Monthly Payment Loan must be met:

Income Limits. Refer to the ~~Step Up~~ Monthly Payment Loan Program income limits for Step Up Program which are posted on Minnesota Housing’s website.

Homebuyer Education. Qualified Homebuyer Education is required of at least one Borrower in a First-Time Homebuyer household. (See section 4.056 for more details.)

Cash Investment. A minimum cash investment of the lesser of 1% of the purchase price or \$1,000, including prepaids, is required only for purchase loans. The cash investment must come from the Borrower’s assets and may not be a gift, grant, loan, or sweat equity contribution.

Asset Limit. The Monthly Payment Loan has no asset limit.

7.037.05 Cash to the Borrower at Closing of Downpayment and Closing Cost Loans.

The Borrower(s) may receive cash back at closing only when all of the following criteria apply:

- The cash to the Borrower at closing is a refund of dollars paid outside of closing (POC) by the Borrower and is reflected on the Closing Disclosure
- The cash to the Borrower at closing does not compromise the Borrower's minimum cash investment requirement
- The underlying first mortgage product and the insurer/guarantor allow the refund

7.047.06 Monthly Payment Loan Lender Warranties

In addition to the warranties stated in [Section 2.08](#), the Lender warrants the following:

- The Borrower's cash investment is paid from the Borrower's own funds (not debt or others' funds)
- The funds received by the Borrower(s) are applied to the transaction and verified through the Closing Disclosure

7.057.07 Second Mortgage Application and Loan Disclosure Procedures

The Lender must follow mortgage industry standard requirements for second mortgages when originating loans under the Monthly Payment Loan. [See the Downpayment Loan Disclosure Information for guidance on disclosing downpayment assistance loans.](#)

The Lender should consult with its compliance department or legal counsel for additional information and guidance in completing required disclosures.

7.067.08 Subordination

Minnesota Housing permits the subordination or replacement of [the following down payment and closing cost loans only in cases where the Minnesota Housing First Mortgage loan is refinanced to a Step Up Program loan.](#)

- a-Homeownership Assistance Fund (HAF) Loan;
- a-Deferred Payment Loan (DPL)
- Deferred Payment Loan Plus (DPL+)
- or a Monthly Payment Loan (MPL) only in cases where the Minnesota Housing first mortgage is refinanced to a Step Up Program Loan.

[For mortgages with the First-Generation Homebuyer Loan; Borrower may not have more than The Borrower is not eligible for more than one Minnesota Housing downpayment and closing cost loan. one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL loan and one First-Generation Homebuyer](#)

Commented [KW2]: This is not capitalized elsewhere in this document.

Loan open at a time. Review the ~~F~~ Minnesota Housing subordination requirements and ~~or more~~ details in the ~~see the Minnesota Housing~~ [Subordination Options Guide](#).

Chapter 8 – Minnesota Housing Loan Commitments/Disbursement

See Minnesota Housing's website for:

- The [Lock, Fee, and SRP Guide](#)
- The [Loan Commitment System Page](#)

Chapter 9 – Document Requirements

9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

- ~~The Loans~~ must be closed and disbursed before completing the True and Certify process in the Minnesota Housing loan commitment system.
- The Lender must follow all mortgage industry regulatory and compliance provisions throughout the processing of the loan. All loan documents other than Minnesota Housing Forms must be industry standard and meet the requirements of U.S. Bank – HFA Division, the underlying loan product, and the insurer/guarantor, as applicable. See the [Minnesota Housing website](#) for more details on required forms.
- All loan documents must be complete, accurate, and reviewed by the Lender at the various and ~~required appropriate~~ stages of the loan. ~~Lender is responsible for updating the Minnesota Housing Commitment System with any changes.~~
- Purchase and Non-Streamline Refinance loans underwritten utilizing industry standard automated underwriting systems require full documentation when verifying income and assets to confirm Minnesota Housing eligibility. (Streamline Refinance transactions should follow underlying product guidelines pertaining to income and asset documentation requirements.) ~~However,~~ Minnesota Housing ~~does requires~~ the lender to obtain the Borrower's income for Streamline Refinance transactions, even if the underlying product guidelines do not, and the income must meet program guidelines and be entered in Minnesota Housing loan commitment system.
- **Minnesota Housing forms may not be altered in any way.** Industry standard forms may not be altered in any way other than to add a company name and logo.
- ~~Both tThe~~ first mortgage loan and, ~~if the second mortgage loan (if applicable,) the second mortgage loan~~ must be originated, ~~and closed in,~~ or assigned ~~to,~~ under the name of the ~~Lender who that~~ is a party to the [Minnesota Housing](#) Participation Agreement and ~~that who~~ locked the loan-(s) ~~in on~~ the Minnesota Housing loan commitment system.
- All first mortgage assignments must run directly from the Lender to U.S. Bank – HFA Division.
- All second mortgage assignments must run directly from the Lender to the Minnesota Housing Finance Agency.
- The Lender must submit final documents to U.S. Bank – HFA Division within 120 days of U.S. Bank – HFA Division's loan purchase.
- Product specific requirements must be met: for Conventional HFA product requirements – refer to the [Fannie Mae HFA Preferred™ Product Description](#) and [Freddie Mac HFA Advantage® product descriptions](#) on [Minnesota Housing's website](#).

9.02 Minnesota Housing Documentation/Delivery Requirements

U.S. Bank – HFA Division provides ~~a the~~ Delivery Checklist form detailing specific documentation and delivery requirements in [AllRegs](#). The Lender must fully execute and deliver documents within ~~the~~ designated timeframes. ~~In addition, the Lender must specifically warrant the following occurred:~~

- ~~The Lender~~ ~~has must~~ ~~reviewed~~ any and all contracts in connection with the residence sale transaction to ensure compliance with this Procedural Manual-

- ~~_____~~

Consequence for Non-Compliance

Documentation not delivered to U.S. Bank – HFA Division within the specified timeframes may result, at Minnesota Housing’s or U.S. Bank – HFA Division’s discretion, in the Lender repurchasing the loan or any other remedy as identified in this Procedural Manual. Minnesota Housing or U.S. Bank – HFA Division ~~may also~~, at their ~~sole~~ discretion, ~~may~~ extend the mentioned timeframes identified in the Delivery Checklist.

9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically. Under no circumstances may a Borrower or ~~Ceo-s~~Signer be required to sign a document electronically. The following criteria must be met:

- Must follow Minnesota Housing Electronic Signature policy (see [Legal Addendum Electronic Signatures](#))
- Must follow all counterparty requirements (i.e. U.S. Bank—HFA Division, GSE, FHA, VA, RD)
- Note: Questions about Remote Online Notary (Ron) can be directed to U.S. Bank – HFA Division

9.04 Records Retention

The Lender must retain any and all compliance documents, ~~(including compliance with Minnesota Housing program guidelines,)~~ as may be required by the Lender’s regulatory authority, the requirements of the underlying loan product, and the requirements of the insurer/guarantor, as appropriate.

~~The~~ loan product and insurer/guarantor minimum or alternative documentation requirements do not relieve the Lender from the responsibility of acquiring and maintaining complete files, including ~~any and~~ all documents and materials as would customarily be required for servicing or loan audit.

Chapter 10 – Servicing

10.01 Servicing

[Loans committed in connection with the Step Up Program are purchased by U.S. Bank – HFA Division.](#) Minnesota Housing may, at its discretion and subject to any contractual provisions between Minnesota Housing and U.S. Bank – HFA Division, [choose, modify or](#) change the Servicer.

10.02 Lender Servicing Responsibilities

Notwithstanding anything to the contrary contained in the Participation Agreement, during the period from loan closing to U.S. Bank – HFA Division purchase, the Lender must perform all required servicing functions for the loan until it is transferred to U.S. Bank Servicing. This includes collecting and applying all loan payments for both the Step Up Program loan and the Monthly Payment Loan, if applicable, made by the Borrower(s) in accordance with State and Federal [servicing](#) regulations. Loan payments collected must include [the following](#):

- The Step Up Program ~~l~~oan monthly principal and interest
- The Monthly Payment Loan monthly principal and interest, if applicable
- 1/12th of annual property tax [\(escrows\)](#)
- ~~The~~ Mortgage insurance, if applicable [\(escrows\)](#)
- Flood insurance, if applicable [\(escrows\)](#)
- Hazard insurance (escrows)
- Assessments, if applicable

In addition, the Lender must complete [the following](#) servicing activities for both the Step Up Program Loan and, if applicable, the Monthly Payment Loan:

- Maintain payment history indicating:
 - The breakdown of [payment applied to](#) principal, interest, and escrows
 - Any principal repayments
 - The remaining principal balance of the loan
 - The collection of any past due payments

The Lender must also provide to the borrower as applicable, any

- Required tax reporting
- Required servicing notices
- Servicing Transfer disclosure notices

The Lender must retain all statements, documents, and correspondence related to servicing the loan in the loan file that is transferred to U.S. Bank Servicing.

10.03 Assumption/Due-on-Sale

A Minnesota Housing first mortgage loan financed with either a Conventional loan or Rural Development loan product is due upon sale and may not be assumed. (See section 7.01 No Assumptions on Monthly Payment Loans)

A Minnesota Housing first mortgage loan financed with either a Federal Housing Administration (FHA) or Veterans Administration (VA) loan product may be assumed only by persons who:

- At the time of the assumption, intends to occupy the property as their Principal Residence within 60 days of closing
- Does not have income that exceeds the current Minnesota Housing Step Up Program income limits; and
- Is not purchasing or acquiring the residence at a cost that exceeds the current Minnesota Housing Step Up Program Purchase Price Limits.

All assumption requests must be reviewed and approved by U.S. Bank Servicing Department and Minnesota Housing prior to the execution of any assumption documents.

Unless the loan assumption is approved in accordance with the above provisions for allowable assumptions, the loan is due upon sale or transfer of title.

10.0310.04 Hardship Policy

Minnesota Housing has in place a hardship policy for its Monthly Payment Loan. The hardship policy may allow forgiveness either in part or in whole if a Borrower is experiencing a financial hardship(s) which prevents them from having the financial ability to pay back the full indebtedness. Hardship will be evaluated at the time of the instance and upon request of the ~~b~~Borrower. A determination will be made in accordance with servicing policies in effect at that time.

Appendix A – Definitions

Table 2/Definitions

TERM	DEFINITION
<u>Borrower</u>	<u>A person who receives funds in the form of a loan secured by real property with the obligation of repaying the loan and, in addition, any person purchasing the real property securing the loan, executing the promissory note, executing a guarantee of the debt evidenced by the promissory note, or signing a security instrument in connection with a loan.</u>
Co-Signer	A party that is obligated to repay the loan. A Co-Signer assumes only personal liability and has no ownership interest in the property.
First-Time Homebuyer	A Borrower(s) who has not had an ownership interest in their principal residence in the three years preceding execution of the mortgage documents (loan closing).
Master Servicer	A company selected by Minnesota Housing to purchase, securitize and service mortgage loans originated pursuant to Minnesota Housing’s mortgage loan programs.
New Construction or Newly Constructed Residence	New Construction or a Newly Constructed Residence refers to a residence, which has either never been occupied or was completed within 24 months preceding the date of the home mortgage loan and was not subject to previous financing with a term greater than 24 months (i.e., a contract-for-deed, mortgage, or bridge loan).
Owner Occupied	At least one Borrower must occupy the Property within 60 90 days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term, <u>per underlying product guideline</u> . Non-occupancy is allowed for situations of verified military deployment.
Participation Agreement	The Participation Agreement for Minnesota Housing Single Family Programs executed between the Lender and Minnesota Housing that allows the Lender to participate and offer Minnesota Housing’s Start Up and Step Up <u>Program</u> mortgage loan programs.
<u>Primary Residence</u> -/Principal Residence	<u>A dwelling the Borrower and their household occupy as their permanent residence.</u> <u>A person may have only one Primary Residence at any one time.</u>

TERM	DEFINITION
	Residences used as second homes or temporary residences do not qualify as Primary Residences. A property used as the primary domicile of the owner-occupant Borrower and their household.
<u>Property Seller</u>	<u>The seller of the property under contract for sale to the Borrower who is using Minnesota Housing financing.</u>
Qualified Homebuyer Education	<p><u>Homebuyer education is a course or program that teaches prospective buyers about the entire home-buying process, from financial readiness (budgeting, credit) and mortgage basics to searching for a home, closing costs, and the ongoing responsibilities of homeownership, often required for assistance programs or specific loans to ensure successful, sustainable ownership.</u></p> <p><u>See Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in Section 4.06 of this Procedural Manual.</u></p>
True and Certify	The loan-level process in Minnesota Housing’s loan commitment system completed by the Lender that certifies all the information entered into the system is true and accurate.

Appendix B – Forms List

See [Minnesota Housing's website](#) for required [Step Up Program forms as well as the Step Up Program Process Guide and optional forms](#).

Appendix C – Legal Addendum

C.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.

C.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 C.07 [of this Addendum](#).

C.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 C.07 [of this Addendum](#).

C.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 (that is, 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 C.07 [of this Addendum](#).

C.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 C.04 [of this addendum](#);
- 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 C.04 [of this Addendum](#).

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 C.07 [of this Addendum](#).

C.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).

C.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 (for example, 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 [Chief Risk and Internal Controls Director Officer](#) at 651.296.7608 or 800.657.3769 or by email at 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 \(mnhousing.gov\)](#) [Report Wrongdoing or Concerns](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

C.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.

C.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.

C.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 Statutes Section 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.



Item: Approval, Lead Safe Homes Grant Program Guide

Action Item: 7.B
Date: 06/25/2026
Staff Contacts: Nick Boettcher, 651.539.9848, nick.boettcher@state.mn.us
Dani Salus, 651.539.9665, danielle.salus@state.mn.us
Kelli Minnerath, 651.539.9726, kelli.minnerath@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests board approval of the Lead Safe Homes Grant Program Guide to assist and enable Grantees and Minnesota Housing staff to implement this new program.

Fiscal Impact

This program is funded by state appropriations. Minnesota Housing will not retain funds for administrative costs.

Agency Priorities

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

Attachments

- Background
- Program Guide

Background

The 2023 legislative session resulted in several new sources of funding for housing programs, including the Lead Safe Homes Grant Program. The legislature officially refers to this as the [Dustin Luke Shields Act](#) in recognition of a young person who suffered lead poisoning and housing instability.

Minnesota Housing will make this one-time funding of **\$4 million** available through a competitive request for proposals (RFP) to local units of government, nonprofit organizations, Tribal Nations and Tribally Designated Housing Entities for lead hazard risk assessments and lead hazard remediation in properties built before 1978. Lead hazard remediation includes a range of activities, from cleaning and touch-up painting to permanent removal of lead paint hazards, like window replacement. Per the legislation, grantees may use up to 10% of their grant for administration, education and outreach.

Lead Safe Homes grant funds can serve both single-family and multifamily housing. For a single-family home (a unit in a one- to four-unit building), the income of the occupant household must not exceed 80% of the greater of state or area median income (AMI). For multifamily rental properties, the income of at least half the tenant households must not exceed 60% AMI. Staff plans to assess grantees' plans for serving multiple housing types appropriate for their service areas during RFP scoring and contracting due diligence.

Minnesota Housing will prioritize funding projects that serve areas where there are high concentrations of lead poisoning in children based on [information provided by the Minnesota Department of Health](#) and balance grant awards so that projects occur within and outside the Twin Cities metropolitan area. Additional priorities to be assessed through RFP scoring criteria include grant applicants' experience with and capacity to deliver lead hazard assessments and remediation services directly and/or via established partnerships, reasonableness of the budget and timeline and extent to which the applicant has identified programmatic gaps and unmet needs to be addressed with grant funds.

Staff outreach and engagement with dozens of specialists and organizations across the state have informed program development and should help solicit proposals that reflect the priorities of the program. Staff plans to include community reviewers and their voices, including through the Agency's new community reviewer initiative, in RFP scoring and selections.

Pending board approval of the Program Guide, staff anticipate publishing the RFP in late summer 2026 and recommending funding selections to the board in late fall 2026.



Lead Safe Homes Grant Program

Program Guide

June 25, 2026



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

June 2026

Agenda Item: 7.B.

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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 The Dustin Luke Shields Act

The Dustin Luke Shields Act ([Minnesota Laws 2023, chapter 37, article 2, section 5](#)) directs Minnesota Housing to establish and administer a grant program to support making homes safer through lead testing and hazard reduction.

1.03 Program Overview

Through the Lead Safe Homes Grant Program (the Program), Minnesota Housing may make grants to Nonprofit Organizations, Local Units of Government, Tribal Nations, and Tribally Designated Housing Entities (see [Minnesota Statute 462A.05, Subd. 45](#)) to support making homes safer through lead testing and hazard reduction. The Dustin Luke Shields Act requires Minnesota Housing to give priority to funding projects that serve areas where there are high concentrations of lead poisoning in children based on [information provided by the Minnesota Department of Health](#) and to balance grant awards so that projects occur within and outside the seven-county Twin Cities metropolitan area.

1.04 Program Guide

This Program Guide, including subsequent changes and additions, is a supplement to and incorporated into the Grant Contract Agreement by reference and is a part thereof as fully as if set forth in the Grant

Contract Agreement at length. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

1.05 Definition of Terms

[Appendix A - Definitions](#) includes definitions of capitalized terms used in this Program Guide.

Chapter 2 – Eligibility Requirements

Grantees are responsible for establishing and maintaining procedures for determining both household and property eligibility, and for retaining documentation of all eligible expenses and the eligibility of each household and property served all as described in this Chapter.

2.01 Eligible Grantees

Only the following types of entities are eligible:

- Nonprofit Organizations
- Local Units of Government
- Tribal Nations and their Tribally Designated Housing Entities

2.02 Eligible Expenses

Only reasonable expenses necessary to perform one or more of the following activities, incurred after the Grant Contract Agreement is fully executed, are payable to the Grantee:

- Provide lead risk assessments completed by a lead inspector or a lead risk assessor licensed by the Commissioner of the Department of Health¹ pursuant to [Minnesota Statute 144.9505](#) for eligible properties as defined in Section 2.03 that are occupied by an eligible household as defined in Section 2.04 of this Program Guide to determine the presence of lead health hazards.
- Remediation of lead health hazards in an eligible property or properties as described in Sections 2.03 that are occupied by an eligible household as defined in Section 2.04 of this Program Guide.
- Up to 10% of a grant award may be used to administer the grant and provide education and outreach about lead health hazards. Education and outreach refers to activities designed to raise awareness among the general public about lead health hazards and the availability of the Program.

2.03 Eligible Properties

To be eligible, a property must be in Minnesota, have been built prior to 1978 and be occupied by an eligible household or households as defined in Section 2.04 below.

¹ Note only lead risk assessors are licensed to complete lead risk assessments. For more information about licensing requirements, refer to the [Minnesota Department of Health](#) and [Minnesota Statute 144.9505](#).

2.04 Eligible Households

Residents of Single-Family (One to Four Unit) Eligible Properties and Owner-Occupied Multifamily Units

A household residing in an eligible property that is a Single-Family or owner-occupied Multifamily unit is eligible if its income does not exceed 80% of the greater of state or area median income (AMI) as determined by HUD.

Residents of Multifamily Rental (Five or More Units) Eligible Properties

All renter households residing in a Multifamily (five or more units) property are eligible if the income of at least 50% of the tenant households does not exceed 60% of AMI.

2.05 Remediation of Lead Health Hazards

Program funds may be used for remediation of lead health hazards in eligible properties and on behalf of eligible households identified through a lead inspection, lead hazard screen or lead risk assessment as defined in [Minnesota Statute 144.9501](#). Lead health hazards are those lead hazards identified by a lead inspector, lead risk assessor, lead order, lead supervisor, lead sampling technician or lead worker.

Remediation of lead health hazards includes the following activities, each as defined in [Minnesota Statute 144.9501](#), performed on eligible properties and on behalf of one or more eligible households as defined in this Program Guide:

- Abatement
- Clearance inspections
- Encapsulation
- Enclosure
- Interim controls
- Lead hazard reduction
- Lead hazard screens
- Lead inspections
- Lead project design
- Primary prevention
- Swab team services
- Other activities performed to comply with lead orders issued by an assessing agency

Chapter 3 – Funding Information

3.01 Funding Source and Type

Funds for the Program are determined by the Minnesota Legislature as an appropriation and awarded by Minnesota Housing in the form of a grant.

3.02 Funding Amount

Funding amounts will be determined by Minnesota Housing in its sole discretion and are contingent on the amount of funding available to Minnesota Housing from the Minnesota Legislature.

3.03 Disbursement Schedule

The disbursement schedule is determined by the Grant Contract Agreement.

Chapter 4 – Application Process, Review Criteria and Selections

4.01 Application Process

This Program is subject to applicable policies established by the Minnesota Department of Administration's [Office of Grants Management \(OGM\)](#). Funding for the Program will be allocated through a competitive Request for Proposal (RFP) process.

4.02 Application Review Criteria and Selections

Minnesota Housing will develop selection criteria, application forms and instructions and make them available on its website for as long as it is accepting applications.

Funding selections are subject to approval by Minnesota Housing's board of directors. Minnesota Housing's award decisions are final and are not subject to appeal.

Chapter 5 – Contracting, Reimbursements and Budget Modifications

5.01 Work Plan and Budget

After notifying the Grantee of funding selection, Minnesota Housing will provide a work plan and budget template for the Grantee to complete. Minnesota Housing will incorporate the completed and approved work plan and budget into the Grant Contract Agreement.

5.02 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:

- Execute a Grant Contract Agreement with Minnesota Housing outlining the scope of work to be performed. The Grantee is responsible for submitting all required due diligence items, completing the proposal, budget, work plan, and/or other exhibits to the Grant Contract Agreement.
- 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 expires that documents the use of all grant proceeds awarded. Minnesota Housing staff, at its sole discretion, may request to review the accounting and documentation of such records as part of a site visit or at other times.
- Complete and submit all invoices and required reports on time and 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 promptly reported to Minnesota Housing.
- Comply with applicable contracting and bidding requirements defined in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements defined in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules, and policies.

5.03 Subgrants Allowed

Grantees may subgrant Program funds.

As outlined in the Grant Contract Agreement, Grantees, if engaging subgrantees, must enter into formal contracts with subgrantees before the subgrantee incurs eligible expenses. Grantees should ensure that relevant communication from Minnesota Housing is relayed to subgrantees.

Minnesota Housing will hold Grantees solely responsible for compliance with the Grant Contract Agreement and this Program Guide.

5.04 Loans Not Allowed

Neither Grantees nor their subgrantees or contractors may make loans with Program funds.

5.05 Reimbursement Requests

The Grantee may submit (a) reimbursement request(s) to Minnesota Housing for eligible expenses incurred after the Grant Contract Agreement is fully executed, using the draw request form template provided by Minnesota Housing staff.

The Grantee must provide evidence of the eligible expenses incurred with the reimbursement request, which may include contractor pay applications/draw requests, invoices, and photographs of work in progress and completed work. Minnesota Housing staff may request additional or alternative documentation as needed to verify expenses. Disbursement will only be made to the Grantee for eligible expenses as determined by Minnesota Housing in its sole discretion.

5.06 Advance Payment Requests

Advance payments are not allowed unless otherwise specified in the Grant Contract Agreement.

5.07 Budget Modifications

The budget attached to the Grant Contract Agreement may be modified but requires written approval from Minnesota Housing staff before the Grantee incurs the expense. Any such change must be accompanied by an updated budget document and an amendment to the Grant Contract Agreement incorporating the new budget.

Chapter 6 – Reporting, Monitoring and Record Keeping

6.01 Reporting

Each Grantee must submit an annual report to Minnesota Housing using the reporting template provided by Minnesota Housing staff. Grantees must also submit a final report upon completion of all grant duties outlining proposed and achieved outcomes and complete expenditures.

6.02 Monitoring and Financial Reconciliation

Minnesota Housing reserves the right to conduct ongoing monitoring of projects funded by the Program. The following may be required as part of grant monitoring:

- A written report or reports that summarize(s) the grant activities, outcomes, eligible expenses, and challenges for the given period, in a form acceptable to Minnesota Housing staff.
- Site visit(s).
- Before the final payment is made, Minnesota Housing will complete a financial reconciliation as required by [OGM Policy 8-10](#). 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 Minnesota Housing deems necessary to complete the financial reconciliation. Minnesota Housing reserves the right to perform financial reconciliation similar to that prescribed in OGM Policy 08-10 regardless of the dollar amount of the grant.
- Final written report and financial review that includes the outcomes of the grant activities.

6.03 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 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 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.

6.04 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 upon request.

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

- Executed Grant Contract Agreement, subgrant agreements, and any amendments;
- Reports submitted by the Grantee to Minnesota Housing;
- Any necessary approvals, such as city council or board resolutions, regarding application for, receipt of, and expenditure of Program funds;
- Invoices and supporting invoice documentation (receipts, proof of payment, etc.);
- Written approvals from Minnesota Housing; and
- For projects involving subgrantee(s): Documentation of Grantee's monitoring of subgrantee activities.

Appendix A – Definitions

Term	Definition
Area Median Income	The most recent total median family income for a geographic area issued by the federal Department of Housing and Urban Development (HUD).
Grant Contract Agreement	The agreement executed between the Minnesota Housing Finance Agency and the Grantee for the Lead Safe Homes Grant Program.
Grantee	An entity awarded funding by Minnesota Housing through the Lead Safe Homes Grant Program.
Local Unit of Government	A statutory city, home rule charter city, county, township, school district, special district, other political subdivision or other local government entity.
Minnesota Housing (or) Agency	The Minnesota Housing Finance Agency.
Multifamily	Housing containing five or more units per building.
Nonprofit Organization	A business entity organized and registered as a nonprofit corporation with the Minnesota Secretary of State.
Program	The Lead Safe Homes Grant Program.
Program Guide	This Lead Safe Homes Grant Program Guide.
Single-Family	Housing containing one to four units per building.
Tribally Designated Housing Entity	An entity of a Tribal Nation that meets the requirements defined by Unites States Code, title 25, section 4103(22) .
Tribal Nation	A federally recognized Indian Tribe in Minnesota.

Appendix B – 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 of this Addendum.

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 of this Addendum.

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:** An 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 (that is, 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 of this Addendum.

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 of this Addendum;
- 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 of this Addendum.

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 of this Addendum.

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 (for example, 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;
- 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](#) (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.

June 2026

Agenda Item: 7.B.

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.

June 2026

Agenda Item: 7.B.

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 Statute 177.30\(a\)](#), 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.

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Rd. N.
St. Paul, MN 55155
651.284.5091 or 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: Funding Modification, Publicly Owned Housing Program (POHP) – Columbia and Rouchleau Apartments, D8051, Virginia

Action Item: 7.C
Date: 6/25/2026
Staff Contacts: Janine Langsjoen, 651.539.9716, Janine.langsjoen@state.mn.us
Request Type: Approval, Resolution

Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the POHP to the Housing and Redevelopment Authority In and For the City of Virginia, Minnesota for Columbia and Rouchleau Apartments under Resolution No. MHFA 24-040 in the amount of \$5,752,600.

Agency staff recommends adoption of a resolution to increase the loan amount for Columbia and Rouchleau Apartments by \$785,800, increasing the total POHP loan from \$5,752,600 to \$6,538,400.

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 checked="" type="checkbox"/> Strengthen Communities |

Attachments

- Background
- Maps and Photo
- Resolution

Background

Columbia and Rouchleau Apartments are two buildings owned and managed by the Housing and Redevelopment Authority in and for the City of Virginia, Minnesota (HRA). Columbia was constructed in 1969 and Rouchleau in 1982. Both buildings are connected on all levels and function as a single 147-unit property with shared systems and common areas. Columbia is a seven-story concrete-framed building with brick veneer and aluminum windows and air conditioner sleeves. Rouchleau is a nine-story concrete-framed structure with similar exterior materials.

On June 27, 2024, the HRA was selected by the board to receive \$5,752,600 in 2023 General Obligation bond POHP funds under Resolution No. MHFA 24-040 for Columbia and Rouchleau Apartments. The planned scope of work included brick repair and partial window replacement. The project closed on the POHP loan in October 2025. Prior to closing on the funding, the building inspection found Columbia's brick façade to be performing as expected but Rouchleau's brick façade showed displacement due to expansion. The project's scope of work included repairing the brick.

Once the exterior repair work started, it was found that the ties connecting the brick on the east and west walls to the structure were suffering widespread failure leaving the brick reliant on the veneer for support. The north and south walls were built differently and did not show the same issues. The east and west walls had brick tied to a steel stud wall, whereas the north and south walls had brick tied to masonry walls.

Multiple options were reviewed with the project architect, construction team and Minnesota Housing staff. The most cost-effective solution for the Rouchleau building was to remove the brick on the east and west elevations and install a metal panel system. This panel system allows new exterior sheathing and weather barrier to be installed prior to the new metal panels. Minnesota Housing's architect agrees with the course of action. The additional work has increased the project budget by approximately \$2.7 million.

The POHP Request for Proposal uses a concept-based application and project costs are not expected to be final at the time of application. However, it is rare for funding modifications to be requested during the construction period. In this case, the full scope and scale of the repairs was not apparent until construction had started. The exterior repair work is on pause until the full funding is in place.

The HRA secured HUD Emergency Relief Funds and is increasing their capital fund contribution to cover approximately \$1.94 million of the \$2.7 million cost increase. With the additional funding from the HRA and HUD, the leverage increases from 23% of Total Development Cost (TDC) to 39% of TDC for the project.

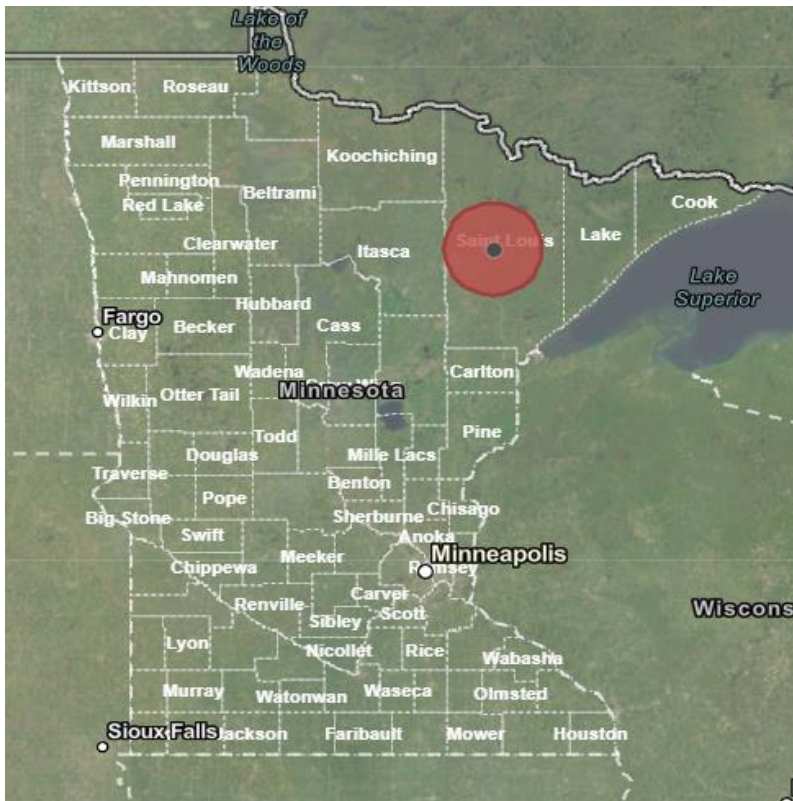
There are sufficient POHP funds available to cover this request.

Table 1: Sources and Uses

Sources	Amount at Selection	Proposed Amount	Difference
POHP Loan	\$ 5,752,600	\$ 6,538,400	\$ 785,800
US Department of Housing and Urban Development (HUD)	\$ 989,751	\$ 2,226,606	\$ 1,236,855
Sales Tax Rebates	\$ 140,250	\$ 140,250	\$ 0
Capital Funds	\$ 568,250	\$ 1,272,862	\$ 704,612
TOTAL SOURCES	\$ 7,450,851	\$ 10,178,118	\$ 2,727,267

Uses	Amount at Selection	Proposed Amount	Difference
Construction	\$ 6,093,858	\$ 8,409,763	\$ 2,315,905
Contingency	\$ 426,564	\$ 587,371	\$ 160,807
Soft Costs	\$ 930,429	\$ 1,180,984	\$ 250,555
TOTAL DEVELOPMENT COSTS	\$ 7,450,851	\$ 10,178,118	\$ 2,727,267

Maps of 600/602 3rd Avenue North, Virginia, MN Virginia, MN



600/602 3rd Avenue North, Virginia, MN



Photo of Columbia and Rouchleau Apartments



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

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

RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)

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

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

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

NOW THEREFORE, BE IT RESOLVED:

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

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$6,538,400; and
2. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 25th day of June 2026

CHAIR



Item: Forgiveness, Affordable Rental Investment Fund (ARIF) Program Loan, Housing Trust Fund (HTF) Program Loans, and Transitional Housing (THL) Program Loan – Archdale Apartments, D0820, Minneapolis

Action Item: 7.D
Date: 06/25/2026
Staff Contacts: Sarah Huss, 651.539.9653, Sarah.Huss@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests adoption of a resolution authorizing forgiveness and release of related affordability and occupancy restrictions for the following four loans:

- \$50,000 ARIF loan;
- \$100,000 HTF loan;
- \$75,000 HTF loan; and
- \$70,000 THL loan.

Fiscal Impact

None. 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 checked="" type="checkbox"/> Support People Needing Services |
| | <input type="checkbox"/> Strengthen Communities |

Attachments

- Background
- Map and Photo
- Resolution

Background

A. Project Description

Archdale Apartments (Archdale) is a 30-unit property located at 1600 First Avenue South in downtown Minneapolis. It is owned by Youth Housing Limited Partnership (Owner). Aeon is the general partner, and Aeon Management LLC manages the property. The property houses homeless youth, ages 16-25 and includes four units with a preference for single parents. Residents qualify for housing based on income levels and meet a specific definition of homelessness. On-site supportive services are provided by the Young Men's Christian Association of the North (YMCA). The 24-hour front desk is staffed by Aeon.

Archdale was originally built in 1919. The property received a 1995 allocation of Federal Low Income Housing Tax Credits (LIHTC) from Minnesota Housing and was renovated in 1996. In 2007, Minnesota Housing awarded the property a Preservation Affordable Rental Incentive Fund (PARIF) loan that funded minor renovations at the property. The property has not had a major recapitalization since the PARIF award.

The property is in the final year of the LIHTC extended use period, which will expire on December 31, 2026, after which a three-year tenant protection period will be in place through December 31, 2029.

Archdale benefits from an annual Supportive Housing Program (SHP) grant from the US Department of Housing and Urban Development (HUD) to fund the on-site support services for residents. The YMCA and HUD through its Continuum of Care (CoC) grant have agreed to reimburse Aeon for a portion of the front desk costs. The property also benefits from two rental subsidy contracts administered by the Minneapolis Public Housing Authority (MPHA), which provide 91% of the rental revenue for the property.

Archdale is faced with both operational and capital challenges. The property is aging and in need of significant capital improvements. From 2021 through 2025, cumulative operating losses exceed \$355,000. Recent necessary capital improvements as well as operating losses have been paid for with property reserves. Since 2020, reserves have been drawn down a total of \$320,803 with a remaining replacement reserve balance of approximately \$89,000. Minnesota Housing has recently selected the property for a \$365,000 Distressed Multifamily Rental Building Program (Distressed Properties) loan which will be used to replenish the property reserve account.

While the HUD SHP grant is a benefit to the property, there has been no cost-of-living adjustment since the original award. Costs for staffing exceed the funding award and are creating operating shortfalls. Furthermore, the future direction of CoC funding is uncertain.

Without any rental or income restrictions, the broker's opinion of value (BOV) estimated a value ranging from \$1,645,000 to \$1,767,000. However, there are expected marketing challenges due to the location and site limitations, size and unit configuration, and overall condition of the property. The property backs up against Interstate 94 on the south side of downtown Minneapolis.

B. Existing Debt Summary

Lender	Program/ Source	Note Rate	Maturity Date	Original Balance	Current Balance (principal plus accrued interest)
Family Housing Fund	Deferred Loan	0.5%	7/9/2026	\$ 400,000	\$ 460,000
City of Minneapolis – HOME ACQ	Deferred Loan	1.0%	7/9/2026	\$ 365,000	\$ 474,500
City of Minneapolis - HOME	Deferred Loan	1.0%	7/9/2026	\$ 35,000	\$ 45,500
Minnesota Housing	ARIF	0%	7/9/2026	\$ 50,000	\$ 50,000
Minnesota Housing	HTF	0%	7/9/2026	\$ 100,000	\$ 100,000
Minnesota Housing	HTF	0%	7/9/2026	\$ 75,000	\$ 75,000
Minnesota Housing	THL	0%	7/9/2026	\$ 70,000	\$ 70,000
Minnesota Housing	PARIF	1.0%	10/25/2037	\$ 810,000	\$ 963,900
TOTAL				\$ 1,905,000	\$ 2,238,900

The Family Housing Fund has approved extension of the maturity date of their loan to July 9, 2029. The City of Minneapolis staff is currently processing a request to extend the maturity date of their existing loans to July 9, 2029. The extension to July 9, 2029, aligns with the current rental assistance contract.

C. Conclusion

After reviewing the project and the considerations for debt forgiveness, this request meets the following:

Total debt on the property is greater than the value of the property.

The total debt on the property is \$2,238,900. The median value of the BOV range is \$1,704,000. The 2026 Hennepin County Assessor's property tax market value is \$1,650,000.

- The assessed tax value does not reflect the cost of needed repairs of the building.
- Given the current property conditions and site limitations, the existing debt on the property exceeds the value of the property.
- Any reuse of the property that relies on traditional debt and equity financing faces a significant capital challenge.
- Forgiveness of the maturing Agency debt leaves the outstanding PARIF loan, which has a higher likelihood of full repayment should the property be sold at a future date.

Forgiveness of debt as a part of a larger stabilization or preservation effort.

The Owner is actively working on stabilizing Archdale. The Distressed Properties program loan will serve as a bridge while the Owner considers next steps for the property. Forgiving a portion of the debt helps position the property for future preservation financing options.

No reasonable expectation of repayment.

Archdale does not have available reserves to satisfy the maturing Agency debt nor does the property produce sufficient operating cash flow to leverage new debt to refinance and retire the existing maturing debt. The property relies heavily on resources from both MPHA via the HAP contracts and the CoC funding from HUD. Two-thirds of those contracts have historically been renewed annually. However, there is no guarantee of continued renewal of these limited resources.

Debt forgiveness does not eliminate affordability.

The existing affordability restrictions at Archdale will continue via the tenant rent and income restrictions as required by both existing HAP contracts. As such, there is no expectation that there will be any loss of affordability for residents at the property as a result of the expiration of income or rent restrictions as codified by the existing ARIF, HTF, HTF2 and THL loans. Furthermore, the tenant protection period that begins January 1, 2027, will maintain the affordability for the existing residents.

Compliance and good standing of the project sponsor.

Aeon has operated the property maintaining Agency compliance standards and is in good standing.

Map of 1600 1st Avenue South, Minneapolis

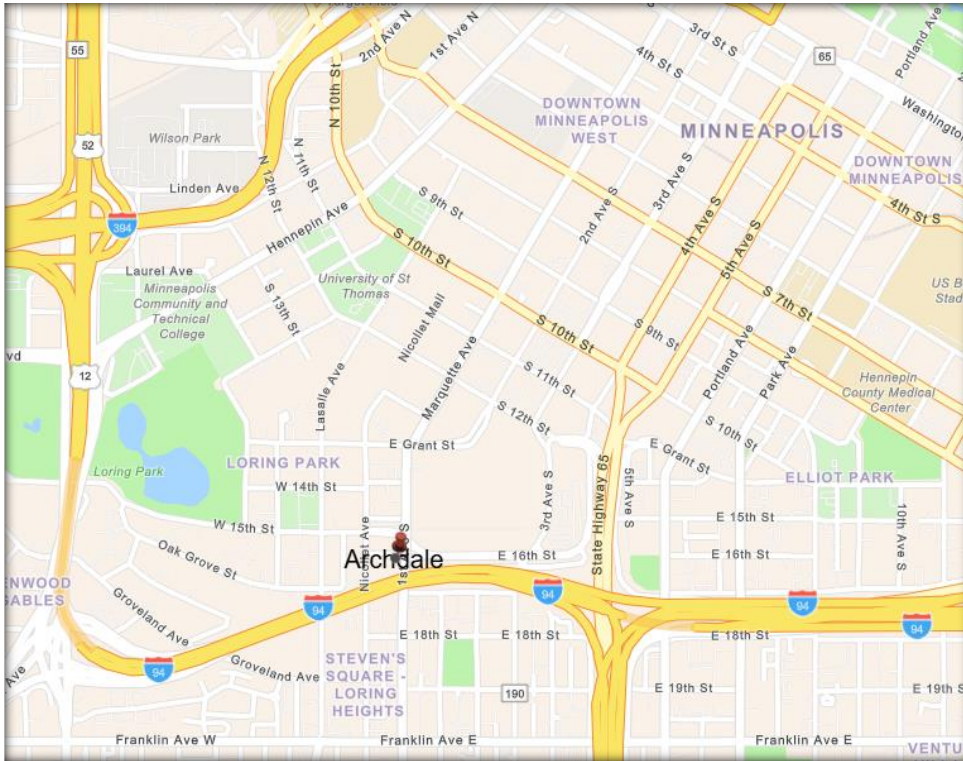


Photo of 1600 1st Avenue South, Minneapolis



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

RESOLUTION NO. MHFA 26-xxx

RESOLUTION APPROVING FORGIVENESS

**AFFORDABLE RENTAL INCENTIVE FUND (ARIF) PROGRAM LOAN
HOUSING TRUST FUND (HTF) LOANS AND
TRANSITIONAL HOUSING (THL) PROGRAM LOAN**

WHEREAS, at its April 22, 1993, meeting, the Minnesota Housing Finance Agency board approved a \$75,000 loan from the HTF Program; and

WHEREAS, at its September 23, 1993, meeting, the Minnesota Housing Finance Agency board approved a \$70,000 loan from the THL Program; and

WHEREAS, at its October 27, 1994, meeting, the Minnesota Housing Finance Agency board approved a \$50,000 loan from the ARIF Program; and

WHEREAS, at its April 27, 1995, meeting, the Minnesota Housing Finance Agency board approved a \$100,000 loan from the Housing Trust Fund; and

WHEREAS, the development does not have the resources to repay the loans; and

WHEREAS, the development continues 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:

1. Forgiveness of the HTF loan in the amount of \$75,000 as of the date of this resolution; and
2. Forgiveness of the THL loan in the amount of \$70,000 as of the date of this resolution.
3. Forgiveness of the ARIF loan in the amount of \$50,000 as of the date of this resolution; and
4. Forgiveness of the HTF loan in the amount of \$100,000 as of the date of this resolution; and

Adopted this 25th day of June 2026

CHAIR

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Item: Forgiveness, Housing Trust Fund (HTF) - North Haven I, Minneapolis, D4052; Preservation Affordable Rental Investment Fund (PARIF) Loan - North Haven II, Minneapolis, D6371; Ending Long-Term Homelessness Initiative Fund (ELHIF) Loan and Urban Indian Housing Fund (UIHF) Loan - Cedar View, Minneapolis, D3912; and Flexible Financing Capital Costs (FFCC) Loan - 3rd Avenue Townhomes, Minneapolis, D2903

Action Item: 7.E.
Date: 6/25/2026
Staff Contacts: Benjamin Miles, 651.297.2278, benjamin.miles@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests adoption of a resolution authorizing forgiveness and release of all related affordability and occupancy restrictions for the following four properties:

- D4052 North Haven I: \$161,700 deferred HTF loan;
- D6371 North Haven II: \$238,396 deferred PARIF loan;
- D3912 Cedar View: \$418,000 deferred ELHIF loan and \$100,000 deferred UIHF loan; and
- D2903 3rd Avenue Townhomes: up to \$125,000 in accrued interest on the FFCC loan.

