Finance and Audit Committee Meeting

Date: 09/24/26, 11:45 a.m.

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

Conference Call: 1.877.309.2074, Access Code: 841-630-383

Livestream link: https://www.youtube.com/@MinnesotaHousing/streams

Agenda

A. Call to Order
B. Eide Bailly Presentation Fiscal 2026 Audit
C. Other Business (if any)
D. Adjournment

Note:

This committee is a committee of the whole and all members are encouraged to attend. If you have questions, call Rachel Franco at 651.296.2172.

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

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Item: Fiscal 2026 Audit

Discussion Item: B.
Date: 09/24/2026
Staff Contacts: Maria Steele, 651.539.9950, maria.steele@state.mn.us
Kayla Vang, 651.539.9775, kayla.vang@state.mn.us
Request Type: No Action, Discussion

Request Summary

Eide Bailly, the Agency's external auditor, will discuss the results of their fiscal 2026 financial statement audit.

Fiscal Impact

None.

Agency Priorities

☐ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Auditor letters (drafts): Required Communication to the Board and Audit Opinions
- Auditor Presentation
- Fiscal Year 2026 Annual Report **(draft)**

September 25, 2026

To the Board of Directors
Minnesota Housing Finance Agency
St. Paul, Minnesota

We have audited the financial statements of the Minnesota Housing Finance Agency (the Agency) for the year ended June 30, 2026 and have issued our report thereon dated, September 25, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated April 2, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 25, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

Allowance for Loan Losses
The Agency's allowance for loan losses is a complex estimate requiring significant management judgment in the evaluation of the credit quality and the estimation of inherent losses within the loan portfolio. The allowance for loan losses includes a general reserve which is determined based on the results of a quantitative and a qualitative analysis of all loans not measured for impairment at the reporting date. Accordingly, the allowance for loan losses is considered a significant risk.

Revenue Recognition for Federal Revenues
Federal revenues are required to recorded in the correct period, in accordance with provisions of each respective grant. Accordingly, revenue recognition for federal revenues is considered a significant risk.

Interest Rate Swaps
The fair value of interest rate swaps are an estimate based on are based on counterparty valuations, assumptions, calculations, and contracts. Accordingly, the interest rate swaps are considered a significant risk.

Risk of Management Override of Internal Control
Management override of controls is considered to be a presumed audit risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. As discussed in Note 2 to the financial statements, the Agency has changed accounting policies related to the presentation of certain items in the basic financial statements and required supplementary information (RSI) to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the collectability of receivables are based on historical information and trends. We evaluated the key factors and assumptions used to develop the collectability of receivables and the loss potential on real estate owned. We determined the estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of interest rate swaps are based on counterparty valuations and contracts. We evaluated the key factors and assumptions used to develop the fair value of interest rate swaps. We determined the estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the employer OPEB and pension assumption that is based on actuarial estimates provided by MSRS. We evaluated the key factors and assumptions used to develop the employer OPEB and pension assumption in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements relate to:

The disclosure in Note 4 to the financial statements of the valuation of loans receivable.

The disclosure of derivative financial instruments in Note 8 to the financial statements concerning the counterparty's valuation of interest rate swap agreements.

The disclosure of net pension and OPEB valuations in Note 16 to the financial statements concerning the MSRS's valuation of the proportionate share of net pension and OPEB liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements in the current year.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of July 1, 2025, the Agency adopted new accounting guidance associated with Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated September 25, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Agency, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Agency's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Agency's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read (or will read) the Preliminary Official Statements and

Official Statements for any bond issue documents containing audited financial statements and have or will consider whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements.

Additionally, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the use of Board of Directors and management of Minnesota Housing Finance Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Boise, Idaho

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Minnesota Housing Finance Agency
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the Minnesota Housing Finance Agency (the Agency), a component unit of the State of Minnesota, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated September 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boise, Idaho
September 25, 2026

Minnesota Housing Finance Agency

2026 AUDIT RESULTS

Eide Bailly

Audit Timetable

PLANNING/INTERIM

April-June

- Gain an understanding of any changes regarding MHFA and its reporting units and their environments from the prior year.
- Document internal control systems, including IT, and related changes from prior periods.
- Assess audit risk and identify of potential audit issues.
- Preparation and communication of audit request lists and work papers.
- Develop expectations regarding timing and audit progress.
- Determine audit procedures by area, based on results of audit planning and risk assessment.
- Perform IT audit procedures.
- Perform single audit internal control and compliance testing.

FIELDWORK

August

- Audit areas based on risk assessment.
- Obtain and prepare schedules and analyses supporting the financial information.
- Discuss findings with management, if any.
- Discuss proposed journal entries with management, if any.
- Scheduled updates with MHFA staff.
- Exit conference with management to discuss the results of the financial audit, IT audit and single audit.

FINALIZE

September

- Review of the financial statements by the partner over the engagement.
- Review of financial statements by a partner not otherwise associated with the audit to obtain a “second opinion” on the completeness and adequacy of financial statement disclosures and audit procedures.
- Completion of management letters and review with management.
- Preparation of other communications to management and the Finance and Audit Committee.
- Presentation to the Finance and Audit Committee at its regularly scheduled meeting.

SINGLE AUDIT

- Programs performed single audit testing over:
  - Performance-Based Contract Administrator Program (ALN #14.237)
  - National Housing Trust Fund (ALN #14.275)
  - 2026 Final Compliance Supplement has not been issued

- Results
  - Unmodified Opinion on Compliance for Each Major Federal Program
  - No findings

FINANCIAL STATEMENT AUDIT

- Significant Risks Identified
  - Allowance for loan losses
  - Revenue recognition for federal revenues
  - Interest rate swaps
  - Management override of internal controls
- New standards in the current year
  - Implementation of GASB 103, *Financial Reporting Model Improvements*
  - Implementation of GASB 104, *Disclosure of Certain Capital Assets*
- Unmodified Opinion on Financial Statements
- Unmodified Opinion on Internal Control over Financial Reporting
- No adjustments in the current year
- No passed adjustments in the current year

Thank you

Kristin Diggs
Partner
kdiggs@eidebailly.com

Chris Matika
Senior Manager
cmatika@eidebailly.com

Santina Zito
Senior Associate
szito@eidebailly.com

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ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2026

MINNESOTA HOUSING

A Component Unit of the State of Minnesota

MINNESOTA HOUSING

A Component Unit of the State of Minnesota

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2026

Prepared by Minnesota Housing Finance Division

MINNESOTA HOUSING FINANCE AGENCY
Annual Financial Report as of and For the Fiscal Year Ended June 30, 2026

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INTRODUCTORY SECTION

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

September 24, 2026

To the Honorable Tim Walz, Governor, members of the Minnesota Housing Finance Agency Board of Directors, and Citizens of the State of Minnesota:

State law requires that Minnesota state agencies publish a complete set of audited financial statements annually. This report is published to fulfill that requirement for the fiscal year ended June 30, 2026.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose.

Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Accounting and advisory firm Eide Bailly has issued an unmodified ("clean") opinion on the Minnesota Housing Finance Agency's (Minnesota Housing, or Agency) financial statements for the year ended June 30, 2026. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ABOUT MINNESOTA HOUSING

Minnesota Housing is the state's housing finance agency. Since 1971, the Agency has financed housing that low- and moderate-income Minnesotans can afford while helping Minnesotans buy and fix up their homes.

Along with fostering strong communities, Minnesota Housing provides resources to stabilize neighborhoods, communities and families. The Agency works cooperatively with others to support the development and preservation of affordable rental housing.

Minnesota Housing's vision is that all Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

As the need for resources and assistance continues to outpace available resources across the state, Minnesota Housing continues to cover the full housing continuum through its programs. Minnesota Housing serves a full range of support: from housing stability for people who have experienced homelessness to rental housing to homeownership, from preservation of existing homes to production of new homes, from rental assistance to downpayment loans. The Agency covers the full state, from the Twin Cities metro to regional centers to rural and

Tribal communities across the state.

FUNDING PROGRAMS AT MINNESOTA HOUSING

Ongoing Agency housing lending and programmatic work include the following:

- Loan programs for first-time and repeat homebuyers, including downpayment and closing cost loan options and a refinancing loan program for eligible borrowers, served through a statewide network of lending partners;
- Home improvement loans including the Fix Up Home Improvement Loan Program for home repairs or updates, and the Energy Loan Plus for energy conservation improvements;
- Rehabilitation Loan Program and Emergency and Accessibility Loan Program to assist low-income homeowners address safety, habitability or other urgent issues;
- Disaster recovery loans to offer assistance to eligible homeowners whose homes sustained damage due to a natural disaster;
- Manufactured home community redevelopment program to fund infrastructure improvements or the acquisition of manufactured home parks;
- Housing development and capital funding programs (including amortizing mortgages, deferred loan and grant programs, state housing tax credits, and federal low-income housing tax credits) to support the creation and preservation of rental properties throughout Minnesota;
- Workforce housing development to support the construction of market-rate residential rental properties in communities with proven job growth and demand for workforce rental housing;
- Rental rehabilitation deferred loans to help small-to-medium rental property owners outside the Twin Cities metro area finance moderate rehabilitation of rental units;
- Funding to support the preservation of publicly owned housing;
- A range of housing stability grant programs offering support including rental assistance, property operating subsidy, and funds that aim to support specific populations such as households experiencing, or at risk of experiencing, homelessness and people with disabilities;
- Local government housing programs to help local and Tribal governments finance the development of affordable and workforce rental and single-family housing, provide rental assistance and otherwise meet local housing needs in their communities;
- Performance-based contract administration duties on behalf of Department of Housing and Urban Development (HUD) for nearly 35,000 project-based Section 8 units throughout Minnesota, to help ensure management practices, occupancy, physical conditions and compliance with Mi and fair housing regulations are upheld; and
- Capacity-building grants to fund activities that build the capacity of organizations and communities to address root causes of housing challenges and create thriving and inclusive communities.

PROGRAM SELECTIONS MADE IN FISCAL YEAR 2026

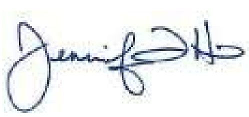
The Minnesota Housing Board selected projects in the following programs in fiscal year 2026:

- Homeownership Investment Grants Program, to encourage affordable homeownership;

- Bring It Home, to support nearly 5,000 households with rental assistance;
- Publicly Owned Housing Program, to finance repairs and updates to 32 public housing buildings statewide;
- Greater Minnesota Small Cities Housing Aid Grant Program, for affordable and workforce housing development directed to cities with populations below 10,000;
- Homeownership Education Grants, to help nonprofit and government entities provide homeowner education, counseling and financial empowerment services;
- Rental housing project financing for the creation and preservation of approximately 1,000 units in multifamily properties through an annual consolidated funding round and housing tax credits;
- Single-family housing financing including new construction and rehabilitation of more than 250 single-family homes through its annual RFP;
- Naturally Occurring Affordable Housing, to help stabilize over 1,000 homes across the state;
- Greater Minnesota Housing Infrastructure Grant Program, to support infrastructure projects for about 850 homes outside the Twin Cities metro;
- Property Owner Risk Mitigation Fund Program, to reimburse enrolled property owners for losses beyond security deposits; and
- Distressed Multifamily Rental Building Program, to protect 2,600 affordable rental homes in financially or physically distressed properties.

Minnesota Housing leadership knows the state needs an estimated 65,000 homes to keep up with household growth. As need remains high and all Agency programs remain oversubscribed, housing continues to receive bipartisan support at the state and federal level. During the 2026 session, legislators and the governor invested $180.5 million through two bills that address housing instability and expand housing supply. Most notably, the housing budget bill included $100 million in Housing Infrastructure Bonds to produce or preserve more housing and $40 million for Family Homeless Prevention and Assistance (FHPAP) to address housing instability, including rent arrears, for 11,000 households.

Minnesota Housing extends its thanks to Governor Tim Walz and Lt. Governor Peggy Flanagan for their ongoing support of the Agency's work, and to the state legislature for investing in housing Minnesotans can afford. Special thanks to the partners and investors that make the Agency's work possible, and to the Agency's dedicated staff who develop and deliver high-quality programs year after year.



Jennifer Leimaile Ho, Commissioner
Minnesota Housing
Equal Opportunity Employer

MINNESOTA HOUSING FINANCE AGENCY
Board of Directors and Leadership Team

BOARD OF DIRECTORS

John DeCramer	Chair	Lyon County, Region 8
Terri Thao	Vice Chair	Ramsey County, Region 11 (Metro)
The Honorable Julie Blaha	State Auditor (Ex officio Member)	State of Minnesota
Stephen Spears	Member	Hennepin County, Region 11 (Metro)
Eric Cooperstein	Member	Hennepin County, Region 11 (Metro)
Stephanie Klinzing	Member	Sherburne County, Region 7W
Melanie Benjamin	Member	Mille Lacs County, Region 7E

ORGANIZATIONAL CHART | SERVANT LEADERSHIP TEAM

Jennifer Leimaile Ho	Commissioner
Ryan Baumtrog	Deputy Commissioner
Jennifer Bergman	Director of Local Government Programs
Scott Beutel	Assistant Commissioner for Operations and Local Government Programs
Matt Dieveney	Executive Investment Officer
Rachel Franco	Executive Assistant to the Commissioner
James Lehnhoff	Assistant Commissioner of Multifamily Division
Jill Mazullo	Communications Director
Rudi Mohamed	Chief Information Officer
Jonathan Moler	General Counsel
Kayla Schuchman	Assistant Commissioner of Single Family Division
John Patterson	Director of Planning, Analysis and Evaluation
Brittany Rice	Director of Equity and Inclusion
Rinal Ray	Assistant Commissioner of Housing Stability Division
Maria Steele	Executive Financial Officer
Jodell Swenson	Director of Human Resources
Cathy ten Broeke	Assistant Commissioner and Executive Director, Interagency Council on Homelessness

LEGAL AND FINANCIAL SERVICES

Bond Trustee and Bond Paying Agent	Computershare Trust Company, National Association
Bond Counsel	Kutak Rock LLP, Atlanta
Financial Advisor	CSG Advisors Incorporated
Underwriters	RBC Capital Markets, Morgan Stanley, Piper Sandler & Co, Wells Fargo Bank, National Association, and Northland Securities, Inc.
Certified Public Accountants	Eide Bailly LLP

FINANCIAL SECTION

Independent Auditor's Report

To the Board of Directors
Minnesota Housing Finance Agency
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Minnesota Housing Finance Agency (the Agency), a component unit of the State of Minnesota, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Minnesota Housing Finance Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Housing Finance Agency as of June 30, 2026, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of July 1, 2025, the Agency adopted new accounting guidance associated with Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the net pension liability, contributions to the pension plan, schedule of changes in the employer's share of total OPEB liability and related ratios, and schedule of employer's contributions – OPEB (required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The combining statements of net position, combining statements of revenues, expenses, and changes in net position, and combining statements of cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements of net position, combining statements of revenues, expenses, and changes in net position, and combining statements of cash flows are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Agency as of and for the year ended June 30, 2025 (not presented herein), and have issued our report thereon dated September 26, 2025 which contained an unmodified opinions on the respective financial statements of the business-type activities. The fund financial statements, schedule of net position general reserve and bond funds, schedule of revenues, expenses and changes in net position general reserve and bond funds, statement of cash flows general reserve and bond funds for the year ended June 30, 2025 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2025 financial statements. The information was subjected to the audit procedures applied in the audit of the 2025 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements, schedule of net position general reserve and bond funds, schedule of revenues, expenses and changes in net position general reserve and bond funds, statement of cash flows general reserve and bond funds is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2025.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other information section listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the 2025 financial statements of the Agency, and we expressed an unmodified opinion on those audited financial statements in our report dated September 26, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Boise, Idaho September 25,
2026

Management's Discussion and Analysis

This section presents Management's Discussion and Analysis (MD&A) as required supplementary information to help readers understand the financial position and results of operations of Minnesota Housing for the fiscal year ended June 30, 2026, with comparisons to prior year(s). It is unaudited: however, it is supplementary information required by accounting principles generally accepted in the United States of America. Minnesota Housing is a component unit of the State of Minnesota, created in 1971 under Minnesota Statutes, Chapter 462A which has been amended from time to time. The Agency's mission is affordable housing: facilitating the construction and rehabilitation of housing for low- and moderate-income Minnesotans through mortgage loans, development loans, and technical assistance to qualified housing sponsors. Minnesota Housing receives appropriations from the state legislature, substantially all of which are used to make loans or grants under specified state-defined programs and to pay debt service and related expenses on state appropriation-backed housing bonds. Minnesota Housing also receives funds appropriated by the federal government for similar program purposes and distribution of emergency assistance.

The Agency is authorized to issue general obligation bonds and notes to fulfill its corporate purposes up to a total outstanding amount of $9.0 billion and to incur other indebtedness. None of the Agency's bonds, notes, or other indebtedness is a debt of the State of Minnesota or any political subdivision.

Fiscal year 2026 is the Agency's first year of reporting under Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Among other changes, GASB 103 introduced a separate "noncapital subsidies" category in the proprietary fund statement of revenues, expenses, and changes in fund net position. As a result, appropriation previously reported within operating revenues and expenses is now presented separately. Operating-line amounts are therefore not directly comparable between years; the change in net position remains the comparable bottom-line measure of results.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements consist of the Statement of Net Position, the Changes in Net Position, and the Statement of Cash Flows, together with the supplementary schedules. They are prepared on an accrual basis, and the statements are presented agency-wide.

The Statement of Net Position, Changes in Net Position, and Statement of Cash Flows present a comprehensive view of all Minnesota Housing funds. Significant interfund transactions have been eliminated. Substantially all assets and revenues are restricted as to use by Agency covenants or legislation.

The Changes in Net Position reports on the operating and nonoperating activity that caused net position to change during the year, including the new noncapital subsidies category. The Statement of Cash Flows reports the sources and uses of cash by category. The notes provide additional detail essential to a full understanding of the figures presented on the face of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition to the basic financial statements and notes, this report presents required supplementary information, including the pension and other postemployment benefit schedules that follow the notes; supplementary information, including the combining schedules of net position and of revenues, expenses, and changes in net position for the General Reserve and bond funds; and other information, including the five-year financial summary. Readers seeking the fund-level detail underlying the condensed amounts presented in this discussion should refer to those schedules.

Note: *Disclosure reports for the Residential Housing Finance and Homeownership Finance bond resolutions are available quarterly, and for the Rental Housing bond resolution semiannually, in the Investors section at mnhousing.gov and on Electronic Municipal Market Access (EMMA) at emma.msrb.org.*

FINANCIAL SUMMARY

For fiscal year (FY) 2026, Minnesota Housing's overall financial position continued to strengthen. The Agency's net position increased by $122.5 million, resulting in an ending net position of $1.77 billion, compared to $1.65 billion at the close of FY 2025. This growth reflects the Agency's significantly expanded program activity driven by the historic 2023 legislative appropriation of $1.3 billion for the 2024–2025 biennium, as described in the Detailed Analyses section below.

Minnesota Housing Finance Agency
Condensed Statement of Net Position (in thousands)
As of June 30, 2026 AND 2025

	2026	**2025 (Restated)**	**Change**	**%**
Assets				
Current and other assets	$8,929,801	$8,536,967	$ 392,834	4.6%
Capital assets, net	4,536	6,344	(1,808)	(28.5%)
Total assets	8,934,337	8,543,311	391,026	4.6%
Deferred outflows of resources	9,762	13,924	(4,162)	(29.9%)
Liabilities				
Long-term liabilities	6,624,919	6,434,241	190,678	3.0%
Current liabilities	467,175	405,026	62,149	15.3%
Total liabilities	7,092,094	6,839,267	252,827	3.7%
Deferred inflows of resources	80,019	68,525	11,494	16.8%
Net Position				
Net investment in capital assets	1,510	1,355	155	11.4%
Restricted	2,496,298	2,356,309	139,989	5.9%
Unrestricted	(725,822)	(708,221)	(17,601)	(2.5%)
Total net position	$1,771,986	$1,649,443	$ 122,543	7.4%

The presentation has been updated to a Condensed Statement of Net Position in accordance with the reporting requirements established by GASB 103.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total assets grew by $391.0 million (4.6%), driven primarily by: (1) a $294.1 million increase in mortgage-backed securities from elevated bond issuance to fund single-family homeownership programs; (2) a $110.2 million increase in cash and other investments, reflecting the substantial state appropriations received during the year; and (3) a $36.8 million decrease in net loans receivable, mainly due to a reduction in the multifamily bond issuances portfolio, resulting in a decline in loans. These changes were partially offset by a $1.8 million decline in net capital assets due to depreciation/amortization.