Fiscal Impact

None. Minnesota Housing does not earn fee or interest income on these loans.

Agency Priorities

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

Attachments

- Background
- Map and Photo
- Resolution

Background

A. Project Description

The following four properties are owned by Beacon Interfaith Housing Collaborative (Beacon) and located in south Minneapolis:

- North Haven I is a four-unit development built in 1915.
- North Haven II is a five-unit development built in 1915.
- Cedar View is a 10-unit development built in the 1960s.
- 3rd Avenue Townhomes is a 12-unit development built in 2001.

Beacon was originally selected for \$3,933,000 of Housing Infrastructure Bond (HIB) funding in the 2024 Consolidated RFP under Resolution No. MHFA 24-082 to preserve these properties by consolidating them into a single ownership entity and rehabilitating the units. Collectively, the four properties will be known as The NorthView.

All 31 units benefit from project-based Section 8 rental assistance or sponsor-based rental assistance. Twenty units serve High Priority Homeless (HPH) households, and 11 units serve general occupancy households. The NorthView will preserve these resources.

B. Existing Minnesota Housing Debt Summary

The four properties collectively have five deferred loans and one Low- and Moderate-Income Rental (LMIR) first mortgage from Minnesota Housing. If approved, four of the deferred loans would be forgiven along with the accrued interest on the FFCC loan. The principal balance of the FFCC loan and the LMIR would be paid off at closing.

In the following charts, the current balance includes accrued interest, if any, as of January 1, 2026.

Minnesota Housing Existing Debt						
Program/ Source	Property	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
HTF	North Haven I	Forgive	0%	8/20/2038	\$ 161,700	\$ 161,700
PARIF	North Haven II	Forgive	0%	3/31/2044	\$ 238,396	\$ 238,396
ELHIF	Cedar View	Forgive	0%	11/28/2035	\$ 418,000	\$ 418,000
UIHF	Cedar View	Forgive	0%	11/28/2035	\$ 100,000	\$ 100,000

Minnesota Housing Existing Debt						
LIMR	3 rd Avenue Townhomes	Repay	6.5%	1/1/2034	\$ 422,977	\$ 155,405
FFCC**	3rd Avenue Townhomes	Repay principal and forgive accrued interest	1%	7/1/2033	\$ 525,000	\$ 644,860
Total					\$ 1,866,073	\$ 1,718,361

**As of April 30, 2026

C. Existing Debt

Total existing debt from all funding sources on the properties is just over \$4 million. The following tables list the total debt from all sources for each property.

North Haven I - Total Existing Debt						
Lender	Program/Source	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
City of Minneapolis	Affordable Housing Trust Fund (AHTF)	Forgive	1%	8/20/2038	\$ 171,814	\$ 201,881
Hennepin County	Affordable Housing Incentive Fund (AHIF)	Forgive	0%	8/20/2038	\$ 125,000	\$ 125,000
Minnesota Housing	HTF	Forgive	0%	8/20/2038	\$ 161,700	\$ 161,700
Total					\$ 458,514	\$ 488,581

North Haven II - Total Existing Debt						
Lender	Program/Source	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
City of Minneapolis	AHTF	Forgive	1%	3/28/2044	\$ 212,184	\$ 237,292
Hennepin County	AHIF	Forgive	0%	3/31/2044	\$ 100,000	\$ 100,000

North Haven II - Total Existing Debt

Minnesota Housing	PARIF	Forgive	0%	3/31/2044	\$ 238,396	\$ 238,396
Total					\$ 550,580	\$ 575,688

North Haven I and II – Total Existing Debt (debt secured by both properties)

Lender	Program/ Source	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
Hennepin County	AHIF	Assumed	0%	12/01/2053	\$ 300,000	\$ 306,250
Total					\$ 300,000	\$ 306,250

Cedar View – Total Existing Debt

Lender	Program/ Source	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
City of Minneapolis	AHTF	Forgive	1%	11/28/2035	\$ 433,746	\$ 521,218
Minnesota Housing	ELHIF	Forgive	0%	11/28/2035	\$ 418,000	\$ 418,000
Minnesota Housing	UIHF	Forgive	0%	11/28/2035	\$ 100,000	\$ 100,000
Total					\$ 951,746	\$ 1,039,218

3rd Avenue Townhomes – Total Existing Debt

Lender	Program/ Source	Proposed Disposition	Note Rate	Maturity Date	Principal Balance	Current Balance
Beacon Interfaith Housing	Beacon	Forgive	6%	7/1/2033	\$ 456,000	\$ 677,582
Hennepin County	AHIF	Forgive	1%	7/1/2033	\$ 118,500	\$ 146,037
Minnesota Housing	LIMR	Repay	6.5%	1/1/2034	\$ 422,977	\$ 155,405
Minnesota Housing	FFCC**	Repay principal and forgive accrued interest	1%	7/1/2033	\$ 525,000	\$ 644,860

3rd Avenue Townhomes – Total Existing Debt

Total					\$ 1,522,477	\$ 1,623,884
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**As of April 30, 2026

Total Existing Debt by Property		
Property	Principal Balance	Current Balance
North Haven I	\$ 458,514	\$ 488,581
North Haven II	\$ 550,580	\$ 575,688
North Haven I & II (debt secured by both properties)	\$ 300,000	\$ 306,250
Cedar View	\$ 951,746	\$ 1,039,218
3rd Avenue Townhomes**	\$ 1,522,477	\$ 1,623,884
Total	\$ 3,783,317	\$ 4,033,621

**As of April 30, 2026

Hennepin County has approved forgiveness of all their debt except the \$300,000 loan that is secured by North Haven I and II. Hennepin County has approved assumption of that loan as part of the new financing package. That particular loan was not forgiven because it has only been in place for approximately three years.

The City of Minneapolis is processing a request for debt forgiveness that is subject to their city council approval.

D. Existing occupancy restrictions

Existing occupancy restrictions under Minnesota Housing loans are as follows:

- North Haven I HTF:
 - 4 units for households with income at or below 60% of the metro median income adjusted for households of five or more.
 - 1 unit for households with income at or below 30% of the metro median income adjusted for households of five or more.
- North Haven II PARIF:
 - 5 units for households with incomes at or below 80% of the greater of state median income or area median income not adjusted for household size.
- Cedar View ELHIF:
 - 10 units for households with income at or below 30% of the metro median income adjusted for households of five or more.

- Cedar View UIHF:
 - 2 units for households with incomes at or below 80% of the greater of state median income or area median income not adjusted for household size.

As part of the debt forgiveness, the existing affordability declarations will be terminated. However, the new HIB loan will have the following affordability requirements for 50 years:

- 20 units are set aside for High Priority Homeless (HPH) households.
- 21 units will be income and rent restricted at or below 60% Multifamily Tax Subsidy Project (MTSP).
- 10 units will be income and rent restricted at or below 30% MTSP.
- Owner must agree to continue renewals of the existing project-based Section 8 rental assistance and sponsor-based rental assistance on 22 units for the term of the HIB deferred loan.

E. Proposed New Sources and Uses

The financing structure for the proposed rehabilitation and recapitalization project is composed of a combination of new resources. The sources of funding for the preservation project includes the \$3,933,000 HIB loan from Minnesota Housing that was subsequently increased to \$4,192,000 under Board Delegation No. 005 at the Mortgage Credit Committee on May 27, 2026. The project is also receiving a \$325,000 State Housing Tax Credit deferred loan from designated contributions. The City of Minneapolis and Hennepin County are each contributing new deferred loans in addition to the forgiveness or assumption of existing debt noted previously. The project team intends to close on construction financing in the summer of 2026.

Development Sources		
Source	Amount	Per Unit
City of Minneapolis AHTF Loan	\$ 1,749,329	\$ 56,430
Hennepin County Supportive Housing Strategy (SHS) Loan	\$ 1,000,000	\$ 32,258
Housing Infrastructure Bonds	\$ 4,192,000	\$ 135,226
State Housing Tax Credits	\$ 325,000	\$ 10,484
Hennepin County Assumed Loan	\$ 308,000	\$ 9,935
Minnesota Brownfields Grant	\$ 31,325	\$ 1,010
Rebates	\$ 93,618	\$ 3,020
Total Permanent Sources	\$ 7,699,272	\$ 248,364

Note: Individual categories may not sum to exact total due to rounding.

Development Uses		
Use	Amount	Per Unit
Acquisition	\$ 1,033,000	\$ 33,323
Construction Costs	\$ 4,354,092	\$ 140,455
Professional Fees	\$ 753,385	\$ 24,303
Developer Fee	\$ 631,342	\$ 20,366
Financing Costs	\$ 241,295	\$ 7,784
Reserves	\$ 686,158	\$ 22,134
Total Development Costs	\$ 7,699,272	\$ 248,364

Note: Individual categories may not sum to exact total due to rounding.

F. Conclusion

Staff recommend forgiveness of the HTF, PARIF, ELHIF and UIHF loans as well as the accrued interest on the FFCC loan, and release of the affordability and occupancy restrictions provided under each loan for the following reasons.

No additional affordability gained by extending existing restrictions.

The new HIB funding will require 21 units with incomes not exceeding 60% MTSP and rents at 60% MTSP and 10 units with incomes not exceeding 30% MTSP and rents at 30% MTSP. In addition, the proposed new funding will preserve 22 units of rental assistance and receive nine additional units of rental assistance so that all units have rental assistance. The project has existing contracts for project-based Section 8 rental assistance and sponsor-based assistance through the Minneapolis Public Housing Authority.

Forgiveness of debt as a part of a larger stabilization or preservation effort.

The debt forgiveness is part of a new financing package that positions the property for rehabilitation and preservation.

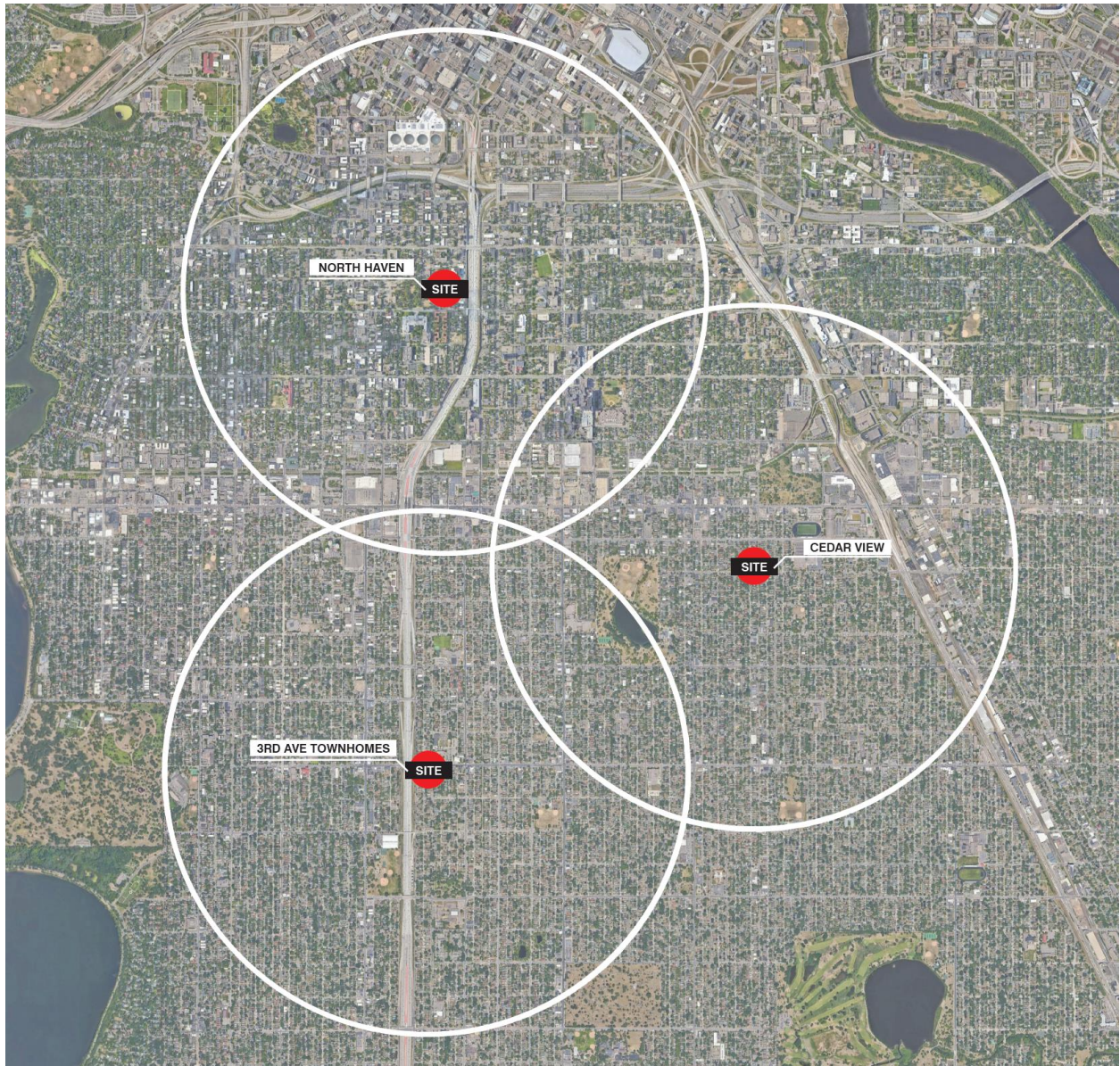
No reasonable expectation of repayment.

As proposed, there are no excess sources to fund repayment of Agency loans that are being recommended for forgiveness, and 100% of the projected cash flow is being used for contributions to the supportive services budget and supportive services reserve.

Administrative Efficiency and Transaction Simplicity

Debt forgiveness for these legacy program loans benefits both the property and the Agency by eliminating additional layers of compliance, which reduces administrative costs without materially affecting the property's affordability. In addition, forgiving the outstanding debt and accrued interest simplifies the closing process.

Map of the scattered sites, Minneapolis



Picture of Third Avenue Townhomes, North Haven and Cedar View, Minneapolis

Third Avenue Townhomes



North Haven



Cedar View



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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING FORGIVENESS
HOUSING TRUST FUND (HTF) LOAN**

WHEREAS, at the October 26, 2006, meeting the Board authorized a commitment for North Haven I, D4052, for a \$161,700 deferred HTF loan approved by board motion on 10/26/2006; and

WHEREAS, the development does not have the resources to repay the loans; and

WHEREAS, affordability will be preserved through a new Housing Infrastructure Bond loan; and

WHEREAS, the debt forgiveness is in conjunction with an upcoming rehabilitation and preservation of this development; and

WHEREAS, the development continues 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:

1. Forgiveness of the HTF loan in the amount of \$161,700.

Adopted this 25th day of June 2026

CHAIR

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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING FORGIVENESS
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF) LOAN**

WHEREAS, at the November 17, 2011, meeting, the board authorized a commitment for North Haven II, D6371, for a \$238,396 PARIF loan approved by Resolution No. MHFA 11-64; and

WHEREAS, the development does not have the resources to repay the loans; and

WHEREAS, affordability will be preserved through a new Housing Infrastructure Bond loan; and

WHEREAS, the debt forgiveness is in conjunction with an upcoming rehabilitation and preservation of this development; and

WHEREAS, the development continues 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:

1. Forgiveness of the PARIF loan in the amount of \$238,396.

Adopted this 25th day of June 2026

CHAIR

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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING FORGIVENESS
ENDING LONG-TERM HOMELESSNESS INITIATIVE FUND (ELHIF) LOAN
URBAN INDIAN HOUSING FUND (UIHF) LOAN**

WHEREAS, at the October 28, 2004, meeting, the board authorized a commitment for Cedar View, D3912, for a \$418,000 ELHIF loan approved by motion; and

WHEREAS, at the December 6, 2004, meeting, the board authorized a commitment for Cedar View, D3912, for a \$100,000 deferred UIHF loan approved by resolution No. MHFA 04-99; and

WHEREAS, the development does not have the resources to repay the loans; and

WHEREAS, affordability will be preserved through a new Housing Infrastructure Bond loan; and

WHEREAS, the debt forgiveness is in conjunction with an upcoming rehabilitation and preservation of this development; and

WHEREAS, the development continues 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:

2. Forgiveness of the ELHIF loan in the amount of \$418,000.
3. Forgiveness of the UIHF loan in the amount of \$100,000.

Adopted this 25th day of June 2026

CHAIR

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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING FORGIVENESS
FLEXIBLE FINANCING CAPITAL COSTS (FFCC) LOAN ACCRUED INTEREST**

WHEREAS, at the June 27, 2002, meeting, the board authorized a commitment for 3rd Avenue Townhomes, D2903, for a \$422,977 Low and Moderate Income (LMIR) loan approved by Resolution No. MHFA 02-48 ; and

WHEREAS, at the June 27, 2002, meeting, the board authorized a commitment for 3rd Avenue Townhomes, D2903, for a \$575,000 FFCC loan approved by Resolution No. MHFA 02-49; and

WHEREAS, at the November 21, 2002, the board extended the commitments for the LMIR and the FFCC loans approved by Resolution No. MHFA 02-89; and

WHEREAS, the principal of the FFCC loan and the principal and interest on the LMIR loan will be repaid upon closing of the new financing; and

WHEREAS, the development does not have the resources to repay the accrued interest on the FFCC loan; and

WHEREAS, affordability will be preserved through a new Housing Infrastructure Bond loan; and

WHEREAS, the debt forgiveness is in conjunction with an upcoming rehabilitation and preservation of this development; and

WHEREAS, the development continues 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:

1. Forgiveness of all FFCC loan accrued interest.

Adopted this 25th day of June 2026

CHAIR



Item: Bifurcation and Modification, State Housing Tax Credit (SHTC) loan and Partial Forgiveness, Preservation Affordable Rental Income Fund (PARIF) Accrued Interest - TWV Preservation, St. Paul, D5525

Action Item: 7.F
Date: 6/25/2026
Staff Contacts: Erin Coons, 651.539.9696, Erin.Coons@state.mn.us
Request Type: Approval, Resolution

Request Summary:

Staff recommends the adoption of two resolutions authorizing:

- Bifurcation of the \$4,621,000 SHTC program loan between Torre de San Miguel and Westminster Place/Vista Village and modification of the Torre de San Miguel portion of the SHTC loan to extend the maturity date to July 1, 2069; and
- Forgiveness of \$372,434 in accrued interest on the Torre de San Miguel portion of the PARIF loan.

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

Attachments:

- Background
- Map and Picture
- Resolution

Project Background

TWV Preservation (TWV) is a 289-unit multi-site project located on the west side of Saint Paul. It is owned by TWV Limited Partnership (Owner) and managed by Property Solutions & Services, Inc., CommonBond Investment Corporation and CommonBond Communities (CBC) are the general partners (collectively, CommonBond). This project includes three properties: 1) Torre de San Miguel, 2) Westminster Place and 3) Vista Village. Each property has its own Section 8 contract.

In 2006, TWV received an allocation of Federal Low Income Housing Tax Credits (HTCs) from the City of Saint Paul to renovate the properties and preserve the Section 8 contracts. The preservation project included a variety of funding sources that are listed in Table 2, including a \$707,000 PARIF loan from Minnesota Housing which restricts incomes at the property to 80% area median income for the state. There are no rent restrictions tied to the PARIF loan, but the Subsidy Declaration requires the Section 8 contract to be renewed so long as the loan remains on the property.

The SHTC program received designated contributions for TWV that provided \$4,621,000 of new funding. That SHTC loan closed in October 2025 and restricts incomes to 80% of area median income for the state. There are no rent restrictions for the SHTC loan.

Table 1: Unit Breakdown

Property	Total Units	Section 8 Units	PARIF Assisted	SHTC Assisted
Torre de San Miguel	142	124	142	70
Westminster Place	99	90	80	39
Vista Village	48	46	38	19

Table 2: Existing Loans and Terms

Loan Source	Loan Amount	Current Loan Balance as of 7/1/2026	Interest Rate	Term	Maturity Date
SHTC	\$4,621,000	\$4,621,000	0%	30 years	10/21/2055 (forgivable at maturity)
PARIF	\$707,000	\$1,384,152	4.9%	35 years	1/31/2042
CBC Long Term Notes	\$3,042,075	\$5,955,720	4.90%	35 years	1/31/2042
St. Paul Housing and Redevelopment Authority (HRA)	\$275,000	\$538,390	4.90%	35 years	1/31/2042
Family Housing Fund	\$275,000	\$538,390	4.90%	35 years	1/31/2042
CBC Reserve Note	\$1,521,304	\$2,978,382	4.90%	35 years	1/31/2042

Due to the scope and scale of TWV's rehabilitation needs, CommonBond submitted two preservation funding requests in the 2025 Consolidated RFP, one for Torre de San Miguel and one for Westminster Place/Vista Village. This direction splits the current single ownership entity into two separate ownership entities. The board subsequently approved \$5,500,000 in PARIF funds for Torre de San Miguel under Board Resolution No. 25-096. The Westminster Place/Vista Village request was unable to be selected in 2025 due to insufficient resources.

Torre de San Miguel has also secured tax-exempt bond financing from the City of St. Paul to access the 4% HTC. The proposed PARIF loan and HTCs will help preserve Torre de San Miguel. CommonBond continues to explore options for Westminster Place/Vista Village.

Current Request

Since TWV is currently under one ownership entity, the existing debt applies to all three properties. Because Torre de San Miguel is moving forward as its own project, it is necessary to

split the ownership and the related loans between Torre de San Miguel and Westminster Place/Vista Village.

On May 13, 2026, Mortgage Credit Committee meeting, the committee approved the following modifications to the PARIF loan under Board Delegation #038:

- Reduced the interest rate from 4.9% to 0%;
- Bifurcated the principal balance proportionally between Torre de San Miguel and Westminster Place/Vista Village and update collateral accordingly; and,
- Extended the maturity date and Minimum Rent Subsidy Period for the Torre de San Miguel portion of the PARIF loan to July 1, 2069, to align with the new preservation financing package.

The following modifications are subject to board approval because the SHTC loan size and proposed PARIF accrued interest forgiveness exceed the parameters of Board Delegation #38 and Board Delegation #007, respectively. To support the Torre de San Miguel preservation financing package, staff requests:

- Bifurcating the \$4,621,000 SHTC program loan to split the principal balance proportionally between Torre de San Miguel and Westminster Place/Vista Village and to update collateral accordingly.
- Modifying the SHTC program loan on Torre de San Miguel to extend the maturity date to July 1, 2069, to align with the new preservation financing package; and
- Forgiving \$372,434 of accrued interest on the Torre de San Miguel portion of the PARIF loan.

Based upon the 2022 appraisals and the total value of the TWV combined property, the proportional split of each loan is listed below:

Table 3: TWV SHTC Loan Split

	Torre de San Miguel	Westminster Place/Vista Village	Total
Appraised Value (2022)	\$18,600,000	\$15,180,000	\$33,780,000
Percent of Total Value	55%	45%	100%
SHTC Principal (per Property)	\$2,541,550	\$2,079,450	\$4,621,000

Table 4: PARIF Loan Split

	Torre de San Miguel	Westminster Place/Vista Village	Total
Appraised Value (2022)	\$18,600,000	\$15,180,000	\$33,780,000
Percent of Total Value	55%	45%	100%
PARIF Principal (per property)	\$388,850	\$318,150	\$707,000
PARIF Accrued Interest Split as of 7/1/2026	\$372,434	\$304,718	\$677,152

The PARIF Loan will have accrued approximately \$677,152 of interest as of July 1, 2026. The Torre de San Miguel portion of that accrued interest is approximately \$372,434. The interest will stop accruing and, if approved, the accrued interest will be forgiven as of July 1, 2026.

Staff recommend partial forgiveness of accrued interest for the following reasons:

Forgiveness of debt as a part of a larger stabilization or preservation effort.

The forgiveness meets the Agency's considerations because it is part of the larger stabilization effort for the Torre de San Miguel. CommonBond is also forgiving their existing debt as part of the larger stabilization effort.

CommonBond's recapitalization and preservation strategy for Torre de San Miguel includes new financing from Minnesota Housing. This transaction meets the Agency's mission and strategic priority to preserve existing affordable housing.

No loss of affordability as a result of partial forgiveness

The extension of the maturity dates and affordability restrictions preserves the existing 142 PARIF and SHTC units at Torre de San Miguel for an additional 14 and 27 years (until 2069) between the two existing loan terms.

No reasonable expectation of repayment.

As proposed, there are no excess sources to fund repayment of Agency loans that are being recommended for forgiveness.

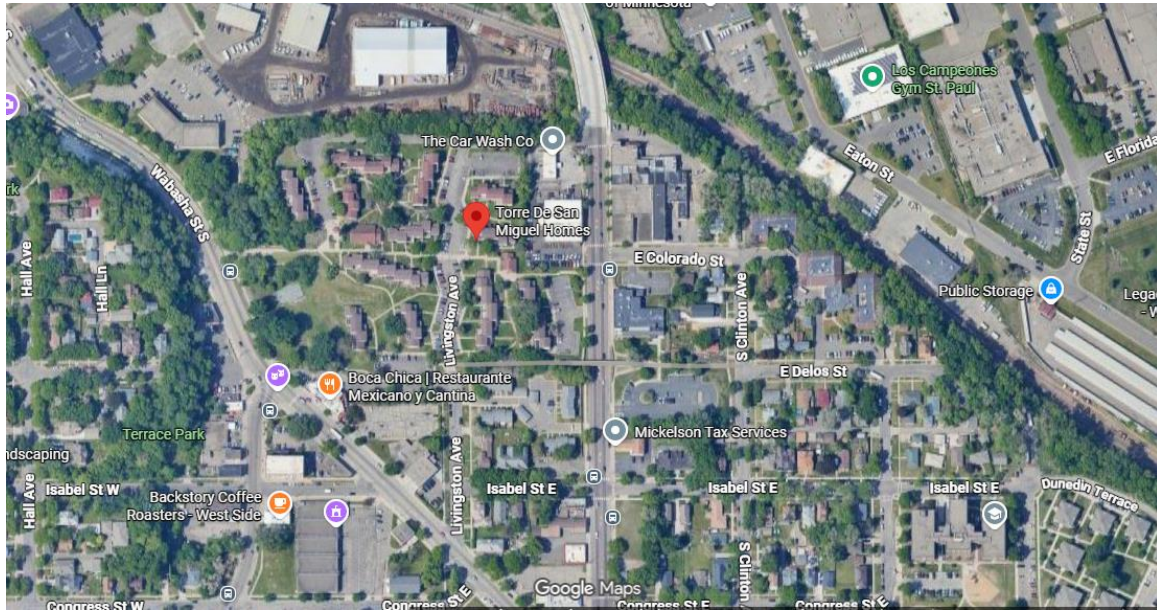
Next Steps

The other lenders have approved to modify their collateral as follows to separate out Torre de San Miguel from TWV Preservation:

- CommonBond Long Term Notes – The portion of the loans attributed to Torre de San Miguel will be forgiven and the secured interest in the Torre de San Miguel property will be released.
- Saint Paul HRA – Torre de San Miguel will be released as collateral for their loan reducing the amount of debt being assumed as part of the resyndication.
- Family Housing Fund – Torre de San Miguel will be released as collateral for their loan reducing the amount of debt being assumed as part of the resyndication.
- CommonBond Reserve Note – is not secured. It will be forgiven at the time of the Torre de San Miguel sale.

The bifurcation of the loans and amendment of the loan documents will allow for the future closing of additional funding and a new allocation of tax credits on Torre de San Miguel. The closing is anticipated for late fall 2026.

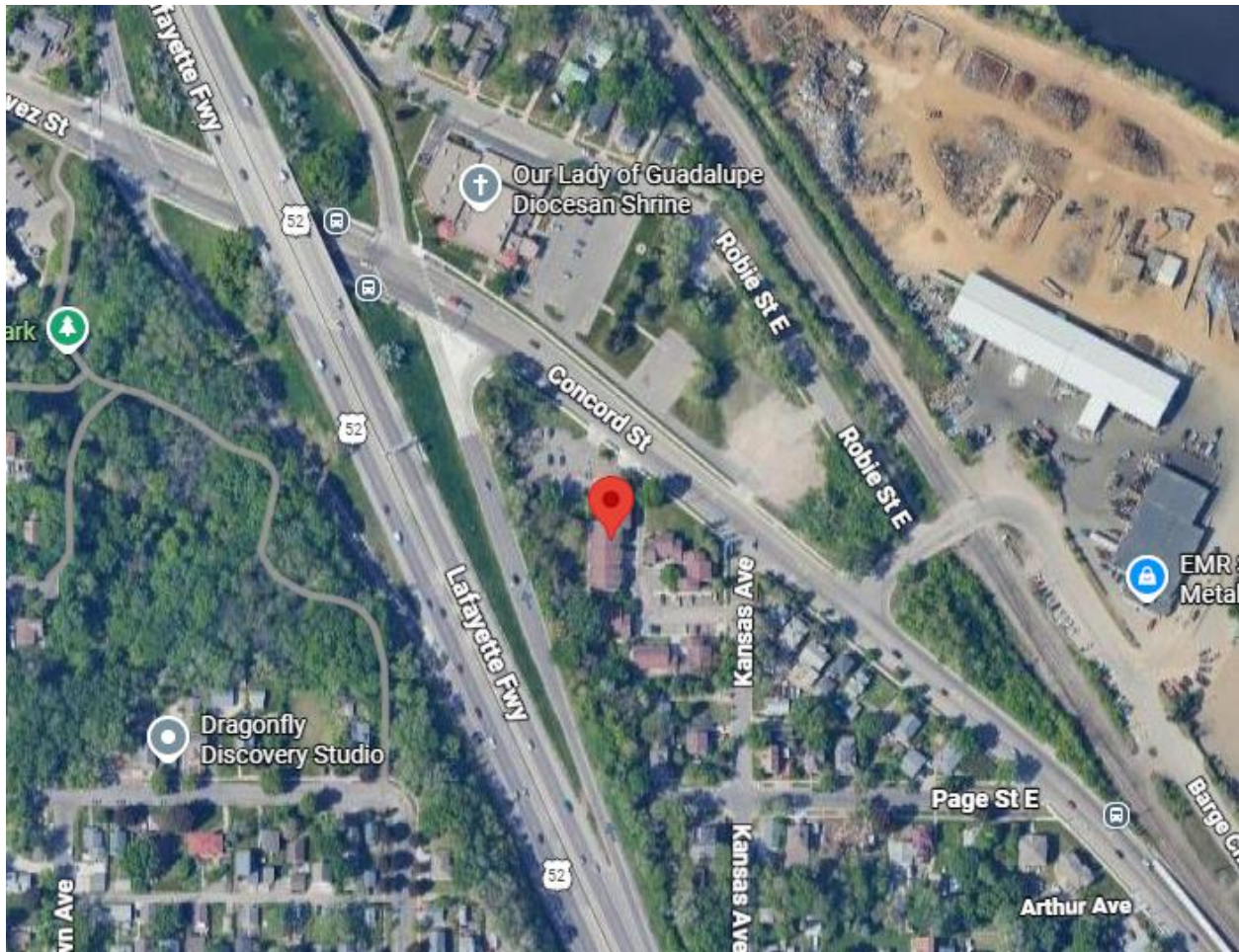
Maps of TWV Preservation



Torre De San Miguel: 58 E Wood St Saint Paul, MN 55107



Westminister Place: 1374 Westminister St, St Paul, MN 55130



Vista Village: 422 Concord St, St Paul, MN 55107

Pictures of TWV Preservation



Torre De San Miguel



Westminster Place



Vista Village

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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING MODIFICATION TO LOAN TERMS AND BIFURCATION OF
STATE HOUSING TAX CREDIT LOAN FOR TWV PRESERVATION (D5525)**

WHEREAS, the Minnesota Housing Tax Credit Contribution account was established under Minnesota Statutes 462A.40 and 290.0683; and

WHEREAS, TWV Preservation received a contribution through the Minnesota Housing Tax Credit Contribution account in 2025; and

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

NOW THEREFORE, BE IT RESOLVED:

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

1. Bifurcation of the \$4,621,000 State Housing Tax Credit (SHTC) program loan to split the principal balance proportionally between Torre de San Miguel and Westminster Place/Vista Village and to update collateral accordingly; and
2. Modification of the SHTC program loan on Torre de San Miguel to extend the maturity date to July 1, 2069.

Adopted this 25th day of June 2026

CHAIR

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

RESOLUTION NO. MHFA 26-xxx

**RESOLUTION APPROVING FORGIVENESS OF ACCRUED INTEREST PRESERVATION AFFORDABLE
RENTAL INCOME FUND (PARIF)**

WHEREAS, the Minnesota Housing Finance Agency board has previously authorized a commitment for the TWV Preservation development #D5525; and

WHEREAS, under Board Delegation No. 038, the Mortgage Credit Committee on May 13, 2026, approved modifications on May 13, 2026; and

WHEREAS, forgiveness of accrued interest is in conjunction with the upcoming rehabilitation and preservation of this development; and

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

NOW THEREFORE, BE IT RESOLVED:

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

1. Forgiveness of \$372,434 accrued interest on the Torre de San Miguel portion of the PARIF loan through July 1, 2026.

Adopted this 25th day of June 2026

CHAIR



Item: Approval, Amendment to the Community Stabilization: Distressed Multifamily Rental Building Program Guide

Action Item: 7.G
Date: 6/25/2026
Staff Contacts: Beverly Wilharm, 651.539.9635, bev.wilharm@state.mn.us
Anne Heitlinger, 651.296.9841, anne.heitlinger@state.mn.us
Margaret King, 651-296-9825, margaret.king@state.mn.us

Request Type: Approval, Motion

Request Summary

Staff requests approval of an amendment to the Community Stabilization: Distressed Multifamily Rental Building 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
- Red-line version of Distressed Multifamily Rental Building Program Guide

Background

The Community Stabilization: Distressed Multifamily Building Program (Program) was established pursuant to [Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 29](#) and [Minnesota Laws 2023, chapter 37, article 2, section 6](#) as amended by [Minnesota Laws 2024, chapter 127, article 14, section 11](#). The Program is a one-time initiative funded with \$50 million in state appropriations to stabilize and recapitalize existing qualifying affordable rental housing properties experiencing significant financial or physical distress.

The Minnesota Housing board approved the Community Stabilization: Distressed Multifamily Rental Building Program Guide (Program Guide) on April 24, 2025. The Program Guide was subsequently amended on September 25, 2025. The board approved Program funding selections at their meeting on May 26, 2026.

As we move into the next phase of the program and begin drafting final work plans and Grant Contract Agreements or Loan Agreements, we identified a few corrections and updates for the Program Guide.

- Section 2.01, Eligible Properties: The proposed amendment strikes “revenues and” from the second set of bullet points. With this correction, the Program Guide mirrors the language in the authorizing legislation. It does not otherwise change implementation of the program.
- Section 2.03, Eligible Uses; Section 6.02, Supporting Documentation; and Section 9.05, Budget Modifications: The proposed amendment replaces the word “reimbursement” with “disbursement.” The existing language does not provide an option for advanced disbursements related to operating and supportive service costs. When properties are operating in a negative cash flow situation, advanced disbursements become a critical tool for meeting property needs and covering current expenses, particularly in the near-term as the property works toward stabilization. This Program is following the disbursement model used by the Agency’s Family Homeless Prevention and Assistance Program as well as the Housing Trust Fund Operating Subsidy Program. This Program requires recipients to retain all invoices and complete a financial reconciliation with a third-party independent auditor/accountant.
- Section 6.02, Supporting Documentation: The proposed amendment replaces the word “audit” with “financial reconciliation” to clarify that the actual expenses need to be reconciled with the disbursements, which would not necessarily be achieved with a typical organizational or property level annual audit. Recipients are still required to provide the annual audit when requested by the Agency.

Finally, the proposed amendments include a few typo corrections, updates the Values Statement to the most recent version and replaces the Legal Addendum with the most recent version.



Community Stabilization: Distressed Multifamily Rental Building Program

Program Guide

Updated: ~~September~~ June 25, 2025~~2026~~



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

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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.

~~All Minnesotans live and thrive in a stable, safe, and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.~~

~~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.~~

Chapter 1 – Introduction

1.01 Program Purpose and Authorizing Statute

The Community Stabilization Program was established 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 to preserve naturally occurring affordable housing.

[Minnesota Laws 2024, chapter 127, article 14, section 11](#) and [Minnesota Laws 2024, chapter 127, article 15, section 38](#) amended the appropriation for the Community Stabilization Program, specifying that \$50,000,000 is to be used to provide loans or grants for the Recapitalization of Distressed Buildings. Of this amount, up to \$15,000,000 is for preservation or Recapitalization of housing that includes Supportive Housing.

These funds will be available through Minnesota Housing’s Community Stabilization: Distressed Multifamily Rental Building Program (the Program) and will be distributed through a competitive Request for Proposals (RFP) process for loans or grants. Funds provided as grants will be subject to the policies established by the [Minnesota Department of Administration Office of Grants Management](#).

Minnesota Housing will retain a portion of the available funding that is structured as grants to cover administrative costs in accordance with [Minnesota](#) Statutes, section 462A.05, subdivision 8.

1.02 Program Guide

This Program Guide, including subsequent changes and additions, will be incorporated into the Grant Contract Agreement or the Loan Agreement. Compliance with this Program Guide will be a requirement of receiving loan or grant funds. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement or Loan Agreement, the Grant Contract Agreement or Loan Agreement will control.

For the purposes of this Program Guide, the Borrower or Grantee are collectively referred to as the Recipient.

1.03 Terms and Definitions

Appendix A: Terms and Definitions of this Program Guide includes definitions of capitalized terms used in this Program Guide.

1.04 Legal Addendum

Any Recipient of an award pursuant to the Program agrees to comply with the additional requirements and obligations as described in Appendix B: Legal Addendum of this Program Guide.

Chapter 2 – Eligibility Requirements

2.01 Eligible Properties

To be eligible for funding, the property must meet all the following threshold 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
- Have been placed in service on or before December 31, 2023

Additionally, the property must meet at least one of the following qualifying requirements:

- 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 (NOI), 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
- Have necessary costs of repair, replacement, or maintenance that exceed ~~revenues and~~ the project reserves available for those purposes

*Although a local unit of government is an Eligible Recipient, Program funds can not be used for publicly owned housing. In these cases, the local unit of government may be awarded Program funds, but cannot have a direct ownership interest in the Distressed Building. The local unit of government may, however, have an ownership interest in the non-public ownership entity of the Distressed Building. It is highly recommended that all local units of government applying for Program funds obtain Minnesota Housing approval of the ownership structure as early as possible in the application process.

Only permanent residential rental housing, including Supportive Housing, is eligible for this Program. Assisted living facilities, nursing homes, shelters, transitional housing, and other similar facilities are not eligible for this Program.

2.02 Eligible Recipients

An Eligible Recipient is one of the following:

- A private for-profit developer, which includes but is not limited to a Limited Liability Company (LLC), Limited Partnership (LP), or other similar ownership entity with approval from Minnesota Housing at its sole discretion
- A tax-exempt Nonprofit Organization established under section 501(c)(3) of the Internal Revenue Code; a Nonprofit Organization may apply on behalf of the LLC, LP, or other similar organization provided the Nonprofit Organization controls at least 50% of the combined ownership of all general partners in the ownership entity of the property
- A Federally recognized American Indian Tribe located in Minnesota or its Tribally Designated Housing Entity
- Local unit of government (subject to the limitations described in section 2.01).

The Eligible Recipient must own or control the property, which is demonstrated by meeting one of the following criteria:

- The property is directly owned by the Eligible Recipient.
- The property is owned by an LLC, LP, or other similar ownership entity with approval from Minnesota Housing at its sole discretion, and the Eligible Recipient is the managing general partner or member of the LLC, LP, or other similar ownership entity. If there is more than one general partner or member, the Eligible Recipient must control at least 50% of the combined ownership of all general partners or members in the ownership entity.
- The Eligible Recipient has site control of the property as defined in Community Stabilization: Distressed Multifamily Rental Building RFP Application Instructions.
- The Eligible Recipient can demonstrate ownership or control of the property at Minnesota Housing's sole discretion.

If the property is not directly owned by the Recipient, the owner must agree to execute and record a recorded declaration, covenants, land use restrictive agreement, or other documentation, as described in section 3.02 of this Program Guide, and any other documentation as determined by Minnesota Housing at its sole discretion.

2.03 Eligible Uses

Program funds may be used for financing the physical and financial needs that are necessary to stabilize an Eligible Property, which includes:

- Debt Restructure that stabilizes or improves property cash flow
- Deferred maintenance and rehabilitation, including costs related to the purpose of rehabilitation, such as:
 - Architecture and design costs, general contractor costs, and permits
 - Environmental reviews and remediation, including lead-based paint, asbestos, and radon mitigation

- Closing costs, including legal, title, survey, and loan fees
- Temporary relocation expenses incurred as a result of the rehabilitation
- Project management fees that are the lesser of 5% of the total project costs or \$100,000
- Property operating costs including, but not limited to, property insurance, front desk, security/safety, tenant service coordination, Supportive Services, case management, program staff, and one-time or short-term staff retention incentives. Reporting, compliance and monitoring costs detailed below are considered operating costs.
- Capitalized replacement, operating, and/or Supportive Service reserves; See section 6.02 (Supporting Documentation) of this Program Guide for additional information
- Financing to sell or transfer ownership of a property to a qualified owner that will commit to long-term affordability, as determined by Minnesota Housing at its sole discretion
- Costs associated with required reporting, compliance, and monitoring, including third-party auditors and accountants

Minnesota Housing may approve, at its sole discretion, other uses that support the physical and financial needs of the property.