Total liabilities increased by $252.8 million (3.7%), driven by a $275.7 million increase in bonds payable (a $190.7 million increase in the noncurrent portion and an $85.0 million increase in the current portion), consistent with the Agency's increased bond issuance to fund program activity. This growth was partially offset by a $29.0 million decrease in accounts payable and other liabilities. The Agency's bond debt is not a general obligation of the State of Minnesota.

Of the Agency's net position, $2.496 billion is restricted for program use by bond resolution, covenant, or law, reflecting the Agency's primary programmatic capacity and increasing $140.0 million during the year as bond-funded resources grew. Unrestricted net position excluding the state appropriation-backed debt deficits of $411.4 million in FY26 and $381.5 million in FY25, which represent debt repayable solely from future state appropriations improved by $12.3 million. The Agency reports a total unrestricted deficit of $725.8 million, which widened by $17.6 million; this deficit is a structural characteristic of the Agency's financing model and does not indicate an inability to meet obligations, as the related repayment resources are reported within the restricted category.

Note: *The $411.4 million unrestricted deficit related to state appropriation-backed debt does not represent a financial risk to the Agency's general obligation bondholders; these bonds are payable solely from State of Minnesota appropriations and the Agency has pledged none of its own resources toward their repayment.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Minnesota Housing Finance Agency
Condensed Statement of Activities (in thousands)
For the Twelve Months Ended June 30,

	2026	**2025 (Restated)**	**Change**
Operating revenues	$ 348,446	$ 325,063	$ 23,383
Operating expenses	238,400	268,116	32,523
Operating income (loss)	**110,046**	**119,186**	**(9,140)**
Noncapital Subsidies, Net	243,123	282,161	(29,898)
Operating Income (Loss) and Noncapital Subsidies	**243,123**	**282,161**	**(39,038)**
Other Nonoperating Revenues (Expenses), net	(120,580)	(22,120)	(98,460)
Change in net position	**122,543**	**260,041**	**(137,498)**
Total net position - beginning of period	1,649,443	1,389,402	260,041
Total net position, end of period	**$1,771,986**	**$1,649,443**	**$ 122,543**

Amounts shown in parentheses are expenses or reductions. The lines above are presented on a basis comparable between years; operating and noncapital subsidy subtotals are affected by the GASB 103 reclassification and are discussed in the detailed analysis that follow.

DETAILED ANALYSES

Results of operations. Under GASB 103, appropriations received and federal and state pass-through subsidy revenues and the related pass-through subsidy expenses are now reported within the noncapital subsidies category rather than as operating revenues and operating expenses. As a result, the operating income subtotal reflects the Agency's core lending and program administration activity, while both the revenue and expense effects of appropriations and pass-through funding is presented, net, in the noncapital subsidies subtotal immediately below it. For fiscal year 2026, operating income was $110.0 million and net noncapital subsidies were $133.1 million, a combined $243.1 million before nonoperating revenues and expenses. Prior-year amounts have been reclassified to this basis, so the two subtotals are comparable between years.

The change in net position was a positive $122.5 million, compared with $260.0 million in the prior year — a decrease of $137.5 million. This decline was not caused by weakness in the Agency's core lending activity, which strengthened: interest earned on program mortgage-backed securities grew $32.0 million (13.8 percent) as the portfolio expanded, and interest earned on loans was essentially flat. Rather, the decrease was concentrated in investment and financing results. Net appreciation in the fair value of investments fell $57.0 million (from $122.1 million to $65.1 million) as market conditions were less favorable than in the prior year, and income earned on other investments declined $17.7 million, consistent with the reduction in the other-investment portfolio. On the cost side, interest expense rose $27.5 million as a result of the larger bond portfolio, and the reduction in carrying value of certain low-interest deferred loans increased $25.1 million to $163.8 million, reflecting continued origination of deferred and forgivable loans whose carrying value is written down at issuance. Salaries and benefits rose $8.4 million (19.7 percent). Fees earned and other income declined $8.9 million, partially offsetting the gains in interest income.

Net position. Of the Agency's $1,772.0 million in net position, $2,496.3 million is restricted for the Agency's programs by bond resolution, covenant, or law, and increased $140.0 million during the year as bond-funded program resources grew. The Agency reports an unrestricted deficit of $725.8 million, which widened by $17.6 million. This deficit is a structural characteristic of the Agency's financing model — it arises principally from debt issued in support of state appropriation-backed and certain bond-resolution programs — and does not indicate an inability to meet obligations, as the resources dedicated to repaying that debt are reported within the restricted category.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The Agency is not capital-intensive. Its net capital assets were $4.5 million at June 30, 2026, down from $6.3 million a year earlier, and consist primarily of internally used equipment together with right-to-use lease and subscription assets. The balance comprises $25.2 million of depreciable assets net of $20.7 million of accumulated depreciation. Capital additions were $2.2 million during the year (compared with $2.0 million in the prior year), so the decline in the net balance reflects depreciation and amortization outpacing those modest additions. Related right-to-use lease liabilities fell to $1.9 million (from $3.5 million) and subscription-based information technology arrangement (SBITA) liabilities fell to $1.1 million (from $1.5 million) as scheduled payments reduced the outstanding balances.

Long-Term Debt and Financing Activity

Bonds payable are the Agency's principal long-term obligation. Net bonds payable were $6,715.6 million at year-end, an increase of $275.7 million, as new issuance to fund mortgage lending and program mortgage-backed securities outpaced scheduled and early redemptions. Excluding state appropriation-backed bonds, long-term bonds outstanding totaled $6,205.1 million; in addition, the Agency had $510.5 million of state appropriation-backed bonds outstanding. The principal amount of the Agency's general obligation bonds and notes is limited by State statute to $9.0 billion.

Issuance and redemptions. During fiscal year 2026 the Agency issued sixteen series of bonds aggregating $695.9 million (excluding state appropriation-backed bonds, a limited-obligation drawdown index note, and short-term line-of-credit borrowing) a substantially lower volume than the thirty-three series totaling $1,464.4 million issued in the prior year. It also issued $50.0 million of state appropriation-backed bonds. Bond principal repayments were $460.0 million and bond-related interest expense was $251.3 million (excluding appropriation-backed bonds); of the repayments, $20.1 million were made ahead of scheduled maturity through optional and special redemptions. An additional $19.2 million of principal was repaid on state appropriation-backed bonds. At year-end, amounts held by the trustee in principal, interest, redemption, and reserve accounts fully funded all bond-resolution requirements.

Tax status and risk management. Most of the Agency's bonds bear interest that is exempt from federal and Minnesota income taxation as qualified mortgage or residential rental bonds. The Agency's capacity to issue tax-exempt debt is limited both by its share of the State's private-activity bond volume cap and by the Internal Revenue Code "ten-year rule," which requires certain single-family loan repayments received more than ten years after issuance to be applied to redeem bonds. Taxable bonds are issued to supplement limited tax-exempt volume cap, to refund existing debt, or to finance programs whose goals are inconsistent with tax-exempt restrictions. The Agency uses variable-rate demand bonds together with interest-rate swaps to hedge the mismatch between its fixed-rate loans and variable-rate bonds, part of an ongoing program to manage interest-rate risk while efficiently using its bonding authority.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The following facts, decisions, and conditions are known to management as of September 24, 2026 and are expected to have a significant effect on the Agency's financial position or results of operations in future periods:

At the State Capitol, the even-numbered year of the biennium typically focuses on a supplemental budget, policy initiatives and a capital investment/bonding bill. The session dynamics this year included a $3.7 billion budget surplus for the FY 2026-27 budget, but a projected structural deficit of $3.4 billion in FY 2028-29. The Democratic-Farmer-Labor Party (DFL) and Republican Party (GOP) split control of the House, 67-67, and the Senate DFL held a one-seat majority in the Senate, 34-33. Both bodies had finance committees exclusively focused on housing finance, policy and homelessness prevention issues.

Besides the split government and looming structural budget deficit, several other topics impacted this session, including but not limited to: uncertainty and cuts in federal funding creating new challenges, including potential impacts to supportive housing providers, fraud prevention and government oversight, and responding to federal enforcement actions that occurred across Minnesota.

Governor Walz and Lieutenant Governor Flanagan proposed $160 million in new resources for housing, including $50 million in Housing Infrastructure Bonds, $10 million in Publicly Owned Housing Program (POHP) and $34 million for downpayment assistance, $33 million for Family Homeless Prevention and Assistance Program (FHPAP) and $33 million for supportive housing.

In a year when most agencies received no program increases—and some programs were reduced—the Legislature and Governor agreed to invest $180.5 million in two bills to address housing instability and expand housing supply. To fund $25 million of the new investments, the Legislature reallocated interest earnings generated from state appropriations. These interest earnings cover the costs of implementing state-appropriated programs since the agency does not receive direct appropriations to pay for implementation. The Housing Bill is in Chapter 100. Language related to the appropriations was also included in the Tax Bill, which is Chapter 128, to correct a drafting error.

In total, the housing budget bill provides an additional $163 million in additional housing investments for the following programs:

- $100 million in Housing Infrastructure Bonds to produce or preserve more housing.
- $40 million for Family Homeless Prevention and Assistance (FHPAP) to address housing instability, including rent arrears, intended to be deployed by December 31, 2026.
- $14.275 million for Workforce Affordable Housing Development to produce new units of market-rate housing in Greater Minnesota.
- $4 million for Supportive Housing operating support for providers whose contracts from the US Department of Housing and Urban Development have or will not be renewed.
- $4 million for Manufactured Home Park Redevelopment, to make updates and improvements in the shared infrastructure of manufactured home communities.
- $425,000 for a tenant education and support hotline to provide free legal advice to renters.
- $150,000 for Homebuyer Education, Counseling, and Training (HECAT) to help homebuyers prepare for homeownership, and homeowners avoid foreclosure.
- $150,000 for a 3-county Minnesota Nice HomeShare pilot program that will match seniors with extra capacity in their homes with potential renters/roommates.