For funding selections structured as a grant, only costs of Eligible Uses incurred after the Grant Contract Agreement is fully executed are eligible for ~~reimbursement~~disbursements. For funding selections structured as loans, the Recipient may be reimbursed for costs of Eligible Uses incurred prior to executing a Loan Agreement with Minnesota Housing's approval at its sole discretion.

2.04 Ineligible Uses

Ineligible uses of funds include but are not limited to:

- New construction; for example, adding units or buildings
- Adding new amenities that are not already part of the property; for example, pools, fitness centers, basketball courts, and other luxury amenities
- Permanent relocation expenses

Approval or disapproval of any use of funds is at the sole discretion of Minnesota Housing.

Chapter 3 – Program Requirements

3.01 Statutory Priorities

Priority shall be given to properties that meet the requirements of one or more of the following criteria:

- (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.

Minnesota Housing, at its sole discretion, will determine if the evidence substantiates qualification under any of the criteria.

Buildings Where Resident Household Incomes are at or Below 30% AMI

For the purposes of this Program, this criterion will be evaluated based on the occupied units rented to households with annual income, according to the most recent income certification as of March 1, 2025, that are at or below 30% AMI as determined by HUD, adjusted for household size. The most recent income certification may have occurred in a prior calendar year including initial move-in.

Buildings at Imminent Risk of Foreclosure, Closure, or Sale that would Result in Permanent Loss of Affordability

The Applicant must provide evidence of bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, ongoing lack of compliance with lenders or terms of federal assistance, or self-determination by a Nonprofit Organization board that are severe enough to put the property at significant risk of not remaining decent, safe, and affordable.

Under this criterion, Minnesota Housing may, at its sole discretion, require the property be transferred to an unrelated party to be eligible for funding under this Program.

Applicants who Have a Path to Achieve Neutral or Positive Net Operating Income within Five Years

On a form provided by Minnesota Housing, the Applicant shall provide a Property Stabilization Plan and supporting documentation demonstrating how the property will achieve this criterion if selected for funding under this Program. The Property Stabilization Plan will be evaluated based on such factors

as the quality and completeness of the plan, financial feasibility, property staffing, and addressing critical financial needs. Minnesota Housing, at its sole discretion, will determine if the evidence substantiates qualification under this criterion.

Applicants who Keep Subject Properties Affordable

To qualify, the Applicant must commit to maintaining all of the property's Affordability Requirements, as documented in a land use restrictive agreement, declaration, covenant, or other documentation acceptable to Minnesota Housing for the Affordability Period.

Buildings that are Not Eligible or Not Prioritized for Other Minnesota Housing Programs

For the purposes of this Program, other Minnesota Housing programs include:

- The Annual Multifamily Consolidated RFP, including Housing Tax Credit (HTC) Round 1 and Round 2 and all deferred loan programs included in the Annual Multifamily Consolidated RFP
- 4% HTC due to an application submitted for tax-exempt volume limited bonds to Minnesota Management and Budget
- The Rental Rehabilitation Deferred Loan Program
- The Publicly Owned Housing Program

A property will have been considered not prioritized for other Minnesota Housing programs if an application was submitted to any of the above programs in calendar year 2020 or after and not selected for capital funding.

3.02 Rent and Income Limit Requirements

All units shall have gross rents that are at or below 60% [Multifamily Tax Subsidy Projects \(MTSP\) Rent Limits](#).

All units shall have household income at or below 60% MTSP Income Limits, adjusted for household size.

The rent restrictions and the income restrictions, collectively the Affordability Requirements, shall be demonstrated in the form of a recorded declaration, covenants, land use restrictive agreement, or other documentation as provided by Minnesota Housing at its sole discretion that remains in place for the term of the Affordability Period.

Units occupied by households benefited by project-based or tenant-based rental assistance such as Section 8 or a similar state or local government rental assistance program or a housing support agreement are deemed to satisfy the rent and income restrictions.

3.03 Affordability Period

The Affordability Period shall be at least five years after the Grant Contract Agreement is fully signed or for the term of the loan, as applicable.

3.04 Utility Allowances

Tenant-paid utility allowances are included in gross rent. Generally, acceptable utility allowances are those provided by public housing authorities on a Section 8 utility allowance schedule. Utility allowances must be updated annually.

3.05 Voucher Acceptance

Rental properties that receive funds under this Program may not reject an applicant based solely on their status as a holder of a rental subsidy, including but not limited to vouchers under section 8 of the United States Housing Act of 1937, as amended.

3.06 Design and Construction Requirements

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost-effective materials and systems that minimize the consumption of natural resources both during rehabilitation and for long-term maintenance and operations.

For rehabilitation projects, Recipients are required to comply with each of the following:

- The most recently adopted edition of the Minnesota State Building Code
- Other local, state, and national codes and standards in effect; the most restrictive codes and regulations will apply
- If applicable based on the scope of rehabilitation, Minnesota Housing's Limited Scope Project Sustainability Requirements, which can be found on Minnesota Housing's [Building Standards](#) webpage

3.07 Tenant Selection Plan

Minnesota Housing is committed to creating equitable, affordable, and accessible housing for all Minnesotans. Tenant selection plans and tenant screening criteria that reduce barriers to housing access are critical to these efforts. It is recommended that all Recipients selected for Program funds follow Minnesota Housing's [Tenant Selection Plan Guidelines](#).

Chapter 4 – Application Information

4.01 Financial and Organizational Capacity

Applicants must submit the required qualification forms. The qualification forms, along with additional information and instructions for submittal, can be found on Minnesota Housing’s [Development Team Qualification Forms](#) webpage.

4.02 Management and Operating Budget

The budget submitted in the application is reviewed and compared to the historical operating performance and budget(s) of comparable Minnesota Housing financed developments.

Minnesota Housing reserves the right to reject or adjust the operating and maintenance figures based on the information provided specific to development type, circumstances, and significant changes to the economics of the development’s current marketplace.

4.03 Private Lender Participation

A property cannot use Program funds to refinance or repay Private Debt without meaningful loan concessions from the Private Debt lender.

Applicants proposing to use Program funds for the purpose of refinancing or to repay some or all the Private Debt on a property must include a detailed description of the proposed transaction in the application, including how the refinancing will help stabilize the property and a term letter signed by the Private Debt lender detailing the loan concessions the lender will provide if the application is selected for funding. Concessions include but is not limited to restructuring and forgiveness of amortizing and deferred debt, principal and interest paydown, interest-rate write-down, deferral of debt payments, and mortgage payment ~~forbearance~~forbearance. The value of the lender concessions must be clearly stated in the letter along with any conditions of approval.

The value of the loan concessions must be meaningful to the property, which shall be determined at the sole discretion of Minnesota Housing.

Prior to executing a Loan Agreement or Grant Contract Agreement, the Recipient must secure a signed commitment from the Private Debt lender for the loan concessions. Any changes to the loan concessions are subject to approval by Minnesota Housing. Failure to receive the loan concession commitment may result in a reduced, modified or cancelled Program funding award.

4.04 Property Stabilization Plan

All applications shall demonstrate financial need where an infusion of new funding will allow the Applicant to stabilize the property for at least five years. A Property Stabilization Plan shall be

submitted which ties to the proposed use of Program funds. The Property Stabilization Plan may include but is not limited to the following:

- Identification of how the property will achieve neutral or positive net operating income within five years
- At least five year cash flow projections if selected for funding, including identifying any cost savings
- Staffing plan
- Critical capital needs
- How capitalized reserves will be used, if applicable
- Refinancing of existing debt, if applicable

4.05 Relocation Plan

Proposals that include temporary relocation must submit a relocation plan. The Applicant must thoroughly assess the potential for displacement.

The plan must include each of the following:

- A description of the project
- A list of any other funding source(s) that will require compliance with the Uniform Relocation Act (URA) or a statement that no other funding source(s) will require compliance with the URA
- A description of any temporary relocation, if any, that will or may occur based on the scope of work
- A description of how tenants' needs will be accommodated while they are temporarily displaced
- A description of how tenants with disabilities will be accommodated
- A description of what the development team will do to help displaced tenants who have additional challenges when facing temporary or permanent voluntary displacement; for example, households with a large family size
- A description of the assistance and compensation that will be offered to tenants who will either be temporarily relocated or permanently and voluntarily displaced
- An estimated budget identifying relocation/displacement expenses and an identified funding source
- A relocation plan timeline

Minnesota Housing prohibits permanent involuntary displacement of residents from developments receiving Minnesota Housing funding.

4.06 Program Fees

For project selections structured as loans, please review the Multifamily Loan Programs and Housing Tax Credit Fee Schedule for applicable fees.

Chapter 5 – Application Process, Review Criteria, and Selections

Funding for this Program will be allocated through a competitive Request for Proposals (RFP) process.

Applications requesting grants are subject to applicable policies established by the [Minnesota Department of Administration's Office of Grants Management](#).

Minnesota Housing will make scoring criteria, application 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.

Funding selections are subject to approval by Minnesota Housing's board of directors. Minnesota Housing's award decisions are final and are not subject to appeal.

5.01 Minimum Threshold Criteria

To meet the minimum threshold criteria, each of the following must be true:

- The building is an eligible property as described in section 2.01 (Eligible Properties) of this Program Guide.
- The Applicant is an Eligible Recipient as described in section 2.02 (Eligible Recipients) of this Program Guide.
- The application is for an eligible use as described in section 2.03 (Eligible Uses) of this Program Guide.
- The application provides documentation demonstrating that it meets at least one of the statutory priorities in section 3.01 (Statutory Priorities) of this Program Guide.
- The project will not result in permanent displacement of households.
- The application is complete.
- The application is submitted by the deadline.

Minnesota Housing, at its sole discretion, reserves the right to request additional information or to deem an error related to an application to be immaterial.

5.02 Selection Criteria

In conjunction with application scores, Minnesota Housing will evaluate Program RFP applications on such criteria as:

Project Feasibility

Applications must demonstrate and satisfy the following project feasibility requirements, as applicable:

- The costs of rehabilitating the housing are reasonable based on market conditions and/or justifiable as determined by Minnesota Housing at its sole discretion.
- The operating and maintenance costs are reasonable based on market conditions and/or justifiable as determined by Minnesota Housing at its sole discretion.
- The housing is economically viable and sustainable.
- There is demonstrated organizational capacity as determined by Minnesota Housing at its sole discretion.

Applications determined to not meet feasibility requirements will not be processed further in the applicable funding cycle. An application's financial structuring may be revised by Minnesota Housing during this review to help ensure financial feasibility and/or meet required components of the applicable underwriting standards. A reduction to the application's scoring may occur as a result of these revisions.

Property Stabilization Plan

The application shall include a plan that demonstrates how the Program funding will be used to stabilize the property for at least five years, which may include operational costs, physical needs, and Supportive Services.

Amount of Funding Requested

Minnesota Housing considers the amount of funding requested in comparison to available resources in order to fully fund or nearly fully fund as many projects as reasonably feasible, which may result in not selecting higher scoring projects. This includes instances where insufficient resources are available to fully fund or nearly fully fund a project.

Minnesota Housing may establish funding limits per eligible Recipient and per unit funding limits. Any funding limits will be set at Minnesota Housing's sole discretion.

Private Lender Participation

If applicable, the application includes the information required in section 4.03 (Private Lender Participation) of this document, and the proposed Private Debt loan concessions are deemed meaningful to the property, which shall be determined at the sole discretion of Minnesota Housing. Where applicable, Minnesota Housing will apply the [Multifamily Underwriting Standards](#) to evaluate the terms of the Debt Restructure.

Geographic Distribution

Minnesota Housing considers geographic distribution, including Tribal Reservations, of resources and the resulting amount and type of anticipated housing production throughout the state when making the Program selection decisions.

5.03 Selection Notification

After selection, the Applicant will receive a funding selection letter with the anticipated loan or grant amount, terms, and due diligence requirements.

Chapter 6 – Disbursement Requests

6.01 Disbursement Requests

The Recipient shall submit disbursement requests using the template provided by Minnesota Housing. The disbursement request must include the supporting documentation as further detailed in section 6.02 (Supporting Documentation) of this Program Guide.

Disbursements will only be made to the Recipient or their designated title agent as approved by Minnesota Housing.

Disbursement requests will not be processed more than once per month.

6.02 Supporting Documentation

Based on the expense category, the Recipient shall include the required documentation¹ with the ~~reimbursement~~ disbursement request. The submitted documentation must clearly indicate the applicable eligible expense category.

Table 1: Required Documentation for each Expense Use Category

Expense Use Category	Required Documentation
Deferred maintenance and rehabilitation	Invoice from the vendor with a description of the services and the cost. The invoice must include the applicable property name, property address, and time period of the activity. These expenses are disbursed on a reimbursement basis only.
Property operating costs	Invoice from the vendor with a description of the services, the time period of the activity, and how the total cost was determined. These expenses are disbursed on a reimbursement basis only.
Supportive Services costs	Invoice from the vendor with a description of the services, the time period of the activity, and how the total cost was determined. These expenses are disbursed on a reimbursement basis only.
Capitalized operating reserves	To be determined based on funding selection.
Capitalized replacement reserves	To be determined based on funding selection.
Capitalized Supportive Services reserves	To be determined based on funding selection.
Closing costs (loans only)	Invoice from the vendor with a description of the services and the cost. The invoice must include the applicable property name, property address, and time period of the activity. These expenses are disbursed on a reimbursement basis only.

¹ Alternative documentation may be accepted at the sole discretion of Minnesota Housing.

Expense Use Category	Required Documentation
Additional expenses for financing the physical and financial needs of the property that have been pre-approved by Minnesota Housing in writing.	To be determined based on the pre-approved expense.
Refinancing	To be determined based on the pre-approved expense.
Financing to sell or transfer ownership of the property	To be determined based on the pre-approved expense.
Costs associated with required reporting, compliance and monitoring	<p>Invoice from the independent accounting firm/auditor that includes the accounting firm's/auditor's license number, legal name, and address of the business conducting the <u>audit financial reconciliation</u>, and the name and title of the person completing the <u>audit financial reconciliation</u>; if applicable, also include an invoice for the actual cost of staff time to help prepare required compliance, monitoring, financial reporting and/or financial auditing.</p> <p>If a third party provider is assisting in preparing required reporting, compliance and monitoring documentation, please include an invoice that states legal name of provider, address, name and title of person conducting the work.</p>

Minnesota Housing may request additional documentation as needed to verify expenses. The Recipient shall retain all backup documentation related to the reimbursement-disbursement request, which may include invoices from private contractors, employee timesheets, etc.

Chapter 7 – Compliance, Monitoring, Reporting, and Record Keeping

7.01 Compliance Monitoring Requirement

Minnesota Housing performs periodic inspections of the projects financed. The frequency of physical inspections is determined by several factors such as type, term, and amount of funding award. Recipients will be notified in advance of any inspection. Grantees will need to comply with Minnesota Department of Administration Office of Grants Management [Policy 08-10](#).

7.02 Compliance Reporting Requirement

Recipients are required to provide annual reporting in a form and manner directed by Minnesota Housing. An annual Certification of Compliance and occupancy data on all units in the property must be submitted. Owners must maintain year-end operating (financial) reports and make them available upon request. Grantees will need to comply with Minnesota Department of Administration Office of Grants Management [Policy 08-10 and Policy 08-09 regarding Grant Progress reports](#).

7.03 Compliance Term

All projects funded with Program loans or grants are required to comply with Affordability Requirements and are subject to monitoring and reporting for the term of the Affordability Period. Recipients must retain files for six years after the expiration or termination of the Affordability Period.

7.04 Quarterly Reporting

The Recipient shall provide quarterly reports on project status that includes, as applicable:

- Funds spent by eligible use
- Status of rehabilitation work and work completed
- Staffing
- Supportive Services
- Refinancing activities
- Occupancy
- Quarterly financial reports

The minimum reporting requirements may be modified depending on the uses of the Program funds. If the Recipient fails to submit the quarterly report within 30 days after the end of the quarter, Minnesota Housing may withhold any additional disbursements.

7.05 Final Reporting and Financial Reconciliation

In addition to the quarterly reporting requirements in section 7.04 (Quarterly Reporting) of this Program Guide, a financial reconciliation that meets Minnesota Department of Administration Office of Grants Management [Policy 08-10](#) shall be completed before the final payment is made. Minnesota Housing may require the Recipient to engage with a third-party accounting or auditing firm to conduct the financial reconciliation.

7.06 Corrections and Funding Repayment

If Minnesota Housing or the independent accounting firm/auditor identifies any ineligible expenses or other irregularities in the reconciliation, Minnesota Housing will:

- Review the report and financial audit to determine if corrections or funding repayment is necessary
- Notify the Recipient of the correction requirements and/or repayment requirements

The Recipient 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 for ineligible uses within 10 business days may be subject to consequences, including a finding of unacceptable practices in future 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.

7.07 Record Keeping

Recipients are responsible for maintaining records that document the use of all Program funds. Recipients must save copies of all books, records, Program files, documents, and accounting procedures related to the grant or loan in a secure and organized format. Recipients must maintain these documents for a minimum of six years from the end of the Affordability Period for the Grant Contract Agreement or Loan Agreement.

Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing, the Office of ~~Legislative~~Legislative Auditor and/or the Office of the State Auditor upon request.

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

- Executed Grant Contract Agreement, Loan Agreements, and any amendments
- Reports submitted by the Recipient to Minnesota Housing
- Invoices and supporting invoice documentation (receipts, proof of payment, etc.)
- Written approvals from Minnesota Housing

Chapter 8 – General Loan Characteristics

8.01 Funding Source

Funds for the Program are appropriated by the Minnesota Legislature.

8.02 Loan Terms

For Applicants that select the loan option, the loan will be structured as a deferred, forgivable, or amortizing loan with fixed or cash flow payments depending on the needs and financial structure of the project. An interest rate is not required but can be included if necessary for the financial structure of the project.

Alternative loan structures may be considered but are subject to approval at Minnesota Housing's sole discretion. For example, an alternative loan structure may include a loan to a Borrower which is a Nonprofit Organization that subsequently loans or contributes the funds to one or more properties owned or controlled by the Borrower.

Minnesota Housing may also allow non-recourse debt on secured loans to single asset entities.

The Borrower must close on the loan within 20 months after the Minnesota Housing board selection date. If the Borrower requests an End Loan, the Borrower must enter into a loan commitment within 20 months after the Minnesota Housing board selection date.

8.03 Prepayment

The loan may be prepaid in full at any time. Minnesota Housing may charge a prepayment fee to cover the approximate administrative costs incurred by Minnesota Housing in processing the prepayment.

Chapter 9 – Grant Contracting Requirements

9.01 Funding Source

Funds for the Program are appropriated by the Minnesota Legislature.

9.02 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.

- Execute the Grant Contract Agreement(s) with Minnesota Housing outlining the eligible uses. The Grantee may also be responsible for completing the proposal, budget, work plan, and/or other exhibits to the Grant Contract Agreement(s).
- 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 defined in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements defined in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules, and policies, including the 13 policies required by the [Minnesota Department of Administration Office of Grants Management](#).

9.03 Grantee Loans

Grantees may loan the Program funds to the project with prior approval from Minnesota Housing.

9.04 Subgrantees

Subgrantees are not permitted.

9.05 Budget Modifications

Work plan and budget modifications require pre-approval at the sole discretion of Minnesota Housing.

Budget modifications may require an amendment to the Grant Contract Agreement. In such cases, expenses incurred before the amendment to the Grant Contract Agreement is fully executed are ineligible for ~~reimbursement~~ disbursement.

Chapter 10 – Transfer of Ownership

The following transactions need to be pre-approved in writing by Minnesota Housing during the Affordability Period:

- Sale of the property to another eligible entity
- Transfers of general partner or member interests
- Assumptions and subordinations of the loan
- Assignment of the Grant Contract Agreement

Approval must be requested through the Request for Action (RFA) Process. Approval is at Minnesota Housing's sole discretion and will only be considered (but not guaranteed to be approved) if each of the following are true:

- The Recipient is not in default of any of its agreement(s) with Minnesota Housing
- The new entity has the capacity to successfully operate the property, in Minnesota Housing's sole opinion
- The new entity assumes all contractual obligations with Minnesota Housing
- Payment of an assumption, subordination, and/or assignment fee is submitted, if required

Appendix A: Terms and Definitions

Table 2: Terms and Definitions

Terms	Definitions
Affordability Period	The period of time, established by Minnesota Housing, that the Recipient agrees to comply with rent, income, and compliance reporting and monitoring requirements for the project as outlined in section 3.03 (Affordability Period) of this Program Guide.
Affordability Requirement	The rent and income restrictions, that the Recipient agrees to comply with, outlined in section 3.02 (Rent and Income Limit Requirements) of this Program Guide.
Annual Multifamily Consolidated RFP	The Annual Multifamily Consolidated RFP is a competitive funding round, offered once per year, which provides a means of "one stop shopping" by consolidating and coordinating multiple multifamily housing capital funding resources into one application process.
Applicant	Individual or entity that applies for Program funds.
Borrower	An Eligible Recipient that has been selected for Program loan funding by Minnesota Housing.
Community Stabilization Program	Program established by Minnesota Laws 2023, ch. 37, art. 2, sec. 6 and amended by Minnesota Laws 2024, ch. 127, art. 14, sec. 11. and Minnesota Laws 2024, ch. 127, art. 15, sec. 38 – 43.
Debt Restructure	<p>Debt Restructure includes but is not limited to:</p> <ul style="list-style-type: none"> • Restructuring and forgiveness of amortizing and deferred debt • Principal and interest paydown • Interest rate write-down • Deferral of debt payments • Mortgage payment forbearance
Distressed Building	<p>An existing multifamily rental housing building in which the units are restricted to households 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 that:</p> <ol style="list-style-type: none"> 1. Is at imminent risk of foreclosure, closure, or sale that would result in permanent loss of affordability; 2. Has two or more years of negative net operating income, exclusive of financial or in-kind operating support from the owner of the property; 3. Has two or more years with a debt service coverage ratio less than one; or 4. Has necessary costs of repair, replacement, or maintenance that exceed the project reserves available for those purposes.

Terms	Definitions
Eligible Property	An Eligible Property pursuant to the Program as further described in section 2.01 (Eligible Property) of this Program Guide.
Eligible Recipient	An Eligible Recipient pursuant to the Program as further described in section 2.02 (Eligible Recipients) of this Program Guide.
End Loan	A permanent long-term loan that is used to pay off a short-term rehabilitation loan or other form of interim financing.
Grant Contract Agreement	The Grant Contract Agreement signed between Minnesota Housing Finance and the Grantee for the Program.
Grantee	An Eligible Recipient selected by the Minnesota Housing to receive grant Program funding.
Housing Tax Credit Round 1	Housing Tax Credit (HTC) Round 1 is offered through the Multifamily Consolidated RFP and uses a forward selection process with selections taking place late in the calendar year preceding the allocation year of the HTCs.
Housing Tax Credit Round 2	Housing Tax Credit (HTC) Round 2 establishes a waiting list for projects that do not receive an initial allocation. If additional HTCs become available, Minnesota Housing will pull projects from this list for a feasibility review to evaluate further allocations.
Loan Agreement	The Loan Agreement between Minnesota Housing and the Borrower and any related documents evidencing a loan pursuant to the Program.
Minnesota Housing	The Minnesota Housing Finance Agency
Minnesota State Building Code	<p>Adopted by the Minnesota Department of Labor and Industry and designed to promote cost-effective ways of ensuring building safety and efficiency.</p> <p>The Minnesota State Building Code is the minimum construction standard throughout all of Minnesota including all cities, townships, and counties. Although it isn't enforceable by municipalities unless it is adopted by local ordinance, the Minnesota State Building Code creates a level playing field for the construction industry by establishing the construction standard for all buildings in the state.</p>
Multifamily Rental Building	A residential project with eight or more housing units that are available for rent.
Multifamily Tax Subsidy Project (MTSP)	<p>Income limits published annually by HUD that are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under section 42 of the Internal Revenue Code and projects financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Internal Revenue Code.</p> <p>Such limits must follow the hold-harmless policy established in section 3009 of the Housing and Economic Recovery Act of 2008</p>

Terms	Definitions
	based on the limits in effect on the date of the funding application or, for projects receiving Low-Income Housing Tax Credits under section 42 of the Internal Revenue Code, the placed in service date.
Nonprofit Organization	A tax-exempt Nonprofit Organization under section 501(c)(3) of the Internal Revenue Code that was established before January 1, 2025, as demonstrated by registration or filing of organizational documents with the state of origin.
One Minnesota	The One Minnesota Plan is a vision for what our state can be and how we can make this vision a reality.
Private Debt	A debt owed to a non-public, non-governmental entity. The loan needs to be secured by the Distressed Building and be between two or more unrelated and unaffiliated parties acting independently and in their self-interest.
Program	Community Stabilization: Distressed Multifamily Rental Building Program
Program Guide	This Community Stabilization: Distressed Multifamily Rental Building Program Program -Guide
Property Stabilization Plan	A plan that demonstrates how the Program funding will be used to stabilize the property for at least five years, which may include operational costs, physical needs, and supportive services.
Publicly Owned Housing Program	The Publicly Owned Housing Program was first established by the Minnesota Legislature in 2005 to offer assistance to Housing and Redevelopment Authorities, Public Housing Authorities, and Community Development Agencies that provide public housing to individuals and families (households with children) and is implemented through Minn. Stat. 462A.202 .
Recapitalization	Financing for the physical and financial needs of a Distressed Building, including restructuring and forgiveness of amortizing and deferred debt, principal and interest paydown, interest rate write-down, deferral of debt payments, mortgage payment forbearance, deferred maintenance and rehabilitation, funding of reserves, and property operating costs including but not limited to Supportive Services, security services, and property insurance. Recapitalization may include financing to sell or transfer ownership of a property to a qualified owner that will commit to long-term affordability as determined by the Commissioner.
Recipient	Borrower or Grantee
Rental Rehabilitation Deferred Loan Program	Minnesota Housing's authority to operate Rental Rehabilitation Deferred Loan Program is found in Minn. Stat. 462A.05, subdivision 14 and Minn. Stat. 462A.33 . The Rental Rehabilitation Deferred Loan Program provides financing options for moderate

Terms	Definitions
	<p>rehabilitation to owners of existing smaller scale, permanent rental housing in Minnesota.</p> <p>The overarching Rental Rehabilitation Deferred Loan Program goal is to repair and preserve rental housing stock with federal project-based rent assistance or permanent rental housing that is naturally affordable to the local workforce and convenient to jobs, transportation, and essential services.</p>
Request for Action (RFA) Process	<p>The process which must be used for all servicing requests including, but not limited to, assumptions, ownership/management company changes, subordinations, and payoffs. Refer to Minnesota Housing's RFA and Change Notifications webpage for information on how to complete this process.</p>
Request for Proposals (RFP)	<p>The competitive process of applying for Program funds.</p>
Section 8	<p>HUD's housing choice voucher program for assisting very low-income families, the elderly, and people with disabilities to afford decent, safe, and sanitary housing in the private market.</p>
Supportive Housing	<p>Supportive Housing is permanent housing affordable to the people served and provides access to an array of services designed to foster housing stability and improve health and quality of life.</p>
Supportive Services	<p>Supportive Services include, but is not limited to, such activities as case management, mental health services, educational services, employment services, life skills training, children's services and activities, and support groups.</p>
Tribally Designated Housing Entity	<p>Entities that meet the requirements defined by United States Code, title 25, section 4103(22).</p>
Uniform Relocation Act (URA)	<p>The Uniform Relocation Act applies to federally funded projects involving rehabilitation or acquisition. The URA provides displaced persons with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. The URA requirements must be adhered to by the owner. If the borrowing entity will be displacing or temporarily relocating tenants, a tenant relocation plan that conforms to all URA requirements is mandatory and must include an outline of how tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and whether or not the scope of work will require temporary or permanent relocation.</p>

Appendix B – 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. ~~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 of this Addendum.

~~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 of this Addendum.

~~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.
~~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:** An 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 (that is, 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 of this Addendum.

- ~~**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 (that is, 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

1.05 Any

~~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 of this Addendum;~~
- ~~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 of this Addendum.~~

~~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 of this Addendum.~~

~~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~~

~~September~~

~~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~~
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).
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~~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~~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 (for example, 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;~~
- ~~• 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 (go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).~~

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~~Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at 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~~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. ~~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.

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~~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;~~

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Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse

to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

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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 Statutes, section 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.

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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 Statutes, section 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 Statutes, section 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 Statutes, section 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.

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Rd. N.
St. Paul, MN 55155
651.284.5091 or 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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prevailing wage laws, then that contractor or
subcontractor could face civil and/or criminal
liability.~~



Item: Approval, Amendments to Family Homeless Prevention and Assistance Program FY2025-27 Program Guide

Action Item: 7.H
Date: June 25, 2026
Staff Contacts: Diane Elias, 651-539-9679, Diane.Elias@state.mn.us
Nancy Urbanski, 651.539.9843, Nancy.Urbanski@state.mn.us
Kristen Mortenson, 651-539-9795, Kristen.Mortenson@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff recommend approval of the proposed Family Homeless Prevention and Assistance Program (FHPAP) Program Guide (Guide) amendments.

Fiscal Impact

None

Agency Priorities

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

Attachments

- Background and Request Details
- Program Guide with Tracked Changes

Background

FHPAP provides supportive services and direct assistance to households who are experiencing homelessness or are at imminent risk of homelessness. The program serves all household types, including families, singles and youth. The program is administered statewide and currently includes almost 100 service providers. The Program Guide assists grant administrators in complying with existing program requirements.

The board approved the most recent amendment for the Guide for the 2025-27 Grant Term on October 24, 2024. Staff recommend amendments to the current version of the Guide to improve the experience for administrators and households accessing FHPAP assistance as well as provide clarification of program reporting requirements. Staff are proposing two amendments to the program Guide:

Chapter 6, Eligible Expenses and Supportive Services Activities, 6.01 on Eligible Expenses: Direct Financial Assistance

The proposed amendment adds direct assistance to the list of categories of eligible expenses. Direct assistance will not be further broken down into separate line items. Currently, to reflect existing Guide language, Minnesota Housing's program budget form requires specific types of direct financial assistance such as rent assistance, mortgage payment assistance and utility payment assistance be identified and budgeted for by grantees at the time of application. This proposed Guide change will allow a single dollar amount to be budgeted for all eligible direct financial assistance types. Administrators must still track the type and amount of direct financial assistance used for each assisted household, and the eligibility of activities within those categories will not change. Administrators report this data to Minnesota Housing each quarter as part of their Quarterly Expenditure and Outputs Reports.

This amendment will allow administrators to spend funds in a timely manner to meet the needs in their community and to meet the legislative goal that the additional \$40 million in FHPAP funds to be awarded be spent by December 31, 2026. By eliminating separate line items, administrators can assist households with their immediate needs and will not have to seek board approval to move funds between line items.

Chapter 11, Grantee Requirements, 11.06 Monitoring and Evaluation

The Workgroup on Expediting Rental Assistance (WERA) was created as part of the [Minnesota Laws 2024, chapter 127, article 16](#), and subsequently amended in [Minnesota Laws, 2024, chapter 127, article 16, section 5](#), to develop recommendations to increase the efficiency of processing and making payments on emergency rental assistance applications. One WERA recommendation that was subsequently passed by the legislature requires tracking the speed of application processing and payments.

This proposed amendment adds the requirement that administrators must report the number of households approved or denied within two weeks of the receipt of a complete application and the number of payments made within 30 days of the receipt of a complete application that was approved. A complete application includes all documentation needed for approval or denial and to issue payment if approved.

This standard has already been implemented, and the proposed amendment updates the program Guide to be reflective of this new legal requirement.

Staff recommend approval of the proposed amendments to the FHPAP program Guide.



Family Homeless Prevention and Assistance Program

Program Guide

Contract Term: October 1, 2025 – September 30, 2027



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

This document is available in alternative formats upon request by contacting mn.housing@state.mn.us.

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Minnesota Housing 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.

Chapter 1 – Introduction and Commitment to Equity

The Family Homeless Prevention and Assistance Program (FHPAP) was established in 1993 by the Minnesota Legislature to assist families with children, single adults and youth who are homeless or at imminent risk of homelessness. Minnesota Housing is the agency administrator of FHPAP funds, and funding is contingent upon approval by the Minnesota Legislature.

Minnesota Housing created this guide, which outlines FHPAP requirements and steps on how to implement FHPAP funded projects. Minnesota Housing program staff are available to provide information needed to operate the program. For questions and/or to offer feedback, contact us at mhfa.grants@state.mn.us. We reserve the right to correct technical errors or clarifications as well as to incorporate any new legislative requirements to this program guide as needed and with approval of the Assistant Commissioner of Housing Stability. Any significant changes to the program guide will be approved by the Minnesota Housing board.

1.01 Commitment to Equity

One of Minnesota Housing's values is to be inclusive, equitable, and just in its actions, as stated on our [About Us](#) webpage and in our [Strategic Plan](#). This not only includes supporting a [new state plan](#) that focuses on racial, housing, and health justice, but it also extends to Minnesota Housing's funding commitments, including FHPAP.

To further address the racial disparities that exist among Minnesotans experiencing homelessness, Minnesota Housing prioritizes working with grant administrators who will be successful at improving housing stability for communities disproportionately impacted by homelessness, including those who can provide culturally specific services.

Minnesota Housing staff strives to address inequalities when awarding funds and strives to maintain transparent and clear communication.

Chapter 2 – Purpose

2.01 Preventing and Ending Homelessness

Effectively ending homelessness means preventing homelessness whenever possible, and if homelessness does occur, that it is rare, brief, and nonrecurring (one-time). The outcomes of FHPAP, which align with the State Plan to Prevent and End Homelessness, are to:

- Reduce the number of people who become homeless for the first time (*Prevent*).
- Reduce the number of people who experience homelessness (*Rare*).
- Reduce the length of time people experience homelessness (*Brief*).
- Reduce the number of people who return to homelessness (*One-Time*).
- Increase equitable outcomes for households who are disparately impacted by homelessness (*Equity*).

FHPAP resources are intended to complement the existing network of services in the community's region and within Tribal Nations and provides funding for four activities designed to address or prevent homelessness. The four activities are: 1) Coordinated Entry, 2) Street Outreach, 3) Prevention, and 4) Rapid Rehousing. Refer to Chapter 4 (Eligible Activities) of this document for a more detailed description of these activities.

Funds can only be used for eligible expenses, which are defined in Chapter 6 (Eligible Expenses and Supportive Services Activities) of this document.

2.02 Statute

Minnesota Statute 462A.204 authorizes the program and provides legislative requirements regarding selection criteria, project design, authorized uses of grant funds, the requirements for an advisory committee, and reporting on use of grant funds.

[Minn. Stat. 462A.204, subdivision 8](#) outlines requirements for school stability projects, which apply to the [Homework Starts with Home \(HSWH\) Program](#). The HSWH Program serves families with children eligible for a prekindergarten through grade 12 academic program and youth (with or without children of their own) who are eligible for an academic program through grade 12 and who are without their parent or guardian. All Grantees should be familiar with the statute that authorizes FHPAP and HSWH.

For more information on HSWH refer to Chapter 7 (School Stability) of this document.

Chapter 3 – Eligibility Criteria

3.01 Eligible Grantees

Eligible Grantees are as follows:

- Tribal Nations, including those recognized by the federal government: Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Prairie Island Indian Community, Red Lake Nation, Shakopee Mdewakanton Sioux Community, Upper Sioux Community, and the White Earth Nation;
- Twin Cities metropolitan counties, which include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.
- Non-metropolitan areas, which include a county, a group of contiguous counties jointly acting together, or a community-based nonprofit organization.

Collaborative applications, including those from CoC regions or Tribal Nations, are encouraged.

3.02 Eligible Households

Eligible households of FHPAP assistance must meet the following criteria:

- Household income at or below 200% of federal poverty guidelines.
- Be Minnesota residents, or a household otherwise approved in writing by Minnesota Housing, approval of which is at Minnesota Housing's sole discretion.
- Be homeless or at imminent risk of homelessness and in need of services and/or financial assistance due to a housing crisis.

Grantees may add additional criteria in some circumstances, such as:

- 1) Grantees may choose to further restrict household income below 200% of federal poverty guidelines to target households with the greatest need.
- 2) Grantees may choose to further target their Rapid Rehousing resources toward households prioritized by their CoC, such as chronically homeless or literally homeless.
- 3) Grantees or Subgrantees that specialize in serving a specific population, such as youth or families, may target those households; however, Grantees are obligated to describe in their application how they intend to serve all populations (families, youth, singles). This can be accomplished by describing complementary funding sources or programs that are being used to meet the needs of some of these populations.
- 4) A Grantee or Subgrantee may dually assess a household for FHPAP eligibility at the same time as assessing the household for Emergency Assistance/Emergency General Assistance (EA/EGA) if the assessment process does not provide an additional burden to the household. For

example, if a household is applying for assistance on a common application, such as FHPAP, EA, EGA, etc., and the county and/or Grantee makes the determination regarding the funding source to be used, the process for the funding source should not be an additional burden on the household to complete.

Outside of the four exceptions noted above, Grantees and Subgrantees should not add additional eligibility criteria without the prior written approval of Minnesota Housing, as additional criteria could act as a barrier to households who are trying to access FHPAP.

3.03 Household Assessment

At current funding levels, not all eligible households seeking assistance will be able to be served through FHPAP. Grantees should not select completed applications on a ‘first come, first served’ basis, rather they should prioritize households based upon need and budget their direct financial assistance expenditures throughout each quarter and entire biennium.

Assessment for Households at Risk of Homelessness (Prevention)

Grantees and Subgrantees are required to assess households at risk of homelessness. They may use the Minnesota Homelessness Prevention Assessment (M-PAT), or another assessment process approved in writing by Minnesota Housing. Households that are experiencing homelessness or doubled up that are not eligible to be assessed or prioritized for homeless assistance through coordinated entry may be assessed utilizing the M-PAT or another assessment process. The score of the M-PAT or other assessment tool should anticipate those households who will most likely experience homelessness if they do not receive assistance.

The M-PAT is designed to assist FHPAP staff with two functions: 1) verify eligibility for homelessness prevention assistance and 2) identify the most vulnerable households most likely to experience homelessness if they do not receive assistance. This process supports Minnesota’s goal of reducing the number of people who become homeless. Note that the M-PAT is designed to be administered by staff and should not be completed by the household. The M-PAT is translated in Hmong, Somali and Spanish and can be found on Minnesota Housing’s Family Homeless Prevention and Assistance Program (FHPAP) webpage.

Refer to Section 4.03 (Prevention) of this document for Prevention Service Set.

Assessment for Households Experiencing Homelessness

Grantees who, along with their advisory committees, have determined that they will utilize FHPAP resources for households experiencing homelessness must connect with their community’s [Continuum of Care \(CoC\) region\(s\)](#) and their Coordinated Entry Systems to coordinate intake assessment and referral.

Refer to Section 4.01 (Coordinated Entry) and 4.04 (Rapid Rehousing) of this document for more information and Service Sets.

Household Enrollment

In designing household enrollment procedures, FHPAP expects Grantees and Subgrantees to provide Culturally Responsive and Trauma-Informed services, including assisting families and individuals with patience and empathy.

Household data is required to be entered into the Homeless Management Information System (HMIS). This data is gathered during assessment, program enrollment, at 12 months (if applicable), and at program exit; refer to section 11.09 (Homeless Management Information System) of this document for more information. Trauma-Informed care should begin at initial contact including during intake/assessment.

Timeliness

Resolving a housing crisis requires timely intervention. Grantees are expected to:

- Make and issue a determination on the application within two weeks of receiving a completed application for assistance.
 - If a household is not enrolled, we encourage referral or friendly hand-off to other in-house or community resources and services,
 - The Grantee's program policies must include an appeal process.
- Issue payment on an approved rental application to the property owner/manager within 30 days of receiving a completed application for rental assistance.

Chapter 4 – Eligible Activities

There are four eligible activities: 1) Coordinated Entry, 2) Street Outreach, 3) Prevention, and 4) Rapid Rehousing. The tables below include a description of each category as well as types of services and assistance that can be provided.

4.01 Coordinated Entry

Coordinated Entry is a centralized process to coordinate household intake assessment and provision of referrals and is an eligible category to carry out necessary FHPAP assessments for people experiencing homelessness.

A centralized or coordinated assessment system covers the geographic area such as a CoC region or a Tribe/group of Tribes, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool.

Table 1: Coordinated Entry

Activity	Coordinated Entry
Description of Model	Provide assessments and information to connect FHPAP-eligible households to applicable resources.
Household Target	People who are experiencing homelessness or at imminent risk of homelessness. This may include doubled up households.
Program Strategies: Service Set	<ul style="list-style-type: none"> • Homeless Assessment • Diversion • Referrals
Program Strategies: Assistance Set	<ul style="list-style-type: none"> • Basic needs (food, clothing, work boots, phone minutes, safety items, etc.) • One-time financial assistance to resolve the crisis (such as Diversion assistance) • Transportation assistance such as gas cards or bus tokens¹

4.02 Street Outreach

Street Outreach is intentional engagement to provide emergency services and link households who are homeless or at imminent risk of homelessness with available shelter, housing, and/or critical health and supportive services. Street Outreach activities actively engage those experiencing or who are at risk of homelessness and include households that would not otherwise be connected to the homeless response system.

¹ Must be needed due to a housing crisis and assistance provided results in a housing stability outcome. For example, a gas card is needed to secure Permanent housing by driving to live with family.

Examples of FHPAP Street Outreach may include responding to requests from police or other referral sources to connect with a household living outside or in their car, visiting known locations where homeless people may live, such as vacant structures or encampments, or connecting with households at youth drop-in sites, free meal sites, food shelves, etc.

Table 2: Street Outreach

Activity	Street Outreach
Description of Model	Emergency services and engagement intended to link households with available shelter, housing, and/or supportive services.
Household Target	People experiencing homelessness and not connected to the homeless response system. This may include doubled up households.
Program Strategies: Service Set	<ul style="list-style-type: none"> • Assessment and referrals to other programs and services • On-site medical screening and assessment • Population specific information/services, such as: <ul style="list-style-type: none"> ○ Vets: MACV (Minnesota Assistance Council for Veterans) ○ Domestic Violence/Sexual Violence/Trafficking ○ Youth
Program Strategies: Assistance Set	<ul style="list-style-type: none"> • Basic needs (food, clothing, work boots, phone minutes, safety items, etc.)¹ • Transportation assistance such as gas cards or bus tokens¹

4.03 Prevention

Prevention is intended to reduce the number of people who become homeless and includes a set of strategies to assist people in maintaining Permanent housing or divert them from entering the homeless system. Service strategies are focused on addressing the immediate housing crisis and can be integrated with other mainstream resources to address more long-term needs. FHPAP is designed to prevent homelessness by assisting people at imminent risk of homelessness (or doubled up), and assistance is targeted toward those who will most likely experience homelessness if they do not receive assistance. Grantees should choose activities that target FHPAP resources to best meet community needs and assist those households most likely to experience homelessness if assistance were not provided.

Table 3: Prevention

Activity	Prevention
Description of Model	Temporary financial assistance and/or supportive services to assist people in maintaining existing Permanent housing, relocation to more appropriate Permanent housing, and/or diverting them from entering the homeless system.

Activity	Prevention
Household Target	Households based on the Minnesota Homelessness Prevention Assessment (M-PAT) score, or other assessment tool approved in writing by Minnesota Housing program staff. The score of the M-PAT or other assessment tool should anticipate those households who will most likely experience homelessness if they do not receive assistance. This can include doubled up households.
Program Strategies: Service Set	<ul style="list-style-type: none"> • Referral to resources, including but not limited to, cash and non-cash benefits, legal aid, childcare, mental health/chemical health, employment, and financial assistance. • Budgeting assistance • Tenant-property owner/manager mediation
Program Strategies: Assistance Set	<ul style="list-style-type: none"> • Rental assistance • Mortgage assistance • Utility assistance (including past due) • Transportation assistance, such as a gas card, bus tokens or vehicle repairs¹ • Rental application fees • Vital documents such as a social security card or ID¹ • Furniture/household supplies

Grantees and Subgrantees are required to assess households at risk of homelessness using the M-PAT or another assessment tool or process approved by Minnesota Housing. Households that are homeless or doubled up that not eligible to be assessed or prioritized for homeless assistance through coordinated entry must be assessed utilizing the M-PAT or another assessment tool or process, as approved in writing by Minnesota Housing program staff.

4.04 Rapid Rehousing

Rapid Rehousing's fundamental goal is to reduce the amount of time people spend homeless and is designed for households to quickly exit homelessness and return to Permanent housing.

In general, Rapid Rehousing can provide short- to medium-term (up to 24 months) rental assistance and services and should be offered without preconditions (such as employment, income, absence of a criminal record or poor credit, sobriety, etc.). FHPAP Rapid Rehousing is more aligned with serving households short-term (one to six months of assistance); however, it is possible assistance can be provided for a longer period (up to 24 months) if assessment or program staff determines the household needs continued assistance. An example may be if Grantees choose to utilize Rapid Rehousing as a bridge program for persons who score for more intensive activities or services but for whom those more intensive programs are not available at the time of referral. It is also possible that a community does not have other Rapid Rehousing programs, which makes FHPAP attractive for both short- and medium-terms.

While Rapid Rehousing can be highly successful for many households, it is not designed to address all household needs or necessarily end their situation of poverty, especially households who need Supportive Housing or longer-term case management. Households, however, should not be denied Rapid Rehousing assistance strictly based upon their ability to cover housing costs with current household income.

The three components of Rapid Rehousing include:

- Case management and services
 - Offer appropriate and time-limited services and supports, including services such as assessing barriers to housing stability, housing search assistance, advocacy on behalf of the household, making referrals and connections to community resources, follow-up with households, and monitoring housing stability. Refer to section 6.04 (Supportive Services Activities) of this document for more information on case management.
- Housing navigation assistance
 - Provide housing search assistance, engage, and recruit property owner/managers, property owner/manager-tenant mediation, assist household with completing applications, etc. Refer to section 6.04 (Supportive Services Activities) of this document for more information on housing navigation.
- Rent payment and move-in assistance
 - Provide financial assistance such as rent, security deposit, and application fees to move into Permanent housing as rapidly as possible. Refer to section 6.01 (Eligible Expenses: Direct Financial Assistance) of this document for more information on rent payment and move-in assistance.

Table 4: Rapid Rehousing

Activity	Rapid Rehousing
Description of Model	Services and/or financial assistance to help quickly rehouse households experiencing homelessness
Household Target	<ul style="list-style-type: none"> • Currently experiencing homelessness and in need of services and/or financial assistance due to a housing crisis. • See also section 3.03 (Household Assessment) of this document.

Activity	Rapid Rehousing
Program Strategies: Service Set	<p>Minimum service expectation:</p> <ul style="list-style-type: none"> • Housing navigation assistance <ul style="list-style-type: none"> ○ Property owner/manager engagement and recruitment • Assisting households with housing search • Case management including: <ul style="list-style-type: none"> ○ Financial management ○ Life skills ○ Employment training and support or connections to such services ○ Mental health/chemical dependency services and referral ○ Connections to mainstream resources ○ Tenant education <p>Additional services:</p> <ul style="list-style-type: none"> • Property owner/manager mediation, education, and engagement • Family reunification • Legal assistance • Established services/partnerships for immigrant populations
Program Strategies: Assistance Set	<ul style="list-style-type: none"> • Rental Assistance including: <ul style="list-style-type: none"> ○ Monthly rent ○ First/last month's rent • Deposit (up to three times the amount of monthly rent) • Housing application fees • Utility assistance, including past due • Transportation assistance such as a gas card, bus tokens, vehicle repair¹ • Eviction filing fees¹ • Vital documents such as a social security card or ID¹ • Furniture/household supplies • Property owner/manager risk mitigation funds or fees that provide property owner/managers with a time limited financial reimbursement for unpaid rent or damages beyond the rental deposit, with a cap on the amount of reimbursement available. <ul style="list-style-type: none"> ○ Property owner/manager risk mitigation funds committed on behalf of a household cannot be carried over into the next biennium; that is, if funds not accessed by the property owner/manager within the grant period must be returned or reallocated. Consult with Minnesota Housing for more information.

Some Grantees offering Prevention and/or short-term Rapid Rehousing assistance (one to six months of financial assistance) may choose to require a tenant portion of rent based upon their income. Grantees are encouraged to consult with their CoC, the Minnesota Tribal Collaborative, or other Tribal Nations to make determinations about whether to implement required tenant rent portions based upon household income.

Chapter 5 – Ineligible Activities and Expenses

Activities that are not eligible under this grant include:

- Acquiring, rehabilitating, or constructing Emergency Shelters, Transitional or Permanent housing.
- Payment for more than 24 months of rental assistance or supportive services, except if utilizing FHPAP funds allocated under [Minnesota Laws 2023, chapter 20, section 1](#) or being served by Homework Starts with Home.
- Payment for operating costs of Transitional Housing or Emergency Shelter, including hotel/motel expenses; note that payment for staff to provide housing search assistance or housing navigation services to secure Permanent Housing is allowable.
- Payment for operating [Permanent Supportive Housing](#) and supportive services expenses related to that housing

Chapter 6 – Eligible Expenses and Supportive Services Activities

There are three eligible FHPAP expense categories: 1) Direct Financial Assistance, 2) Administration, and 3) Supportive Services.

6.01 Eligible Expenses: Direct Financial Assistance

Direct financial assistance is funding used to stabilize a household and prevent a homeless episode or to rehouse a household into permanent, stable housing. Direct financial assistance includes:

- Rent payment assistance, including:
 - Unpaid rent owed to a previous property owner/manager is eligible if payment will result in housing attainment. Grantees and Subgrantees must receive a written guarantee from the property owner/manager that will accept the household prior to submission of payment to the previous property owner/manager.
 - Households receiving ongoing rental assistance, such as Project-Based Section 8, may receive rent payment assistance; however, only the household rent portion is eligible. If the household need is due to a decrease in income and they did not contact the property owner/manager to have their rent portion adjusted, program staff should assist them in doing so.
 - Households experiencing short term hospitalization, in-patient treatment, or incarceration with a plan to return to their housing unit within 90 days, or longer with Minnesota Housing approval.
 - Late fees are eligible if the tenant and property owner/manager agreed upon this in writing; however, it is important to note that late fees cannot exceed the amount outlined in [Minn. Stat. 504B.177](#).
 - Assistance for persons needing to break a lease due to experiencing domestic violence or needing a long term care facility even if the household will not immediately achieve Permanent Housing as a result.
- Mortgage payment assistance, including eligible late fees, which are generally 4-5 % and vary by lender. Homeownership Association (HOA) Fees/Dues are eligible. The authorized percentage is provided on the Homeowner's Note.
- Rental deposit assistance, including up to three times the amount of monthly household rent portion, if doing so will result in a household with rental barriers obtaining housing.
- Rental application fees.
- Utility bill payment assistance, including:
 - Gas or electric, including deposits or fees to restore the shut off utility.
 - Propane and wood, including full prepayment for a fill or load and related transit fee.
 - Water, sewer, garbage.
- Transportation expense assistance, for example, bus tokens, gas card, cash assistance for car repairs, that result in a household achieving Permanent housing.

- Condemnation mitigation services, if housing conditions are creating a risk of losing housing due to potential unit condemnation, such as due to sanitation, as approved by Minnesota Housing.
- Vital documents such as payment for an identification to obtain employment or a social security card to apply for housing.
- Moving assistance (costs for household to move to new unit without a day of homelessness or to move a household experiencing homelessness into a new unit).
- Furniture/household supplies (costs for households moving into a new unit who do not have furniture or household supplies).
- Basic Needs (food, clothing, work boots, phone minutes, safety items, etc.).
- Direct Financial Assistance will be budgeted as a category used for the allowable expenses and not broken down into separate line items. Grantees are responsible for tracking the breakdown of how much is spent on each type of Direct Financial Assistance and this will be reflected in their Quarterly Expenditure and Output Reports.

Direct financial assistance costs are an eligible expense only if the assistance is needed due to a housing crisis and correlates with a housing stability outcome. This should be well documented in the household file.

6.02 Eligible Expenses: Administration

Grantees must ensure that administrative costs do not exceed the percentage defined in their Grant Contract Agreement or 15%, whichever is less. Eligible administrative expenses include:

- Salaries/wages/fringe benefits of staff responsible for program oversight
 - HMIS data staff can be included in either administration or supportive services, depending upon who is responsible for data entry.
 - Hiring or staff retention bonuses may be eligible only if requested at the time of application and included on the approved budget which is an exhibit to the Grant Contract Agreement.
- Travel
- Office space/utilities, equipment, phone, computer, internet.
 - Includes tablets, data storage/security and other software.
- Supplies, copies, postage, culturally specific items, meeting costs, refreshments.
- Training.
- HMIS fees.

- Participant stipends/financial compensation for persons with lived experience who are involved in planning, design, and evaluation of FHPAP activities including transportation assistance, childcare assistance, companion support.
 - We encourage direct compensation for people with lived experience; stipends and gift cards are also acceptable. In the design of your compensation package, consider the preferences of the participant and tax implications: frequency of payments, payroll taxes, etc.
- Audit, insurance, accounting.
- Human resources, information technology, communications.
 - Communications includes translation services for language line, written materials, marketing materials, cost to use Digital or Electronic Signatures (eSignatures).
- Other expenses directly related to the program, which must be approved in writing by Minnesota Housing.

Agencies that utilize cost allocation plans for administrative expenses will be required to provide a description in the work plan that is submitted as part of due diligence.

6.03 Eligible Expenses: Supportive Services

Supportive services include staffing and related expenses, as outlined below, for providing case management, housing navigation, HMIS support, and management staff.

Eligible supportive services expenses include:

- Salary, wages, and fringe benefits of staff working directly with households; this includes management staff who spend part of their time working directly with households (the full-time equivalent [FTE] should be proportional). Time spent conducting supervision may be included but must not exceed the proportion funded by FHPAP.
 - HMIS data staff can be included in either administration or supportive services, depending upon who is responsible for data entry.
 - Hiring or staff retention bonuses may be eligible only if requested at the time of application and included in the approved budget.
- Travel.
- Office space², utilities.
- Phone², computer², internet.

² If these expenses are billed to FHPAP, they must be pro-rated and cannot exceed the staffing FTE. An exception to this requirement is if staff are employed at an agency part-time and 100% of their time is dedicated to FHPAP (they do not work in another program). In such circumstances, FHPAP may be used to pay for the full cost if it is identified in the approved budget.

- Technology specific for household or program participant use onsite or remotely to assist with the application process such as tablets, hotspots, etc.
- Supplies, copies, postage directly related to service delivery.
 - Training.
- HMIS fees.
- Other staffing expenses directly related to the program, which must be approved in writing by Minnesota Housing.
- Supportive services costs cannot exceed 50% of the total budget unless this was requested in the application, approved by Minnesota Housing, and is reflected in the budget exhibit of the Grant Contract Agreement. Refer to section 10.01 (Planning) of this document for more information.

6.04 Supportive Services Activities

Case Management

Case management must include, for each household, the following activities:

- **Assessment:** Work collaboratively with the household to identify strengths, resources, barriers, and needs in the context of their local environment.
- **Plan Development:** Develop an individualized service plan, with specific outcomes, based on the assessment.
- **Connection:** Obtain for the household the necessary services, treatment, and supports.
- **Coordination:** Bring together all service providers to integrate services and ensure consistency of service plans.
- **Monitor:** Evaluate with the household their progress and needs, and adjust the plan as needed.
- **Personal Advocacy:** Intercede on behalf of the household to help ensure access to timely and appropriate services.

The activities listed above are the activities that, taken together, make up case management. These case management activities will vary in several ways. The following variables are related to how case management is provided, as opposed to what case management is:

- **Intensity (frequency of contact; household-staff ratios).**
 - The intensity and frequency of case management may vary depending upon the type of service households are receiving; that is, one-time, short- or medium-term assistance. Households often receive more frequent and intensive services when they first enter FHPAP, and this may decrease as the household makes progress toward housing stability. The minimum expectation of household contact is once per month.
- **Duration (from brief to time-limited to open-ended).**
- **Focus (from narrow to targeted to comprehensive).**

- Availability of staff (from scheduled office hours to 24-hour availability).
- Location of services.
- Staffing patterns (from individual caseloads to interdisciplinary teams with shared caseloads, depending on the need of the household).

In addition to the above components of case management, there are other activities often offered that enhance the core case management activities. These activities can be divided into two broad categories, household specific activities and system activities.

Household Specific Activities:

- Outreach and engagement: To attempt to connect with households not currently accessing services.
- Direct service: To provide services directly to the household (budget counseling, housing search assistance [housing navigation]); refer below for further information on housing navigation.
- Crisis intervention: To assist households in crisis to stabilize, through direct interventions, and to mobilize needed support and services.
- Follow-up: To maintain contact with the household prior to exiting them from services to track stability and provide additional services, if needed.
- Final contact: Within 15-60 days after a household exits from services, attempt to contact the household to verify housing stability and provide additional services, if needed. Attempted contact can occur via text, phone, email, etc.

System Activities:

- System advocacy: To intervene with organizations in larger systems to promote more effective, equitable, and accountable services to a participant group (to be distinguished from personal advocacy above).
- Resource development: To attempt to create additional services or resources to address the needs of households.

Housing Navigation

Housing navigation services, whether through a case manager or another position dedicated to housing navigation, are eligible FHPAP expenses.

The purpose of a housing navigator is to minimize the number of days homeless by assisting the household in obtaining housing as quickly as possible. While services may be short- to medium-term, they are generally intensive in nature and usually involve multiple and frequent contact with the household, which can include in person, virtual, texts, email and/or phone. It also includes staff actively assisting the household in its housing search. Staff should seek input from the household regarding the level of housing search assistance they need and consider other factors, including household barriers

such as mental health, rental history, including unlawful detainers, unpaid rent or damages, credit history, criminal background, lack of transportation, etc. Additionally, low vacancy rates or increased property owner/manager resistance to lease to households with barriers may require additional staff assistance to engage with housing search and potential property owners/managers.

Housing navigation activities include:

- Recruiting property owners/managers, including outreach to an organization's network of existing property owners/managers.
- Utilizing search engines to locate housing opportunities.
- Attaining ongoing communication with property owners/managers to engage, maintain a positive relationship with, and mitigate any issues that may arise during tenancy.
- Keeping an active list of subsidized housing, including project-based waiting list openings.
- Assisting households in completing housing applications.
- Assisting households in obtaining application fees.
- Transporting households to housing appointments.
- Assisting households in communicating to a potential property owner/manager any housing barriers.
- Providing tenant education on property owner/manager and tenant rights and responsibilities.
- Expediting the move-in timeline when feasible, between the date of acceptance and lease signing.

For more information on housing navigation activities, refer to the United States Department of Housing and Urban Development (HUD) [Housing Search Assistance Toolkit](#).

Chapter 7 – School Stability

[Minn. Stat. 462A.204, subd.8](#) authorizes the use of FHPAP grant funds for a school stability project to secure stable housing for families with school-aged children (prekindergarten through grade 12) who have moved frequently, and for unaccompanied youth. Minnesota Housing, in partnership with the Minnesota Department of Education, have utilized this statute to establish the Homework Starts with Home Program. For more information, refer to Minnesota Housing’s [Homework Starts with Home](#) webpage.

In addition, the [McKinney-Vento Homeless Education Assistance Improvements Act of 2001](#) ensures families have the opportunity to maintain education stability for their student, which is key to their educational trajectory and success. One of the priorities of the act is the provision of transportation services to allow students experiencing homelessness to remain in their school of origin, which is defined as the school that the student attended when they first experienced homelessness.

Because school stability is important for all homeless families with children, as well as unaccompanied youth, Grantees and Subgrantees should assess whether children of homeless households are receiving transportation to their school or origin, and if not, assist in connecting households with their school district homeless liaison.

Refer to the [Minnesota Department of Education](#) website for more information on McKinney-Vento, including a list and contact information for the state’s district homeless liaison staff.

Chapter 8 – Budget Modifications

8.01 Pre-Approval Not Required

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 advisory committee approval, or other approval as outlined in the advisory committee bylaws:

- Moving funds from Administration to Direct Financial Assistance or Supportive Services, provided Supportive Services do not exceed 50% of the total budget unless it is allowed in the Grant Contract Agreement; refer to section 10.01 (Planning) of this document for more information.
- Moving funds from Supportive Services to Direct Financial Assistance provided there will not be a reduction in projected households to be served and there is no impact to the program design outlined in the application.
- Moving funds between existing line items within a distinct budget category (Administration Supportive Services, ~~Direct assistance~~).
- Moving funds between a Grantee's and Subgrantee's budget or moving funds from one Subgrantee's budget to another Subgrantee's budget, provided that moving funds will not result in a reduction in projected households to be served, there is no impact to the program design outlined in the application and aligns the aforementioned items.

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,
- The Subgrantees impacted, and
- If there will be a change in the total projected households served or an impact to the program design outlined in the application.

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

Chapter 9 – Advisory Committee

9.01 Statute Requirement

As outlined in [Minn. Stat. 462A.204, subd.6](#):

Each grantee shall establish an advisory committee consisting of a homeless advocate, a homeless person or formerly homeless person, a member of the state interagency task force on homelessness, local representatives, if any, of public and private providers of emergency shelter, transitional housing, and permanent affordable housing, and other members of the public not representatives of those specifically described in this sentence. The grantee shall consult on a regular basis with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project.

9.02 Membership

Grantees must, at a minimum, include the following members:

- A person with lived experience; that is, a homeless or formerly homeless individual.
- A homeless advocate.
- A representative from the local Tribal Nation, if applicable.
- A member of the Minnesota Interagency Council on Homelessness.
- Local representatives, if any, of public and private providers of Emergency Shelters, Transitional Housing, and permanent affordable housing.
- Housing Trust Fund Program Rental Assistance administrator.

It is also recommended that advisory committee membership include:

- Local law enforcement.
- Property owners/managers.
- School liaison staff.
- Legal aid.
- County/Tribal staff.
- Employment organizations.
- Coordinated Entry staff.

9.03 Roles and Responsibilities

Grantees may structure their advisory committee in a way that best meets their needs. What follows are common structures for advisory committees:

- Two or more Grantees may join to establish a single advisory committee.

- The advisory committee may be the CoC or a subgroup of the CoC membership.
- The advisory committee may have several housing response committees that are workgroups that represent different geographies within the Grantee's service area.

The Grantee shall consult with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project. The advisory committee shall assist the Grantee as follows:

- Designing or refocusing the Grantee's emergency response system.
- Developing project outcome requirements.
- Assessing the short- and long-term effectiveness of the project in addressing the needs of families, singles and youth who are homeless or at imminent risk of homelessness.
- Identifying and developing innovative solutions to barriers households experiencing homelessness or at imminent risk of homelessness face and provide services to address these barriers.
- Monitoring of Grantees and Subgrantees, at a minimum, annually. Monitoring must include review of household records documenting eligibility and service provision. It should also include review of financial files for eligible expenses, invoicing, and supporting documentation. Results should be shared with the Grantee's advisory committee. Refer to section 11.06 (Monitoring and Evaluation) of this document for more information.
- Helping ensure providers are offering Culturally Responsive services to those populations disproportionately impacted by homelessness.
- Developing and updating program policies including an appeal process.
- Monitoring expenditures and helping ensure alignment with the approved budget.
- Managing the rate of expenditures to last the duration of the biennium.
- Advisory committee meetings must be held, at a minimum, quarterly, although more frequent meetings are recommended. Meetings should occur at a time and location that allows for the greatest access by members and can include in-person, virtual, or hybrid meetings to meet the community need.

9.04 Bylaws

Advisory committees must develop written bylaws that may include, but are not limited to:

- Meeting frequency and scope.
- Membership composition, including both representatives from entities which receive FHPAP funding as well as other community partners.
- New member recruitment and orientation.
- Election of officers, length of terms, and job descriptions.
- Voting process and quorum requirement.
- Conflict of Interest.

- Bylaws must include a Conflict of Interest Statement or policy. Members must disclose their status and abstain from voting on any actions that present a conflict of interest. For example, Subgrantees should abstain from voting on how much funding will be awarded to each Subgrantee.

9.05 Commitment to Equity

Advisory committees should be committed to addressing inequities as they pertain to those populations disproportionately impacted by homelessness, and to targeting their homeless response system to address those inequities. Factors to consider:

- Identify and recruit potential Subgrantees based in part on their ability to provide culturally specific services and whose staffing represents the population served; grantees may choose to provide technical assistance to assist an organization in planning for the development of a program under FHPAP in advance of their applying to be a Subgrantee.
- Providing technical assistance to new Subgrantees in areas such as data collection and reporting, case file documentation, financial reporting, etc.
- Ensuring advisory committee members and Subgrantees participate in equity training.
- Ensuring advisory committee members are representative of populations served.
- Engaging and partnering with Tribal Nations if they are in an advisory committee's region.
- Helping ensure providers are offering Culturally Responsive and Trauma-Informed services to all seeking housing assistance, and particularly to those populations disproportionately impacted by homelessness.
- Ensuring all people, regardless of their spoken or written language, literacy, or disability status, may learn about, apply for, and, if applicable, receive FHPAP assistance.
- If populations do not access services in a traditional manner, such as shelters or coordinated entry access points, providing alternative avenues to outreach, and identifying those that need homeless or prevention assistance.
- Ensuring that persons with lived experience are engaged in an advisory committee's planning, implementation, and evaluation and are provided compensation for their participation; note that compensation is an eligible FHPAP administrative expense.

Grantees and Subgrantees are encouraged to be creative around other methods to engage with persons with lived experience throughout the duration of the grant period. For example, forming a work group or advisory subcommittee driven and led by persons with lived experience, conducting surveys that reach a broad population, establishing focus groups, etc.

Chapter 10 – Preparing the Application

Minnesota Housing typically issues a Request for Proposals (RFP) in the fall for the next grant cycle, which is every two years. Prior to the issuance of the RFP, FHPAP staff are available for consultation about how to design and structure the grant proposal. When the RFP is released, FHPAP staff are unable to provide consultation, except for technical issues related to the RFP, until the RFP period has closed. Potential Grant Applicants are encouraged to contact FHPAP staff prior to the RFP release date for technical assistance.

Minnesota Housing is interested in how the Grant Applicant fully engages its advisory committee and the community in its planning process. Applicants will be requested to describe their program design and how it meets the needs of the community, including those disparately impacted by homelessness, whether it is aligned with CoC/Tribal priorities, and how FHPAP complements other funding resources in a particular region.

10.01 Planning

Minnesota Housing expects Grant Applicants to have developed a fair and transparent process for soliciting providers to meet the needs identified in their community. Grant Applicants are expected to conduct the following activities:

- Conduct a needs assessment of homelessness and those at risk of homelessness in the Grant Applicant’s community, including the use of multiple data sources, analysis of trends, and comparison of homeless numbers and population types, past to present, including those populations disparately impacted by homelessness.
 - It is recommended that the needs assessment be concluded a minimum of 120 days prior to the issuance of the Minnesota Housing FHPAP RFP to help ensure adequate time for data analysis and planning.
- Engage Tribal governments (if in the service area) in discussions, planning and project design.
- Engage other service and housing providers, agencies, local governments, and schools.
- Engage people with lived experience in the planning, implementation, and evaluation of the program, such as conducting focus groups or administering surveys.
- Plan for alignment with the CoC and Tribes, including coordinated entry and performance measures.
- Develop strategies that meet the needs identified in the community needs assessment.
- Identify additional funding resources that can be used to meet the local need, including philanthropic, other state funding, and federal resources.
- Issue a local Request for Information (RFI) or RFP to regional providers of homeless and prevention services to solicit proposals.
 - Actively engage with a broad range of potential Subgrantees, including those that target and whose staff represent culturally specific populations and those disproportionately

represented in the homeless population. Engage potential Subgrantees using multiple venues such as email, websites, social media, newspapers, mailings, radio, local cable programs, etc.

- Develop and implement a transparent process and criteria for selecting service providers (both Grantees and Subgrantees) best suited to implement strategies identified in the planning process.
- If the project does not serve all three populations (families, singles, and youth) the Grant Applicant must demonstrate that other funding resources are available to meet the needs of the population not served by FHPAP.
- Grant Applicants are encouraged to continually monitor community need by analyzing local data sources such as the Coordinated Entry Priority List, the HMIS, including the homeless dashboard, Point-in-Time Count (PIT), etc. and help ensure funds are being targeted to those households most likely to become homeless or to remain homeless without assistance.
- Grant Applicants must not have more than 50% of their total FHPAP budget dedicated to supportive services; however, if the Grant Applicant can provide rationale, they can request to exceed the 50% cap in their competitive application. Justification to do so must be clearly described in the application and budget narrative. This is the only timeframe in which requests to exceed the 50% cap will be considered. An example where a Grant Applicant may request to exceed the cap includes increasing supportive services and decreasing direct financial assistance, such as rental assistance, if that assistance type is available through another funding source.
 - If requesting to exceed the supportive services cap, Grant Applicants should consult with and receive approval from their advisory committee prior to submission of the application. Minnesota Housing will inform Grant Applicants selected for funding whether this request is approved or denied at the time of award.

10.02 Projecting Households Served

When projecting the number and types of households (that is, single adult, adult family, youth family, and unaccompanied youth) that will be served, Grant Applicants should:

- Factor in the number of households that will be carried over from the previous biennium, which should be included in the projection.
- Utilize current program data, current trends, needs assessment feedback, etc. to determine the average length of time as well as the average amount of direct financial assistance households will need to resolve the crisis.
- Consider the FTE of staff working directly with households, their average caseload, and the average length of time households will be in the program.

10.03 Preliminary Practice Models

Several state agencies and the [Heading Home Minnesota Funders Collaborative](#) (Funders Collaborative) identified key elements of a preliminary practice model for programs serving homeless or at risk of homeless households. Grantees are encouraged to identify which elements of the preliminary practice model are currently being practiced, in the process of being implemented, or not yet implemented. In addition, a preliminary practice model should identify at least one element for which there will be a plan for full implementation. Information sessions for several of the elements below can be found on Minnesota Housing's [Homework Starts with Home](#) webpage.

Equity Focus

Because homelessness impacts specific groups at disproportionate rates (for example, American Indians, African Americans, LGBTQIA+ youth), effective responses must be attuned to the populations at greatest risk for homelessness. While these populations vary across communities, identifying specific strategies to help ensure that interventions for homeless individuals and families are representative of the populations being served and are culturally appropriate and responsive to the specific needs of those populations is critical. For example, Grant Applicants may explicitly monitor the impact of interventions for populations disproportionately impacted by homelessness and define essential roles for stakeholders representing those populations in the design and implementation of programs.

Nothing About Us Without Us

Individuals and families experiencing housing crises or homelessness have lived experience of how and where support systems are most effective and where they fail. Helping ensure that this expertise informs and guides community responses to homelessness can increase the likelihood of deploying resources more effectively, create shared ownership of solutions, and leverage the resilience of people who have experienced homelessness. For this to occur, individuals and families with lived experience of homelessness must have meaningful ways to participate in shaping and implementing a community's response to homelessness. For example, Grant Applicants may create paid leadership and advisory positions for people with lived experience to help shape, implement, and monitor programs serving families and individuals experiencing homelessness.

Early Identification and Trauma-Informed Responses

Given the critical developmental needs of young people and the devastating impacts of homelessness and housing instability, the earliest identification of housing instability coupled with an affirmative response to those housing challenges can mitigate trauma that could otherwise occur. Often, implementing an effective response will require partnerships among entities that allow data sharing and deploy crisis-oriented resources to respond quickly to the specific circumstances of each individual

or family. Given the traumatic nature of homelessness itself and the trauma that often precedes homelessness, these responses themselves must be Trauma-Informed and help support individuals and families in their recovery from trauma. For example, Grant Applicants may propose to conduct training for staff and community partners about the relationship between homelessness and trauma and modify their program to enhance their use of Trauma-Informed approaches.

Two-Generational Approach

A Two-Generational (2-Gen) or whole-family approach recognizes that impacting outcomes for young people requires supporting their parents, and vice versa. While many specific programs or funding streams focus on children or adults, a 2-Gen approach encourages looking at families holistically, focusing on outcomes that impact whole families and, whenever possible, combining programs and resources so that effective whole-family solutions are possible. A 2-Gen approach may include a mindset (for example, considering parents and their children, not just one or the other), specific strategies (for example, programs designed to support parents and children together), or systems-level organization (for example, organizing services so that parents and children receive support simultaneously). One way that Grant Applicants may use this approach is to establish whole-family assessments of needs and strengths as part of routine intake processes for local social service and economic assistance programs, with connections made simultaneously for parents and their children to appropriate programs for which they are eligible.

Progressive Engagement Approach

A Progressive Engagement approach provides a structured way for services to be tailored dynamically to the specific and changing needs of individuals or families experiencing homelessness so that people receive the support that they need. At a systems level, this approach also ensures that resources are available to help support the greatest number of people possible. A Progressive Engagement approach involves assessing initial needs and providing modest support responsive to those needs. If that is sufficient to help the family stabilize, those supports can be continued or weaned as ongoing needs dictate. If initial supports are not sufficient, a Progressive Engagement approach identifies paths for increasing or diversifying the supports available. This process continues iteratively as long as needed until the family achieves stability. One way that Grant Applicants may use this approach is to structure most initial interventions as short-term responses and establish clear protocols for how services can be escalated, maintained, or discontinued as family needs dictate, including referral processes and data sharing agreements among service providers, as needed.

Housing First Approach

Access to Permanent housing is the fundamental solution to homelessness. A Housing First approach honors this fact by reducing barriers to accessing housing so that housing itself can serve as a platform for addressing any other challenges that someone experiencing homelessness may face. This approach

is contrasted with a “housing readiness” approach that defines preconditions (for example, sobriety, income, compliance with services) prior to receiving support to access Permanent housing. One way that Grant Applicants may use this approach is to regularly review and, wherever possible, revise eligibility requirements for housing and homelessness programs that may preclude people experiencing homelessness from gaining access to housing resources or supports.

Leveraging Mainstream Resources

Resources specifically intended to serve people experiencing homelessness provide important tools in effective community responses to homelessness, but they are small compared to mainstream programs serving low-income or vulnerable populations. Mainstream programs may include health programs, housing voucher or public housing programs, economic assistance, employment and training programs, or other social services designed to help people obtain stability or improve well-being. While these programs are typically not focused specifically on people experiencing homelessness, their impact for people experiencing homelessness can be significant, particularly if they implement strategies to make these programs accessible and responsive to people experiencing homelessness. Given the way that funding streams, outcomes, and lines of accountability are structured, linking mainstream programs to responses to homelessness often does not occur “naturally,” but instead requires deliberate action. For example, Grant Applicants can organize their responses to homelessness jointly with intake processes for mainstream economic assistance, public housing, or other resources so that each family can be connected with whatever resource(s) is/are most responsive to the family’s needs.

Continuous Improvement

Adapting and implementing effective solutions to homelessness requires ongoing refinement and attention to evolving needs and opportunities. Rather than expecting that a proposed intervention is complete or optimal as it was initially designed, a continuous improvement approach recognizes that ongoing participation from all stakeholders to identify successes, areas for improvement, and unanticipated needs will result in a stronger and more resilient long-term implementation. For example, Grant Applicants can describe oversight and governance approaches that encourage routine reflection and engagement of leadership and all stakeholders to help improve the impact of existing services and to do so iteratively and continuously.

Chapter 11 – Grantee Requirements

11.01 Subgrantees

As outlined the Grant Contract Agreement, Grantees must enter into formal contracts with Subgrantees and impose, at a minimum, the same expectations that Minnesota Housing requires of Grantees. Subgrantee agreements must be executed before the Subgrantees can begin serving households. Additionally, Grantees should ensure that communication received from Minnesota Housing is relayed to Subgrantees.

11.02 Financial

Once the Grant Contract Agreement is approved and fully executed, except in those instances where Minnesota Housing identifies a risk with the advanced payment model, Minnesota Housing will issue the first quarterly payment to Grantees and subsequently will advance payments each quarter thereafter. Quarterly payments are generally issued in advance to ease the financial burden on Grantees, thus ensuring funds are available to households for the duration of the quarter. Grantees who are two or more quarters behind in their expenditures will be required to meet with Minnesota Housing staff to develop a plan to address their underspending. Minnesota Housing will not issue further advance payments until the Grantee's rate of expenditures are within one quarter or less of the quarterly disbursed amount.

Subgrantees should not receive advanced payment; rather they should be required to submit an invoice with supporting documentation for services and assistance performed prior to receiving reimbursement from Grantees.

Grantees are required to demonstrate the funds have been expended on eligible activities and should work with their financial staff to set up a recordkeeping system to track grant funds received and expended.

Grantees should not spend funds on a 'first come, first served' basis, rather they should prioritize households based upon need and budget their direct financial assistance expenditures throughout the quarter.

Grantees are required to monitor their rate of expenditures to last the duration of the grant period. The rate of expenditures will be considered when evaluating overall Grantee performance as part of the competitive application process.

11.03 Digital or Electronic Signatures

For any documents that require a signature to complete the application or other supporting documentation, a handwritten and Electronic Signature (eSignature) options must be made available.

Grantees must have an eSignature option by October 1, 2025. Grantees may use [DocuSign](#) or [Adobe e-sign](#) to create a Digital or Electronic Signature; other Digital or Electronic Signature software requires written approval from Minnesota Housing before being used.

11.04 Participation in Coordinated Entry

A coordinated entry system represents the coordination and management of a CoC's/Tribe's housing crisis response system. Coordinated entry provides available information to CoC/Tribal providers and homeless assistance staff, enabling them to make consistent decisions to efficiently and effectively connect people in crisis to interventions that will rapidly end their homelessness. The coordinated entry approach also aligns with state of Minnesota's goals to transform crisis response systems to improve outcomes for people experiencing a housing crisis. Grantees must consult with their local [CoC](#) and Tribe and follow the local coordinated entry policies in their service area.

11.05 Household Income

Grantees and Subgrantees must determine income eligibility of households prior to providing assistance. Households must be at or below 200% of the federal poverty guidelines. Income is calculated based upon gross annual income.

Determining Income

The following income is included in income calculation:

- The full amount, before payroll deductions, of wages and salaries, overtime pay, commissions fees, tips, bonuses, and other compensation for personal services.
- The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
- Payments in lieu of earnings such as unemployment or disability compensation, worker's compensation, and severance pay.
- Public assistance payments such as cash assistance or Social Security.
- Periodic and determinable allowances received such as alimony, child support, and foster care payments.
- Net income from the operation of a business or profession
- When full-time students who are 18 years of age or older are dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of the family, spouse, or co-head. If the income is less than \$480 annually, count all the income. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.

The following types of income are not included in income calculation:

- Earned income of youth enrolled in K-12 education.
- Educational grants or scholarships paid expressly for tuition, fees, books, or equipment.
- Income of live-in health aids.
- Non-cash benefits such as childcare or medical care assistance and food support.
- One-time cash gifts, for example a birthday.
- Economic stimulus payments.
- Tribal per capita payments.
- Tribal General Welfare.
- Minnesota Child Tax Credit payments.

A household making child support payments cannot have the amount of the payment reduced from their household income calculation, but in shared custody situations, may include the children as part of their household.

Verification of Household Income

There are three methods to obtaining household income: income documents provided by the household, third-party verification, or self-verification of income.

Households receiving the following types of assistance identified in Minn. Stat. 462A.07, subd. 20 are automatically income eligible, provided proof of the type of assistance received is documented in the household file:

- Childcare assistance programs under [chapter 119B](#).
- General assistance, Minnesota supplemental aid, or food support under [chapter 256D](#).
- Housing support under [chapter 256I](#).
- Minnesota Family Investment Program and diversionary work program under [chapter 256J](#).
- Economic assistance under [chapter 256P](#).
- Other income-based state or federal public assistance benefits, as approved by Minnesota Housing.

Income Documents Provided by the Household

When possible, documentation of income should be obtained from the household. This includes:

- If employed, obtain a minimum of two pay stubs. Pay stubs should be the most recent and just prior to the date the household is seeking assistance. If a household has inconsistent income, for example, they work varied hours, obtaining additional pay stubs is recommended.
- If a household reports they recently gained employment but have not yet been paid, this would not be included in their income calculation.

- Documentation of cash assistance received such as Social Security income or public assistance.
- Documentation of child support, alimony, or foster care payments.

Third-Party Verification

Under this form of verification, a third party is contacted to provide information about the household's income. This may be preferable if providing the documentation poses a hardship on the household due to geographic distance, lack of access to technology, or they are unable to provide it in a timely manner.

To obtain third-party verification, the provider must obtain a signed release of information (ROI) from the household. Written verification is preferred; however, there may be times where the third party is unwilling to provide this and/or do so in a timely manner. In these instances, verbal verification is acceptable; however, this must be well documented in the household file, such as on intake paperwork or a case note. Information included should be the date the verbal verification was provided, the name of the individual providing the information and the entity they represent, as well as their contact information, along with staff signature (Digital or Electronic Signature is acceptable) or initials.

Self Attestation

If a household is unable to provide the required documents or the provider is unable to obtain third-party verification, a self-attestation of income form that includes the household's signature may be utilized. This signed document, along with case notes explaining the necessity of the self-attestation, along with case notes explaining the necessity of the self-attestation must be included in the household file.

Calculating Income

When calculating income, keep in mind the following:

- Calculate annual income, rather than monthly, to align with the annual Federal Poverty Guidelines table.
- Calculate annual income based upon 52 weeks in a year.
 - For example, if a household is paid bi-weekly, their average bi-weekly pay should be multiplied by 26 weeks to obtain the annual income.
- Income calculation is determined using gross annual income; that is, total pay before taxes and other deductions.

An Income Calculation Workbook can be located on Minnesota Housing's [Family Homeless Prevention and Assistance Program \(FHPAP\)](#) webpage and can be used to calculate household income. While use of this tool is not required, it may save staff time, be helpful in determining accurate income, and be useful for monitoring purposes where demonstration of income is required.

Below are examples on calculating income.

Example 1

Household with two family members is employed and paid bi-weekly.

- Check #1: Gross income – \$589.32
- Check #2: Gross income – \$640.00

Income calculation steps:

- Step 1: Total the two pay stubs – $\$589.32 + \$640 = \$1229.32$
- Step 2: Divide total in Step 1 by two (# of pay stubs) – $\$1229.32/2 = \614.66
- Step 3: Multiply \$614.66 by 26 weeks (bi-weekly average) – $\$614.50 \times 26 = \$15,981.16$

Household Annual Income = \$15,981.16

Example 2

Household of two receives public cash assistance of \$583.00 per month and a housing allowance of \$110.00 per month.

Income calculation steps:

- Step 1: Calculate monthly income – $\$583 + \$110 = \$693$
- Step 2: Multiply total in Step 1 by 12 months – $\$693 \times 12 = \8316

Household Annual Income = \$8316

Example 3

Household has two adult family members, and both have income.

- Head of household #1 has employment and is paid weekly. In this example, because weekly income amounts vary, the provider requested additional pay stubs.
 - Check #1: Gross income – \$723.00
 - Check #2: Gross income – \$888.24
 - Check #3: Gross income – \$646.29
 - Check #4: Gross income – \$881.00
- Adult #2 earns monthly social security benefits in the amount of \$941.00

Income calculation steps:

- Step 1: Total the four pay stubs – $\$823 + \$688.24 + \$746.29 + \$881.00 = \$2538.53$
- Step 2: Divide the total in Step 1 by four – $\$2538.53/4 = \634.63 (average weekly income for last 4 weeks)

- Step 3: Multiply \$784.63 by 52 weeks – $\$784.63 \times 52 = \$40,000.76$ (annual income for head of household)
- Step 4: Multiply \$941 by 12 months – $\$941 \times 12 = \$11,292$ (annual income for adult #2)
- Step 5: Determine combined annual income – $\$40,000.76 + \$11,292 = \$51,292.76$

Household Annual Income = \$51,292.76

In this example, the household does not qualify for FHPAP assistance as their income exceeds 200 % of federal poverty guidelines for a household with two members.

Reassessing Income

For households receiving services or direct financial assistance for six months or longer, household income should be reassessed, at a minimum, once every 12 months to determine if the household remains eligible for FHPAP assistance.

Roommates

When two or more people live together as roommates, that is, sharing a living space and not as a family or in a committed relationship, and one or more of the roommates is seeking FHPAP assistance, their income eligibility can be considered on an individual basis. If the roommates are listed on one lease, the amount of assistance an individual is eligible for would generally be proportional, that is, if there are two roommates, the individual seeking assistance would be eligible for 50% of the amount owed. If a roommate can demonstrate they have consistently been paying a higher portion, they could be eligible for a higher amount of assistance. In this instance, for example, they could present copies of checks or the property owner/manager could verify the amount paid. Documentation of roommate situations where only one individual is receiving FHPAP assistance should be clearly noted in the household file, such as in the case notes or on an intake form.