The new investments did not require additional general fund appropriations. Instead, they were funded through the cancellation and redirection of $40 million in unused appropriations from the Tyler Settlement, which pertains to individuals who lost homes due to tax foreclosure, as well as the redirection of $25 million in accumulated interest earnings from state-appropriated programs.

The Legislature agreed on capital spending that includes $17.5 million in State General Obligation Bonds for POHP, to make repairs and updates in housing that is owned by local governments. These funds will be equally divided between Greater Minnesota and the metro area.

ADDITIONAL INFORMATION

Questions and inquiries may be directed to Mrs. Maria Steele at Minnesota Housing Finance Agency, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651-539-9674 or 800-657-3769 or if T.T.Y. 651-297-2361).

BASIC FINANCIAL STATEMENTS

Minnesota Housing Finance Agency
Classified Statement of Net Position *(in thousands)*
As of June 30, 2026, with Comparative Totals as of June 30, 2025

	2026	2025
Assets		
Current Assets		
Cash and cash equivalents	$2,057,085	$1,494,231
Investments-program mortgage-backed securities	104,590	94,516
Investment securities-other	88,345	511,121
Loans receivable, net	61,134	62,149
Interest receivable on loans and program mortgage- backed securities	27,372	25,802
Interest receivable on investments	7,776	7,908
FHA/VA insurance claims, net	54	(11)
Real estate owned, net	256	474
Other assets	20,810	10,989
Total current assets	2,367,422	2,207,179
Noncurrent Assets		
Investments-program mortgage-backed securities	5,250,310	4,966,310
Investment securities-other	61,683	91,549
Loans receivable, net	1,194,696	1,230,508
Interest rate swap agreements	54,484	40,447
Capital assets, net	4,536	6,344
Other assets	1,206	974
Total noncurrent assets	6,566,915	6,336,132
Total assets	8,934,337	8,543,311
Deferred Outflows of Resources		
Deferred loss on interest rate swap agreements	3,715	6,860
Deferred pension expense	6,047	7,064
Total deferred outflows of resources	9,762	13,924
Total assets and deferred outflows of resources	$8,944,099	$8,557,235

	2026	2025
Liabilities		
Current Liabilities		
Bonds payable, net, current	$ 289,728	$ 204,767
Interest payable	124,487	113,930
Net pension liability and OPEB	152	144
Accounts payable and other liabilities	33,017	62,034
Funds held for others	17,730	22,186
Lease liability, net	1,656	1,550
Subscription liability, net	405	415
Total current liabilities	467,175	405,026
Noncurrent Liabilities		
Bonds payable, net, noncurrent	6,425,889	6,235,154
Interest rate swap agreements	3,715	6,860
Net pension liability and OPEB	4,458	2,624
Accounts payable and other liabilities	118,463	124,624
Funds held for others	71,429	61,955
Lease liability, net	284	1,940
Subscription liability, net	681	1,084
Total noncurrent liabilities	6,624,919	6,434,241
Total liabilities	7,092,094	6,839,267
Deferred Inflows of Resources		
Deferred gain on interest rate swap agreements	54,484	40,447
Deferred service release fee	16,810	18,886
Deferred discount on loan interest	309	152
Deferred pension/OPED credit	8,416	9,040
Total deferred inflows of resources	80,019	68,525
Total liabilities and deferred inflows of resources	$ 7,172,113	$6,907,792
Net Position		
Restricted by bond resolution	573,575	499,479
Restricted by covenant	701,631	659,885
Restricted by law	1,221,092	1,196,945
Unrestricted by State Appropriation-backed debt	(411,392)	(381,473)
Unrestricted	(314,430)	(326,748)
Net investment in capital assets	1,510	1,355
Total net position	1,771,986	1,649,443
Total liabilities, deferred inflows of resources, and net position	$ 8,944,099	$8,557,235

Minnesota Housing Finance Agency
Statement of Activities *(in thousands)*
For the Fiscal Year Ended June 30, 2026, restated with Comparative Totals for June 30, 2025

	2026	2025 Restated
Operating Revenue		
Interest earned on loans	$44,829	$44,554
Interest earned on investments-program mortgage-backed securities	263,078	231,108
Fees earned and other income	40,539	49,401
Total operating revenues	348,446	325,063
Operating Expenses		
Loan administration and trustee fees	4,289	4,415
Salaries and benefits	50,689	42,334
Other general operating	14,464	13,306
Reduction in carrying value of certain low interest rate deferred loans	163,781	138,721
Provision for loan losses	5,177	7,101
Total operating expenses	238,400	205,877
Operating income (loss)	110,046	119,186
Noncapital Subsidies		
State appropriations received	38,057	37,053
Federal/State pass-through revenues	524,624	644,070
Federal/State pass-through expenses	(429,604)	(518,148)
Total Noncapital Subsidies	133,077	162,975
Operating Income (Loss) and Noncapital Subsidies	243,123	282,161
Other Nonoperating Revenues (Expenses)		
Interest earned on investments-other	72,705	90,361
Net appreciation/depreciation in fair value on investments	65,100	122,111
Interest	(249,261)	(221,803)
Financing, net	(9,124)	(12,789)
Total Other Nonoperating Revenues (Expenses)	(120,580)	(22,120)
Change in Net Position	122,543	260,041
Net Position		
Total net position - beginning,	1,649,443	1,389,402
Total net position, end of period	1,771,986	1,649,443

Minnesota Housing Finance Agency
Statement of Cash Flows *(in thousands)*
For the Twelve Months Ended June 30, 2026, with Comparative Totals for June 30, 2025

	2026	2025	$ Change
Cash flows from operating activities:			
Principal repayments on loans and program mortgage-backed securities	654,858	525,139	129,719
Investment in loans/loan modifications and program mortgage-backed securities	(1,080,602)	(1,531,040)	450,438
Interest received on loans and program mortgage-backed securities	317,905	279,293	38,612
Fees and other income received	37,504	46,410	(8,906)
Salaries, benefits and other operating	(58,579)	(55,627)	(2,952)
Appropriations received and appropriation recoveries	524,482	644,683	(120,201)
Appropriations disbursed	(430,249)	(521,633)	91,384
Deposits into funds held for others	31,994	35,315	(3,321)
Disbursements made from funds held for others	(30,873)	(33,916)	3,043
Interfund transfers and other assets	(1,214)	246	(1,460)
Net cash provided (used) by operating activities	(34,774)	(611,130)	576,356
Cash flows from noncapital financing activities:			
Proceeds from sale of bonds and notes	898,278	1,901,301	(1,003,023)
Principal repayment on bonds and notes	(597,516)	(852,182)	254,666
Interest paid on bonds, notes and leases	(263,620)	(210,838)	(52,782)
Financing costs paid related to bonds issued	(7,817)	(13,356)	5,539
Appropriations received and appropriation recoveries	38,057	37,053	1,004
Net cash provided (used) by noncapital financing activities	67,382	861,978	(794,596)
Cash flows from capital financing activities:			
Interest payments on leases and subscriptions	(150)	(231)	81
Principal payments on leases and subscriptions	(1,964)	(1,862)	(102)
Purchases of capital assets	(2,066)	(2,248)	182
Net cash provided (used) by capital financing activities	(4,180)	(4,341)	161
Cash flows from investing activities:			
Investment in real estate owned	(537)	(96)	(441)
Interest received on investments	73,161	65,500	7,661
Net gain/(loss) on sale of MBS held for sale / HOMES℠ Certificates	325	512	(187)
Proceeds from sale of mortgage insurance claims/real estate owned	1,553	1,286	267
Proceeds from maturity, sale or transfer of investment securities	895,298	1,129,728	(234,430)
Purchase of investment securities	(435,374)	(697,286)	261,912
Net cash provided (used) by investing activities	534,426	499,644	34,782
Net increase (decrease) in cash and cash equivalents	562,854	746,151	(183,297)
Cash and cash equivalents, beginning of period	1,494,231	748,080	746,151
Cash and cash equivalents, end of period	2,057,085	1,494,231	562,854

Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities:

	2026	2025	$ Change
Operating income (loss) and noncapital subsidies	205,066	245,108	(40,042)
Adjustments to reconcile to net cash provided (used) by operating activities:			
Amortization of premiums (discounts) and fees on program mortgage-backed securities	11,820	8,984	2,836
Amortization of proportionate share — Pension	147	185	(38)
Depreciation	3,995	3,803	192
Salaries and Benefits — Pensions	2,088	(2,606)	4,694
Provision for loan losses	5,177	7,101	(1,924)
Reduction in carrying value of certain low interest rate and/or deferred loans	163,781	138,721	25,060
Capitalized interest on loans and real estate owned	(159)	(328)	169
Decrease (increase) in loans receivable and program mortgage-backed securities, excluding interfund transfers	(425,744)	(1,005,901)	580,157
Decrease (increase) in interest receivable on loans	(1,619)	(5,097)	3,478
Increase (decrease) in accounts payable	1,320	(2,860)	4,180
Increase (decrease) in interfund payable, affecting operating activities only	(88)	151	(239)
Increase (decrease) in funds held for others	1,121	1,399	(278)
Other	(1,679)	210	(1,889)
Total adjustments	(239,840)	(856,238)	616,398
Net cash provided (used) by operating activities	(34,774)	(611,130)	576,356

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For the Fiscal Year Ended June 30, 2026

NOTE 1 – NATURE OF BUSINESS AND FUND STRUCTURE

Minnesota Housing was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. The Agency, as a special purpose agency engaged in business-type activities is reflected on the State's annual comprehensive financial report as a discrete component unit of the State of Minnesota. The Agency receives appropriations from the state legislature annually, substantially all of which are used to make loans or grants under specified programs. The Agency also receives funds from the federal government and other entities for similar program purposes.

A primary government that appoints a voting majority of the organization's governing Board, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial benefits or burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Agency is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements. The Agency has no component units required to be included as part of the reporting entity.

The Agency is authorized to issue general obligation bonds and notes to fulfill its corporate purposes up to a total outstanding amount of $9.0 billion and to incur other indebtedness. None of the bonds, notes or other indebtedness is a debt of the State of Minnesota or any political subdivision thereof.

The following describes the funds maintained by the Agency, which conform to the authorizing legislation and bond resolutions.