11.06 Monitoring and Evaluation

Monitoring of Grantees and Subgrantees

Grantees are required to conduct site visits and monitor Subgrantee activities, project results, expenditures, and outcome indicators, at a minimum, once per year. In addition, if a Grantee is an FHPAP provider, the advisory committee must monitor the Grantee a minimum of once per year. Outcomes of the monitoring visit must be communicated to the advisory committee and other stakeholders. The advisory committee must develop a written monitoring and evaluation plan to include:

- Advisory committee role with monitoring and evaluation
- How reports and results will be shared with the advisory committee

- How HMIS data quality review will be conducted
- How non-HMIS data will be collected and reported (if applicable)
- How site visits will be conducted
- How household file reviews will be conducted
- How financial reviews will be conducted
- Sample report, site visit, and file review templates

Household Files

At a minimum, household files should contain the following:

- An application/intake date for the household seeking assistance.
- Consent and release forms including:
 - A signed [HMIS Data Privacy Notice and Release of Information](#) for all household members age 18 and older.
- A separate, signed data disclosure form that lists Minnesota Housing for each adult member of the household which also includes a [Tennessee Warning](#).
- A separate ROI for each individual or entity (for example, do not include a utility company and a property owner/manager on the same ROI). An ROI should include:
 - The name and organization from which information can be shared and/or requested.
 - Specific information that can be provided and/or requested.
 - An expiration date of one year or less.
 - A participant/household signature and date.
 - It is recommended that a staff member also sign and date the ROI.
 - A separate ROI for each adult in the household should be obtained.
- Case notes that are objective, chronological, accurate, concise, timely, and demonstrate action steps and outcomes.
- Documentation of eligibility criteria including:
 - The household is at or below 200% of federal poverty guidelines. In addition to providing documentation of income, such as pay stubs or a statement of benefits, a demonstration of how annual income was calculated should be in the household file. If utilizing the Income Calculation Workbook, providing a copy of this in the household file will suffice for demonstration of income calculation. Refer to section 11.05 (Household Income) of this document for more information.
 - The household is experiencing a housing crisis.
 - Households currently in stable housing are at imminent risk of homelessness. Documentation provided can include an eviction notice, utility shut-off notice, notice to vacate due to past due rent, etc.

- Households are without a fixed nighttime residence or are homeless. Documentation of the household's homeless status, such as a coordinated entry referral, meets this requirement.
- Documentation that the household does not have funds to pay for the housing crisis.
 - This can be documented on an intake form, case note, etc.
 - Minnesota Housing does not require a verification of assets for the household file.
- Documentation of the amount owed.
 - For past due rent, a rental ledger that indicates the amount owed, including late fees.
 - For prepayments of propane and wood, an invoice.
 - For move-in assistance including rental deposit and rental assistance, property owner/manager verification of amount owed (statement or executed lease).
 - For ongoing rental assistance, a copy of the lease or formal statement from the property owner verifying the monthly rent and any additional fees.
 - If the amount owed has increased since the past due statement was submitted, clearly note this in the file including the name of the person from the utility company who verified the increase/past due notice, the date verification was received, and the updated past due amount.
- The type and amount of FHPAP assistance provided.
 - Evidence can include a purchase order, agency check request, or check copy.
 - The household should receive the total amount of financial assistance needed to resolve the housing crisis; if FHPAP is not used to pay for the full amount needed by the household, clearly indicate in the file the source of the additional funding and amount provided to resolve the crisis.
- Documentation of crisis resolution
 - This can be included in closing paperwork, a case note, etc.

While many rental assistance programs require a housing inspection prior to move in, for example a Housing Quality Standards (HQS) inspection, this inspection is not an FHPAP requirement.

Administrators must report on the number of households approved or denied within two weeks of the receipt of a complete application and the number of payments made within 30 days of the receipt of a complete application that was approved. A complete application includes all documentation needed for approval or denial and to issue payment if approved.

Grantees will be required to provide Minnesota Housing with a summary on the Annual Narrative Report; however, Grantees are strongly encouraged to consult with Minnesota Housing staff in a timely manner if any concerns arise regarding the performance of a Subgrantee, through monitoring or any other means, in areas such as financial management or service delivery. Further action may be

recommended or required, such as providing additional monitoring or developing a performance improvement plan with the Subgrantee.

Grantees and Subgrantees are responsible for maintaining financial records that document the use of all FHPAP funds, including those used for supportive services, direct financial assistance, and administrative costs. Grantees and Subgrantees are expected to maintain all financial and household records for a minimum of six years after the grant period has ended.

In addition, Minnesota Housing reserves the right to review financial and household records during this period, and records must be made available upon request.

Minnesota Housing

Minnesota Housing will conduct annual monitoring of Grantees, which will include:

- Household file monitoring: household files selected for file review will be randomly selected.
- Financial reconciliation: Grantees will be required to submit the following documentation:
 - A job cost report or general ledger, including receipts and expenses for the requested period; the job cost report or general ledger should only include FHPAP related receipts and expenses and should not list non-FHPAP related receipts/expenses.
 - Bank statements
 - Payroll records
 - Third-party verification such as invoices and receipts

More detailed information will be provided prior to monitoring but will include an overall program review, including Grantee policies and procedures, governance, and administrative performance.

Following conclusion of the household file monitoring, financial reconciliation, and program review, Minnesota Housing staff will conduct an exit interview with the Grantee summarizing the results. Grantees will be notified if follow-up is required. An example of follow-up includes obtaining additional documentation to verify household eligibility. Upon timely completion of follow-up items, Minnesota Housing staff will issue a monitoring review summary letter that includes Grantee strengths, areas of concern, recommendations, and requirements.

11.07 Reporting

Timely and accurate reporting requirements are considered when evaluating overall Grantee performance. Refer to Appendix A (Example FHPAP Biennial Timeline) of this document for due dates.

Quarterly Expenditure and Outputs Report

Grantees will be provided with a Quarterly Expenditure and Outputs Report template that must be submitted to Minnesota Housing after the completion of each reporting period. Reports will include

expenses by funding category and the number of households and individuals served. Homeless households that are doubled up should be entered in the same category that Grantees and Subgrantees are using to enter their data in the HMIS, that is, Rapid Rehousing Doubled Up or Prevention. Refer to section 11.09 (Homeless Management Information System) of this document for more detail.

Grantee outputs should match the HMIS report. Occasionally HMIS data issues arise that may impact the reporting timeline; if this occurs, Grantees should notify Minnesota Housing staff as soon as possible.

HMIS Reports

The HMIS administrator creates Grantee level and statewide FHPAP reports prior to the Expenditure and Outputs Report submission deadline. Grantees should allow time to review the accuracy of their HMIS reports prior to submitting the Quarterly Expenditure and Output Reports to Minnesota Housing.

It is recommended that Grantees establish an HMIS reporting deadline for Subgrantees in advance of the due date established by Minnesota Housing to provide sufficient time to review data quality. Grantees should work with their Subgrantees to fix data quality issues and then inform Minnesota Housing of the “ready” status. Grantees may also act as a liaison between the Subgrantee and the HMIS administrator helpdesk staff if there are data or reporting issues. The reports currently include:

- Core Report
- FHPAP Supplemental Report

Narrative Reports

Narrative and Outcome Reports are submitted to Minnesota Housing annually. Minnesota Housing will provide the report format to Grantees in advance of the report deadline.

11.08 Outcomes and Outputs

Minnesota Housing will measure progress toward the specific outcomes listed below and is particularly interested in the outcomes and improvement over time for households disparately impacted by homelessness and housing instability. Grantees and their advisory committees should regularly review and analyze this data, and implement strategies where needed to improve upon them. The indicators will be pulled from data in the HMIS as outlined below.

Outcome #1: The percentage of households receiving assistance who do not experience homelessness, broken down by race, ethnicity, and household type (Prevent).

Outcome #2: The percentage of households who exit to permanent, stable housing, broken down by race, ethnicity, and household type (Rare).

Outcome #3: The length of time from enrollment to housing placement, broken down by race, ethnicity, and household type (Brief).

Outcome #4: The percentage of households served who do not return to homelessness, broken down by race, ethnicity, and household type (One-Time).

Outcome #5: Demographics of the households served at program intake compared to demographics of households served at program exit (for example, is the program experiencing equitable outcomes for Native American households compared to Caucasian households?) (Equity).

Output #1: The number of households served by race, ethnicity, and household type.

Grantees may choose to establish additional outcomes that reflect their local program. Grantees will be asked to discuss the results of these outcome indicators in the narrative report(s).

11.09 Homeless Management Information System

Information for most households served will be entered into the Homeless Management Information System (HMIS). Exceptions are noted below. The Institute for Community Alliance (ICA) is the designated HMIS Lead Agency for the state of Minnesota. Data collection forms and resources for FHPAP projects can be found on the [HMIS website](#).

Grantees and Subgrantees are encouraged to download these forms on a regular basis to ensure the latest version is being used. Timely data entry is expected to comply with quarterly and annual reporting requirements. Grantees are required to review and analyze their program's HMIS data for accuracy and program evaluation. Refer to section 11.07 (Reporting) of this document for more information.

Quarterly Data Quality

To improve the quality of HMIS data, the HMIS administrator, with support from CoCs, the Minnesota Tribal Collaborative, and state partners, has implemented a Quarterly Data Quality (QDQ) evaluation process. Grantee and Subgrantee participation are required. Providers receive a data quality score, that is, to what extent they meet the criteria for accuracy, completeness, consistency, and timeliness of reporting. This is an interactive process. Providers receive support from all monitoring partners and will have the opportunity to make data quality corrections prior to receiving their score. Refer to the [HMIS website](#) for more information.

Data Entry Expectations

Entry and Exit

Households should be entered into the HMIS no more than seven days after program entry and program exit. Grantees should be mindful of, and may develop their own, data entry and reporting requirements to help ensure there is adequate time to review data prior to submitting the quarterly Expenditure and Outputs Report and Annual Narrative Report.

Activities

Below are *minimum* requirements for when households should be entered into the HMIS:

- **Coordinated Entry:** When a household is assessed and based upon their score, referred to an FHPAP provider for Prevention or Rapid Rehousing services or direct financial assistance.
- **Street Outreach:** When services extend beyond the simple provision of referral resources and a strategic effort to engage the participant in activities designed to end their homeless situation is needed. For example, if an individual receives assistance completing housing applications or is driven to a homeless shelter, and/or service delivery involves multiple contacts or requires a significant amount of time. Grantees have some discretion in determining whether a household should be entered; however, the policy for doing so should be consistent, keeping in mind that proposed numbers served are compared with HMIS outputs only.
- **Prevention:** When a household receives FHPAP supportive services or direct financial assistance.
- **Rapid Rehousing:** All households are required to be entered into the HMIS except for households being served by domestic violence providers. In this instance reporting to Minnesota Housing will occur outside of the HMIS.

Entering Doubled Up Households in the HMIS

One variation of the state of Minnesota's definition of homelessness compared to HUD's definition, is that households doubled up that are at imminent risk of housing loss are considered homeless by the state of Minnesota. Since HMIS definitions are set up to align with HUD, Grantees will enter FHPAP households that are doubled up in the Prevention category within the HMIS.

Grantees and Subgrantees New to the HMIS

Agencies new to the HMIS or returning after a period of absence must complete documentation to get their agency set up to enter data. In addition, new users must complete new user training before entering data. Visit the [HMIS website](#) for more information.

Chapter 12 – Legal Addendum

12.01 Conflict and Control

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

12.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into an agreement 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 12.07 (Disclosure and Reporting) of this document.

12.03 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 12.07 (Disclosure and Reporting) of this document.

12.04 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:** An Appearance of a Conflict of Interest is 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 is 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 (that is, 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 an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual or potential conflicts of interest through one of the communication channels described in section 12.07 (Disclosure and Reporting) of this document.

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

12.05 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 12.04 (Conflict of Interest) of this document;
- 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 12.04 (Conflict of Interest) of this document.

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 12.07 (Disclosure and Reporting) of this document.

12.06 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. Refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#).

12.07 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 (for example, Grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation using these same communication channels.

- Contact Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Contact any member of Minnesota Housing's [Servant Leadership Team](#) as denoted on Minnesota Housing's current organizational chart; or
- Submit a Report Wrongdoing Form, which can be found on Minnesota Housing's [Report Wrongdoing or Concerns](#) webpage.

12.08 Electronic Signatures

Minnesota Housing accepts Electronic Signatures (eSignatures) on certain documents to the extent the person signing complies with all applicable state and federal Electronic Signature laws, as well as any counterparty requirements. Questions regarding which documents Minnesota Housing permits to be signed electronically should be directed to Minnesota Housing staff.

Minnesota Housing does not permit eSignatures on any document that needs to be recorded with the county. In addition, a contracting party cannot be required to use eSignatures.

12.09 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 makes 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 allow persons with disabilities to make reasonable modifications.

12.10 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 [Minn. Stat. 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.

Appendix A: Example FHPAP Biennial Timeline

Table 5: Example FHPAP Biennial Timeline – Year 1

Approximate Date	Activity
October 1	Biennium begins
Fourth Monday in October	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
October	Annual Grantee Meeting – location and exact date TBD
Fourth Monday in January	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-February	Quarter 1 Expenditure and Outputs Report due
Fourth Monday in April	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-May	Quarter 2 Expenditure and Outputs Report due and Six Month HMIS Report due
Fourth Monday in July	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-August	Quarter 3 Expenditure and Outputs Report due

Table 6: Example FHPAP Biennial Timeline – Year 2

Approximate Date	Activity
October	Request for Proposals (RFP) application materials published and Information Session
Fourth Monday in October	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
October	Annual Grantee Meeting – Location and exact date TBD
Mid-November	Quarter 4 Expenditure and Outputs Report due, Annual Narrative Report due, and Annual HMIS Report due
January	<i>FY 25-26 RFP applications due (tentative)</i>
Fourth Monday in January	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-February	Quarter 5 Expenditure and Outputs Report due
Fourth Monday in April	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-May	Quarter 6 Expenditure and Outputs Report due and 18-month HMIS Report
Fourth Monday in July	Quarterly Coordinator’s teleconference 10-11:30 a.m. Central Time
Mid-August	Quarter 7 Expenditure and Outputs Report due
Mid- November	Quarter 8 Expenditure and Outputs Report due, Final Narrative Report due, and Final HMIS Report due

Grantees will receive an FHPAP Timeline with specific dates as an exhibit to the Grant Contract Agreement. Note that report dates are subject to change. Grantees will receive email notifications of all report deadlines.

Appendix B: Defined Terms

Continuum of Care (CoC): A local planning body that coordinates housing and services planning and funding for homeless families and individuals.

Continuum of Care Plan: A community plan prescribed by HUD to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.

Coordinated Entry (CE): A centralized or coordinated process for conducting a needs assessment and referrals to housing and services for people seeking housing assistance. A CE system is easily accessible in the geographic area of the CoC or a Tribe/group of Tribes, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool. The goal of CE is to match people to the most appropriate service(s) based on the individual or household's needs, prioritizing those with the highest need.

Culturally Responsive: Agencies, programs, and providers of services respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, disabilities, religions, genders, sexual orientations, and other identities in a manner that recognizes, values, and affirms differences and eliminates barriers to access as stated in [Minnesota Laws 2024, Ch. 127, art. 16, sec. 2\(a\)\(1\)](#)

Digital Signature: A person's name that is digitally affixed to an electronic document not using DocuSign, Adobe Sign, or other eSignature software. Digital Signatures can be typed into or onto a document, an image of a signature, or the use of /s/ as a signature. Checking a box or typing one's initials is also a Digital Signature.

Diversion: An intervention designed to immediately address the needs of someone who has just lost their housing and become homeless. Diversion is a participant-driven approach; its goal is to help the person or household find safe alternative housing immediately, rather than entering shelter or experiencing unsheltered homelessness. It is intended to ensure that the homelessness experience is as brief as possible, prevent unsheltered homelessness, and avert stays in shelter. Refer to the [National Alliance to End Homelessness](#) website for more information.

Electronic Signature (eSignature): An electronic sound, symbol, or process attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record. An eSignature is electronically affixed to an electronic document using an approved software program which authenticates identity, day, and time of affix. Approved software for initiating an eSignature is DocuSign or Adobe Sign.

Emergency Shelter (ES): Temporary, short-term lodging for individuals or families who are Homeless.

Grant Applicant: An organization that intends to apply for FHPAP funds.

Grantee: The primary entity that has applied for and has been awarded funds from FHPAP. A grantee may have Subgrantees within their FHPAP project.

Grant Contract Agreement: The agreement between Minnesota Housing and the Grantee that governs the Grantee's use of FHPAP funds.

Homeless Management Information System (HMIS): A [local web-based information technology system](#) used to collect participant-level data and data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.

HMIS Lead Agency: The entity responsible for managing the HMIS for the geographic area, in accordance with the requirements prescribed by HUD. The [Institute for Community Alliance \(ICA\)](#) is the designated HMIS Lead Agency for the state of Minnesota.

Homework Starts with Home (HWSH) Program: [Minn. Stat. 462A.204, subd. 8](#) outlines requirements for school stability projects, which are relevant to the [Homework Starts with Home \(HSWH\) Program](#). The HSWH Program serves families with children eligible for a prekindergarten through grade 12 academic program and youth (with or without children of their own) who are eligible for an academic program through grade 12 and who are without their parent or guardian. HWSH utilizes both FHPAP and Housing Trust Fund Program Rental Assistance infrastructure.

Minnesota Homelessness Prevention Assessment Tool (M-PAT): An optional assessment tool designed to verify household eligibility for FHPAP homeless prevention and identify the most vulnerable households most likely to experience homelessness if they do not receive assistance. This assessment is available in Hmong, Somali, and Spanish.

Permanent Housing: Includes several living situations such as home ownership, household renting with their own lease, renting in a roommate situation, living in a host home, or other permanent tenure.

Permanent Supportive Housing (PSH): Permanent rental housing affordable to the population served where support services are available to residents. Permanent Supportive Housing is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are homeless and those with mental illness, substance abuse disorders, and other disabilities. HUD requires a disability for Permanent Supportive Housing eligibility for people experiencing homelessness. The terms Supportive Housing and Permanent Supportive Housing are used interchangeably in the industry.

Rapid Rehousing (RRH): Rapid Rehousing is an intervention designed to help individuals and families to quickly exit homelessness and return to Permanent Housing. Rapid Rehousing assistance is offered without preconditions (such as employment, income, absence of criminal record, or sobriety), and the resources and services provided are typically tailored to the unique needs of the household. The core

components include housing identification, move-in and rental assistance, and case management and services. The length of assistance can vary between three and 24 months.

Street Outreach: Intentional engagement to provide emergency services and link households who are homeless or at imminent risk of homelessness and not otherwise be connected to the homeless response system with available shelter, housing, and/or critical health and supportive services.

Subgrantee: An agency or organization that is solicited by the Grant Applicant or Grantee to participate as an administrator with the Grantee in the FHPAP.

Supportive Housing (SH): Supportive Housing, in its broadest definition, is affordable housing linked with social services tailored to the needs of the population being housed. The goal of Supportive Housing is to provide affordable housing with access to an array of services designed to foster housing stability and improve health and quality of life for the population to be served. The terms Supportive Housing and Permanent Supportive Housing are used interchangeably in the industry.

Transitional Housing (TH): Temporary housing, with services, that facilitates the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months or less).

Trauma-Informed: To recognize that many people have experienced trauma in their lifetime and that programs must be designed to respond to people with respect and accommodate the needs of people who have or are currently experiencing trauma as stated in [Minnesota Laws 2024, Ch. 127, art. 16, sec. 2\(a\)\(2\)](#).

Tribal General Welfare: or "Indian General Welfare Benefit" is any payment made or services provided to or on behalf of a member of an Indian Tribe under an Indian Tribal government program if: 1) such program is administered under specified guidelines and does not discriminate in favor of members of the governing body of the Indian Tribe and 2) the program benefits are available to any Tribal member, are for the promotion of general welfare, are not lavish or extravagant, and are not compensation for services. The Tribal General Welfare Exclusion Act of 2014 amends the Internal Revenue Code to exclude from gross income, for income tax purposes, the value of Tribal General Welfare.



Item: Approval, Contract Amendment, Family Homeless Prevention and Assistance Program Funds for \$40 million

Action Item: 7.1
Date: 06/25/2026
Staff Contacts: Diane Elias, 651.539.9679, diane.elias@state.mn.us
Nancy Urbanski, 652.539.9843, nancy.urbanski@state.mn.us
Lauren Stelter, 651.539.9802, lauren.stelter@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of the Resolution authorizing the funding modification for an additional commitment of \$40 million in Family Homelessness Prevention and Assistance Program (FHPAP) funds. This action will provide additional funding to 24 current grantees to provide supportive services and direct financial assistance to households experiencing homelessness, or at risk of homelessness, throughout the state of Minnesota.

Fiscal Impact

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

Agency Priorities

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

Attachments

- Background
- Resolution

Background

In May 2026, Minnesota Laws 2026 [Chapter 100, Article 1, Section 3, Subd. 3](#) and [Chapter 128, Article 8, Sections 10 and 16](#) authorized an additional \$40 million in one-time FHPAP funds. Session law allows the funds to be awarded to existing administrators.

On June 26, 2025, the Minnesota Housing Board approved Resolution No. 25-045, authorizing the commitment of \$27,143,000 in funding to 20 grant administrators to provide statewide coverage for FHPAP for the current biennium. The grant term for these funds is October 1, 2025, through September 30, 2027. The following month, on July 24, 2025, the Minnesota Housing Board approved Resolution No. 25-048, authorizing the commitment of \$1,745,000 in funding to Dakota County to provide support services and direct assistance through FHPAP for the current biennium for the same grant term as the other approved administrators.

On February 2, 2026, the Minnesota Housing Board approved Resolution No. MHFA 26-018, authorizing the extension of grant contract agreements and funding modifications in the amount of \$3,089,855 in additional FHPAP funds to four 2024-25 Round 2 Administrators in the metro area. With this funding modification and extension, the new grant expiration date for these grantees is September 30, 2027.

Session Law states the appropriated \$40 million is to be spent before December 31, 2026. It also requires Minnesota Housing to consider community need, geographic distribution and grantee capacity in award recommendations for the additional \$40 million. Staff conducted the following analysis to meet this requirement.

Community Need and Geographic Distribution

To determine the distribution of available resources, Minnesota Housing considers a region's share of need against the entire state for the regional Share of Relative Need. This method is an adaptation of an index developed by the Urban Institute.

The Share of Relative Need is determined by assessing several factors, including:

- People in poverty
- Renter households
- Workers who are unemployed
- Low-income renter households that spend 50% or more of their income on housing
- Severely overcrowded renter households
- Black, Indigenous and people of color populations
- Renter households whose income does not exceed 30% of the area median income
- Households receiving public assistance
- People born outside of the U.S
- Wilder Homeless Survey (Tribal Nations only)

Funds are separated into three regions to base proportion Share of Relative Need:

- Tribal Nations (8.96%)

- Greater Minnesota (32.87%)
- Metro area (58.17%)

Grantee Capacity

To better understand grantee capacity, staff surveyed the above-referenced grant administrators to determine how many additional households could be served by December 31, 2026. Staff also reviewed current expenditure rates and levels to determine if grant administrators were on track with expending current grant funds.

Sixteen of the 24 administrators reported that, with additional funding, they can serve additional households in an equal or greater amount than their share of relative need. The remaining eight administrators indicated that, with additional funding, they too could serve additional households, but their capacity limited them to funding less than their share of relative need.

Recommendations:

Considering geographic distribution, community need and grantee capacity, staff recommends:

- Funding allocations to benefit all three geographic categories: Tribal Nations, greater Minnesota and the metro
- Ensure the relative share of need is met in each geography, to the extent the capacity is available to support it
- Fund the administrators at the level they requested based on their own capacity assessment. For administrators who do not have the capacity to take their entire share of relative need, reallocate those funds first to overlapping jurisdictions who are best positioned to serve households from neighboring communities and then allocate the remaining funds to other Administrators in the same geographic category.

The Tribal Nations share of relative need was 8.9%. White Earth, on behalf of the Minnesota Tribal Collaborative (MTC), operates the current biennium grant with other Tribal Nations as subgrantees as part of the regular FHPAP competitive process. Tribal Nations are also operating their own separate agreements with FHPAP Direct Allocation funds. With the assistance of the MTC, White Earth requested a smaller portion than their share of relative need and is receiving their full request.

Staff will continue to monitor expenditure rates of grant administrators and will reallocate unexpended funds if needed and in partnership with grantees.

The following chart highlights specific funding recommendations:

Greater Minnesota Grantee	Counties or Tribal Nations Service Area	Original 2026-27 Selection	Recommended Funding Modification Increase	Recommended Amended Amount
Bi-County Community Action Programs, Inc.	Beltrami and Cass	\$ 364,000	\$ 504,000	\$ 868,000
Center for African Immigrants and Refugees Organization (CAIRO)	Stearns, Benton and Sherburne	\$ 481,000	\$ 1,277,500	\$ 1,758,500
Kootasca Community Action, Inc.	Cook, Itasca, Koochiching and Lake	\$ 250,500	\$ 250,000	\$ 500,500
Lakes and Pines Community Action Council, Inc.	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs and Pine	\$ 635,000	\$ 1,000,000	\$ 1,635,000
Lakes and Prairies Community Action Partnership, Inc.	Clay and Wilkin	\$ 365,000	\$ 522,513	\$ 887,513
Lutheran Social Service of Minnesota	Todd, Crow Wing and Morrison	\$ 395,000	\$ 522,532	\$ 917,532
Lutheran Social Service of Minnesota	Benton, Sherburne, Stearns and Wright	\$ 1,205,000	\$ 702,500	\$ 1,907,500
Mahube-Otwa Community Action Partnership, Inc.	Becker, Mahnommen, Hubbard, Otter Tail and Wadena	\$ 541,000	\$ 1,200,000	\$ 1,741,000
St. Louis County	St. Louis	\$ 814,500	\$ 1,106,273	\$ 1,920,773
Three Rivers Community Action, Inc.	Dodge, Freeborn, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona, Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca and Watonwan	\$ 2,880,000	\$ 4,000,000	\$ 6,880,000
Tri-Valley Opportunity Council, Inc.	Polk, Mashall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau and Lake of the Woods	\$ 340,000	\$ 500,115	\$ 840,115

United Community Action Partnership	Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiyohi, McLeod, Meeker, Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Park and Big Stone	\$ 1,015,000	\$ 1,800,000	\$ 2,815,000
West Central Minnesota Communities Action	Grant, Pope, Stevens, Traverse and Douglas	\$ 211,500	\$ 294,334	\$ 505,834
Subtotal		\$ 9,497,500	\$ 13,679,767	\$ 23,177,267

Tribal Nation Grantee	Counties or Tribal Nations in Applicant Service Area	2026-27 Selection	Recommended Funding Modification Increase	Recommended Amended Amount
White Earth Reservation Business Committee	Red Lake Nation, Mille Lacs Band, Leech Lake Band, White Earth Nation, Fond du Lac Band of Lake Superior Chippewa and Bois Forte Band	\$ 2,588,000	\$ 1,500,000	\$ 4,088,000
Subtotal		\$ 2,588,000	\$ 1,500,000	\$ 4,088,000

Metro Grantee	Counties or Tribal Nations in Applicant Service Area	2026-27 Selection	Recommended Funding Modification Increase	Recommended Amended Amount
Anoka County	Anoka County	\$ 1,395,000	\$ 1,755,683	\$ 3,150,683
Carver County Health and Human Services	Carver and Scott counties	\$ 758,500	\$ 1,000,000	\$ 1,758,500
Dakota County Community Services	Dakota County	\$ 1,745,000	\$ 2,448,000	\$ 4,193,000
Greater Minneapolis Council of Churches*	Hennepin County	\$ 707,913	\$ 398,900	\$ 1,106,813
Hennepin County	Hennepin County	\$ 8,075,000	\$ 11,000,000	\$ 19,075,000

Minnesota One-Stop for Communities*	Ramsey County	\$ 1,199,021	\$ 180,000	\$ 1,379,021
Ramsey County	Ramsey County	\$ 4,015,000	\$ 5,281,093	\$ 9,296,093
Sabathani Community Center*	Hennepin County	\$ 609,588	\$ 892,000	\$ 1,501,588
Washington County	Washington County	\$ 814,000	\$ 1,200,000	\$ 2,014,000
Women's Advocates*	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties	\$ 573,333	\$ 664,557	\$ 1,237,890
Subtotal		\$ 19,892,355	\$ 24,820,233	\$ 44,712,588

*2024-25 Round 2 grant administrator

Staff recommends approval of a grant award funding modification for an additional \$40 million to 24 FHPAP grant contracts. Upon board approval, notifications of funding will be sent to grant administrators who will submit due diligence items in July with a goal of having contract amendments executed by August 2026.

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

**RESOLUTION NO. MHFA 26-XXXX
Modifying Resolutions No. MHFA 25-045, 25-048 and 26-018**

**RESOLUTION APPROVING COMMITMENT MODIFICATIONS OF FAMILY HOMELESS
PREVENTION AND ASSISTANCE PROGRAM (FHPAP)**

WHEREAS at their meeting on June 26, 2025, the Board approved the execution of Grant Contract Agreements with 19 grantees to provide support services and direct assistance funded with \$27,143,000 by its Resolution No. MHFA 25-045; and

WHEREAS at their meeting on July 24, 2025, the Board approved the execution of a Grant Contract Agreement with Dakota County to provide support services and direct assistance funded with \$1,745,000 by its Resolution No. MHFA 25-048; and

WHEREAS at their meeting on February 26, 2026, the Board approved the execution of Grant Contract Amendments with four 2024-25 Round 2 grantees in the amount of \$3,089,855 by its Resolution No. 26-018; and

WHEREAS the grant period for all 24 grantees extends through at least September 30, 2027; and

WHEREAS in May of 2026 the Minnesota Legislature approved an additional \$40 million in one-time FHPAP funds and allowed appropriated funds to be awarded to existing administrators, and

WHEREAS the Minnesota Housing Finance Agency (“Agency”) staff have determined that the grant amendments are in compliance with the Agency’s rules, regulations and policies and this action will continue to fulfill the purpose of [Minnesota Statute Chapter 462A](#).

NOW THEREFORE, BE IT RESOLVED:

- 1) THAT, the Board hereby authorizes Agency staff to amend the existing Grant Contract Agreements executed under Resolutions 25-045, 25-048 and 26-018, using state resources as set forth below, subject to available appropriated funding and changes allowable under Agency and Board policies:

Grantee	Counties or Tribal Nations in Applicant Service Area	Funding Modification Recommended	Amended Amount
Anoka County	Anoka County	\$ 1,755,683	\$ 3,150,683
Bi-County Community Action Programs, Inc.	Carver, Scott counties	\$ 504,000	\$ 868,000
Carver County Health and Human Services	Carver, Scott counties	\$ 1,000,000	\$ 1,758,500
Center for African Immigrants and Refugees Organization	Stearns	\$ 1,277,500	\$ 1,758,500
Dakota County Community Services	Dakota County	\$ 2,448,000	\$ 4,193,000
Greater Minneapolis Council of Churches	Hennepin County	\$ 398,900	\$ 1,106,813
Hennepin County	Hennepin County	\$ 11,000,000	\$ 19,075,000
Kootasca Community Action, Inc.	Cook, Itasca, Koochiching and Lake	\$ 250,000	\$ 500,500
Lakes and Pines Community Action Council, Inc.	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs and Pine	\$ 1,000,000	\$ 1,635,000
Lakes and Prairies Community Action Partnership, Inc.	Clay and Wilkin	\$ 522,513	\$ 887,513
Lutheran Social Service of Minnesota	Todd, Crow Wing and Morrison	\$ 522,532	\$ 917,532
Lutheran Social Service of Minnesota	Benton, Sherburne, Stearns and Wright	\$ 702,500	\$ 1,907,500
Mahube-Otwa Community Action Partnership, Inc.	Becker, Mahnomen, Hubbard, Otter Tail and Wadena	\$ 1,200,000	\$ 1,741,000

Grantee	Counties or Tribal Nations in Applicant Service Area	Funding Modification Recommended	Amended Amount
Minnesota One Stop for Communities	Ramsey County	\$ 180,000	\$ 1,379,021
Ramsey County	Ramsey County	\$ 5,281,093	\$ 9,296,093
Sabathani Community Center	Hennepin County	\$ 892,000	\$ 1,501,588
St. Louis County	St. Louis	\$ 1,106,273	\$ 1,920,773
Three Rivers Community Action, Inc.	Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Sibley, Steele, Olmsted, Rice, Wabasha, Waseca, Winona and Watonwan	\$ 4,000,000	\$ 6,880,000
Tri-Valley Opportunity Council, Inc.	Polk, Marshall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau and Lake of the Woods	\$ 500,115	\$ 840,115
United Community Action Partnership	Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiyohi, McLeod, Meeker, Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Park and Big Stone	\$ 1,800,000	\$ 2,815,000
Washington County	Washington County	\$ 1,200,000	\$ 2,014,000

Grantee	Counties or Tribal Nations in Applicant Service Area	Funding Modification Recommended	Amended Amount
West Central Minnesota Communities Action	Grant, Pope, Stevens, Traverse and Douglas	\$ 294,334	\$ 505,834
White Earth Reservation Business Committee	Red Lake Nation, Mille Lacs Band, Leech Lake Band, White Earth Nation, Fond du Lac Band of Lake Superior Chippewa and Bois Forte Band	\$ 1,500,000	\$ 4,088,000
Women's Advocates	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties	\$ 664,557	\$ 1,237,890
TOTAL		\$ 40,000,000	\$ 71,977,855

1. The issuance of Grant Contract Amendments in form and substance acceptable to Agency staff, and the execution of Grant Contract Amendments shall occur no later than six months from the adoption date of this Resolution; and
2. The grantees and such other parties shall provide such information and execute all such documents relating to said Grant Contract Amendments as the Agency, in its sole discretion, deems necessary.

Adopted this 25th day of June 2026

CHAIR



Item: Rental Housing Bonds Resolution

Action Item: 7.J
Date: 6/25/2026
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

The Rental Housing Bond Resolution (the RHB Resolution) authorizes the Agency to enter into hedge agreements with third parties (each a Hedge Counterparty) to mitigate the interest-rate risk of variable-rate bonds. However, the RHB Resolution requires that any Hedge Counterparty have a rating at least as high as the current ratings on the bonds issued under the RHB Resolution. Currently, no Hedge Counterparties have ratings as high as RHB bonds (Aa1/AAA, Moody's/S&P).

Agency staff believe it is in the best interests of the Agency to amend the RHB Resolution to adjust the ratings requirement for Hedge Counterparties to align with the minimum counterparty rating requirements (Aa3/AA-, Moody's/S&P) set forth in the Agency's Debt and Balance Sheet Management Policy. There would remain a provision requiring that the use of a hedge agreement with a Hedge Counterparty would not impair the rating with respect to any outstanding Rental Housing Bonds.

Fiscal Impact

The Agency could issue variable-rate bonds under the RHB Resolution and be allowed to hedge the interest-rate risk with interest-rate swaps from highly-rated counterparties, enabling the Agency to structure synthetic-fixed-rate-bond issues at cheaper cost of funds than natural fixed-rate-bond issues.

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

Attachments

- Resolution

RESOLUTION NO. MHFA 26-047

RESOLUTION AMENDING AND SUPPLEMENTING
RESOLUTION NO. MHFA 88-12, RELATING TO HEDGE
AGREEMENTS IN RESPECT OF RENTAL HOUSING BONDS
OF THE MINNESOTA HOUSING FINANCE AGENCY

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Recitals. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (the “Bond Resolution”), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Bond Resolution.

Section 2. Authority for Amendments. Pursuant to Section 902 thereof, the Bond Resolution may be amended or supplemented by the adoption of a Supplemental Bond Resolution consented to by the Holders of at least a majority in principal amount and Accreted Value of the Bonds Outstanding under the Bond Resolution at the time such consent is given.

Section 3. Purpose of Amendments. Section 204(A) and Section 205 of the Bond Resolution authorize the Agency to enter into certain hedge agreements with Hedge Counterparties to exchange, cap, or otherwise limit or adjust interest rates in conjunction with Bonds outstanding under or proposed to be issued pursuant to the Bond Resolution and any applicable Series Resolution adopted by the Agency. It is considered necessary and desirable that the Bond Resolution be amended and supplemented as in this Supplemental Bond Resolution hereinafter provided so as to authorize the Agency to enter into such hedge agreements with Hedge Counterparties that have a credit quality which meets the requirements as set forth in the Agency’s policies adopted by its board of directors, as such policies are in effect at the time the Agency enters into any hedge agreements with such Hedge Counterparty.

In the following Sections of this Supplemental Bond Resolution, amendments of the provisions of the Bond Resolution (except for amendments adding complete definitions or sections) are indicated by underlining for addition and by interlineation for deletion.

Section 4. Amendment of Section 103 of Bond Resolution. Section 103 of the Bond Resolution is hereby amended by adding the following definition thereto:

“Agency Policies: Policies governing the Agency adopted by the Agency’s board of directors, as set forth in its book of Minnesota Housing Board Policies.”

Section 5. Amendment of Section 205 of Bond Resolution. Section 205 of the Bond Resolution is hereby amended to read, as follows:

“SECTION 205. 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 205 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, a nationally recognized bond rating agency as high as or higher than the Rating on the Outstanding Bonds a credit quality that meets the requirements of any Agency Policies then in effect;~~ 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 of Section 404 or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.”

Section 6. Consent of Bondholders. Upon receipt of consent to this amendment by the Holders of at least a majority in principal amount and Accreted Value of the Bonds Outstanding under the General Resolution at the time such consent is given, the Commissioner is authorized and directed to file a certified copy of this Supplemental Bond Resolution with the Trustee under the Bond Resolution.

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Adopted by the Minnesota Housing
Finance Agency this 25th day of
June, 2026

By: _____
Chairman

Attest: _____
Commissioner

[Resolution No. MHFA 26-047]



Item: NOAH Pool I – Loss Mitigation

Action Item: 7.K
Date: 6/25/2026
Staff Contacts: Matt Dieveney, 651.539.9827, matthew.dieveney@state.mn.us
Request Type: Approval, Motion

Request Summary

In 2017, the board authorized the Agency to commit \$5 million to NOAH Pool I (NP1) investment fund organized by Greater Minnesota Housing Fund (GMHF). NP1 was created to purchase naturally occurring affordable housing (NOAH) multifamily properties to preserve their affordability as for-profit investors were purchasing these properties to renovate and raise rents. One of the purchased properties, Villa Nova in South Minneapolis, has experienced significant operating challenges and the Agency faces a financial loss on its investment. GMHF has proposed the early sale of Villa Nova to mitigate losses. Agency staff seeks the board’s authorization to vote to approve the proposed early sale.

Fiscal Impact

Agency staff expect financial losses on its \$5 million investment in NOAH Pool I will be lower if the proposed action is approved.

Agency Priorities

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

Attachments

- Background
- NOAH Impact Fund Memo
- NOAH Pool I Participant Approval Request
- 2017 Board Report

Background

In 2017, the board authorized the Agency to commit up to \$5 million into the \$32.5 million NOAH Pool I (NP1) fund organized by Greater Minnesota Housing Fund (GMHF) and administered by NOAH Impact Fund (NIF). At that time, there was a strong threat of naturally occurring affordable housing (NOAH) multifamily properties being bought up by for-profit investors that would renovate the properties, raise rents and often displace residents.

GMHF organized NP1 to bring together capital from socially-minded financial institutions to quickly purchase NOAH properties as they came to market to preserve affordability and put them into good stewardship. Each property was purchased by NP1 and an Operating Partner (OP) who managed the property and was in first-loss position. NP1 and the OP shared 100% of the equity, with NP1 having 90% of the equity and the OP having 10% of the equity, constituting about 30% of the total project cost. The remaining 70% of the total project cost, including the purchase price, modest rehabilitation, and transaction costs, were generally financed with first mortgage loans from Freddie Mac.

NP1 was a structured fund with Class-A, B, and C notes totaling \$17 million held by banks. Minnesota Housing holds all \$5 million of Class-D notes. The McKnight Foundation, Hennepin County and GMHF hold \$10.5 million of Class-M, E, and Z notes subordinate to Class-D. NP1 has a waterfall structure where the most senior notes are paid-off first, then the next most senior notes and so on. The OP's equity was in first-loss position. The \$10.5 million of Class-M, E, and Z notes would need to experience total losses before Minnesota Housing's Class-D notes faced losses.

Minnesota Housing advanced a total of \$4,688,680 in Class-D notes. NP1 purchased five properties. The final property, Villa Nova, was acquired in 2019. Villa Nova was a scattered-site property, but it was mostly located on the Lake Street corridor of South Minneapolis. This was an area hit especially hard by the COVID-19 pandemic, the social unrest in the wake of George Floyd and the ICE occupation. Due to these unforeseen environmental factors beyond the control of NP1 and the OP, Villa Nova has struggled with vacancies, rent reductions and increasing operating costs.

Aeon is the OP for Villa Nova and two other properties purchased by NP1. Aeon has been covering operating losses, but that is not sustainable and Aeon may ultimately let the property go into foreclosure if not able to sell the property soon. There is no indication that Villa Nova's operating performance would improve if Aeon was replaced with another operating partner.

A broker's opinion of value commissioned by NIF estimates that Villa Nova's market value has decreased 35% since it was purchased by Aeon and NP1. There is no expectation of any meaningful increase in market value by 2029 given the substantial misalignment of current revenue and expenses. With a 35% drop in market value, the 30% equity position shared by NP1 and the OP would be lost. Note that the City of Minneapolis also provided a \$4.5 million deferred loan that appears likely to be lost. Anticipated sales proceeds would all go to paying off the Freddie Mac first mortgage loan, and it appears that the sales proceeds may be insufficient to fully repay Freddie Mac.

After the sale of Villa Nova, resulting in no capital coming back to NP1, NP1 still has to exit three other properties in its portfolio: Towers Two (2027), The Provinces (2028), and Hyacinth Apartments (2029). Class-A, B, and C notes are expected to be entirely paid off when the remaining properties in NP1 exit the fund at their respective exit dates. Class-M, E, and Z notes anticipate total losses. Most of Minnesota Housing's investment in Class-D notes is expected to be lost with an estimated \$3.7 million loss of principal and \$1.0 million loss of accrued interest. We won't know actual numbers until all the remaining properties in NP1 exit the fund.

GMHF has proposed a loss-mitigation plan to allow the sale of Villa Nova before the prescribed 2029 exit date. A unanimous affirmative vote by participants is required to proceed with the early sale; however, the early sale will be contingent on a memorandum of understanding between NP1 and Aeon that any gains from the future sale of the other two Aeon-operated properties would be shared proportionally between NP1 and Aeon. By voting to approve the proposal, Agency staff believe the financial losses on its \$5 million investment in Class-D notes will be less severe than if not approved.



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 Suite 201-S
 Saint Paul, MN 55114
office 651-221-1997
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fax 651-221-1904
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MEMORANDUM

June 5, 2026

TO: NOAH Pool I Participants

FROM: John Errigo Fund Manager, NOAH Impact Fund

RE: Early Sale and Exit of Villa Nova from NOAH Pool I

Requested Action

Aeon – the OP Member of Villa Nova Preservation JV LLC, the ownership entity of the Eligible Property commonly known as Villa Nova – has requested that NOAH Pool I approve the early sale and exit of Villa Nova from NOAH Pool I, which otherwise would occur on or about July 12, 2029, the 10-year anniversary of Villa Nova’s acquisition by NOAH Pool I and Aeon.

After careful consideration of the facts and circumstances presented herein, the Fund Manager and the Investment Committee both recommend that the Participants approve the early sale and exit of Villa Nova from NOAH Pool I, anticipated to occur in 2026. NOAH Pool I expects to incur a total loss on Villa Nova, including its equity investment and its hurdle return, so said recommendation and approval is contingent on NOAH Pool I and Aeon executing a Memorandum of Understanding to share the upside, if any, from the eventual disposition of two other Eligible Properties acquired by NOAH Pool I and Aeon: Towers Two (scheduled for October 2027) and The Provinces (scheduled for June 2028). NOAH Pool I and Aeon would share, 90% to NOAH Pool I and 10% to Aeon, any excess refinancing proceeds or, more likely, sale proceeds remaining after Aeon makes the required Exit Payments for Towers Two and The Provinces to NOAH Pool I.

Supportive Considerations

After careful consideration of the facts and circumstances presented herein, the Fund Manager and the Investment Committee both recommend that the Participants approve the early sale and exit of Villa Nova from NOAH Pool I based on the following considerations:

1. Villa Nova, a scattered site portfolio of 220 units with 14 out of 16 buildings located along the Lake Street corridor in South Minneapolis, has suffered significant operational

stress caused by uncontrollable external events including the economic and social fallout from the COVID-19 pandemic, the protests over George Floyd's murder by a Minneapolis police officer in May 2020, and Operation Metro Surge earlier this year. Villa Nova hasn't recovered from the trauma of the last six years and is beleaguered by elevated costs for maintenance, utilities, insurance, and security, and is also running at 20%+ vacancy even though Aeon reduced some rents to stay competitive in the market and attract renters. The lower rents have contributed to performance issues at the property and fund levels but likely helped some low-income residents stay housed during and following the COVID-19 pandemic.

2. Aeon has funded operating deficits of \$1+ million annually for the past few years, which isn't sustainable. Further, the scale of the operating deficits demonstrates a structural disconnect between potential revenue and actual expenses, indicating that there's no viable path in the near term to restructure or refinance the existing debt and no viable path in the foreseeable future to modestly increase rents, right-size expenses, and increase the property's value. Hence, the preferred course of action is for Aeon to sell Villa Nova and exit NOAH Pool I about three years ahead of schedule. Because the Edina and Northeast Minneapolis locations don't utilize extra security and don't have atypical damage and maintenance costs, the operating deficits are driven by the 14 locations along the Lake Street corridor in South Minneapolis.
3. NOAH Impact Fund completes an exit analysis annually for NOAH Pool I's portfolio. To date, only Villa Nova is characterized as impaired because, based on a recent broker's opinion, its estimated market value has continued to decline and is now close to its first mortgage balance, so its sale won't support any repayment to NOAH Pool I. Villa Nova won't return NOAH Pool I's capital of \$8,948,400 or pay NOAH Pool I's make-up distribution of about \$3 million, so the total loss will extend from Greater Minnesota Housing Fund in Class Z through Hennepin County in Class E and McKnight Foundation in Class M and into Minnesota Housing in Class D. According to the 2025 Annual Report & Projection completed by The Financial Services Consulting Group and shared with the Participants as part of NOAH Pool I's annual reporting, the three banks in Classes B and C are still projected to be paid in full, reflecting a fund structure that secured risk-tolerant non-profit and government resources in Classes D through Z to minimize the risk of loss for Classes A through C and thereby attract bank capital that previously wasn't available in the affordable housing ecosystem for NOAH preservation.
4. The Fund Manager considered, on several occasions, removing Aeon as the OP Member and, separately, as the Property Manager due to the lack of cash distributions from Villa Nova. However, the operational stress at Villa Nova was caused by external events that Aeon couldn't control, including deteriorating building locations, and any replacement OP Member or Property Manager would have faced the same constraints. Further, there was no genuine interest from potential replacement OP Members due to the financial risk of being the first mortgage guarantor or from potential replacement Property Managers due to the scattered sites which proved to be harder to manage efficiently. Aeon, to its credit, engaged leasing specialists to improve occupancy, contracted with vendors to handle maintenance and security, actively managed Villa

Nova despite the headwinds, and funded millions of dollars to cover operating deficits. Aeon also utilized Hennepin County's Repair & Grow Fund to temporarily stabilize operations and NOAH Impact Fund's Crossroads Rent Assistance Fund to provide emergency rent assistance during and following the COVID-19 pandemic. Villa Nova's challenges were caused by outside factors, not Aeon.

5. Villa Nova offers rents that are considered to be affordable to households with incomes between 50% and 60% of AMI, but over 70% of Villa Nova's households have incomes at or below 30% AMI and many of them are likely rent burdened (paying more than 30% of their income for rent if they don't have rental assistance). If the Investment Committee and the Participants approve the recommendation, subject to approval from the other funders, Aeon would proceed to list Villa Nova for sale but would continue to actively manage Villa Nova. This is likely the best possible outcome for the stability of the housing and the residents. If the Investment Committee or the Participants decline the recommendation, the Fund Manager believes that Aeon could stop paying the first mortgage and let Villa Nova go into foreclosure, as the fastest way for Aeon to stop hemorrhaging cash approaching \$100,000 per month. This would likely be the worst possible outcome for the stability of the housing and the residents.
6. NOAH Pool I will experience a total loss whether Villa Nova exits by sale or foreclosure. However, the best possible outcome for the Participants is sharing the upside, if any, from the eventual disposition of Towers Two and The Provinces, which is only available if the Investment Committee and the Participants approve the recommendation. To be transparent, based on recent broker's opinions of their value, Towers Two would likely support a small upside and The Provinces would likely support no upside if they were sold at the same time as Villa Nova later in 2026. However, their upside could improve by their scheduled disposition dates in October 2027 for Towers Two and June 2028 for The Provinces. Aeon is focused on Villa Nova right now but could later ask NOAH Pool I to approve the early sale and exit of Towers Two and The Provinces.

Final approval by the Participants requires a unanimous vote of the Participants.

Please see the appendix for additional background information about the creation of NOAH Impact Fund, the structure of NOAH Pool I, and the operational challenges at Villa Nova.

END OF MEMO

APPENDIX

NOAH Impact Fund Background

Greater Minnesota Housing Fund (GMHF) established NOAH Impact Fund (NIF) in 2017 in partnership with McKnight Foundation.

The impetus behind establishing NIF included the tragic displacement of 698 low-income households with more than 2,200 residents when Crossroads at Penn, a NOAH property in Richfield, was upscaled and rebranded as The Concierge in 2015; research funded by McKnight Foundation and conducted by the Center for Urban and Regional Affairs that signaled the strong possibility of gentrification and involuntary displacement of low-income residents in certain neighborhoods in Minneapolis and St. Paul; and an affordable housing crisis throughout Minnesota that elevated NOAH preservation as a cost-effective, faster, and necessary strategy to maintain the supply of affordable housing in addition to new construction.

NIF's charitable purpose is to aggregate and deploy social impact capital to acquire and preserve Naturally Occurring Affordable Housing (NOAH) properties in the Twin Cities metro area that are at-risk of market upscaling, lost affordability, and resident displacement. NIF is a creative, impactful, replicable response that disrupted the market by using low-cost, patient capital to effectively compete with real estate speculators and acquire NOAH properties with operating partners that would be good stewards. NIF has accomplished its goal to keep rents as affordable as possible and keep low-income people housed, with NOAH Pool I (NIF's first phase, NP1) acquiring 701 NOAH units and NOAH Pool II (NIF's second phase, NP2) acquiring 306 NOAH units as of May 2026. But for NIF, many more low-income residents would have faced the likelihood of higher rents and involuntary displacement.

NOAH Pool I Structure

NP1 is a structured loan fund with tranches (Classes) of lenders (Participants). NP1 launched in June 2017 capitalized at \$32.5 million including \$25 million to acquire NOAH properties and \$7.5 million in a Credit Reserve. NP1's capital deployment and property acquisition period ended on June 1, 2020. NIF is the Program Administrator and the sole member of NP1.

Participants in NP1 include three community banks, Minnesota Housing, Hennepin County, McKnight Foundation, and GMHF in the first-loss tranche.

For each NOAH acquisition, NP1 is the Equity Partner Member (EP Member), normally with a 90% ownership interest; and a non-profit or mission-aligned for-profit is the Operating Partner Member (OP Member), normally with a 10% ownership interest. NP1's operating partners include the non-profit Aeon and for-profits Real Estate Equities and Hempel Companies.

NP1 is independent of GMHF. The assets and liabilities associated with the acquired NOAH properties don't consolidate from NP1 to GMHF. At the property level, the OP Member is responsible for funding operating deficits. At the fund level, the Participants' sole source of repayment is from the disposition of NP1's acquired NOAH properties.

Challenges Operating Villa Nova

When GMHF established NIF in 2017, the fund-level and property-level modeling was based on historic data and current trends as well as standard assumptions around expected rent growth, projected operating costs, anticipated staffing needs, future property values, and economic versus physical vacancy. When NP1 acquired NOAH properties from 2017 through 2019, those assumptions were valid and supported by comparable NOAH properties and the underwriting practices of the GSE lenders in the NOAH space, Freddie Mac and Fannie Mae.

Unsurprisingly, the onset of the COVID-19 pandemic in March 2020 and the resulting economic and social shocks greatly impacted the multifamily rental market nationally. Owners saw high physical occupancy due to eviction moratoriums but lower economic occupancy as many residents couldn't pay their rent due to losing their job or having to stay home because they were sick or caring for a family member. Inflation drove up costs for maintenance, utilities, insurance, and staffing. Residents began having public safety and neighborhood livability concerns, especially in areas of Minneapolis and St. Paul that were impacted by the protests over George Floyd's murder, leading to higher security costs. Properties struggled to fill open positions and keep up with leasing and repairs, resulting in greater vacancy and deferred maintenance especially starting in 2022 after eviction moratoriums were lifted and emergency rental assistance programs ended. These issues have greatly affected market rate and affordable housing, including NOAH properties.

NP1 and Aeon acquired Villa Nova in July 2019. Pressure from real estate speculators seeking to upscale and rebrand NOAH properties was great at that time and there was a real risk for the Villa Nova portfolio that affordability could be lost and the low-income residents could be displaced. Today, that risk has largely abated, not necessarily in other communities in the Twin Cities metro area but certainly in the areas around the Villa Nova portfolio.

Villa Nova, a scattered site portfolio of 220 units with 14 out of 16 buildings located along the Lake Street corridor in South Minneapolis, has suffered significant operational stress caused by uncontrollable external events including the economic and social fallout from the COVID-19 pandemic, the protests over George Floyd's murder by a Minneapolis police officer in May 2020, and Operation Metro Surge earlier this year. Villa Nova hasn't recovered from the trauma of the last six years and is beleaguered by elevated costs for maintenance, utilities, insurance, and security, and is also running at 20%+ vacancy even though Aeon reduced some rents to stay competitive in the market and attract renters. The lower rents have contributed to performance issues at the property and fund levels but likely helped some low-income residents stay housed during and following the COVID-19 pandemic. Aeon has funded operating deficits of \$1+ million annually for the past few years, which isn't sustainable. Because the Edina and Northeast Minneapolis locations don't utilize extra security and don't have atypical damage and maintenance costs, the operating deficits are driven by the 14 locations along the Lake Street corridor in South Minneapolis.

NIF completes an exit analysis annually for NP1's portfolio. All of NP1's properties have experienced operational stress of varying degrees that limited or precluded cash distributions periodically. However, NP1 was made whole when Fountain Terrace was sold, and NIF's recent exit analysis shows that Towers Two, The Provinces, and Hyacinth Apartments are also on track

to repay NP1. To date, only Villa Nova is characterized as impaired because, based on a recent broker's opinion, its estimated market value has fallen to about \$80,000 per unit, a 35% drop compared to its purchase price of about \$122,000 per unit. NIF has recognized Villa Nova as impaired since 2023 and Aeon reported Villa Nova as a going concern in its 2024 and 2025 audits. Villa Nova's estimated market value and first mortgage balance are now close, so its sale won't support any repayment to NP1.

NIF learned valuable tactical lessons and best practices while operating NP1 and applied them when designing NP2. However, while it solved for what happened at Crossroads at Penn, it didn't solve for the fact that many NOAH property residents have very low incomes, are living on the edge paycheck to paycheck, are only one or two incidents away from being pushed over that edge, and are rent burdened even if the rents are as low as possible. Villa Nova offers rents that are considered to be affordable to households with incomes between 50% and 60% of AMI, but over 70% of Villa Nova's households have incomes at or below 30% AMI and many of them are likely rent burdened (paying more than 30% of their income for rent if they don't have rental assistance). NIF was intended to be a low-subsidy financial tool for NOAH preservation, with any local resources leveraging additional rehabilitation and affordability enhanced by rent subsidies like Section 8. NIF wasn't designed to marshal resources to cover rent payments when residents are unable to pay their rent.

The Fund Manager explored, on several occasions, removing Aeon as the OP Member and, separately, as the Property Manager due to the lack of cash distributions from Villa Nova. However, the operational stress at Villa Nova was caused by external events that Aeon couldn't control, including deteriorating building locations, and any replacement OP Member or Property Manager would have faced the same constraints. Further, there was no genuine interest from potential replacement OP Members due to the financial risk of being the first mortgage guarantor or from potential replacement Property Managers due to the scattered sites which proved to be harder to manage efficiently. Aeon, to its credit, engaged leasing specialists to improve occupancy, contracted with vendors to handle maintenance and security, actively managed Villa Nova despite the headwinds, and funded millions of dollars to cover operating deficits. Aeon also utilized Hennepin County's Repair & Grow Fund to temporarily stabilize operations and NOAH Impact Fund's Crossroads Rent Assistance Fund to provide emergency rent assistance during and following the COVID-19 pandemic. Villa Nova's challenges were caused by outside factors, not Aeon.

NOAH Pool I Composition and Condition

NP1 is a structured loan fund that invested equity in NOAH properties. The following tables list NP1's equity investments and NP1's Classes and Participants.

GMHF and McKnight Foundation funded a Credit Reserve for NP1. GMHF provided a \$2.5 million loan in first-loss position. McKnight Foundation committed a \$5 million loan, of which \$4,688,680 was advanced proportionately as NP1 acquired each NOAH property.

NOAH Pool I Equity Investments					
<i>Property Name</i>	<i>Property Location</i>	<i>Operating Partner</i>	<i>Acquisition Date</i>	<i>Number of Units</i>	<i>Equity Invested</i>
Fountain Terrace	New Brighton	Real Estate Equities	8/14/2015	72	\$2,250,000
Towers Two	Bloomington & Brooklyn Center	Aeon	10/31/2017	239	\$7,995,000
The Provinces	Little Canada	Aeon	6/15/2018	118	\$3,030,000
Hyacinth Apartments	St. Paul	Hempel Companies	5/14/2019	52	\$1,220,000
Villa Nova	Minneapolis and Edina	Aeon	7/12/2019	220	\$8,948,400
Total				701	\$23,443,400

NOAH Pool I Classes and Participants				
<i>Class</i>	<i>Loan Amount</i>	<i>Interest Rate</i>	<i>Participant</i>	<i>Loan Status</i>
Class A	\$5,000,000	3.67%	Each class is shared equally by American National Bank, Old National Bank, and Sunrise Banks	Paid in Full
Class B	\$7,500,000	4.63%		Partially Repaid
Class C	\$4,500,000	5.10%		Fully Outstanding
Class D	\$5,000,000	5.00%	Minnesota Housing	Partial/Substantial Loss
Class M	\$5,000,000	2.00%	McKnight	Considerable/Total Loss
Class E	\$3,000,000	1.00%	Hennepin County	Total Loss
Class Z	\$2,500,000	4.00%*	GMHF	Total Loss, Written Off
Total	\$32,500,000			
* Interest has accrued since NP1's inception and is likely to be fully written off.				

If NP1's portfolio had operated close to expectations, the cash distributions generally would have been sufficient to service the Participant's loans and NP1's draws on its Credit Reserve would have been minimal. At NP1's wind-up, the cash remaining in the Credit Reserve would have been available to facilitate repaying the Participants.

Unfortunately, due to significant operational stress at NP1's acquired NOAH properties, cash distributions haven't been sufficient to pay current interest to the Participants so NP1 drew on the Credit Reserve, as intended, to pay that interest.

Draws on the Credit Reserve far exceeded expectations and NP1's portfolio is performing like the worst stress-test scenarios that The Financial Services Consulting Group modeled and NIF shared with the Participants. Currently, the Credit Reserve is projected to be exhausted by the end of 2026. Hence, NP1's ability to repay its Participants depends entirely on NP1 receiving sufficient refinancing or, more likely, sale proceeds as each NOAH property exits NP1.

The aforementioned causes of significant operational stress are also affecting market values. The impact appears to be limited for NP1's suburban properties (Fountain Terrace in New Brighton, Towers Two in Bloomington and Brooklyn Center, and The Provinces in Little Canada) as well as Hyacinth Apartments in St. Paul. The impact has been considerable for Villa Nova, which is impaired and won't support any repayment to NP1.

Classes A through E committed \$25 million in loans and advanced \$23,443,400 for NP1 to invest as equity in NOAH properties. NP1 ceased capital deployment and property acquisition activities at the onset of the COVID-19 pandemic in March 2020. GMHF's \$2.5 million in Class Z is the first-loss tranche of NP1.

As NP1's portfolio makes cash distributions or generates refinancing/sale proceeds, payments to the Participants flow through the waterfall starting at the top with Class A and going down from there. If NP1 experiences losses because the aggregate cash distributions or refinancing/sale proceeds are insufficient to pay the Participants, losses flow through the waterfall starting at the bottom with Class Z and going up from there. This fund structure was intentional, using risk-tolerant non-profit and government resources in Classes D through Z to minimize the risk of loss for Classes A through C and thereby attract bank capital that previously wasn't available in the affordable housing ecosystem for NOAH preservation.

Fountain Terrace, the pilot NOAH project, exited NP1 in February 2025 after its 10-year hold. The sale generated enough proceeds to pay off Class A, pay down Class B, and make a small contribution to replenish the Credit Reserve.

The poor performance of NP1's portfolio, and especially Villa Nova, has caused GMHF to write off its \$2.5 million loan to NP1 and is projected to cause a total loss for Hennepin County (\$2,813,208), a considerable or total loss for McKnight Foundation (\$4,688,680), and a partial or substantial loss for Minnesota Housing (\$4,688,680) (excluding interest).

Because the Credit Reserve balance is getting low, it's only being used to pay current interest to the Class B and C Participants, the full Administrative Agent fee to US Bank, and one-half of the Program Administrator fee to NIF. Unless the cash distributions from NP1's portfolio improve, interest to Class D (Minnesota Housing), Class E (Hennepin County), and Class M (McKnight Foundation) will continue accruing. GMHF's interest for Class Z has accrued since NP1's inception. All accrued and unpaid interest is intended to be paid to the Participants to the extent possible through the waterfall as each NOAH property exits NP1.

END OF APPENDIX

**NOAH POOL I LLC
PARTICIPANT APPROVAL REQUEST**

June 5, 2026

NOAH Pool I LLC Participants
NOAH Pool I LLC, as Borrower
NOAH Impact Fund LLC, as Program Administrator
2550 University Avenue West, Suite 201-S
St. Paul, Minnesota 55114

Re: Early Sale and Exit of Villa Nova from NOAH Pool I

NOAH Pool I Participants:

Reference is made to that certain Master Credit Agreement, dated June 1, 2017 (as amended, restated, supplemented, or otherwise modified from time to time, the “Agreement”), by and among the Participants, the Borrower, the Program Administrator, and the Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Agreement.

As outlined in Exhibit E to the Agreement, at any time the Program Administrator may propose the disposition of an Eligible Property acquired by the Borrower under the Agreement.

Aeon – the OP Member of Villa Nova Preservation JV LLC, the ownership entity of the Eligible Property commonly known as Villa Nova – has requested that NOAH Pool I approve the early sale and exit of Villa Nova from NOAH Pool I, which otherwise would occur on or about July 12, 2029, the 10-year anniversary of Villa Nova’s acquisition by NOAH Pool I and Aeon.

After careful consideration of the facts and circumstances presented in the attached memorandum, the Fund Manager and the Investment Committee both recommend that the Participants approve the early sale and exit of Villa Nova from NOAH Pool I, anticipated to occur in 2026. NOAH Pool I expects to incur a total loss on Villa Nova, including its equity investment and its hurdle return, so said recommendation and approval is contingent on NOAH Pool I and Aeon executing a Memorandum of Understanding to share the upside, if any, from the eventual disposition of two other Eligible Properties acquired by NOAH Pool I and Aeon: Towers Two (scheduled for October 2027) and The Provinces (scheduled for June 2028). NOAH Pool I and Aeon would share, 90% to NOAH Pool I and 10% to Aeon, any excess refinancing proceeds or, more likely, sale proceeds remaining after Aeon makes the required Exit Payments for Towers Two and The Provinces to NOAH Pool I.

The Program Administrator hereby requests that the Participants affirm the Fund Manager's and the Investment Committee's recommendation and approve the early sale and exit of Villa Nova from NOAH Pool I, subject to the outlined Memorandum of Understanding.

Again, please review the attached memorandum to be aware of the considerations that the Fund Manager and the Investment Committee have determined support the requested action.

In accordance with the Agreement, votes are to be cast by the Participants with outstanding principal on their Notes, excluding Greater Minnesota Housing Fund, using the attached Participant Vote Form, within 10 business days, or by June 22, 2026, and the vote must be unanimous to be approved.

For each Participant, please return your completed Participant Vote Form to the Fund Manager at jerrigo@gmhf.com. Thanks for your time and consideration.

NOAH Impact Fund LLC,
a Minnesota not for profit limited liability company
Program Administrator



Name: John J. Errigo
Its: Fund Manager

PARTICIPANT VOTE FORM

For each Participant, please vote to Approve or Decline the Participant Approval Request.

PARTICIPANT	OUTSTANDING PRINCIPAL	NAME & SIGNATURE	VOTE ("X")
American National Bank	Class A Notes: Paid in Full Class B Notes: \$2,263,469.35 Class C Notes: \$1,406,604.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
Bremer Bank, National Association	Class A Notes: Paid in Full Class B Notes: \$2,263,469.35 Class C Notes: \$1,406,604.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
Sunrise Banks, National Association	Class A Notes: Paid in Full Class B Notes: \$2,263,469.35 Class C Notes: \$1,406,604.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
Minnesota Housing Finance Agency	Class D Notes: \$4,688,680.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
The McKnight Foundation	Class M Notes: \$4,688,680.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
Hennepin County Housing & Redevelopment Authority	Class E Notes: \$2,813,208.00	_____ Signature _____ Print Name	Approve ____ Decline ____ _____ Initials
Greater Minnesota Housing Fund	Class Z Notes: \$2,500,000	<i>NOT ELIGIBLE TO VOTE</i>	

Item: Concept Approval – Greater Minnesota Housing Fund “NOAH Impact Fund”

Staff Contact(s):

Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us

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

Request Type:

- | | |
|----------------------------------------------|-------------------------------------------|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Agency staff seeks board approval of a program concept that will allow an investment of up to \$10 million, over three years, into Greater Minnesota Housing Fund’s (GMHF) “NOAH Impact Fund” (the “Fund”). The Fund will invest in the purchase of naturally occurring affordable housing (NOAH) multi-family properties, in order to preserve housing affordable to low-income tenants.

Fiscal Impact:

The Agency is proposing to commit \$5 million to purchase all of the Class-D notes offered and potentially up to another \$5 million to purchase all or a portion of the Class-C notes offered. Both Class-C and Class-D will pay 5% interest. The Agency’s invested principal would be outstanding for 10-13 years. The Agency would source the \$10 million from Pool-2. GMHF is currently seeking investors for the Fund, offering several different Classes of securities for investors.

The general structure of the Fund will be quite similar to the SHOP LLC fund (also known as “Bridge to Success”), sponsored by Greater Metropolitan Housing Corporation, in which the Agency invested in 2012 and 2015.

Meeting Agency Priorities:

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

Attachment(s):

- Background
- Fund Structure
- Financial Risks
- Summary

NOAH properties are typically older apartment buildings that have become stylistically dated and lack the amenities desired by higher-income tenants, thus commanding lower rents without government subsidies. With rental vacancy rates currently at extreme lows, supply-and-demand forces are driving-up rents. Furthermore, affordable housing is disappearing as investors buy up these properties, make modest upgrades, and convert to high-rent housing.

The Fund seeks \$25 million to take equity positions in 10-12 NOAH properties over a two-to-three year period. As property purchases occur, capital calls will be made to investors on a proportional basis of investment commitment size relative to Fund size.

The Fund will target NOAH properties across the seven-county metro that are at high-risk of being converted to high-cost housing. Many properties of interest will likely be in Hennepin or Ramsey County and located in both urban and suburban communities. The properties will be in close proximity to schools, public transportation, public services, and employment centers.

GMHF will work with mission-oriented owner-operator partners to identify, purchase, and manage the properties. Owner-operators will take a first-loss equity position in purchased properties. There will be alignment of both mission and financial interests of all participants in the properties.

All properties must accept Section-8 vouchers and this will be memorialized in the partnership agreements with the owner operators. Beyond compliance with Fair Housing law, the Fund will work proactively to require outreach to communities of color and renters who are least likely to apply. However, in order to attract private capital into the Fund, there will likely be fewer constraints on owner-operators and properties than if this was a program managed directly by Minnesota Housing.

The Fund will require that operating partners demonstrate marketing and outreach efforts to communities of color. Prospective operating partners have been working closely with the housing advocacy community to create a set of standards that will be required. Once in operation, operating partners will collect resident demographic data that will be monitored by the Fund.

Greater Minnesota Housing Fund (GMHF) is seeking a \$5-10 million investment from Minnesota Housing into its NOAH Impact Fund (the "Fund"). Over the anticipated 10-12 year life of the Fund, Minnesota Housing would earn interest on its investments.

The Agency's investment would leverage an additional \$15-20 million of private capital in the Fund and \$80-100 million of private debt capital at the property level to preserve affordability of 1,000 units of multi-family rental housing for another 15+ years.

The Fund will be a special purpose subsidiary of GMHF. The purchase of a specific NOAH property will be financed with a 70-80% LTV conventional first-mortgage loan from a traditional lender, along with a 90/10-split equity position between the Fund and the operating partner. The Fund will issue securities to investors, which will be repaid from the return on the equity positions of the Fund in the individual NOAH properties. The Fund's securities will be issued in a waterfall structure, in which classes of securities are paid-down in order of seniority.

Minnesota Housing is being asked to invest \$5 million into Class-D notes and possibly up to another \$5 million into Class-C notes. Class-D notes will pay interest of 5.0% and Class-C notes will pay interest of 4.875-5.000%. GMHF is speaking to banks about investing in Class-A, Class-B, and possibly Class-C notes. Hennepin County will be the Class-E investor.

Purchased properties are expected to cash flow based on strong operating histories and conservative underwriting. Rent revenues from the NOAH properties' tenants will be collected by the operating partner and, after accounting for property level financing and expenses, 90% of cash flow will be paid to the Fund.

After taking out Fund management fees for GMHF, quarterly payments will be paid to the Fund's investors. In the base case for repayment, Class C, D, and E notes will be interest-only over the expected life of the Fund, with principal expected to be repaid after about eleven years, coinciding with the refinance or sale of the Fund's properties.

An additional equity investor, referred to as the "differential investor" will provide another \$4.3 million of funding over the life of the Fund. These funds will be used to accelerate repayment of principal to Class-A and Class-B notes. The differential investor will receive tax benefits in the form of 99.99% of the property level tax losses and the Fund's tax losses (amortization, depreciation, debt, and other expenses) along with repayment of principal and a portion of residual cash flows at the end of the Fund.

The key financial risks are associated with the financial performance of the acquired properties, which is driven by economic environment and the competency and capacity of the operating partners. GMHF has, so far, identified and received interest from 11 prospective NOAH owner-operators.

GMHF will contract the support of a third party (Cinnaire or other highly qualified group) in underwriting both the properties and the operating partners. Properties must demonstrate a history of solid financial performance and the ability to maintain a minimum debt-service coverage ratio of 1.20 or better. Cinnaire has performed this underwriting and evaluation role for GMHF over the last several years for GMHF's highly successful Minnesota Equity Fund, which syndicates federal housing tax credits.

GMHF will put \$2.5 million into the fund, up front in cash and as a guaranty, as a credit enhancement for further protection. The differential investor and operating partners' equity will not be repaid until the Class A, B, C, D, and E notes are repaid in full. Along with the subordination of Class-E, this structure provides the Agency's investment in Class-D notes with considerable protection from losses. If the Agency invests in Class C notes, these would enjoy even greater protection.

GMHF and its consulting firms have run models of various scenarios to test the Fund's ability to withstand a variety of stresses and magnitude of stresses. The stresses range from short-term spikes in vacancies to the liquidation of 50% of the properties at 100% losses. In all but the most catastrophic cases, which are considered extremely remote, the Agency's investment in Class-D notes is paid as expected.

This Fund presents an opportunity to earn a reasonable return on mission-rich investment. The Agency's \$10 million would be leveraged 2.5 times over to bring an additional \$15 million of private capital to preserve the affordability of an anticipated 1,000 units of rental housing. While there are financial risks to the investment, the Agency feels it understands the risks and has developed reasonable protection against these risks. As with all Agency investments, the actual decision to invest will be contingent upon the development of Fund documentation and procedures acceptable to the Agency's finance staff and legal counsel.

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Item: Third Quarter FY26 Update

Discussion Item: 8.A
Date: 06/25/2026
Staff Contacts: Maria Steele, 651.539.9674, maria.steele@state.mn.us
Kayla Vang, 651.539.9775, kayla.vang@state.mn.us
Request Type: No Action, Discussion

Request Summary

Staff will provide financial results for the third quarter of the 2026 fiscal year.

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

- FY2026 Q3 Financial Review
- Financial Dashboard
- Selected Financial Statements – 3rd Quarter FY 2026



FY2026 Third-Quarter Financial Results

Basis of Presentation

The Agency reports on two bases. The **consolidated** view includes everything the Agency administers, including state and federal appropriations that pass through to programs. Because the timing of those appropriations varies from year to year, the consolidated totals can swing for reasons that don't reflect operating performance. The **sustainable core** — the General Reserve and Bonds — represents the Agency's ongoing, self-supporting operations: the bond-financed loan and investment portfolio, the interest and fee income it generates and the cost of running it.

Overview

The balance sheet continued to grow through the third quarter, driven by the sustainable core. Total consolidated assets reached \$8.76 billion, up \$25.7M from the prior quarter and \$425.0M (+5.1%) year-over-year. Growth is concentrated in the mortgage-backed securities (MBS) portfolio. Consolidated Net position stands at \$1.78 billion, up \$103.7M (+6.2%) versus a year ago.

- Sustainable core net position up \$158.1M (+24.3%) year-over-year.
- Lower net income and the quarterly net-position dip reflect appropriations timing and unrealized investment losses from higher interest rates, not performance.

Balance Sheet

Table 1: Consolidated balance sheet — key metrics

Consolidated (\$ millions)	Q3 FY26	Prior Qtr	Yr Ago	YoY %
Total assets	8,758.7	8,733.0	8,333.7	+5.1%
Program securities (MBS)	5,345.2	5,284.4	4,983.9	+7.2%
Loans, net	1,290.9	1,288.0	1,263.7	+2.2%
Total liabilities	6,912.8	6,864.0	6,599.8	+4.7%
Total net position	1,784.6	1,815.4	1,680.9	+6.2%
Sustainable core net position	807.6	798.8	649.5	+24.3%

The balance sheet grew on both the assets and funding sides, the full balance sheet by period is in the dashboard. The key drivers:

- Program securities (MBS): \$5.35B — up \$60.7M for the quarter and \$361.3M (+7.2%) year-over-year. The growth sits in the Residential Housing Finance Bond program, which

accounted for \$630.1M of the \$687.5M in proceeds from the sale of bonds and notes during the nine months.

- Loans, net: \$1.29B — up \$27.2M year-over-year: an \$8.8M increase in Rental Housing and a \$22.4M increase in Residential Housing Finance, partly offset by a \$2.5M decline in State Appropriated loans and combined \$1.5M decline in both Multifamily Housing Bonds and Federal Appropriated loans.
- Total liabilities: \$6.91B — up \$313M (+4.7%) year-over-year, driven by a \$344M increase in bonds payable that funds the growth in the MBS portfolio on the asset side.
- Sustainable Core: total assets grew to \$7.26B (+\$429M year over year), funded by bonds payable of \$6.12B (+\$317M) (See figure 1).

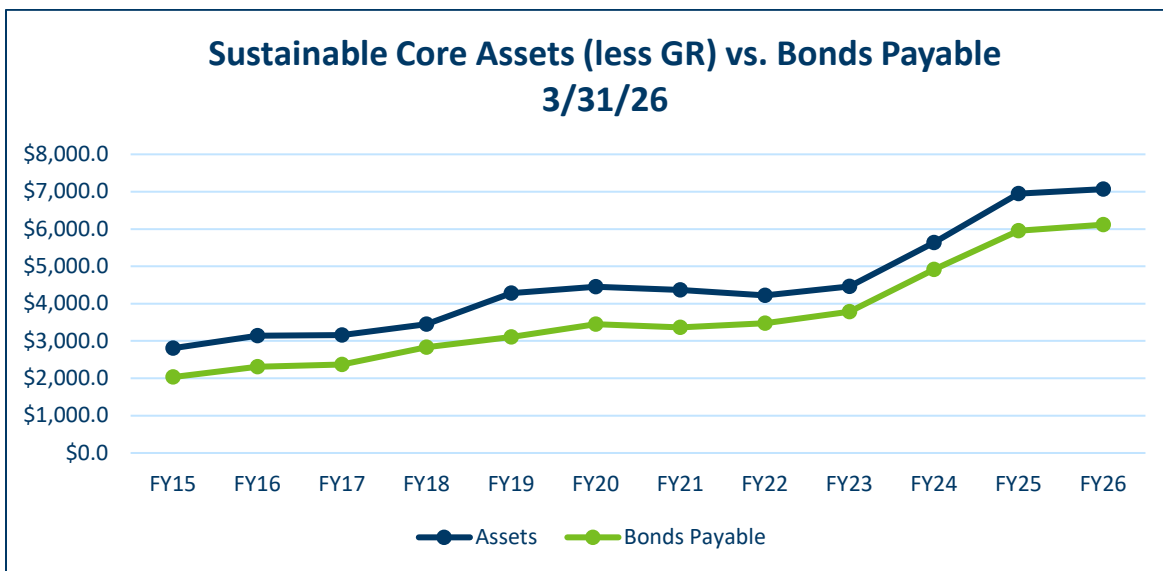


Figure 1: Sustainable-core total assets vs. bonds payable.

Operating Results – Sustainable Core

- Interest revenue grew 10.3% year-to-date (\$245.8M) as interest-bearing assets expanded 6.3%, but net interest income was flat (\$70.1M vs. \$71.0M) as funding costs rose in step — and it fell within the quarter, from \$29.2M in Q2 to \$16.2M in Q3, as roughly \$9M of higher interest expense outpaced nearly flat gross interest revenue. (See Figure 2)
- Other revenue rose 8.0%; administrative costs rose about 4.8% — salaries and benefits +10.5%, partly offset by lower other general operating spend (\$8.6M, down 13.5%). Total operating expenses fell 6.7%, but that decline reflects lower appropriations disbursed, not administrative spending.

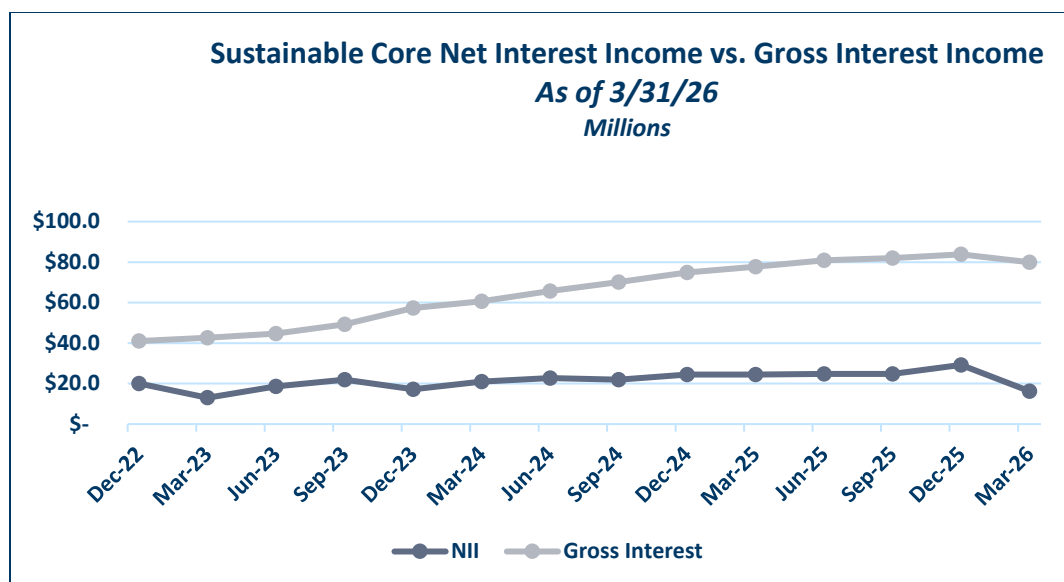


Figure 2: Net interest income vs. gross interest income

Operating Results – Consolidated

Consolidated change in net position was \$135.1M year-to-date versus \$289.0M a year ago. The full statement of operations is in the dashboard.

Table 2: Consolidated statement of activity — nine months ended 3/31

Consolidated, 9 months (\$ millions)	FY26 YTD	FY25 YTD	Change	YoY %
Operating revenue	705.7	830.5	(124.8)	-15.0%
Operating expenses	543.3	582.3	(39.0)	-6.7%
Non-operating revenue/(expense)	(27.3)	40.8	(68.1)	-166.9%
Change in net position	135.1	289.0	(153.9)	-53.3%

Two non-operating factors explain most of the variance:

- Lower Appropriations. Operating revenue fell \$124.8M year-over-year, almost entirely because state and federal appropriations received were lower than prior-year period. These are pass-through program funds, and the amount received varies year to year.
- Interest-rate environment. An approximately \$35M swing in unrealized (mark-to-market) investment losses pulled non-operating results down. Because the Agency buys and holds investments to maturity these paper losses are not realized, while higher rates continue to generate additional interest revenue.