General Reserve

General Reserve was established in fulfillment of the pledge by the Agency of its full faith and credit to the payment of its general obligation bonds in its bond resolutions. Administrative costs of the Agency and multifamily development escrow receipts and related disbursements are recorded in this fund. The net position of General Reserve is available to support the following funds which are further described below: Rental Housing, Residential Housing Finance, Homeownership Finance and Multifamily Housing. Also described below is the HOMES^{SM} fund which carries limited obligations of the Agency and is therefore not supported by General Reserve.

Rental Housing

Activities relating to bond-financed multifamily housing programs are maintained under the Rental Housing bond resolution. Loans are generally secured by first mortgages on real property. The Rental Housing bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds.

NOTE 1 – NATURE OF BUSINESS AND FUND STRUCTURE *(continued)*

Residential Housing Finance

Included within Residential Housing Finance are the bond funds, which include bonds issued and outstanding under the Residential Housing Finance bond resolution, the 2018 limited obligation and Index Bank Note and General Purpose Bonds trust indenture each issued under separate trust indentures, and the Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2) and the Housing Affordability Fund (Pool 3). All of these funds are restricted by a covenant with bondholders as to their use.

The bond resolution within Residential Housing Finance, along with the Homeownership Finance bond resolution, were the principal sources of financing for bond-financed homeownership programs (see Homeownership Finance below). Bonds were issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family first mortgage loans, some related down payment and closing cost housing assistance loans, and subordinated home improvement loans. The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurers or the Federal Housing Administration (FHA) or guaranteed by the United States (U.S.) Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). Assets financed by the bonds issued and outstanding under the Residential Housing Finance bond resolution are pledged to the repayment of Residential Housing Finance bonds.

The Alternative Loan Fund has been established in Residential Housing Finance and residing therein are two sub funds: Pool 2 and Pool 3. Funds deposited therein would otherwise be available to be transferred to General Reserve. The Alternative Loan Fund is not pledged to the payment of the Residential Housing Finance bonds or any other debt obligation of the Agency but, to the extent that funds are available therein, is available to honor the general obligation pledge of the Agency.

Assets of Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2026, this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before these securities are permanently financed by issuing bonds or sold into the to be announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans. The fund may also provide interim financing for construction and rehabilitation of single-family housing and may be used to advance funds to retire Agency high interest-rate debt to provide tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes, and to develop new affordable housing.

Assets of Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include but are not limited to no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2026, funds from Pool 3 were used for down payment and closing cost assistance for first-time homebuyers for capital costs and rental assistance for permanent supportive housing, for advances for certain multifamily housing developments in anticipation of

NOTE 1 – NATURE OF BUSINESS AND FUND STRUCTURE *(continued)*

permanent funding through state appropriation-backed housing bonds, and to provide deferred, subordinated multifamily loans.

The Residential Housing Finance bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds. The limited obligation index bank note trust indenture and the General Purpose Bonds trust indenture each prescribes the application of debt proceeds and permitted investments.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family first mortgage loans. These securities are guaranteed as to payment of principal and interest by either the GNMA, the FNMA, or the FHLMC.

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program. Bonds were issued during a prior fiscal year for one rental housing project.

Home Ownership Mortgage-backed Exempt Securities (HOMES^{SM})

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMES^{SM} certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. The HOMES^{SM} Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota.

State Appropriated

The State Appropriated fund was established to account for funds received from the Minnesota legislature which are to be used for programs for low-and moderate-income persons and families in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, downpayment assistance, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs. The net position of the State Appropriated fund is not pledged or available to secure bonds issued under any of the Agency's bond funds, nor available to creditors of the Agency. State appropriations received for debt service payments on State appropriation-backed bonds are restricted for that use only and are not pledged or available for any other purpose. The unrestricted – state appropriated-backed bonds will be retired through future appropriations from the State.

NOTE 1 – NATURE OF BUSINESS AND FUND STRUCTURE *(continued)*

Federal Appropriated

The Federal Appropriated fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments and other housing-related program costs. Beginning in fiscal year 2021, the fund also received funds from the federal government for Coronavirus Disease 2019 (COVID) emergency rental assistance, and beginning in fiscal year 2022, funds received were also used for COVID emergency homeowners assistance. The net position of the Federal Appropriated fund is not pledged or available to secure bondholders or creditors of the Agency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

The Agency's financial statements present both Agency-wide and Fund Financials and have been prepared on the accrual basis utilizing the proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services. Eliminations have been made to minimize the double-counting of internal activities in the Agency-wide financial statements.

Measurement Focus

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with GAAP as prescribed by the GASB. GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

Proprietary fund operating revenues arise from providing services through the fund's principal ongoing operations. For the Agency, these operating revenues include investment and loan-related revenues, and administrative reimbursements.

Operating and Nonoperating Revenues and Expenses

The Agency distinguishes operating revenues and expenses from nonoperating revenues and expenses in the statement of revenues, expenses, and changes in fund net position. Under GASB Statement No. 103, *Financial Reporting Model Improvements*, nonoperating revenues and expenses are limited to (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. All other revenues and expenses are reported as operating. A transaction that would otherwise be nonoperating is reported as operating when it results from the fund's principal ongoing operations.

Operating revenues of the Agency consist principally investment and loan-related revenues, and administrative reimbursements. Operating expenses include loan administrative servicing and trustee fees, administrative expenses, salaries and benefits, other general operating expenses, such as depreciation and amortization of capital assets, loan provision, and reduction in carrying value expenses.

Subsidies consist of (1) resources received from another party or fund for which the proprietary fund provides no goods or services and that directly or indirectly keep the fund's current or future fees and charges lower than they would otherwise be, (2) resources provided to another party or fund for which that party provides no goods or services to the fund and that are recoverable through the fund's current or future pricing policies, and (3) all other transfers. Noncapital subsidies are reported separately following operating income (loss), and a subtotal of operating income (loss) and noncapital subsidies is presented before other nonoperating revenues and expenses.

To comply with GASB 103, the income statement now also includes noncapital subsidies including intergovernmental revenue for Federal and State pass-through revenues and expenses. All remaining items that do not meet the definition of operating activity are reported as nonoperating revenues and expenses.

The accompanying financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a dual year presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Agency’s audited financial statements for the year ended June 30, 2026, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Accounting Principles Generally Accepted in the United States (GAAP)

The financial statements of the Agency have been prepared in conformity with GAAP as applied to governmental entities. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following are GASB statements adopted during fiscal 2026.

GASB Statement 103 – Financial Reporting Model Improvement. The requirements of this Statement are effective as follows:

As of July 1, 2025, the Agency adopted GASB Statement 103, *Financial Reporting Model Improvements.* This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis 2) Proprietary fund reporting 3) Unusual or infrequent items and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections.*

As a result of implementing GASB Statement No. 103, Appropriations Received and Disbursed are now presented as Noncapital Subsidies. The implementation of GASB Statement No. 103 had no effect on beginning net position, change in net position, or ending net position.

GASB Statement 104 – *Disclosure of Certain Capital Assets.* The requirements of this Statement are effective as follows:

As of July 1, 2025, the Agency adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets.* The implementation of this standard establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures and establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. There was not a significant effect on the Agency's financial statements as a result of the implementation of this standard.

Future Accounting Pronouncements

GASB Statement 105 – Subsequent Events. The requirements of this Statement are effective as follows:

This statement establishes uniform financial reporting standards for events occurring after the balance sheet date but before issuance. Effective for periods beginning after June 15, 2026, it requires adjusted recognition of events tied to balance sheet conditions and enhanced disclosure of events occurring afterward. The standard's goal is to improve consistency, clarity, and transparency in governmental financial reporting. The Agency is still analyzing this GASB statement and related guidance to determine what impact implementation may have on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Cash and Cash Equivalents

Cash and Cash equivalents are short-term, highly liquid investments and are classified as current assets. Cash equivalents may include commercial paper, money market funds, repurchase agreements, State Investment Pool holdings and any other investments, primarily U.S. treasury and agency securities, that have 90 or less days remaining to maturity at the time of purchase. Investment agreements, such as Money Market Accounts, are also classified as cash and cash equivalents.

Investments– Program Mortgage-backed Securities (or MBS) and Investment Securities – Other

The Agency generally carries investment securities at fair market value. Unrealized gains and losses on investment securities resulting from changes in market valuation are generally recorded as revenue. However, unrealized gains and losses on investments of multifamily development escrow funds resulting from changes in market valuation, as well as unrealized gains and losses on MBS held in the HOMESSM Fund, are recorded as adjustments to funds held for others. Investments-program mortgage-backed securities, as previously described, are shown separately on the Statement of Net Position, and based on maturity date are classified as current and noncurrent.

Permitted Agency investments include government obligations, commercial paper, repurchase agreements, money market funds, guaranteed investment contracts (i.e., investment agreements), the State investment pool, corporate obligations, municipal bonds, and other investments consistent with requirements of safety and liquidity that comply with applicable provisions of the bond resolutions, state law and Board policy.

Loans Receivable, Net

Loans receivables are reported at their unpaid principal balances, net of an allowance for loan losses. Loans scheduled to mature or be paid off in the coming fiscal year are considered current, the remaining loans are noncurrent.

The allowances for loan losses are based on management’s evaluation of the loan portfolio.

For multifamily loans, the Agency determines the allowance after assessing known risk factors including adequacy of collateral and projected cash flows, past experience, amount of federal or state rent subsidies, the status and amount of past due payments, the amount of deferred maintenance, and current economic conditions.

For homeownership loans, monthly payment seconds (MP2nds) and home improvement loans, the Agency establishes reserves depending upon the number of delinquent loans, the estimated amount of loss per delinquent loan, the number of days delinquent and the type of insurance coverage in force, such as FHA insurance, RD guarantee, VA guarantee, or private mortgage insurance. Actual gains and losses are recorded in the allowance for loan losses. Management believes the allowance adequately provides for probable losses inherent in the loan portfolios as of June 30, 2026.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Interest Receivable on Loans and Program Mortgage-Backed Securities

The Agency accrues interest on its amortizing loans until they become 90 days or more delinquent or multifamily loans, until they become “real estate owned” (described below) for homeownership loans, or until they are classified by the Agency as inactive for home improvement loans.