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of March 31, 2026 - (\$ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	Change From Year Ago	Change From Year Ago
CONSOLIDATED					
Total Assets	8,758.7	8,733.0	25.7	8,333.7	425.0
<i>Program Securities</i>	5,345.2	5,284.4	60.8	4,983.9	361.3
<i>Loans, net</i>	1,290.9	1,288.0	2.9	1,263.7	27.2
<i>Other investments and cash</i>	2,025.0	2,068.1	(43.1)	1,988.3	36.7
Total Liabilities	6,912.8	6,864.0	48.8	6,599.8	313.0
Net Position					
Total Net Position	1,784.6	1,815.4	(30.8)	1,680.9	103.7
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	7,429.7	7,359.6	70.1	6,974.7	455.0
Net Position	978.5	970.4	8.1	816.7	161.8
SUSTAINABLE CORE					
Total Assets	7,258.8	7,188.1	70.7	6,829.7	429.1
<i>Program Securities</i>	5,345.2	5,284.5	60.7	4,983.9	361.3
<i>Loans, net</i>	1,016.7	1,008.3	8.4	985.5	31.2
<i>Other investments & cash</i>	811.6	816.8	(5.2)	774.7	36.9
Total Liabilities	6,389.8	6,335.7	54.1	6,127.4	262.4
<i>Bonds payable, net</i>	6,115.9	6,002.1	113.8	5,798.6	317.3
Net Position	807.6	798.8	8.8	649.5	158.1

* Assets and liabilities do not include deferred inflows/outflows

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of March 31, 2026 - (\$ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Operating Revenue	214.4	197.0	17.4	705.7	830.5	(124.8)
Operating Expenses	188.1	199.1	(11.0)	543.3	582.3	(39.0)
Non-Operating Revenue/(Expenses)	(57.2)	(3.9)	(53.3)	(27.3)	40.8	(68.1)
Net	(30.9)	(6.0)	(24.9)	135.1	289.0	(153.9)
SUSTAINABLE CORE						
Interest revenue	80.0	83.8	(3.8)	245.8	222.8	23.0
Other revenue	24.2	24.9	(0.7)	70.5	65.3	5.2
Unrealized gain (loss)	(0.2)	34.1	(34.3)	71.5	106.4	(34.9)
TOTAL REVENUE	104.0	142.8	(38.8)	387.8	394.5	(6.7)
Interest Expense	63.8	54.6	9.2	175.7	151.8	23.9
Operating Expenses(1)	15.5	14.4	1.1	43.3	40.6	2.7
Other Expenses	16.5	14.0	2.5	44.7	45.9	(1.2)
TOTAL EXPENSE	95.8	83.0	12.8	263.7	238.3	25.4
Revenue over Expense	8.2	59.8	(51.6)	124.1	156.2	(32.1)
Net Interest Income	16.2	29.2	(13.0)	70.1	71.0	(0.9)
<i>Annualized Net Interest Margin (2)</i>	<i>0.90%</i>	<i>1.64%</i>		<i>1.30%</i>	<i>1.51%</i>	
<i>Annualized Gross Interest Margin (3)</i>	<i>4.43%</i>	<i>4.71%</i>		<i>4.58%</i>	<i>4.73%</i>	

(1) Salaries, benefits and other general operating; includes Year End Pension Adjustment

(2) Annualized Net Interest Income/Average assets for period

(3) Annualized Gross Interest/Average assets for period

STATEMENT OF CASH FLOWS
Quarterly Financial Dashboard - Selected Reporting
As of March 31, 2026 - (\$ million)

	This Qtr	Prior Qtr	Change from Prior Quarter	FYTD	Last Year FYTD	Change
FINANCING ACTIVITY — BOND CASH FLOWS						
CONSOLIDATED						
Bonds and notes proceeds (issuance)	305.1	255.4	49.7	687.5	1,674.2	(986.7)
Bonds and notes principal repayments	(192.1)	(147.9)	(44.2)	(481.0)	(787.2)	306.2
Net bonds and notes financing	113.0	107.5	5.5	206.5	887.0	(680.5)
Interest paid on bonds & notes	(127.5)	(7.7)	(119.8)	(256.1)	(203.7)	(52.4)
SUSTAINABLE CORE						
Bonds and notes proceeds (issuance)	305.1	202.3	102.8	634.4	1,660.1	(1,025.7)
Bonds and notes principal repayments	(192.0)	(147.9)	(44.1)	(461.7)	(769.1)	307.4
Net bonds and notes financing	113.1	54.4	58.7	172.7	891.0	(718.3)
Interest paid on bonds & notes	(117.7)	(7.6)	(110.1)	(236.5)	(184.3)	(52.2)

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Net Position (in thousands) - UNAUDITED
Proprietary Fund Page 337 of 366
As of March 31, 2026 (with comparative totals as of
March 31, 2025)

	Bond Funds					Appropriated Funds			Total as of March 31, 2026	Total as of March 31, 2025
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES SM	State Appropriated	Federal Appropriated		
Assets										
Cash and cash equivalents	\$ 115,121	\$ 31,171	\$ 594,961	\$ 47,338	\$ 2,488	\$ -	\$ 1,012,232	\$ 23,474	\$ 1,826,785	\$ 1,219,985
Investments-program mortgage-backed securities	-	17,004	4,575,452	752,715	-	-	-	-	5,345,171	4,983,936
Investment securities-other	-	-	60,082	-	-	3,216	134,380	-	197,678	768,304
Loans receivable, net	-	274,729	858,318	-	11,658	-	143,811	2,433	1,290,949	1,263,711
Interest receivable on loans and program mortgage-backed securities	-	1,118	23,810	2,480	45	-	38	1	27,492	25,223
Interest receivable on investments	359	147	1,976	129	7	9	4,385	5	7,017	7,554
Interest rate swap agreements	-	-	46,385	-	-	-	-	-	46,385	41,929
FHA/VA insurance claims, net	-	-	54	-	-	-	-	-	54	108
Real estate owned, net	-	-	429	-	-	-	-	-	429	555
Capital assets, net	3,226	-	1,147	-	-	-	-	542	4,915	6,260
Other assets	2,959	2	1,196	4	-	-	6,919	701	11,781	16,107
Total assets	121,665	324,171	6,163,810	802,666	14,198	3,225	1,301,765	27,156	8,758,656	8,333,672
Deferred Outflows of Resources										
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	4,522	-	-	-	-	-	4,522	6,875
Deferred pension expense	7,064	-	-	-	-	-	-	-	7,064	8,421
Total deferred outflows of resources	7,064	-	4,522	-	-	-	-	-	11,586	15,296
Total assets and deferred outflows of resources	\$ 128,729	\$ 324,171	\$ 6,168,332	\$ 802,666	\$ 14,198	\$ 3,225	\$ 1,301,765	\$ 27,156	\$ 8,770,242	\$ 8,348,968
Liabilities										
Bonds payable, net	\$ -	\$ 194,030	\$ 5,091,766	\$ 814,670	\$ 11,860	\$ 3,564	\$ 511,523	\$ -	\$ 6,627,413	\$ 6,283,490
Interest payable	-	1,507	54,396	1,824	30	9	3,506	-	61,272	55,577
Interest rate swap agreements	-	-	4,522	-	-	-	-	-	4,522	6,875
Net pension liability and OPEB	2,768	-	-	-	-	-	-	-	2,768	8,963
Accounts payable and other liabilities	10,677	3,487	106,377	41	-	-	5,263	-	125,845	155,733
Interfund payable (receivable)	4,903	-	(7,463)	-	-	-	2,003	557	-	-
Funds held for others	87,760	-	-	-	-	(348)	-	10	87,422	83,716
Lease Liability	2,337	-	-	-	-	-	-	-	2,337	3,858
Subscription Liability	-	-	1,177	-	-	-	-	-	1,177	1,597
Total liabilities	108,445	199,024	5,250,775	816,535	11,890	3,225	522,295	567	6,912,756	6,599,809
Deferred Inflows of Resources										
Deferred gain on interest rate swap agreements	-	-	46,385	-	-	-	-	-	46,385	41,929
Deferred revenue-service release fee	-	-	14,797	2,492	-	-	-	-	17,289	19,541
Deferred discount loan interest	-	-	257	-	-	-	-	-	257	126
Deferred pension credit	9,040	-	-	-	-	-	-	-	9,040	6,623
Total deferred inflows of resources	9,040	-	61,439	2,492	-	-	-	-	72,971	68,219
Total liabilities and deferred inflows of resources	\$ 117,485	\$ 199,024	\$ 5,312,214	\$ 819,027	\$ 11,890	\$ 3,225	\$ 522,295	\$ 567	\$ 6,985,727	\$ 6,668,028
Commitments and contingencies										
Net Position										
Restricted by bond resolution	-	130,612	408,200	21,914	2,308	-	-	-	563,034	480,099
Restricted by covenant	10,355	-	686,843	-	-	-	-	-	697,198	649,399
Restricted by law	-	-	-	-	-	-	1,201,150	26,424	1,227,574	1,250,178
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	(19,145)	-	(19,145)	(370,903)
Unrestricted by bond resolution	-	(5,465)	(238,895)	(38,275)	-	-	-	-	(282,635)	(313,575)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	(402,535)	(377)	(402,912)	(15,063)
Net Investment in Capital Assets	889	-	(30)	-	-	-	-	542	1,401	805
Total net position	11,244	125,147	856,118	(16,361)	2,308	-	779,470	26,589	1,784,515	1,680,940
Total liabilities, deferred inflows of resources, and net position	\$ 128,729	\$ 324,171	\$ 6,168,332	\$ 802,666	\$ 14,198	\$ 3,225	\$ 1,301,765	\$ 27,156	\$ 8,770,242	\$ 8,348,968

This information on the funds of the Agency for the nine-month period ended March 31, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2026, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Statement of Revenues, Expenses and Changes in Net Position (in thousands)

Proprietary Funds

Nine Months Ended March 31, 2026 (with comparative totals for
Nine Months Ended March 31, 2025)

	Bond Funds					Appropriated Funds		Total for the Nine Months Ended March 31, 2026	Total for the Nine Months Ended March 31, 2025	
	General Reserve	Rental Housing	Resi- dential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES SM	State Appro- priated			Federal Appro- priated
Operating Revenue										
Interest earned on loans	\$ -	\$ 10,202	\$ 22,496	\$ -	\$ 405	\$ -	\$ 843	\$ 157	\$ 34,103	\$ 32,852
Interest earned on investments-program mortgage-backed securities	-	-	174,990	21,806	-	-	-	-	196,796	168,589
Appropriations received	-	-	-	-	-	-	151,382	251,106	402,488	549,286
Administrative reimbursement	49,740	-	-	-	-	-	-	-	49,740	45,063
Fees earned and other income	15,405	145	4,704	604	-	-	1,704	-	22,562	34,726
Total operating revenues	65,145	10,347	202,190	22,410	405	-	153,929	251,263	705,689	830,516
Operating Expenses										
Loan administration and trustee fees	-	91	2,759	213	4	-	92	-	3,159	3,286
Administrative reimbursement	-	1,704	27,658	4,149	67	-	14,551	1,611	49,740	45,063
Salaries and benefits	35,470	-	-	-	-	-	-	-	35,470	32,096
Other general operating	6,947	8	1,662	17	-	-	601	79	9,314	10,709
Appropriations disbursed	-	-	-	-	-	-	75,385	240,100	315,485	391,703
Reduction in carrying value of certain low interest rate deferred loans	-	(19)	(4,956)	-	-	-	113,306	17,539	125,870	93,973
Provision for loan losses	-	1,027	2,419	-	551	-	230	(1)	4,226	5,431
Total operating expenses	42,417	2,811	29,542	4,379	622	-	204,165	259,328	543,264	582,261
Operating income (loss)	22,728	7,536	172,648	18,031	(217)	-	(50,236)	(8,065)	162,425	248,255
Nonoperating Revenues (Expenses)										
Interest earned on investments-other	847	1,050	14,039	1,185	70	85	36,144	834	54,254	69,390
Appropriations received	-	-	-	-	-	-	38,057	-	38,057	37,053
Net appreciation/depreciation in fair value on investments	-	95	57,840	13,603	-	-	-	-	71,538	106,892
Interest	(116)	(6,989)	(151,289)	(16,916)	(270)	(85)	(8,846)	-	(184,511)	(161,957)
Financing, net	-	(3)	(6,278)	-	-	-	(410)	-	(6,691)	(10,589)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	731	(5,847)	(85,688)	(2,128)	(200)	-	64,945	834	(27,353)	40,789
Income (Loss) Before Transfers and Contributions	23,459	1,689	86,960	15,903	(417)	-	14,709	(7,231)	135,072	289,044
Other changes										
Non-operating transfer of assets and program contributions between funds	(23,346)	45	23,301	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-
Change in net position	113	1,734	110,261	15,903	(417)	-	14,709	(7,231)	135,072	289,044
Net Position										
Total net position, Beginning as previously reported	11,131	123,413	745,857	(32,264)	2,725	-	764,761	33,820	1,649,443	1,391,896
Total net position, end of period	\$ 11,244	\$ 125,147	\$ 856,118	\$ (16,361)	\$ 2,308	\$ -	\$ 779,470	\$ 26,589	\$ 1,784,515	\$ 1,680,940

This information on the funds of the Agency for the nine-month period ended March 31, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2026, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)
Statement of Net Position (in thousands)
General Reserve & Bond Funds

As of March 31, 2026 (with comparative totals for March 31, 2025)

	Bond Funds						General Reserve &	General Reserve &	Residential Housing	General Reserve &	General Reserve &	
	General Reserve	Rental Housing	Residential Housing Finance		Homeownership Finance	Multifamily Housing	Excluding Pool 3	Excluding Pool 3	Finance	Bond Funds	Bond Funds	
			Bonds	Pool 2	Bonds	Bonds	HOMES SM	Total As Of	Total As Of	Pool 3	Total As Of	Total As Of
							March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2026	March 31, 2025	
Assets												
Cash and cash equivalents	\$ 115,121	\$ 31,171	\$ 434,923	\$ 118,636	\$ 47,338	\$ 2,488	\$ -	\$ 749,677	\$ 682,398	\$ 41,402	\$ 791,079	\$ 697,189
Investments-program mortgage-backed securities	-	17,004	4,575,452	-	752,715	-	-	5,345,171	4,983,936	-	5,345,171	4,983,936
Investment securities-other	-	-	2,594	56,155	-	-	3,216	61,965	92,358	1,333	63,298	93,713
Loans receivable, net	-	274,729	223,823	506,489	-	11,658	-	1,016,699	985,475	128,006	1,144,705	1,114,244
Interest receivable on loans and program mortgage-backed securities	-	1,118	21,503	2,282	2,480	45	-	27,428	25,150	25	27,453	25,178
Interest receivable on investments	359	147	1,152	690	129	7	9	2,493	2,461	134	2,627	2,522
Interest rate swap agreements	-	-	46,385	-	-	-	-	46,385	41,929	-	46,385	41,929
FHA/VA insurance claims, net	-	-	54	-	-	-	-	54	108	-	54	108
Real estate owned, net	-	-	339	90	-	-	-	429	568	-	429	568
Capital assets, net	3,226	-	-	1,147	-	-	-	4,373	6,260	-	4,373	6,260
Other assets	2,959	2	89	1,106	4	-	-	4,160	9,088	1	4,161	9,089
Total assets	121,665	324,171	5,310,836	686,595	802,666	14,198	3,225	7,258,834	6,829,731	170,901	7,429,735	6,974,736
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	4,522	-	-	-	-	4,522	6,875	-	4,522	6,875
Deferred pension expense	7,064	-	-	-	-	-	-	7,064	8,421	-	7,064	8,421
Total deferred outflows of resources	7,064	-	4,522	-	-	-	-	11,586	15,296	-	11,586	15,296
Total assets and deferred outflows of resources	\$ 128,729	\$ 324,171	\$ 5,310,836	\$ 686,595	\$ 802,666	\$ 14,198	\$ 3,225	\$ 7,270,420	\$ 6,845,027	\$ 170,901	\$ 7,441,321	\$ 6,990,032
Liabilities												
Bonds payable, net	\$ -	\$ 194,030	\$ 5,022,044	\$ 69,722	\$ 814,670	\$ 11,860	\$ 3,564	\$ 6,115,890	\$ 5,798,563	\$ -	\$ 6,115,890	\$ 5,798,563
Interest payable	-	1,507	53,556	840	1,824	30	9	57,766	52,328	-	57,766	52,328
Interest rate swap agreements	-	-	4,522	-	-	-	-	4,522	6,875	-	4,522	6,875
Net pension liability and OPEB	2,768	-	-	-	-	-	-	2,768	8,963	-	2,768	8,963
Accounts payable and other liabilities	10,677	3,487	1,177	105,198	41	-	-	120,580	151,154	2	120,582	151,221
Interfund payable (receivable)	4,903	-	1	(7,514)	-	-	-	(2,610)	20,314	50	(2,560)	(2,021)
Funds held for others	87,760	-	-	-	-	-	(348)	87,412	83,701	-	87,412	83,701
Lease Liability	2,337	-	-	-	-	-	-	2,337	3,858	-	2,337	3,858
Subscription Liability	-	-	-	1,177	-	-	-	1,177	1,597	-	1,177	1,597
Total liabilities	108,445	199,024	5,081,300	169,423	816,535	11,890	3,225	6,389,842	6,127,353	52	6,389,894	6,105,085
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	46,385	-	-	-	-	46,385	41,929	-	46,385	41,929
Deferred revenue-service release fee	-	-	13,846	951	2,492	-	-	17,289	19,541	-	17,289	19,541
Deferred discount loan interest	-	-	-	257	-	-	-	257	126	-	257	126
Deferred pension credit	9,040	-	-	-	-	-	-	9,040	6,623	-	9,040	6,623
Total deferred inflows of resources	9,040	-	60,231	1,208	2,492	-	-	72,971	68,219	-	72,971	68,219
Total liabilities and deferred inflows of resources	\$ 117,485	\$ 199,024	\$ 5,141,531	\$ 170,631	\$ 819,027	\$ 11,890	\$ 3,225	\$ 6,462,813	\$ 6,195,572	\$ 52	\$ 6,462,865	\$ 6,173,304
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	130,612	408,200	-	21,914	2,308	-	563,034	480,099	-	563,034	480,099
Restricted by covenant	10,355	-	-	515,994	-	-	-	526,349	482,126	170,849	697,198	649,399
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by bond resolution	-	(5,465)	(238,895)	-	(38,275)	-	-	(282,635)	(313,575)	-	(282,635)	(313,575)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	889	-	-	(30)	-	-	-	859	805	-	859	805
Total net position	11,244	125,147	169,305	515,964	(16,361)	2,308	-	807,607	649,455	170,849	978,456	816,728
Total liabilities, deferred inflows, and net position	\$ 128,729	\$ 324,171	\$ 5,310,836	\$ 686,595	\$ 802,666	\$ 14,198	\$ 3,225	\$ 7,270,420	\$ 6,845,027	\$ 170,901	\$ 7,441,321	\$ 6,990,032

This information on the funds of the Agency for the nine-month period ended March 31, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2026, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)

Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve & Bond Funds
Nine Months Ended March 31, 2026 (with comparative totals for the nine months ended March 31, 2025)

	Bond Funds						General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds	
	General Reserve	Rental Housing	Residential Housing Finance		Homeownership Finance	Multifamily Housing	Total for Nine Months Ended March 31, 2026	Total for Nine Months Ended March 31, 2025	Total for Nine Months Ended March 31, 2026	Total for Nine Months Ended March 31, 2026	Total for Nine Months Ended March 31, 2025	
			Bonds	Pool 2	Bonds	Bonds	HOMES SM					
Operating revenues												
Interest earned on loans	\$ -	10,202	\$ 6,217	\$ 16,154	\$ -	\$ 405	\$ -	\$ 32,978	\$ 32,065	\$ 125	33,103	\$ 32,204
Interest earned on investments-program mortgage-backed securities	-	-	174,990	-	21,806	-	-	196,796	168,589	-	196,796	168,589
Appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Administrative reimbursement	49,740	-	-	-	-	-	-	49,740	45,063	-	49,740	45,063
Fees earned and other income	15,405	145	2,657	1,997	604	-	-	20,808	20,296	50	20,858	20,346
Total operating revenues	65,145	10,347	183,864	18,151	22,410	405	-	300,322	266,013	175	300,497	266,202
Operating expenses												
Loan administration and trustee fees	-	91	1,547	1,182	213	4	-	3,037	3,166	30	3,067	3,191
Administrative reimbursement	-	1,704	23,220	3,059	4,149	67	-	32,199	28,235	1,379	33,578	29,535
Salaries and benefits	35,470	-	-	-	-	-	-	35,470	32,096	-	35,470	32,096
Other general operating	6,947	8	103	705	17	-	-	7,780	8,547	854	8,634	9,978
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-	-
Reduction in carrying value of certain low interest rate deferred loans	-	(19)	(38)	(214)	-	-	-	(271)	757	(4,704)	(4,975)	956
Provision for loan losses	-	1,027	391	1,474	-	551	-	3,443	3,443	554	3,997	3,611
Total operating expenses	42,417	2,811	25,223	6,206	4,379	622	-	81,658	76,244	(1,887)	79,771	79,367
Operating income (loss)	22,728	7,536	158,641	11,945	18,031	(217)	-	218,664	189,769	2,062	220,726	186,835
Nonoperating Revenues (Expenses)												
Interest earned on investments-other	847	1,050	9,738	3,088	1,185	70	85	16,063	22,141	1,213	17,276	22,753
Appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Net appreciation/depreciation in fair value on investments	-	95	51,921	5,923	13,603	-	-	71,542	106,446	(4)	71,538	106,475
Interest	(116)	(6,989)	(147,715)	(3,574)	(16,916)	(270)	(85)	(175,665)	(151,769)	-	(175,665)	(151,769)
Financing, net	-	(3)	(6,276)	(2)	-	-	-	(6,281)	(10,416)	-	(6,281)	(10,416)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	731	(5,847)	(92,332)	5,435	(2,128)	(200)	-	(94,341)	(33,598)	1,209	(93,132)	(32,957)
Income (Loss) Before Transfers and Contributions	23,459	1,689	66,309	17,380	15,903	(417)	-	124,323	156,171	3,271	127,594	153,878
Other changes												
Non-operating transfer of assets and program contributions between funds	(23,346)	45	6,627	16,674	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Change in net position	113	1,734	72,936	34,054	15,903	(417)	-	124,323	156,171	3,271	127,594	153,878
Net Position												
Total net position, beginning of period	11,131	123,413	96,369	481,910	(32,264)	2,725	-	683,284	493,284	167,578	850,862	662,850
Total net position, end of period	\$ 11,244	\$ 125,147	\$ 169,305	\$ 515,964	\$ (16,361)	\$ 2,308	\$ -	\$ 807,607	\$ 649,455	\$ 170,849	\$ 978,456	\$ 816,728

This information on the funds of the Agency for the nine-month period ended March 31, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2026 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.



Item: Administrative Budget for Fiscal Year 2027

Discussion Item: 8.B
Date: 06/25/2026
Staff Contacts: Maria Steele, 651.539.9674, maria.steele@state.mn.us
Ryan Baumtrog, 651.296.9820, ryan.baumtrog@state.mn.us
Don McCabe, 651.539.9680, don.mccabe@state.mn.us
Request Type: No Action, Discussion

Request Summary

The Agency's administrative budget was developed by staff and is presented annually to the board. Presentation of the administrative budget is informational and no action by the board is required.

Fiscal Impact

The administrative budget represents the projected expenditures necessary to support the level of program delivery and other activities which the Agency anticipates for Fiscal Year 2027, July 1, 2026–June 30, 2027. Since the budget is primarily funded by the Agency's earnings, balancing budgeted administrative budget expenditures with the sustainability of the Agency's financial position remains a focus.

Agency Priorities

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

Attachments

- Background
- FY2027 Administrative Budget Summary
- Administrative Budget History

Background

Our administrative budget for fiscal year FY2027 (July 1, 2026–June 30, 2027) is \$65.414 million. This budget covers all Agency administrative and operational expenses required to support program delivery, internal operations, technology systems and statewide housing initiatives. The FY2027 budget represents an increase of roughly 1.2% over the current FY2026 administrative budget, which was 2.7% greater than the 2025 administrative budget. Over the past five years, the Agency administrative budget has grown by 37.9%, driven in part from the historic level of state appropriations and associated work to implement that funding.

The Agency continues to experience upward pressure on several major expense categories. The costs of people (salaries and benefits) necessary to effectively deploy resources remain the most significant part of the agency's operating budget, representing a substantial majority of administrative expenditures in FY2026 (approximately 76%) and continuing into FY2027 at a similar level (approximately 78%). This budget incorporates a 1.75% cost of living adjustment for contract increases in FY2027.

Investments in technology remain another central driver of costs. FY2026 included significant technology modernization – including website redesign, new grants management systems and Housing Development System upgrades, along with the start of cloud migration – which continue to shape cost structure into FY2027 as these multi-year initiatives expand and mature. Other operational categories show varied movements across divisions. Year-over-year budget comparisons indicate increases in some professional/technical services, training and employee development, and travel, balanced by reductions or stabilizations in other lines.

Recent years have seen notable staffing changes. In FY2024 the Agency added 56 FTEs to implement the historic level of new programs and state appropriations. FY2025 held that staffing level steady and FY2026 reduced staffing by 1.5 FTEs. For FY2027, management expects staffing levels to be generally stable across divisions at approx. 361 FTE. Budgeted salary changes reflect normal adjustments – such as cost-of-living increases, compensation progression and position reclassifications. While no significant new staff or implementation costs are included in this year's budget, we're still adding people and it is possible that additional program integrity staff may be necessary in upcoming years to fully deploy the historic state appropriations and other agency initiatives.

As in previous years, the administrative budget draws on a mix of external and internal funding sources. A portion is covered by interest earnings on state appropriations and federal programs that allow for administrative cost reimbursement, while the majority continues to be supported by Agency interest earnings, fee revenues and other internal sources. Management continues collaborating with the Agency's financial advisor on long-term sustainability modeling. This work informs near-term forecasting and multi-year projections of administrative capacity needs, recognizing variability in

earnings-based revenue streams and the long-term cost trajectory of technology modernization and personnel investments.

MINNESOTA HOUSING
Administrative Budget
Fiscal Year 2027 with Prior Year Comparables

EXPENSE CATEGORY	Total Agency		Total Agency		Prior Year Comparable		Prior Year Comparable
	2027 Budget	2027 Budget to 2026 Forecast	2026 Budget	2027 Budget to 2026 Budget	2026 Forecast	2026 Budget to 2026 Forecast	2025 Actual
Full Time Salaries	51,266,000	3,348,000	49,473,000	(1,793,000)	47,918,000	(1,555,000)	44,080,072
Part Time & Temp Salaries	205,000	17,000	64,000	(141,000)	188,000	124,000	59,507
Overtime	146,000	11,000	178,000	32,000	134,000	(44,000)	171,826
Separation Expenses	351,000	296,000	338,000	(13,000)	55,000	(283,000)	327,896
Space Rental	2,003,000	28,000	2,013,000	10,000	1,975,000	(38,000)	1,714,910
Printing /Advertising	212,000	150,000	201,000	(11,000)	62,000	(139,000)	80,195
Postage/Telephone	114,000	1,000	117,000	3,000	113,000	(4,000)	96,720
Travel-In State	283,000	120,000	242,000	(41,000)	163,000	(79,000)	159,151
Travel-Out State	404,000	206,000	326,000	(78,000)	198,000	(128,000)	181,101
Employee Development	529,000	226,000	502,000	(27,000)	302,000	(200,000)	298,138
Other Benefits	18,000	(379,000)	168,000	150,000	397,000	229,000	15,032
Repairs & Maintenance	146,000	123,000	150,000	4,000	23,000	(127,000)	103,380
Computer & Systems Services	2,261,000	109,000	2,276,000	15,000	2,152,000	(124,000)	1,799,719
Supplies	168,000	68,000	181,000	13,000	100,000	(81,000)	155,457
Equipment Rentals	18,000	4,000	18,000	0	14,000	(4,000)	12,972
Equipment Purchases	162,000	(22,000)	342,000	180,000	184,000	(158,000)	60,885
Other Operating Expenses	680,000	250,000	748,000	68,000	430,000	(318,000)	481,784
Pool 2 Contracts	0	(1,184,000)	1,087,000	1,087,000	1,184,000	97,000	923,649
Prof & Tech w/Outside Vendors	3,500,000	1,035,000	2,805,000	(695,000)	2,465,000	(340,000)	2,084,435
Prof & Tech Computer System Dev.	1,355,000	125,000	1,355,000	0	1,230,000	(125,000)	853,138
Prof & Tech w/State Agencies	987,000	(67,000)	1,035,000	48,000	1,053,000	18,000	573,087
State Indirect Costs	320,000	(322,000)	642,000	322,000	642,000	0	666,078
State Board of Investments	61,000	(11,000)	72,000	11,000	72,000	0	73,857
Attorney General Costs	225,000	51,000	264,000	39,000	174,000	(90,000)	136,684
TOTALS	65,414,000	4,183,000	64,597,000	(817,000)	61,228,000	(3,369,000)	55,109,674



**MINNESOTA HOUSING FINANCE AGENCY
ADMINISTRATIVE BUDGET HISTORY
(\$000's)**

	<u>FY</u> <u>2018</u>	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2020</u>	<u>FY</u> <u>2021</u>	<u>FY</u> <u>2022</u>	<u>FY</u> <u>2023</u>	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2025</u>	<u>FY</u> <u>2026</u>	<u>FY</u> <u>2027</u>
Budgeted*	37,852	39,298	40,481	41,501	45,376	47,437	57,343	62,915	64,597	65,414
Actual**	35,938	34,860	37,117	38,123	39,149	42,748	48,094	55,110	61,228	N/A
Variance	1,914	4,438	3,364	3,378	6,227	4,689	9,249	7,805	3,369	N/A
<i>Budget FTE Count*</i>	253.6	258.9	266.0	268.0	293.4	307.42	363.42	363.42	361.92	360.79
Expense actual change % year/year**		-3.00%	6.47%	2.71%	2.69%	9.19%	12.51%	14.59%	11.10%	N/A
Expense actual change \$\$ year/year**		(1,078)	2,257	1,006	1,026	3,599	5,346	7,016	6,118	N/A

Notes:

- * FY2022 budget includes 9 FTEs, and approximately \$1 million, planned to be paid for via the administrative component of emergency federal programs
- * FY2023 budget includes 13 FTEs, and approximately \$1.4 million, planned to be paid for via the administrative component of emergency federal programs
- * FY2024 budget includes 9 FTEs, and approximately \$1 million, planned to be paid for via the administrative component of emergency federal programs
- * FY2025 budget includes 5 FTEs, and approximately \$0.74 million, planned to be paid for via the administrative component of emergency federal programs
- ** FY2026 is forecasted amount

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Item: Liquidity Update

Discussion Item: 8.C
Date: 6/25/2026
Staff Contacts: Matt Dieveney, 651.539.9827, matthew.dieveney@state.mn.us
Request Type: No Action, Discussion

Request Summary

Staff will provide an update on Agency's liquidity position and outlook. Since first taking steps in 2024 to address tightening Agency liquidity, the Agency has strengthened its liquidity position and improved its five-year liquidity outlook, as discussed in the Agency's annual finance-planning session held in April. This has enabled the Agency to reserve the use of additional one-time and limited-use cash-raising tools and puts the Agency in position to consider reversing some of the steps taken to restrict program lending.

Fiscal Impact

The Agency needs to maintain sufficient financial liquidity to pay operating expenses and fund financial commitments when due.

Agency Priorities

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

Attachments

- Lending Budget Variance Report

Lending Budget Variance Report

MHFA Lending Budget Variance Report			
FY2026 Q3			
	Budget FY2026	FY26 Q3 Actual + Remaining Projected	Variance
Cash In			
Repayments	\$ 61,962,136	\$ 80,054,944	\$ 18,092,808
Other Income	\$ 26,490,000	\$ 29,249,066	\$ 2,759,066
Total Cash In	\$ 88,452,136	\$ 109,304,010	\$ 20,851,874
Cash Out			
Lending	\$ 128,397,505	\$ 111,091,226	\$ (17,306,279)
Other Expenses	\$ 21,804,513	\$ 12,456,912	\$ (9,347,602)
Total Cash Out	\$ 150,202,018	\$ 123,548,138	\$ (26,653,881)
Net Cashflow	\$ (61,749,882)	\$ (14,244,127)	\$ 47,505,755
Liquidity Tools			
Total Liquidity Tools*	\$ 119,700,000	\$ 53,506,625	\$ (66,193,375)
Net Cash Impact	\$ 57,950,118	\$ 39,262,497	\$ (18,687,620)



Item: Post Sale Report, Residential Housing Finance Bonds, Series 2026 FGH

Information Item: 9.A
Date: 6/25/2026
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 \$175,000,000 of its Series 2026 FGH Residential Housing Finance Bonds on May 7, 2026. Series F and Series G are fixed-rate and Series H is variable-rate. Series F is tax-exempt and Series G and Series H are taxable. All series closed May 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 checked="" type="checkbox"/> Improve the Housing System | <input checked="" type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services |
| | <input type="checkbox"/> Strengthen Communities |

Attachments

- Post Sale Report



\$175,000,000
Minnesota Housing Finance Agency
Residential Housing Finance Bonds
\$52,485,000 2026 Series F (Non-AMT)
\$87,515,000 2026 Series G (Taxable)
\$35,000,000 2026 Series H (Taxable) (Social Bonds)

POST-SALE ANALYSIS

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2026 Series FGH accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Start Up first mortgages on its balance sheet and earn net income over future years.
2. Issued 70% of the debt as taxable and 30% as tax-exempt, the latter of which utilized recycled cap from replacement refundings, 2023 carryforward volume cap, and 2026 Minnesota City Participation Program (“MCP”) volume cap.
3. Achieved a direct spread on the bond issue of 1.359%. There was no hedge loss or gain associated with the issue.

Key Measurable Objectives and Accomplishments. This issue was very successful despite a volatile market environment.

<i>Objective</i>	<i>Result</i>
Finance new production on balance sheet	\$175 million of new Start Up first-mortgage loans in MBS securities
Leverage private activity bond volume cap by efficiently incorporating taxable debt	Issued 70% of the debt as taxable. For the 30% tax-exempt portion, used \$19.38 million of recycled volume cap, \$9.19 million of carryforward volume cap from 2023, and \$28.31 million of 2026 MCP volume cap.
Maximize spread on the overall transaction	Achieved a direct spread of 1.359% on the bond issue. There was no hedge loss associated with the issue.
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	No zeros were created or used in this issue. There are not any zeros in the Agency’s indenture currently.
Achieve cost-effective bond yield	Overall bond yield is projected to be approximately 5.079%
Create future income streams that will support Pool 3	Increased indenture’s expected net present value by approximately \$10.2 million at 150% PSA prepayment speed, after accounting for net service release premiums
Maintain high bond ratings	RHFB bonds are rated Aa1/AA+

TIMING AND STRUCTURE

Timing. The bonds were priced on May 7, 2026.

Sizing. The issue was sized to fund pipeline lending.

Major Design Decisions

- 1. Efficiently leverage volume cap.** To help preserve volume cap at a time when loan prepayments, and thus the ability to recycle past volume cap, have decreased significantly, the Agency structured 70% of the issue, or \$122.515 million, as taxable debt. The Agency then utilized \$19.38 million in recycled volume cap from replacement refundings, \$9.19 million of 2023 carryforward volume cap, and \$28.31 million of 2026 MCPP volume cap.
- 2. Issue variable-rate debt.** In order to finance these loans at or above full spread, the Agency issued Series H (20% of the entire issue) as variable-rate demand bonds. For RHFBS as a whole, the total amount of variable-rate debt remains about 21.3%, well below the 30% of total indenture bonds outstanding often used as a benchmark for comparisons among HFAs and presentations to rating agencies.
- 3. Appropriately hedge the variable-rate debt.** For the \$35 million of variable-rate Series H bonds, the Agency entered into an interest rate swap with Bank of America (Aa2/A+/AA) at a rate of 4.926%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on July 1, 2033.
- 4. Time and size the issue to address volatile interest rates.** To deal with fluctuations in the bond and mortgage markets, Minnesota Housing has been: (a) actively adjusting interest rates for new loan reservations to help keep pace with the market and (b) issuing bonds frequently and quickly, in relationship to the amount of loans reserved, to help reduce interest rate risk.

Bond Structure

- 1. Series F.** The \$52.485 million of non-AMT fixed-rate bonds included serial maturities due between 2027 and 2040 (\$13.355 million) and \$39.130 million of planned amortization class (PAC) bonds due in 2056.
- 2. Series G.** The \$87.515 million of taxable fixed-rate bonds included serial maturities due between 2035 and 2038 (\$11.120 million) and term bonds due in 2034, 2041, 2046, and 2052 (totaling \$76.395 million).
- 3. Series H.** The \$35 million of taxable variable-rate demand bonds are covered by an initial 5-year standby bond purchase agreement from Royal Bank of Canada (effective May 28, 2026), assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 30 basis points (bps) per year.

SOCIAL BONDS

The Series FGH bonds are designated as Social Bonds. Minnesota Housing continued its practice since 2021 of designating its RHFBS bonds as meeting an important social purpose. This confirms to investors that the bonds meet specific environmental, social, and governance standards. Single-family housing bonds generally meet the social purpose standards because of the level of affordability in serving low- and moderate-income households. Like many

housing finance agencies, Minnesota Housing contracts with an independent party to evaluate and confirm that the bonds specifically meet the criteria for social bonds. Kestrel Verifiers, widely recognized across the industry, provided this certification based on detailed information from Minnesota Housing on the income mix of borrowers.

BOND SALE RESULTS

- 1. Market Environment.** The yield on 10-year Treasury bonds was somewhat volatile but remained within a relatively narrow range. The 10-year Treasury yield moved higher early in the week leading up to pricing, closing at 4.45% on May 4, before declining later in the week as rate volatility subsided. By week's end, the 10-year Treasury yield closed at approximately 4.38%, down 7 basis points for the week, reflecting continued market focus on Federal Reserve policy expectations, inflation data, labor market conditions, and ongoing geopolitical developments.

In the municipal bond market, issuance and related market technicals continued to reflect strong underlying activity. The week's \$13 billion municipal calendar included approximately \$883 million of housing bond issuance, including five single-family pricings and one non-conduit multifamily transaction. As of May 8, total housing issuance for 2026 was estimated at \$14.37 billion, approximately 6% lower than 2025 year-to-date levels.

Municipal yield levels, relative to comparable Treasuries, remained supported by ongoing demand and reinvestment activity despite the elevated supply environment. During the week of pricing, municipal yields were moderately lower, generally tracking a late-week rally in Treasuries as rate volatility subsided. As of early May, indicative national AAA 10-year municipal yields were reported in the high-2.90% range, with AA and A rated credits modestly wider, consistent with typical tax-exempt yield spreads. Overall, the yield behavior in both taxable and tax-exempt markets reflected mild volatility and orderly trading conditions leading into the pricing date, set against elevated primary issuance in the municipal sector.

- 2. Institutional Interest.** Investor interest in the \$52.485 million non-AMT Series F was solid, with the series being 3.1x subscribed overall (receiving \$163.2 million in total orders). The shorter-term serial maturities (2027 through 2031) performed best, with several maturities from 2028 to 2031 oversubscribed between 2.0x and 4.1x. This resulted in yield reductions of 5 bps on the January 2029 maturity, the 2030 maturities, and the January 2031 maturity, and a 2.5 bps reduction on the July 2031 maturity. The longer-term serial maturities were notably weaker, with several maturities undersubscribed or receiving no orders, resulting in an unsold balance of approximately \$5.2 million. The 2056 PAC bond was well-received, with approximately \$149.4 million in orders, or 3.8x oversubscription, resulting in a spread reduction of 4 bps, and ending at a favorable +89 spread to prior-day MMD.

Investor interest in the \$87.515 million taxable Series G was very strong, with the series being 4.5x subscribed overall (receiving \$390.5 million in total orders) and no unsold balances. The shorter and intermediate taxable maturities were generally fully subscribed or oversubscribed, with subscription levels ranging from 1.0x to 3.2x across the 2034 through 2038 maturities. Spreads on the July 2037 and January 2038 maturities were reduced by 2 basis points due to strong orders. The longer-term taxable term maturities performed particularly well, with the 2041, 2046, and 2052 maturities oversubscribed at 4.4x, 5.6x, and 6.1x, respectively, resulting in respective spread reductions of 4 bps, 5 bps, and 6 bps.

- 3. Comparable Transactions.** Comparable non-AMT transactions for 2026 Series F included issuances from Washington SHFC (Aaa) and Nebraska IFA (AAA) on 5/6, Texas DHCA (Aa1/AA+) and Iowa FA (Aaa/AAA) on 5/4, and Virginia HDA (Aaa/AAA) on 4/28. Minnesota's Series F non-AMT serial spreads to MMD were generally in line with the closest comparable transactions. Spreads on the earlier serial maturities were generally close to Nebraska, Texas, and Washington, and were meaningfully tighter than Iowa in 2030 and 2031 maturities. Spreads on the longer serial maturities were generally

wider than Texas by approximately 2 bps, mixed relative to Iowa, and generally tighter than Nebraska through most comparable maturities, except for the July 2037 and 2038 maturities. Compared to Washington, which had more limited serial comparability, Minnesota priced 3 to 4 bps wider on the 2036 maturities and 1 to 4 bps wider on the 2037 maturities. On the 2056 PAC bond, Minnesota priced 89 basis points above MMD, which was 4 bps tighter than Washington, 15 bps tighter than Texas, and equal to Oklahoma's (Aaa) 6-year PAC priced on 4/27.

Comparable taxable transactions for 2026 Series G included Washington SHFC (Aaa) on 5/6, Iowa FA (Aaa/AAA) and Nebraska IFA (AAA) on 5/4, and Virginia HDA (Aaa/AAA) and New Mexico MFA (Aa1) on 4/28 and 4/27 respectively. Minnesota's Series G taxable spreads to Treasuries were generally tighter than comparable taxable offerings. The 2035 through 2038 serial maturities were generally equal to or tighter than comparable offerings, including spreads that were approximately 5 to 8 bps tighter than Virginia in the 2037 and 2038 maturities. Minnesota's spread on the 2034 term maturity (\$16.3 million) priced 8 to 20 bps tighter than Washington, Iowa, Virginia, and New Mexico. The 2041 term maturity (\$9.935 million) priced 5 bps tighter than Virginia and New Mexico, while the 2046 term maturity (\$20.675 million) was 6 bps tighter than Virginia and New Mexico. There were no directly comparable transactions for the 2052 term maturity (\$29.485 million).

UNDERWRITING

Underwriters. RBC Capital Markets was senior manager. Morgan Stanley, Northland, Piper Sandler, and Wells Fargo served as regular co-managers. The selling group members were AmeriVet Securities, Blaylock, D.A. Davidson, Huntington Securities, J.P. Morgan, Mesirov Financial, Raymond James, and TD Financial Products.

Sales by Underwriter. As is customary for senior managers, RBC brought in most institutional orders. For the Series F bonds, excluding stock orders, RBC brought in approximately \$162.1 million of total orders, Wells Fargo brought in \$1.76 million of total orders, and Northland Securities brought in \$400,000 of total orders. For the Series G bonds, RBC brought in approximately \$380.3 million of total orders, Northland brought in \$6.93 million of total orders, and Piper Sandler brought in \$2 million of total orders.

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

ISSUE DETAILS

Economic Calendar. At the time of pricing on May 7, 2026, the federal funds rate had remained unchanged since the last adjustment in December 2025, when it was cut by 25 bps. During its late-April meeting, the Federal Reserve maintained its cautious stance on interest rate policy, holding rates steady and reiterating that future decisions will remain dependent on incoming economic data.

The Fed's cautious stance continued to reflect the combination of inflation pressures and a market that had not softened decisively enough to prompt near-term rate cuts. During the week of pricing, markets continued to price a "higher-for-longer" rate environment, with increasing sensitivity to signs of economic softening. Recent data remain mixed, with inflation firm, while certain goods prices and wage measures showing incremental moderation. Labor market conditions remained resilient but were gradually cooling, particularly in hiring trends and job openings. Market commentary continued to indicate limited conviction around the timing of the Fed's next move, as investors weighed still-firm inflation and the impact of elevated oil prices and geopolitical developments.

Treasuries. At market close on May 7, the 10-year Treasury yield was approximately 4.36%, 20 bps higher than when the 2026 DE bonds priced on February 10. Treasury yields moved higher early in the week, with the 10-year closing at 4.45% on May 4 before declining later in the week as rate volatility subsided.

Post-Sale Report: Minnesota Housing \$175,000,000 RHFB Series 2026 FGH
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The economic calendar during the week of pricing focused on inflation data and geopolitical developments, including continued attention to oil prices and Middle East tensions. The yield curve has continued to normalize into 2026, with the 2-year Treasury at 3.89% on May7, 47 bps below the 10-year. This reflects a continued shift from the inverted yield curve conditions observed in early 2023, when the 2-year Treasury traded as much as 100 basis points above the 10-year Treasury.

Municipals. In the week leading into the May7 pricing, municipal market technicals remained constructive despite elevated issuance. The municipal new-issue market absorbed approximately \$13.9 billion of supply during the week, above initial expectations of approximately \$13.0 billion. Housing issuance accounted for approximately \$883 million, including five single-family pricings from Texas DHCA, Iowa FA, Washington SHFC, Nebraska IFA, and Minnesota HFA, along with a non-conduit multifamily transaction from Maryland CDA. Fund flows also remained supportive, with Lipper reporting approximately \$1.8 billion of inflows for the week, extending a strong multi-month trend. Overall, positive fund flows and early-season reinvestment demand helped offset the elevated supply environment, supporting constructive primary market conditions and a favorable tone for Minnesota Housing's issuance.

Earlier in 2026, continued rate volatility, inflation concerns, and geopolitical developments contributed to higher absolute yield levels in both the Treasury and municipal markets. Since the Agency's 2026 DE sale on February 10, municipal yields increased more than comparable Treasury yields in the intermediate part of the curve, with the 10-year MMD rising 36 basis points compared to a 20-basis point increase in the 10-year Treasury. On the pricing date, the 10-year MMD/Treasury ratio was 67.88%, compared to 62.50% at the 2026 DE sale, reflecting a modest cheapening of tax-exempt municipals relative to Treasuries. The 30-year ratio, however, moved in the opposite direction, declining to 87.07% on the day of pricing from 90.17% at the 2026 DE sale, as the 30-year MMD remained unchanged while the 30-year Treasury increased by 17 basis points. Overall, ratios remained favorable relative to the higher levels seen during parts of 2025, while still reflecting a somewhat less rich 10-year relative-value environment than at the Agency's February 2026 pricing.