FHA/VA Insurance Claims, Net

Mortgages that are FHA insured or VA guaranteed, and for which insurance claims have been filed, are included in this category. FHA/VA insurance claims receivable, net is carried at its estimated realizable value.

Real Estate Owned, Net

Real estate acquired through foreclosure is recorded at the lower of the investment in the loan or estimated fair market value less estimated selling costs. These properties may be RD guaranteed, uninsured or have private mortgage insurance. Real estate owned; net is carried at its estimated realizable value. The intent for holding real estate owned is to convert them to cash within a year, therefore are classified as a current asset.

Interest Rate Swap Agreements

Agency interest rate swap agreements with a positive fair value as of the end of fiscal year 2026 are recorded here as a noncurrent asset.

Capital Assets

Capital assets are recorded at cost and estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). The Agency defines capital assets as assets with an initial cost of more than $2,000.

Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment five years and software two to five years. Statement No. GASB 87, right to use lease asset for our long-term building lease with a term of 10 years is included as a capital asset. Statement No. GASB 96, SBITA assets for contracts that convey control of the right to use another party’s information technology software are also included in capital assets and are amortized over life of contract.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Other Assets

Other Assets include prepaid fees and fees receivable expected to be transacted within one year and Federal Financing Board (FFB) Mortgage Reserve expected to be held more than one year.

Deferred Loss on Refunding

The deferred loss on refunding, if any, results from the difference in the carrying amount of the refunded debt and its reacquisition price. The deferred loss on refunding is recognized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

Deferred Gain on Interest Rate Swap Agreements

The Agency's interest rate swap agreements all have a positive fair value as of the end of fiscal year 2026. Because these agreements have been determined to be effective hedges under applicable accounting guidance, the positive fair value is recorded as a deferred gain.

Deferred Pension and OPEB Expense

The deferred inflows and outflows of pension resources are amounts used under applicable accounting guidance in developing the annual pension expense. They arise with differences between expected and actual experience, investment differences, changes of assumptions and changes in proportions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Bonds Payable

Bonds payable are carried at their unpaid principal balances. Principal balances scheduled to be paid within one year subsequent to year-end, mandatory pass-through redemptions and optional redemptions of bonds exercised before June 30, 2026, are reported as current liabilities. Because the Agency is the issuer of the state appropriation-backed bonds they are included in this category, but amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Interest Payable

The interest payable represents interest payable on bonds, notes, and swaps as of end of fiscal year 2026 and are recorded as a current liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Net Pension and Total OPEB Liability

The net pension and total OPEB liability are the Agency's proportionate share of the liability of all employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan and OPEB plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS), a multi-employer defined benefit plan in which Agency employees participate, and additions to/deductions from MSRS's fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total OPEB liability, deferred outflows of resources and deferred inflows of resources, OPEB expense are based on actuarial valuations performed as of July 1, 2024. The total OPEB liability was rolled-forward from the valuation date to the measurement date of June 30, 2025, using generally accepted actuarial principles, and have been determined on the same basis as they are reported by MSRS. For this purpose, MSRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Accounts Payable and Other Liabilities

Accounts payable is comprised of short-term debt owed to suppliers. Other liabilities include the current and noncurrent portion of compensated absences, payroll accrual, FFB loan liability and outstanding bridge loan liability.

Funds Held for Others

Funds held for others are primarily escrow amounts held by the Agency on behalf of multifamily housing developments where the Agency holds the first mortgages. These amounts are held under the terms of the related loans and federal regulations regarding subsidized housing. Investment income relating to these funds is credited directly to the escrow funds and is not included in the investment income of General Reserve. Escrows are classified between current and noncurrent based on the scheduled pay out dates.

Also included in funds held for others are unrealized gains and losses on investments of the multifamily housing development escrow fund investments, unrealized gains and losses on the mortgage-backed securities supporting HOMESSM certificates, and funds held for, and reimbursable to, HUD, such as Section 8 payments. In addition, investment income on unspent Section 8 funds is credited directly to funds held for others and not included in the investment income of the Federal Appropriated Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Lease Liability

Lease Liabilities represent the Agency's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Agency's advance rates or Prime Rate and is being amortized using the effective interest method over the life of the lease terms.

Subscription Liability

Subscription Liabilities represent the Agency's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Agency's advance rates or Prime Rate and is being amortized using the effective interest method over the life of the lease terms.

Deferred Service Release Fees

The Agency's master servicer pays the Agency a fee for the right to service the loans backing mortgage-backed securities that are purchased and retained by the Agency. These fees are initially recorded as deferred inflows of resources and then amortized to fees earned and other income using the effective interest method over the expected life of the loans. These fees are reported consistent with loan origination fees under GASB No. 65 which requires points received by a lender in relation to a loan origination should be reported as a deferred inflow of resources and recognized as revenue in a systematic and rational manner over the duration of the related loan.

Fair Value Reporting

Minnesota Housing's investments are generally recorded at fair value as of June 30, 2026. GASB No. 72 *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

A financial instrument's level within the fair value hierarchy is based on the highest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at measurement date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Level 2: Investments with inputs–other than quoted prices included within Level 1 that are observable for an asset (liabilities), either directly or indirectly.

Level 3: Investments classified as Level 3 have unobservable inputs for an asset (liabilities) and may require a degree of professional judgement.

Net Position

The Agency's net position is classified as follows:

Restricted by Bond Resolution

The Restricted by bond resolution portion of net position represents the amount restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

The Restricted by covenant portion of net position represents those assets in General Reserve and those assets that would otherwise be available to be transferred to General Reserve under the applicable bond resolutions. Under the Agency's bond resolutions, the Agency covenants that it will use the assets in General Reserve only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and will accumulate and maintain therein such balance of funds and investments as will be sufficient for the purpose. The Agency's Board establishes investment guidelines for these funds.

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law.

Unrestricted – State Appropriation-backed Bonds

The deficit position of unrestricted by state appropriation-backed bond net position represents outstanding non-profit housing and housing infrastructure bonds that are not a general obligation of the Agency. Amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Unrestricted – Other

Negative amounts are not allowed in any category of restricted net position. If related liabilities and net inflows of resources exceed the assets on hand, the "shortfall" by default is covered by unrestricted assets. The Agency has moved the negative net restricted amounts to unrestricted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Net Investment in Capital Assets

This represents the balance of capital assets, net of depreciation and the lease and subscription liability.

Order of Net Position Used

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first and then unrestricted resources as they are needed.

Agency-wide Total

The Agency-wide total columns reflect the totals of similar accounts of the various funds. Since the assets of certain funds are restricted by either the related bond resolutions or legislation, the totaling of the accounts, including assets therein, does not indicate that the combined assets are available in any manner other than that provided for in either the bond resolutions, Board resolutions or the legislation for the separate funds or groups of funds.

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2025, from which such summarized information was derived.

Appropriations Received and Disbursed

Appropriations received represents revenue from grants and housing infrastructure bonds are recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied.

Appropriations disbursed represents disbursement of grant awards in accordance with program guidelines.

Fees Earned and Other Income

Fees earned and other income consists mainly of fees related to the financing and administration of Section 8 properties, including administration of a HUD-owned Section 8 portfolio, acquisition fees earned from the sale of mortgage servicing rights, fees in connection with operating the federal Low Income Housing Tax Credits program, annual fees related to certain multifamily housing development loans, fees from the Low Income Rental Classification program, private contributions restricted to use in the Agency's Homeownership Education Counseling and Training Program, housing development operating subsidies received from other state agencies, fees received for reimbursement for the cost of issuance for certain bonds, and fees for issuing and monitoring conduit bonds. Fees earned and other income is recorded as it is earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES *(continued)*

Reduction in Carrying Value of Certain Low-Interest Rate Deferred Loans

The carrying value of certain Pool 3 loans and State Appropriated loans — originated at below market interest rates and with repayment deferred for up to 30 years — is written down to zero at time of origination. This write-down reflects the nature of these low-interest deferred loans and the risks associated with them. Some of these loans may be forgiven at maturity.

Non-Cash Activities

Transfers from loans receivable to FHA/VA insurance claims receivable and real estate owned for fiscal year 2026 were $1.0 million in Residential Housing Finance.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency, as a component unit of the State of Minnesota, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Rebatable Arbitrage

Arbitrage earnings that are owed to the United States Treasury are recorded in accounts payable and based on estimated calculations performed by an independent calculation specialist on an ongoing basis. Also included in this category is yield compliance liability.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES

Cash and Cash Equivalents

Cash and cash equivalents are carefully managed to provide adequate resources for future debt service requirements and other liquidity needs. Cash and Cash equivalents can fluctuate based on the timing of bond sales, the rate of production, debt repayments, purchase of investments and loan transactions.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES *(continued)*

Cash and cash equivalents are generally stated at cost, which approximates fair value. The balances were composed of the following at June 30, 2026 (in thousands):

Cash and Cash Equivalents

Funds	Deposits	Money Market Funds	State Investment Pool (ITC)	Investment Agreements	Combined Totals
General Reserve Account	$ -	$ -	$ 117,216	$ -	$ 117,216
Rental Housing	-	60,785	-	-	60,785
Residential Housing Finance	532	741,030	-	203	741,765
Homeownership Finance Bonds	-	49,033	-	-	49,033
Multifamily Housing Bonds	-	2,539	-	-	2,539
State Appropriated Accounts	610	76,559	984,200	-	1,061,369
Federal Appropriated Accounts	3	1,678	22,697	-	24,378
Combined Totals	$1,145	$931,624	$1,124,113	$203	$2,057,085

Included in deposits was cash awaiting investment, consisting of interest earned on investments accrued at year end and certain federal emergency funds.

The ITC is an internal investment pool managed by the Minnesota State Board of Investments (SBI). The SBI invests in debt securities, including U.S. treasury securities, U.S. agency securities, bankers' acceptances, high grade corporates, and commercial paper. The investment objectives for investing state cash accounts are to preserve capital and to provide a level of current income consistent with the goal of preserving capital. This investment pool is unrated.