Post-Sale Report: Minnesota Housing \$175,000,000 RHFB Series 2026 FGH
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TABLE 1: COMPARISON OF RATES IN RECENT MHFA SINGLE-FAMILY TRANSACTIONS

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury	30-Year Treasury	30-Year MMD	MMD/Treasury
2022 RHFB AB	2/1/22	1.79%	1.50%	83.8%	2.11%	1.91%	91.1%
2022 RHFB CD	3/3/22	1.73%	1.61%	93.1%	2.16%	2.03%	94.0%
2022 RHFB EF	4/13/22	2.70%	2.46%	91.1%	2.81%	2.81%	100.0%
2022 RHFB GH	6/8/22	3.02%	2.45%	81.1%	3.17%	2.92%	92.1%
2022 RHFB IJK	9/13/22	3.42%	2.81%	82.1%	3.51%	3.62%	103.1%
2022 RHFB LMN	11/9/22	3.83%	3.26%	85.1%	4.31%	4.06%	94.2%
2023 RHFB ABC	2/7/23	3.68%	2.23%	60.6%	3.71%	3.24%	87.3%
2023 RHFB DE	4/19/23	3.60%	2.36%	65.6%	3.79%	3.40%	89.7%
2023 RHFB FG	6/18/23	3.72%	2.57%	69.1%	3.84%	3.50%	91.1%
2023 RHFB HI	6/29/23	3.85%	2.56%	66.5%	3.90%	3.49%	89.5%
2023 RHFB JK	7/27/23	4.01%	2.52%	62.8%	4.06%	3.51%	86.5%
2023 RHFB LM	8/23/23	4.19%	2.95%	70.4%	4.27%	3.91%	91.6%
2023 RHFB NOPQ	9/12/23	4.27%	2.98%	69.8%	4.35%	3.92%	90.1%
2023 RHFB RST	11/8/23	4.49%	3.20%	71.3%	4.64%	4.20%	90.5%
2023 RHFB UV	11/15/23	4.53%	3.10%	68.4%	4.68%	4.12%	88.0%
2024 RHFB ABC	1/23/24	4.14%	2.46%	59.4%	4.38%	3.61%	82.4%
2024 RHFB DE	3/11/24	4.10%	2.40%	58.5%	4.26%	3.57%	83.8%
2024 RHFB FGHI	4/9/24	4.36%	2.65%	60.8%	4.50%	3.81%	84.7%
2024 RHFB JK	5/16/24	4.38%	2.75%	62.8%	4.52%	3.76%	83.2%
2024 RHFB LMN	6/11/24	4.39%	2.92%	66.5%	4.53%	3.79%	83.7%
2024 RHFB OPQ	7/30/24	4.15%	2.82%	67.9%	4.40%	3.68%	83.6%
2024 RHFB RS	8/20/24	3.82%	2.71%	70.9%	4.07%	3.59%	88.2%
2024 RHFB TUVW	11/12/24	4.43%	2.96%	66.8%	4.58%	3.79%	82.8%
2025 RHFB AB	2/4/2025	4.43%	2.89%	65.2%	4.64%	3.90%	84.1%
2025 RHFB CDE	2/20/2025	4.50%	3.00%	66.7%	4.74%	4.01%	84.6%
2025 RHFB FGH	5/1/2025	4.25%	3.29%	77.4%	4.74%	4.36%	92.0%
2025 RHFB IJ	6/17/2025	4.39%	3.32%	75.6%	4.88%	4.54%	93.0%
2025 RHFB KLMN	9/16/2025	4.04%	2.86%	70.8%	4.65%	4.21%	90.5%
2026 RHFB ABC	2/4/2026	4.29%	2.60%	60.61%	4.91%	4.29%	87.37%
2026 RHFB DE	2/10/2026	4.16%	2.60%	62.50%	4.78%	4.31%	90.17%
2026 RHFB FGH	5/7/2026	4.36%	2.96%	67.88%	4.95%	4.31%	87.07%
Change from RHFB 2026 DE		+20 bps	+36 bps	+5.38%	+17 bps	+0 bps	-3.10%

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	5/7/26			5/6/26			5/6/26			5/4/26			5/4/26			4/28/26			
Amount	\$52,485,000			\$147,840,000			\$96,525,000			\$250,000,000			\$75,000,000			\$150,000,000			
Issuer	Minnesota HFA			Nebraska IFA			Washington SHFC			Texas DHCA			Iowa FA			Virginia HDA			
Series	2026 Series F			2026 Series D			2026 Series 1N			2026 Series B			2026 Series C			2025 Series G-2			
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			
Rating(s)	Aa1 / AA+ / -			- / AAA / -			Aaa / - / -			Aa1 / AA+ / -			Aaa / AAA / -			Aaa / AAA / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity Yr	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
('26 pricings)	Jan1 / Jul1	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	
0	2026																		
1	2027	2.70	-	+20						2.70	-	+16				2.75	-	+27	
2	2028	2.80 / 2.85	-	+35 / +40						2.80 / 2.85	-	+33 / +38				2.80 / 2.85	-	+40 / +45	
3	2029	2.85 / 2.95	-	+38 / +47						2.90 / 2.95	-	+41 / +45				2.90 / 2.95	-	+50 / +54	
4	2030	2.95 / 3.00	-	+45 / +46	2.95 / 3.00	-	+43 / +45			3.00 / 3.05	-	+48 / +49	3.00 / 3.05	-	+48 / +49	3.00 / 3.10	-	+55 / +61	
5	2031	3.05 / 3.125	-	+47 / +51.5	3.05 / 3.10	-	+46 / +48			3.05 / 3.10	-	+45 / +47	3.10 / 3.15	-	+50 / +52	3.15 / 3.20	-	+62 / +64	
6	2032	3.25 / 3.30	-	+62 / +61	3.25 / 3.35	-	+60 / +65			3.25 / 3.30	-	+60 / +59	3.25 / 3.30	-	+60 / +59	3.30 / 3.35	-	+71 / +70	
7	2033	3.35 / 3.40	-	+63 / +67	3.40 / 3.45	-	+67 / +71			3.35 / 3.40	-	+61 / +65	3.35 / 3.40	-	+61 / +65	3.40 / 3.45	-	+72 / +76	
8	2034	3.50 / 3.55	-	+74 / +75	3.55 / 3.60	-	+77 / +78			3.50 / 3.55	-	+72 / +73	3.50 / 3.55	-	+72 / +73	3.55 / 3.60	-	+82 / +83	
9	2035	3.60 / 3.70	-	+75 / +81	3.65 / 3.75	-	+79 / +84			3.60 / 3.70	-	+73 / +79	3.60 / 3.70	-	+73 / +79	3.65 / 3.70	-	+82 / +83	
10	2036	3.75 / 3.80	-	+82 / +82	3.80 / 3.85	-	+85 / +86	3.75 / 3.80	-	+78 / +79	3.75 / 3.80	-	+80 / +80	3.75 / 3.80	-	+80 / +80	3.80 / 3.85	-	+87 / +86
11	2037	3.85 / 3.95	-	+83 / +91	3.90 / 3.95	-	+87 / +89	3.85 / 3.95	-	+82 / +87	3.85 / 3.95	-	+81 / +89	3.85 / 3.95	-	+81 / +89	3.90 / 3.95	-	+87 / +90
12	2038	4.00 / 4.00	-	+91 / +88	4.00 / 4.00	-	+90 / +87			4.00 / 4.00	-	+89 / +86	4.00 / 4.00	-	+89 / +86	4.00 / 4.00	-	+90 / +87	
13	2039	4.05 / 4.05	-	+88 / +82															
14	2040	4.10	-	+82															
15	2041				4.30	-	+94	4.30	-	+94	4.25	-	+87	4.25	-	+87	4.20	-	+83
16	2042																		
17	2043																		
18	2044																		
19	2045																		
20	2046				4.70	-	+77	4.75	-	+82	4.70	-	+75	4.70	-	+75	4.65	-	+71
21	2047																		
22	2048																		
23	2049																		
24	2050																		
25	2051							4.80	-	+59	4.75	-	+52	4.75	-	+52	4.70	-	+48
26	2052																		
27	2053																		
28	2054																		
29	2055																		
30	2056									4.80	-	+47				4.75	-	+43	
31	2057																		
32	2058																		
PAC	6.00	3.49	+89				6.25	3.53	+93	6.00	3.72	+104							
PAC AvgLf, Price	5yrs, 75-500% PSA, \$111.241						5yrs, 75-600% PSA, \$112.184			5.9yrs, 50-500% PSA, \$111.653									
Notes																			
Par Call	7/1/34 (+adj PAC)			9/1/34			12/1/33 (+adj PAC)			7/1/34 (+adj PAC)			7/1/34			7/1/34			
Sr Manager	RBC Capital Markets			JPMorgan Securities			RBC Capital Markets			RBC Capital Markets			Morgan Stanley			Wells Fargo			

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/28/26			4/27/26			4/27/26			4/21/26			4/15/26		
Amount	\$104,000,000			\$80,000,000			\$126,000,000			\$60,000,000			\$125,000,000		
Issuer	Tennessee HDA			Oklahoma HFA			New Mexico MFA			Colorado HFA			Maryland DHCD		
Series	Issue 2026-1			2026 Series B			2026 Series C			2026 Series E			2026 Series B		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aaa / - / -			Aa1 / - / -			Aa3 / AA / -			Aa1 / AA+ / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity Yr ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to iMMD	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to iMMD	Coupon Nov1	Yield (if diff.)	Spread to iMMD	Coupon Sep1	Yield (if diff.)	Spread to iMMD
0	2026														
1	2027	2.60 / 2.70	- +12 / +22	2.65 / 2.70	- +20 / +26		2.70	- +26							
2	2028	2.75 / 2.80	- +35 / +40	2.75 / 2.80	- +38 / +43		2.75 / 2.75	- +38 / +38							
3	2029	2.85 / 2.875	- +45 / +46.5	2.85 / 2.90	- +48 / +51		2.85 / 2.85	- +48 / +46							
4	2030	2.95 / 3.00	- +50 / +51	2.95 / 3.00	- +52 / +53		2.95 / 3.00	- +52 / +53					2.95	- +47	
5	2031	3.05 / 3.10	- +52 / +54	3.10 / 3.125	- +59 / +58.5		3.10 / 3.125	- +59 / +58.5							
6	2032	3.25 / 3.30	- +66 / +65	3.30 / 3.30	- +73 / +67		3.25 / 3.30	- +68 / +67							
7	2033	3.35 / 3.40	- +67 / +71	3.35 / 3.40	- +71 / +74		3.35 / 3.40	- +71 / +74							
8	2034	3.50 / 3.55	- +77 / +78	3.50 / 3.55	- +80 / +80		3.50	3.55 +80							
9	2035	3.60 / 3.70	- +77 / +83	3.60 / 3.70	- +80 / +85		3.60 / 3.70	- +80 / +85							
10	2036	3.75 / 3.80	- +82 / +81	3.75 / 3.80	- +85 / +84		3.75	3.80 +84							
11	2037	3.85 / 3.875	- +82 / +82.5	3.875 / 3.875	- +88.5 / +88.5		3.85 / 3.90	- +86 / +87							
12	2038	4.00 / 4.00	- +90 / +87	3.95 / 4.00	- +88 / +90		3.95 / 4.00	- +88 / +90					4.00	- +86	
13	2039														
14	2040														
15	2041	4.20	- +83	4.20	- +88		4.25	- +93							
16	2042														
17	2043														
18	2044														
19	2045														
20	2046	4.65	- +71	6.00	4.40 +51		4.65	- +76					4.70	- +77	
21	2047														
22	2048														
23	2049														
24	2050														
25	2051	4.70	- +48				4.70	- +53							
26	2052			4.70	- +50								4.80	- +56	
27	2053														
28	2054														
29	2055														
30	2056	4.75	- +43				4.75	- +48							
31	2057														
32	2058														
PAC	6.00	3.50	+87	6.25	3.49	+89	5.50	3.49	+97	6.50	3.43	+92	6.25	3.48	+94
PAC AvgLf, Price	6yrs, 75-500% PSA, \$113.168			6yrs, 75-700%, \$114.571			5yrs, 75-500% PSA, \$109.009			5yrs, 100-700% PSA, \$113.841			5yrs, 75-600% PSA, \$112.440		
Notes															
Par Call	7/1/34 (+adj PAC)			3/1/34 (+adj PAC)			3/1/34 (+adj PAC)			11/1/33 (+adj PAC)			3/1/34 (+adj PAC)		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			Jefferies			Wells Fargo		

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/14/26			4/14/26			4/7/26			4/7/26			4/6/26			3/30/26		
Amount	\$60,000,000			\$109,255,000			\$100,000,000			\$170,000,000			\$107,345,000			\$375,625,000		
Issuer	Arkansas DFA			Arkansas DFA			Delaware SHA			Illinois HDA			Maine SHA			Michigan SHDA		
Series	2026 Series A			2026 Series B			2026 Series A			2026 Series C			2026 Series B			2026 Series A		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	- / AA+ / -			- / AA+ / -			Aa1 / - / -			Aaa / - / -			Aa1 / AA+ / -			Aa2 / AA+ / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity Yr	Coupon ('26 pricings)	Yield (if diff.)	Spread to iMMD	Coupon 7/1/57	Yield (if diff.)	Spread to iMMD	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD	Coupon Apr1 / Oct1	Yield (if diff.)	Spread to iMMD	Coupon Nov15	Yield (if diff.)	Spread to iMMD	Coupon Jun1 / Dec1	Yield (if diff.)	Spread to iMMD
0	2026																	
1	2027	2.65	-	+37	2.875	-	+59.5	2.70	-	+36						2.75 / 2.80	-	+36 / +40
2	2028	2.75 / 2.80	-	+46 / +50			2.80 / 2.85	-	+44 / +49							2.85 / 2.90	-	+43 / +47
3	2029	2.85 / 2.90	-	+51 / +53			2.95 / 2.95	-	+52 / +52				2.95	-	+49	3.00 / 3.00	-	+51 / +50
4	2030	3.00 / 3.05	-	+57 / +58			3.10 / 3.15	-	+58 / +62				3.15	-	+59	3.10 / 3.15	-	+51 / +55
5	2031	3.10 / 3.20	-	+58 / +65			3.25 / 3.30	-	+64 / +67				3.30	-	+63	3.25	3.299	+58.9
6	2032	3.25 / 3.35	-	+65 / +69			3.35 / 3.45	-	+66 / +71				3.50	-	+72	3.40 / 3.50	-	+60 / +66
7	2033	3.45 / 3.50	-	+76 / +80			3.50 / 3.55	-	+73 / +77				3.55	-	+75	3.50	3.537	+68.7
8	2034	3.55 / 3.60	-	+81 / +82			3.65 / 3.70	-	+79 / +82				3.70	-	+76	3.70 / 3.80	-	+76 / +80
9	2035	3.65 / 3.70	-	+82 / +83			3.75 / 3.80	-	+82 / +83	3.75 / 3.80	-	+81 / +81	3.80	-	+78	3.875 / 3.95	-	+82.5 / +85
10	2036	3.75 / 3.85	-	+82 / +86			3.85 / 3.95	-	+82 / +86	3.85 / 3.90	-	+80 / +79	3.90	-	+77	4.00 / 4.00	-	+83 / +79
11	2037	3.875 / 3.90	-	+84.5 / +85			4.00 / 4.00	-	+87 / +85	3.95 / 4.00	-	+82 / +83	4.00	-	+81	4.05 / 4.10	-	+82 / +83
12	2038	3.95 / 3.95	-	+85 / +82			4.05 / 4.05	-	+83 / +81	4.05 / 4.10	-	+82 / +85	4.10	-	+82	4.20 / 4.20	-	+86 / +84
13	2039																	
14	2040																	
15	2041	4.20	-	+84			4.40	-	+92	4.40	-	+92	4.40	-	+90	4.50	-	+92
16	2042																	
17	2043																	
18	2044									4.70	-	+92						
19	2045																	
20	2046	4.60	-	+67			4.75	-	+72	4.80	-	+77	4.80	-	+75	4.90	-	+78
21	2047																	
22	2048																	
23	2049																	
24	2050																	
25	2051	4.65	-	+44			4.80	-	+50	4.85	-	+55	4.85	-	+53	4.95	-	+58
26	2052																	
27	2053																	
28	2054																	
29	2055																	
30	2056	4.70	-	+39			4.85 / 4.85	-	+45 / +45							5.00	-	+53
31	2057																	
32	2058																	
PAC	5.50	3.47	+93				5.75	3.60	+98	6.50	3.61	+91	6.25	3.55	+91	6.00	3.60	+93
PAC AvgLf, Price	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			5yrs, 75-500% PSA, \$110.709		
Notes																		
Par Call	1/1/34 (+adj PAC)			9/1/26			7/1/34 (+adj PAC)			4/1/34 (+adj PAC)			5/15/34 (+adj PAC)			6/1/34		
Sr Manager	Raymond James			Raymond James			JPMorgan Securities			Jefferies			Barclays			RBC Capital Markets		

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	3/23/26			3/16/26			3/16/26			3/3/26			3/3/26			
Amount	\$50,000,000			\$90,000,000			\$90,240,000			\$53,935,000			\$299,000,000			
Issuer	New Hampshire HFA			Ohio HFA			Utah HC			Nevada HD			North Carolina HFA			
Series	2026 Series C			2026 Series A			2026 Series A			2026 Series A			Series 60			
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			
Rating(s)	Aa1 / - / -			Aa1 / - / -			Aa2 / - / -			- / AA+ / -			Aa1 / AA+ / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity Yr	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
(26 pricings)	Jul1	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	
0	2026															
1	2027			6.00 / 6.00	2.37 / 2.39	+23 / +24							2.45	-	+33	
2	2028			6.00 / 6.00	2.41 / 2.44	+24 / +26							2.50 / 2.50	-	+37 / +37	
3	2029			6.00 / 6.00	2.51 / 2.55	+27 / +30	2.65 / 2.70	-	+41 / +46				2.55 / 2.60	-	+38 / +43	
4	2030			6.00 / 6.00	2.60 / 2.63	+29 / +30	2.75 / 2.80	-	+44 / +48				2.65 / 2.70	-	+45 / +49	
5	2031			6.00 / 6.00	2.69 / 2.74	+31 / +33	2.90 / 2.95	-	+52 / +55				2.80 / 2.85	-	+55 / +58	
6	2032			6.00 / 6.00	2.82 / 2.89	+35 / +36	3.05 / 3.10	-	+58 / +58	2.90 / 2.95	-	+56 / +55	2.95 / 3.00	-	+62 / +62	
7	2033			6.00 / 6.00	2.95 / 2.96	+38 / +38	3.15 / 3.20	-	+58 / +62	3.05 / 3.10	-	+63 / +67	3.05 / 3.125	-	+63 / +69.5	
8	2034			6.00 / 6.00	3.10 / 3.14	+43 / +43	3.35 / 3.40	-	+68 / +71	3.15 / 3.20	-	+66 / +66	3.20 / 3.25	-	+71 / +74	
9	2035			3.45 / 3.55	-	+68 / +72	3.45 / 3.50	-	+68 / +69	3.30 / 3.35	-	+70 / +70	3.35 / 3.40	-	+76 / +77	
10	2036			3.60 / 3.625	-	+73 / +68.5	3.55 / 3.60	-	+68 / +67	3.45 / 3.50	-	+75 / +74	3.50 / 3.55	-	+82 / +81	
11	2037			3.75 / 3.80	-	+76 / +78				3.55 / 3.60	-	+75 / +76	5.00 / 5.00	3.35 / 3.37	+55 / +55	
12	2038			3.85 / 3.85	-	+74 / +71	3.75	-	+62	3.75 / 3.80	-	+81 / +84	5.00 / 5.00	3.48 / 3.50	+55 / +55	
13	2039															
14	2040															
15	2041			4.15	-	+75	4.20	-	+80	4.15	-	+91	4.05	-	+81	
16	2042															
17	2043															
18	2044															
19	2045															
20	2046	4.75	-	+65	4.65	-	+67	4.65	-	+67	5.50	4.25	+32	4.50	-	+57
21	2047															
22	2048						4.70	-	+54							
23	2049															
24	2050															
25	2051	4.85	-	+50	4.75	-	+51			4.70	-	+54	4.65	-	+49	
26	2052															
27	2053															
28	2054															
29	2055															
30	2056				4.80	-	+46			4.75	-	+49				
31	2057	4.875	-	+42.5									4.70	-	+44	
32	2058															
PAC	6.50	3.56	+93	6.25	3.26	+88	6.50	3.27	+87				6.25	3.24	+90	
PAC AvgLf, Price	6yrs, 100-700% PSA, \$115.429			5yrs, 75-500% PSA, \$113.488			5.2yrs, 100-500% PSA, \$115.135						6yrs, 75-700% PSA, \$116.044			
Notes										10/1/46 maturity is a lockout			1/1/37-7/1/38 maturities are lockouts			
Par Call	1/1/34			9/1/34			1/1/34			1/1/34			1/1/34 (+adj PAC)			
Sr Manager	RBC Capital Markets			JPMorgan Securities			RBC Capital Markets			JPMorgan Securities			Wells Fargo			

NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	2/4/26			9/16/25			5/1/25			2/20/25		
Amount	\$87,955,000			\$77,020,000			\$87,560,000			\$69,565,000		
Issuer	Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series	2026 Series A			2025 Series L			2025 Series F			2025 Series C		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity Yr ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD	Coupon 56796	Yield (if diff.)	Spread to iMMD
0 2026				2.55	-	+43	3.50	-	+64			
1 2027	2.55 / 2.55	-	+43 / +43	2.55 / 2.60	-	+55 / +60	3.55 / 3.60	-	+66 / +71			
2 2028	2.625 / 2.65	-	+49.5 / +52	2.65 / 2.70	-	+66 / +71	3.65 / 3.70	-	+76 / +81			
3 2029	2.70 / 2.70	-	+56 / +56	2.75 / 2.80	-	+73 / +78	3.80 / 3.85	-	+88 / +93			
4 2030	2.75 / 2.80	-	+59 / +63	2.95	-	+85	3.875 / 3.90	-	+90.5 / +93			
5 2031	2.80 / 2.85	-	+61 / +64				4.00 / 4.00	-	+99 / +99			
6 2032	2.90 / 2.95	-	+64 / +64				4.10 / 4.10	-	+105 / +103			
7 2033	3.00 / 3.10	-	+65 / +74				4.20 / 4.20	-	+109 / +108			
8 2034	3.25 / 3.30	-	+84 / +87				4.30 / 4.35	-	+111 / +113			
9 2035	3.40 / 3.45	-	+89 / +90	3.80	-	+97	4.40 / 4.40	-	+113 / +111			
10 2036	3.50 / 3.60	-	+90 / +94	3.90 / 3.95	-	+93 / +93	4.50 / 4.50	-	+113 / +111			
11 2037	3.65 / 3.70	-	+91 / +94	4.05 / 4.05	-	+91 / +90	4.50 / 4.50	-	+105 / +103			
12 2038	3.75 / 3.80	-	+89 / +92									
13 2039												
14 2040				4.55	-	+106	4.60	-	+89			
15 2041	4.10	-	+85									
16 2042												
17 2043												
18 2044												
19 2045				4.85	-	+87	4.85	-	+72			
20 2046												
21 2047	4.60	-	+54									
22 2048							4.90	-	+67			
23 2049												
24 2050				4.95	-	+79						
25 2051												
26 2052												
27 2053												
28 2054												
29 2055												
30 2056												
31 2057												
32 2058												
PAC	6.00	3.21	+94	6.00	3.33	+120	6.25	3.96	+99	6.25	3.77	+100
PAC AvgLf, Price	5yrs, 75-500% PSA, \$114.808			5yrs, 75-600% PSA, \$112.067			5yrs 75-500% PSA, \$110.143			yrs 75-400% PSA, \$112.91		
Notes												
Par Call	1/1/34 (+adj PAC)			7/1/33 (+adj PAC)			7/1/33			7/1/33		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	5/7/26			5/6/26			5/4/26			5/4/26		
Amount	\$87,515,000			\$17,500,000			\$38,510,000			\$69,400,000		
Issuer	Minnesota HFA			Washington SHFC			Iowa FA			Nebraska IFA		
Series	2026 Series G			2026 Series 1T			2026 Series D			2026 Series E		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aaa / - / -			Aaa / AAA / -			- / AAA / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity Yr ('26 pricings)	Coupon Jul1 / Jan1	Yield (if diff.)	Spread to UST	Coupon Jun1 / Dec1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon PAC	Yield (if diff.)	Spread to UST
0 2026				4.017	-	+15 to 2yr						
1 2027				4.017 / 4.017	-	+15 / +15 to 2yr	4.102	-	+15 to 2yr			
2 2028				4.017 / 4.017	-	+15 / +15 to 2yr	4.102 / 4.102	-	+15 / +15 to 2yr			
3 2029				4.038 / 4.038	-	+15 / +15 to 3yr	4.126 / 4.126	-	+15 / +15 to 3yr			
4 2030				4.197 / 4.247	-	+20 / +25 to 5yr	4.285 / 4.335	-	+20 / +25 to 5yr			
5 2031				4.297 / 4.347	-	+30 / +35 to 5yr	4.385 / 4.435	-	+30 / +35 to 5yr			
6 2032				4.522 / 4.572	-	+35 / +40 to 7yr	4.611 / 4.661	-	+35 / +40 to 7yr			
7 2033				4.672 / 4.722	-	+50 / +55 to 7yr	4.711 / 4.761	-	+45 / +50 to 7yr			
8 2034	5.50 / 5.00	4.389 / 4.389	+35 / +35 to 5yr	4.791 / 4.851	-	+44 / +50 to 10yr	4.889 / 4.989	-	+45 / +55 to 10yr			
9 2035	4.939 / 4.989	-	+55 / +60 to 10yr	4.901 / 4.951	-	+55 / +60 to 10yr	5.039 / 5.089	-	+60 / +65 to 10yr			
10 2036	5.039 / 5.089	-	+65 / +70 to 10yr				5.139	-	+70 to 10yr			
11 2037	5.139 / 5.169	-	+75 / +78 to 10yr									
12 2038	5.219 / 5.259	-	+83 / +87 to 10yr									
13 2039												
14 2040												
15 2041	5.489	-	+110 to 10yr									
16 2042												
17 2043												
18 2044												
19 2045												
20 2046	5.813	-	+84 to 30yr									
21 2047												
22 2048												
23 2049												
24 2050												
25 2051												
26 2052	5.863	-	+89 to 30yr									
27 2053												
28 2054												
29 2055												
30 2056												
31 2057												
32 2058												
PAC							6.25	4.905	+82 to 5yr	6.25	4.885	+80 to 5yr
PAC AvgLf, Price							5yrs, 75-700% PSA, \$105.755			5yrs, 75-700% PSA, \$105.857		
Notes												
Par Call	7/1/34			12/1/33			7/1/34 (+adj PAC)			9/1/34 (+adj PAC)		
Sr Manager	RBC Capital Markets			RBC Capital Markets			Morgan Stanley			JPMorgan Securities		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/28/26			4/27/26			4/21/26			4/15/26		
Amount	\$75,000,000			\$24,000,000			\$83,210,000			\$150,000,000		
Issuer	Virginia HDA			New Mexico MFA			Colorado HFA			Maryland DHCD		
Series	2026 Series B			2026 Series D			2026 Series F-1			2026 Series C		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aaa / AAA / -			Aa1 / - / -			Aaa / AAA / -			Aa1 / AA+ / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity Yr ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to UST	Coupon May1 / Nov1	Yield (if diff.)	Spread to UST	Coupon Mar1 / Sep1	Yield (if diff.)	Spread to UST
0 2026												
1 2027	3.994	-	+15 to 2yr	3.949	-	+15 to 2yr	3.931 / 6.00	3.931 / 3.911	+15 / +13 to 2yr	3.92 / 3.92	-	+15 / +15 to 2yr
2 2028	3.994 / 3.994	-	+15 / +15 to 2yr	3.949 / 3.949	-	+15 / +15 to 2yr	3.931 / 6.00	3.931 / 3.911	+15 / +13 to 2yr	3.92	-	+15 to 2yr
3 2029	4.017 / 4.017	-	+15 / +15 to 3yr	3.974 / 4.024	-	+15 / +20 to 3yr	3.946 / 6.00	3.946 / 3.926	+15 / +13 to 3yr			
4 2030	4.164 / 4.204	-	+18 / +22 to 5yr	4.148 / 4.198	-	+20 / +25 to 5yr	4.111 / 6.00	4.111 / 4.081	+20 / +17 to 5yr	4.097 / 4.147	-	+20 / +25 to 5yr
5 2031	4.284 / 4.334	-	+30 / +35 to 5yr	4.248 / 4.298	-	+30 / +35 to 5yr	4.211 / 6.00	4.211 / 4.181	+30 / +27 to 5yr			
6 2032	4.512 / 4.562	-	+35 / +40 to 7yr	4.433 / 4.483	-	+30 / +35 to 7yr	6.00 / 6.00	4.363 / 4.413	+27 / +32 to 7yr	4.481	-	+40 to 7yr
7 2033	4.612 / 4.662	-	+45 / +50 to 7yr	4.533 / 4.583	-	+40 / +45 to 7yr	6.00 / 6.00	4.463 / 4.513	+37 / +42 to 7yr	4.581 / 4.247	-	+50 / +35 to 7yr
8 2034	4.79 / 4.89	-	+43 / +53 to 10yr				4.775 / 4.825	-	+48 / +53 to 10yr	4.733 / 4.783	-	+45 / +50 to 10yr
9 2035	4.96 / 5.01	-	+60 / +65 to 10yr				4.875 / 4.925	-	+58 / +63 to 10yr	4.833 / 4.883	-	+55 / +60 to 10yr
10 2036	5.04 / 5.09	-	+68 / +73 to 10yr				4.995 / 5.045	-	+70 / +75 to 10yr	4.933 / 4.983	-	+65 / +70 to 10yr
11 2037	5.16 / 5.21	-	+80 / +85 to 10yr				5.095 / 5.145	-	+80 / +85 to 10yr	5.033 / 5.083	-	+75 / +80 to 10yr
12 2038	5.26 / 5.31	-	+90 / +95 to 10yr	5.018	-	+68 to 10yr	5.195 / 5.245	-	+90 / +95 to 10yr	5.133 / 5.183	-	+85 / +90 to 10yr
13 2039												
14 2040												
15 2041	5.51	-	+115 to 10yr	5.488	-	+115 to 10yr	5.445	-	+115 to 10yr	5.433	-	+115 to 10yr
16 2042												
17 2043										5.613	-	+133 to 10yr
18 2044												
19 2045												
20 2046	5.859	-	+90 to 30yr	5.85	-	+90 to 30yr	5.806	-	+90 to 30yr			
21 2047												
22 2048												
23 2049												
24 2050												
25 2051	5.889	-	+93 to 30yr	5.87	-	+92 to 30yr						
26 2052												
27 2053												
28 2054												
29 2055												
30 2056	5.919	-	+96 to 30yr	5.92	-	+97 to 30yr						
31 2057												
32 2058												
PAC				5.50	4.828	+88 to 5yr				6.25	4.797	+90 to 5yr
PAC AvgLf, Price										5yrs, 75-600% PSA, \$106.280		
Notes							6% coupon serials are lockout maturities					
Par Call	7/1/34			3/1/34 (+adj PAC)			11/1/33			3/1/34 (+adj PAC)		
Sr Manager	Wells Fargo			RBC Capital Markets			Jefferies			Wells Fargo		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/15/26			4/7/26			4/2/26			3/30/26			3/23/26		
Amount	\$1,760,000			\$30,000,000			\$28,300,000			\$115,375,000			\$40,000,000		
Issuer	Minnesota HFA			Illinois HDA			California HFA			Michigan SHDA			New Hampshire HFA		
Series	2026 Series B-3			2026 Series D			S. 2026 (Banana)			2026 Series B			2026 Series D		
Program	Multifamily / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AAA / -			Aaa / - / -			Aa1/VMIG-1 / - / -			Aa2 / AA+ / -			Aa1 / - / -		
Tax Status	Taxable			Taxable			Taxable			Taxable			Taxable		
Maturity Yr ('26 pricings)	Coupon 8/1/28	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	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST
0 2026															
1 2027				3.998 / 3.998	-	+15 / +15 to 2yr				3.913 / 3.923	-	+12 / +13 to 2yr	3.984	-	+13 to 2yr
2 2028	4.00	-	+24 to 2yr	3.998 / 3.998	-	+15 / +15 to 2yr	4.20	-	+41 to 2yr	3.923 / 3.923	-	+13 / +13 to 2yr	4.004 / 4.034	-	+15 / +18 to 2yr
3 2029				4.024 / 4.074	-	+15 / +20 to 3yr				3.946 / 3.966	-	+13 / +15 to 3yr	4.027 / 4.047	-	+16 / +18 to 3yr
4 2030				4.187 / 4.237	-	+20 / +25 to 5yr				4.086 / 4.136	-	+14 / +19 to 5yr	4.151 / 4.201	-	+18 / +23 to 5yr
5 2031				4.287 / 4.337	-	+30 / +35 to 5yr				4.226 / 4.276	-	+28 / +33 to 5yr	4.251 / 4.301	-	+28 / +33 to 5yr
6 2032				4.519 / 4.569	-	+35 / +40 to 7yr				4.452 / 4.502	-	+32 / +37 to 7yr	4.483 / 4.533	-	+32 / +37 to 7yr
7 2033				4.619 / 4.669	-	+45 / +50 to 7yr				4.582 / 4.632	-	+45 / +50 to 7yr	4.583 / 4.633	-	+42 / +47 to 7yr
8 2034				4.783 / 4.833	-	+43 / +48 to 10yr				4.791 / 4.841	-	+47 / +52 to 10yr	4.844 / 4.874	-	+49 / +52 to 10yr
9 2035				4.903	-	+55 to 10yr				4.901 / 4.941	-	+58 / +62 to 10yr	4.924 / 4.974	-	+57 / +62 to 10yr
10 2036										4.991 / 5.031	-	+67 / +71 to 10yr	5.004 / 5.044	-	+65 / +69 to 10yr
11 2037										5.091 / 5.141	-	+77 / +82 to 10yr	5.104 / 5.174	-	+75 / +82 to 10yr
12 2038										5.201 / 5.251	-	+88 / +93 to 10yr	5.224 / 5.274	-	+87 / +92 to 10yr
13 2039															
14 2040															
15 2041										5.471	-	+115 to 10yr	5.494	-	+114 to 10yr
16 2042															
17 2043															
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			
31 2057															
32 2058															
PAC													6.25	4.851	+88 to 5yr
PAC AvgLf, Price													5yrs, 100-700% PSA, \$106.037		
Notes															
Par Call	1/1/28			4/1/34			11/1/27			6/1/34			1/1/34		
Sr Manager	RBC Capital Markets			Jefferies			Jefferies			RBC Capital Markets			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	3/20/26			3/16/26			3/16/26			3/3/26			
Amount	\$6,000,000			\$59,995,000			\$130,000,000			\$52,615,000			
Issuer	California MFA			Ohio HFA			Utah HC			Nevada HD			
Series	2026 Series A			2026 Series B			2026 Series C			2026 Series B			
Program	Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			
Rating(s)	Aa1/MIG-1 / - / -			Aa1 / - / -			Aa2 / - / -			- / AA+ / -			
Tax Status	Taxable			Taxable			Taxable			Taxable			
Maturity Yr	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
(26 pricings)	2/1/30	(if diff.)	to UST	Mar1 / Sep1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST	Apr1 / Oct1	(if diff.)	to UST	
0	2026												
1	2027			3.827 / 3.827	-	+15 / +15 to 2yr	3.823 / 3.803	-	+15 / +13 to 2yr				
2	2028			3.877 / 3.877	-	+20 / +20 to 2yr	3.823 / 3.853	-	+15 / +18 to 2yr				
3	2029	4.60	-	+70 to 3yr	3.89 / 3.94	-	+20 / +25 to 3yr	3.846 / 3.856	-	+16 / +17 to 3yr			
4	2030				4.005 / 4.055	-	+20 / +25 to 5yr	3.96 / 4.03	-	+16 / +23 to 5yr			
5	2031				4.105 / 4.155	-	+30 / +35 to 5yr	4.08 / 4.15	-	+28 / +35 to 5yr			
6	2032				4.35 / 4.45	-	+35 / +45 to 7yr	4.316 / 4.396	-	+32 / +40 to 7yr			
7	2033				4.50 / 4.55	-	+50 / +55 to 7yr	4.446 / 4.496	-	+45 / +50 to 7yr			
8	2034				4.722 / 4.772	-	+50 / +55 to 10yr	4.692 / 4.752	-	+47 / +53 to 10yr	6.00	3.976	+35 to 5yr
9	2035						4.822 / 4.872	-	+60 / +65 to 10yr	4.654 / 4.674	-	+60 / +62 to 10yr	
10	2036						4.922 / 4.972	-	+70 / +75 to 10yr	4.754 / 4.804	-	+70 / +75 to 10yr	
11	2037						5.022 / 5.072	-	+80 / +85 to 10yr	4.854 / 4.904	-	+80 / +85 to 10yr	
12	2038			5.022	-	+80 to 10yr	5.102 / 5.142	-	+88 / +92 to 10yr	4.954 / 4.984	-	+90 / +93 to 10yr	
13	2039												
14	2040												
15	2041			5.382	-	+116 to 10yr	5.372	-	+115 to 10yr	5.184	-	+113 to 10yr	
16	2042												
17	2043												
18	2044												
19	2045												
20	2046			5.747	-	+88 to 30yr	5.721	-	+85 to 30yr	5.523	-	+82 to 30yr	
21	2047												
22	2048												
23	2049												
24	2050						5.771	-	+90 to 30yr				
25	2051			5.797	-	+93 to 30yr				5.603	-	+90 to 30yr	
26	2052												
27	2053												
28	2054												
29	2055												
30	2056			5.867	-	+100 to 30yr							
31	2057												
32	2058												
PAC				6.25	4.655	+85 to 5yr	6.25	4.66	+86 to 5yr	6.25	4.476	+85 to 5yr	
PAC AvgLf, Price				5yrs, 75-500% PSA, \$106.918			5.7yrs, 100-500% PSA, \$107.668			5yrs, 50-700% PSA, \$107.729			
Notes										10/1/34 maturity is a lockout			
Par Call		8/1/28			9/1/34			1/1/34			1/1/34 (+adj PAC)		
Sr Manager		Lument			JPMorgan Securities			RBC Capital Markets			JPMorgan Securities		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	2/10/26			2/4/26			9/16/25			6/17/25		
Amount	\$50,000,000			\$52,045,000			\$51,605,000			\$60,000,000		
Issuer	Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series	2026 Series D			2026 Series B			2025 Series M			2025 Series I		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity Yr	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST
0 2026							3.737 / 3.727	-	+23 / +22 to 2yr	4.316	-	+36 to 2yr
1 2027							3.752 / 3.772	-	+28 / +30 to 3yr	4.336 / 4.376	-	+38 / +42 to 2yr
2 2028							3.833 / 3.883	-	+25 / +30 to 5yr	4.438 / 4.508	-	+53 / +60 to 3yr
3 2029							3.933 / 3.983	-	+35 / +40 to 5yr	4.551 / 4.601	-	+55 / +60 to 5yr
4 2030							4.169 / 4.219	-	+40 / +45 to 7yr	4.651 / 4.701	-	+65 / +70 to 5yr
5 2031							4.319 / 4.369	-	+55 / +60 to 7yr	4.907 / 4.967	-	+72 / +78 to 7yr
6 2032							4.606 / 4.676	-	+58 / +65 to 10yr	5.037 / 5.087	-	+85 / +90 to 7yr
7 2033							4.756 / 4.806	-	+73 / +78 to 10yr	5.335 / 5.385	-	+93 / +98 to 10yr
8 2034	5.00 / 4.691	4.055 / 4.691	+35 / +54 to 5yr	5.00 / 4.828	4.181 / 4.828	+35 / +55 to 5yr	4.896 / 4.956	-	+87 / +93 to 10yr	5.435 / 5.485	-	+103 / +108 to 10yr
9 2035	4.791 / 4.841	-	+64 / +69 to 10yr	4.908 / 4.958	-	+63 / +68 to 7yr	4.996 / 5.046	-	+97 / +102 to 10yr	5.525 / 5.575	-	+112 / +117 to 10yr
10 2036				5.028 / 5.058	-	+75 / +78 to 7yr	5.106 / 5.146	-	+108 / +112 to 10yr	5.526 / 5.558	5.605 / 5.635	+120 / +123 to 10yr
11 2037				5.108 / 5.148	-	+83 / +87 to 7yr				5.59 / 5.623	5.665 / 5.695	+126 / +129 to 10yr
12 2038	4.991	-	+84 to 10yr	5.218 / 5.258	-	+94 / +98 to 7yr						
13 2039							5.476	-	+145 to 10yr			
14 2040										5.925	-	+152 to 10yr
15 2041	5.361	-	+121 to 10yr	5.498	-	+122 to 7yr						
16 2042												
17 2043												
18 2044							5.644	5.696	+105 to 30yr			
19 2045	5.645	-	+85 to 30yr									
20 2046				5.798	-	+88 to 30yr				6.109	-	+120 to 30yr
21 2047												
22 2048												
23 2049							5.699	5.746	+110 to 30yr			
24 2050				5.838	-	+92 to 30yr						
25 2051												
26 2052												
27 2053												
28 2054												
29 2055												
30 2056												
31 2057												
32 2058												
PAC	6.00	4.605	+90 to 5yr							6.25	5.181	+118 to 5yr
PAC AvgLf, Price	5yrs, 75-500% PSA, \$106.047									5yrs 75-500% PSA, \$104.567		
Notes												
Par Call	1/1/34			1/1/34			7/1/33			7/1/33 (+adj PAC)		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date		5/1/25			2/20/25		
Amount		\$52,440,000			\$90,435,000		
Issuer		Minnesota HFA			Minnesota HFA		
Series		2025 Series G			2025 Series D		
Program		Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status		Taxable			Taxable		
Yr	Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread
	(#26 pricings)	Jan1 / Jul1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST
0	2026						
1	2027						
2	2028						
3	2029						
4	2030						
5	2031						
6	2032						
7	2033	6.00	4.368	+55 to 5yr	6.00	4.692	+35 to 5yr
8	2034	5.211 / 5.281	-	+98 / +105 to 10yr	5.249 / 5.299	-	+75 / +80 to 10yr
9	2035	5.291 / 5.331	-	+106 / +110 to 10yr	5.349 / 5.379	-	+85 / +88 to 10yr
10	2036	5.381 / 5.421	-	+115 / +119 to 10yr	5.409 / 5.439	-	+91 / +94 to 10yr
11	2037				5.459 / 5.499	-	+96 / +100 to 10yr
12	2038						
13	2039						
14	2040	5.701	-	+147 to 10yr	5.599	-	+110 to 10yr
15	2041						
16	2042						
17	2043						
18	2044						
19	2045	6.014	-	+127 to 30yr	5.846	-	+110 to 30yr
20	2046						
21	2047						
22	2048						
23	2049						
24	2050	6.034	-	+129 to 30yr			
25	2051				5.896	-	+115 to 30yr
26	2052						
27	2053						
28	2054						
29	2055						
30	2056						
31	2057						
32	2058						
PAC							
PAC AvgLf, Price							
Notes		7/33 is 6% lockout priced to 5yr average life			7/1/33 is 6% lockout priced to 5yr average life		
Par Call		7/1/33			1/1/34		
Sr Manager		RBC Capital Markets			RBC Capital Markets		