Generally, investment agreements are uncollateralized, interest-bearing contracts with financial institutions or corporations with variable liquidity features, which require a one-day to two-week notice for deposits and/or withdrawals and are invested in accordance with the restrictions specified in the various bond resolutions.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in market interest rates of debt investments will adversely affect the fair value of an investment. The Agency's Board Policy – *Investments and Cash Management* requires interest rate risk of variable rate debt to be hedged with interest rate swaps. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments

become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES *(continued)*

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer's debt or otherwise lack of diversification. The Agency does not have a formal policy regarding concentration of credit risk for rated corporate debt securities that are among the top four quality categories. For other types of investments, Minnesota Statutes 11A.24 established investment parameters.

Investment Securities

Investments securities-other consists of MBS that are held by the Agency as investments, MBS held in the warehouse for future bond sales and MBS held for sale in the TBA market as well as other quality investments such as US agency obligations, US treasuries, municipal bonds and government backed investment pools at the trustee, Computershare, and the State Board of Investments (SBI).

Investment securities (comprising U.S. Treasury securities, U.S. Agency securities, mortgage-backed securities, and municipal bonds) are recorded at fair market value and were allocated to the following funds at June 30, 2026 (in thousands):

Funds	Investment Securities-Other at Amortized Cost	Program Mortgage-backed Securities	Unrealized Appreciation (Depreciation)	Estimated Market Value
General Reserve Account	$ -	$ -	$ -	$ -
Rental Housing	17,149	-	(270)	16,879
Residential Housing Finance	45,948	4,725,955	(98,475)	4,673,428
Homeownership Finance Bonds	-	809,734	(81,681)	728,053
HOMES[SM]	3,521	-	(372)	3,149
State Appropriated Accounts	83,419	-	-	83,419
Combined Totals	$150,037	$5,535,689	$(180,798)	$5,504,928

U.S. Treasury securities, U.S. Agency securities, and municipal bonds in General Reserve, State Appropriated and Federal Appropriated are held by the State of Minnesota on behalf of the Agency. U.S. Treasury and U.S. Agency securities in the remainder of the funds are held by the trustees under the Agency's bond resolutions and bond indentures in the Agency's name.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES *(continued)*

Investment securities are subject to credit risk. The following table classifies investment securities, except certain U.S. Treasuries, by their lowest Standard & Poor's/Moody's rating. Investment securities' credit rating categories (without qualifiers) at June 30, 2026, were (in thousands):

Credit Rating of Investment Securities

Type	Fair Value	AA+/Aa1	AA/Aa2/Not rated
US Agencies	$5,421,509	$5,421,509	$ -
Municipal Bonds	-	-	-
Agency-wide Totals	5,421,509	5,421,509	-
US Treasuries	83,419	83,419	
Agency-wide Totals	$5,504,928	$5,504,928	

Examining the weighted average maturities of the Agency's investment securities can reveal information about interest rate risk. Cash, cash equivalents and investment securities (excluding unrealized depreciation) of $180.8 million and net discount of $82.9 million, along with the weighted average maturities (in years) as of June 30, 2026, consisted of the following (in thousands):

Fair Value of Investment Maturities (in years)

Type	Fair Value	Less than 1 year	1-5 years	5-10 years	Greater than 10 years
Money market fund	$ 931,624	$ 931,624	$ -	$-	$ -
ITC	1,124,113	1,124,113	-	-	-
Investment agreements	203	-	-	-	203
US Agencies	5,421,509	281	18,829	-	5,402,399
US Treasuries	83,419	83,419	-	-	-
Municipals	-	-	-	-	-
Agency-wide Totals	$7,560,868	$2,139,437	$18,829	$-	$5,402,602

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES *(continued)*

Investments in any one issuer, excluding $2.5 million of investments issued or explicitly guaranteed by the U.S. Government, that represent five percent or more of the fair value of total investments, as defined by GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, as of June 30, 2026, were as follows (in thousands):

Investment Issuer	Amount
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, U.S. Agencies	$3,027,810

The Agency maintained certain deposits and investments throughout fiscal year 2026 that were subject to custodial credit risk. As of June 30, 2026, the amounts subject to this risk consisted of the following (in thousands):

	Amount
Deposits not covered by depository insurance and uncollateralized (including $931,624 in a money market fund and $1,124,113 in the ITC)	$2,056,882
Investment securities uninsured, uncollateralized.	5,430,131
Agency-wide total	$7,487,013

Certain balances are required to be maintained under the various bond resolutions. These balances represent debt service and insurance reserves. The required balances at June 30, 2026, were as follows (in thousands):

Program Funds	Amount
Multifamily Housing Bonds	$479
Rental Housing	8,196
Residential Housing Finance	4,095
Combined Totals	$12,770

The following table summarizes Minnesota Housing's investments within the fair value hierarchy at June 30, 2026 (in thousands):

Investments (at fair value)	Level 1	Level 2	Level 3	Total
US Agencies	$ 1,950	$5,419,559	$-	$5,421,509
US Treasuries	75,013	8,406	-	83,419
Municipals	-	-	-	-
Fair market value	$ 76,963	$5,427,965	$-	$5,504,928

NOTE 4 – LOANS RECEIVABLE, NET

Loans receivable, net at June 30, 2026, consisted of (in thousands):

Funds	Outstanding Principal	Allowance for Loan Losses	Loans Receivable, Net
Rental Housing	$264,215	$(7,260)	$256,955
Residential Housing Finance	859,831	(17,688)	842,143
Multifamily Housing	12,205	(61)	12,144
State Appropriated	146,968	(4,750)	142,218
Federal Appropriated	2,383	(12)	2,371
Agency-wide Totals	$1,285,602	$(29,770)	$1,255,831

Substantially all loans in the table above are secured by first or second mortgages on the real property financed. A significant portion of the homeownership first mortgage loans in the Residential Housing Finance fund have either FHA insurance or a VA or RD guarantee. Insurance reduces, but does not eliminate, loan losses.

In addition to the loans in the table above, certain loans are carried at below-market interest rates and repayment is deferred for up to 30 years. These loans are generally in either a second or more subordinate mortgage position or may be unsecured. Given the nature of these loans and the risk associated with them, at the time of origination they are fully reserved resulting in a net carrying value of zero. The principal amount of loans with such characteristics originated during fiscal year 2026 aggregated $4.769 million in Pool 3, $0 in Rental Housing, $179.952 million in State Appropriated and $19.716 million in Federal Appropriated. Loans with net carrying values of $0 are excluded from the tables above and below. The Agency also has deferred and/or forgivable loans with net carrying values of $0 in the Federal Appropriated, HOMESSM, National Housing Trust Fund (NHTF) and Housing Opportunities for Persons with Aids (HOPWA) programs. These loans are tracked for affordability by staff. The balance of these loans at June 30, 2026, was $115.0 million compared to $84.8 million on June 30, 2025.

NOTE 4 – LOANS RECEIVABLE, NET *(continued)*

Loans receivable, net and gross in Residential Housing Finance at June 30, 2026, consist of a variety of loans as follows (in thousands):

Description	Net Outstanding Amount	Gross Outstanding Amount
Residential Housing Finance Bonds:		
Homeownership, first mortgage loans	$126,640	$127,221
Other homeownership loans, generally secured by a second mortgage	99,484	102,999
Alternative Loan Fund, Housing Investment Fund (Pool 2):		
Home Improvement loans, generally secured by a second mortgage	119,899	121,847
Homeownership, first mortgage loans	69,595	70,965
Other homeownership loans, generally secured by a second mortgage	58,675	60,490
Multifamily, first mortgage loans		
Alternative Loan Fund, Housing Affordability Fund (Pool 3):	244,349	248,116
Other homeownership loans, generally secured by a second mortgage		
Multifamily, first mortgage loans	121,759	126,272
Multifamily, first mortgage loans	1,742	1,921
Residential Housing Finance Totals	$842,143	$859,831

The Agency is limited by statute to financing real estate located within the State of Minnesota. Collectability depends on, among other things, local economic conditions.

NOTE 5 – CAPITAL ASSET ROLLFORWARD, RIGHT TO USE - LEASE, SUBSCRIPTION. AND OTHER ASSETS

Capital Assets Rollforward

A summary of capital asset activity for the year ended June 30, 2026, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated/amortized:				
Furniture and equipment	$3,593	$344	-	$3,937
Software	7,487	1,843	(1,567)	7,763
Right to use - lease - building	9,739	-	-	9,739
Right to use - Subscription	3,858	-	(61)	3,796
Total capital assets, being depreciated/amortized	24,677	2,187	(1,628)	25,235
Less accumulated depreciation for:				
Furniture and equipment	(3,388)	(131)	-	(3,519)
Software	(6,437)	(1,968)	1,542	(6,863)
Right to use - lease - building	(6,795)	(1,359)	-	(8,153)
Right to use - Subscription	(1,713)	(537)	86	(2,164)
Total accumulated depreciation/amortization	(18,333)	(3,995)	1,628	(20,699)
Capital assets, net	$6,344	$(1,808)	$-	$4,536

All depreciation expenses are reported under the *other general operating expenses* section of the financial statements.

Other Assets

Other assets, including receivables, at June 30, 2026, consisted of the following (in thousands):

Funds	Receivables Due from the Federal Government	Other Assets and Receivables	Total
General Reserve Account	$3,329	$269	$3,598
Residential Housing Finance	-	10,890	10,890
Multifamily Housing	-	1	1
Federal Appropriated	428	-	428
State Appropriated		7,099	7,099
Combined Totals	$3,757	$18,259	$22,016

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE

Minnesota Housing continually investigates and utilizes financing and debt management techniques designed to achieve its goals of reducing interest expense and efficiently utilizing bonding authority while managing risk and responding to changing capital markets. During 2026 fiscal year, Minnesota Housing issued sixteen series of bonds aggregating $695.9 million (excluding state appropriation-backed housing bonds, limited obligation drawdown index bank note, and short-term borrowing against a line of credit), compared to the issuance of thirty-three series totaling $1,464.4 million the previous fiscal year. Long-term bonds are issued as capital is needed for program purposes and as opportunities arise to economically refund outstanding bonds. Short-term bonds and notes and other indebtedness may be issued to preserve tax-exempt bonding authority for future program use and to warehouse purchases of mortgage-backed securities in advance of permanent financing. A total of $50.0 million in state appropriation-backed bonds were issued in fiscal year 2026.

A total of $460.0 million in bond principal repayments and $251.3 million of bond-related interest expense occurred during fiscal year 2026 not including state appropriation-backed bonds. Of the total bond principal repayments, $20.1 million were repayments made on bonds prior to the scheduled maturity date using a combination of optional and special redemption provisions. A total of $19.2 million in bond principal repayments for state appropriation-backed bonds were made in fiscal year 2026.

Most of the bonds issued by Minnesota Housing bear interest that is not includable in gross income for federal and State of Minnesota income taxation, in accordance with requirements of the federal Internal Revenue Code (IRC) and Treasury regulations governing either qualified mortgage bonds, bonds issued to provide qualified residential rental projects or bonds issued to finance certain types of loans to nonprofit entities for single family and multifamily housing. Minnesota Housing's ability to issue certain types of tax-exempt debt is limited by its share of the state's allocation of private activity bond volume cap, which is established by Minnesota statutes. Minnesota Housing's ability to issue tax-exempt debt is also limited by a provision in the IRC (commonly known as the 10 year rule) that requires single family mortgage loan repayments and prepayments received more than ten years after the date of issuance of the bonds that financed those mortgage loans to be used to redeem bonds.

While most of the Agency's bonds are tax-exempt, taxable bonds have been issued to supplement limited tax-exempt private activity bond volume cap in order to meet demand for financing single family mortgage loans. Taxable bonds may also be issued to refund existing debt or to finance lending programs where federal tax-exempt bond restrictions are inconsistent with program goals. Variable-rate demand bonds and interest-rate swaps were incorporated into Minnesota Housing's financings from fiscal year 2003 through fiscal year 2010, and again in fiscal years 2016 through fiscal year 2020 and in fiscal years 2022 through 2026, and two financings originally issued in fiscal years 2018 and 2019 as interest-rate swaps were converted from floating rate term bonds to variable rate demand bonds in fiscal year 2024.

Interest-rate swaps help to hedge the mismatch between fixed-rate loans and variable-rate bonds.

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Bonds payable is the largest single category of liabilities, resulting primarily from debt issued to fund housing-related lending. Bonds payable increased 4.2% to $6,205.1 million at June 30, 2026, because new bond issuance related to lending activities outpaced scheduled redemptions and early bond redemptions of existing debt.

The companion category of interest payable increased 9.4% to $115.7 million at June 30, 2026, largely due to an increase in the amount of outstanding debt and higher market interest rates.

Summary of bonds, notes and line of credit payable activity, at June 30, 2026, is as follows (in thousands):

Funds	June 30, 2025 Balance Outstanding	Issued	Repaid	Premium/ Discount/ VRD Fees Amortization	June 30, 2026 Balance Outstanding	Balance Due Within One Year
Rental Housing	$210,010	$10,945	$20,265	$ -	$200,690	$49,380
Residential Housing Finance	4,723,355	685,000	360,695	-	5,047,660	170,295
Homeownership						
Finance Bonds	871,635	-	75,643	-	795,992	6,235
Multifamily Housing Bonds	12,040	-	240	-	11,800	240
HOMES^{SM}	3,698	-	177	-	3,521	-
2018 Index Bank Note	7,409	129,468	118,371	-	18,506	18,506
General Purpose Bonds	58,605	-	2,905	-	55,700	3,055
Total	$5,886,752	$825,413	$578,296	$-	$6,133,869	$247,711
Bond premium/ discount-Residential Housing Finance	69,328	19,748	-	17,816	71,260	16,699
State Appropriation-Backed Bonds	443,685	50,000	19,220	-	474,465	21,405
State Appropriated Premium	40,156	3,117	-	7,250	36,023	3,913
Revolving Line of Credit	-	-	-	-	-	-
Total Net	$6,439,921	$898,278	$597,516	$25,066	$6,715,617	$289,728

The drawdown Index Bank Note and the General Purpose Bonds are part of the Residential Housing Finance Fund. State appropriation-backed bonds are included in the State Appropriated fund.

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Bonds payable at June 30, 2026, were as follows (in thousands):

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Rental Housing Bonds				
2024 Series A-1	3.95% to 4.90%	2066	$ 5,530	$ 5,530
2024 Series B-1	3.95% to 4.85%	2066	2,415	2,415
2024 Series C-1	3.95% to 4.50%	2044	4,625	4,625
2024 Series C-2	3.300%	2026	5,195	5,195
2024 Series D	4.628% to 6.00%	2054	87,530	87,530
2024 Series E-1	3.85% to 4.65%	2066	3,235	3,235
2024 Series E-2	3.400%	2026	7,930	7,930
2024 Series FG-1	3.75% to 4.60%	2067	6,955	6,955
2024 Series F-2	3.250%	2027	9,350	9,350
2024 Series G-2	3.250%	2027	8,350	8,350
2025 Series A-1	4.00% to 4.85%	2067	2,580	2,580
2025 Series A-2	3.353%	2027	7,300	7,300
2025 Series B	3.100%	2027	7,195	7,195
2025 Series C	4.000%	2027	7,600	7,600
2025 Series D-1	4.45% to 5.15%	2067	1,020	1,020
2025 Series D-2	3.700%	2027	8,845	8,845
2025 Series E-1	4.35% to 5.25%	2067	1,730	1,730
2025 Series E-2	3.75%	2027	5,985	5,985
2025 Series F-1	4.375% to 5.10%	2066	1,710	1,710
2025 Series F-2	3.700%	2026	4,665	4,665
2026 Series A-1	3.50% to 4.80%	2062	1,455	1,455
2026 Series A-2	2.600%	2027	2,830	2,830
2026 Series B-1	3.85% to 4.95%	2068	1,940	1,940
2026 Series B-2	2.850%	2028	2,960	2,960
2026 Series B-3	4.000%	2028	1,760	1,760
			$ 200,690	$ 200,690

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds				
2007 Series M	6.345%	2038	$ 70,000	$ 6,955
2013 Series C	3.60% to 3.90%	2043	42,310	10,995
2014 Series C	4.00%	2045	143,145	2,310
2014 Series E	3.10% to 3.50%	2032	76,000	20,965
2015 Series D	Variable	2046	18,225	10,885
2015 Series G	Variable	2034	35,000	26,210
2016 Series A	2.70% to 3.20%	2033	63,135	7,715
2016 Series B	3.10% to 3.50%	2046	74,985	8,605
2016 Series C	3.80% to 4.20%	2037	15,590	1,145
2016 Series E	4.00%	2047	75,005	60
2016 Series F	Variable	2041	50,000	32,650
2017 Series B	4.00%	2047	37,390	930
2017 Series C	Variable	2038	40,000	28,245
2017 Series E	4.00%	2048	63,075	3,460
2017 Series F	Variable	2041	40,000	31,125
2018 Series B	4.00%	2048	43,680	795
2018 Series D Remarket	Variable	2045	19,625	19,625
2018 Series E	4.25%	2049	65,200	8,740
2018 Series G	3.9% to 4.73%	2049	35,000	495
2018 Series H Remarket	Variable	2041	28,820	28,820
2019 Series B	4.25%	2049	98,195	13,720
2019 Series C	3.367% to 4.204%	2042	37,500	280
2019 Series D	Variable	2042	45,000	32,425
2019 Series F	1.60% to 3.75%	2050	96,775	38,985
2019 Series H Remarket	Variable	2050	39,590	34,815
2020 Series A	1.70%	2026	20,850	1,040
2020 Series B	1.45% to 3.50%	2050	149,150	78,180
2020 Series C	2.261% to 3.337%	2050	60,000	26,800
2020 Series D	1.65% to 1.80%	2027	19,300	1,445
2020 Series E	1.45% to 3.50%	2050	130,700	81,665
2020 Series F	1.35% to 1.70%	2028	15,630	3,740
2020 Series G	1.45% to 3.00%	2051	109,370	76,425
2020 Series H	1.10% to 1.50%	2028	$ 16,525	$ 3,685

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2020 Series I	1.15% to 3.00%	2051	$ 108,475	$ 81,450
2021 Series A	1.125% to 1.95%	2030	23,060	11,905
2021 Series B	1.65% to 3.00%	2051	101,940	78,315
2021 Series C	1.05% to 1.45%	2028	24,020	5,675
2021 Series D	0.95% to 3.00%	2052	154,145	122,395
2021 Series E	0.95% to 1.25%	2027	15,695	3,105
2021 Series F	0.625% to 3.00%	2052	134,305	111,835
2021 Series G	1.25% to 2.40%	2033	22,690	18,710
2021 Series H	0.90% to 3.00%	2052	127,310	105,880
2021 Series I	1.71% to 2.77%	2035	25,000	14,235
2022 Series A	1.60% to 3.00%	2052	75,000	66,060
2022 Series B	2.00% to 2.57%	2031	24,990	14,140
2022 Series C	1.85% to 3.50%	2052	100,000	72,960
2022 Series D	Variable	2052	50,000	48,945
2022 Series E	3.390% to 4.707%	2041	100,000	76,390
2022 Series F	Variable	2052	50,000	50,000
2022 Series G	3.727% to 4.947%	2047	100,000	73,885
2022 Series H	Variable	2052	50,000	50,000
2022 Series I	2.90% to 5.00%	2053	40,000	26,165
2022 Series J	4.321% to 5.263%	2045	34,990	29,605
2022 Series K	Variable	2053	25,000	25,000
2022 Series L	4.350% to 5.350%	2036	24,290	19,665
2022 Series M	4.85% to 6.00%	2053	75,710	58,105
2022 Series N	4.994% to 6.345%	2053	50,000	44,390
2023 Series A	3.450% to 4.10%	2033	11,570	8,985
2023 Series B	3.450% to 5.750%	2053	55,420	45,280
2023 Series C	4.627% to 5.591%	2053	33,000	30,275
2023 Series D	2.95% to 5.50%	2053	60,000	48,245
2023 Series E	4.714% to 5.593%	2053	60,000	54,540
2023 Series F	3.250% to 5.750%	2053	60,000	48,095
2023 Series G	4.996% to 5.575%	2053	90,000	82,410
2023 Series H	5.163% to 6.00%	2053	70,000	52,540
2023 Series I	Variable	2050	$ 30,000	$ 30,000

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2023 Series J	5.232% to 6.00%	2054	$ 130,000	$ 112,655
2023 Series K	Variable	2050	20,000	20,000
2023 Series L	5.217% to 6.250%	2053	70,000	51,160
2023 Series M	Variable	2050	30,000	29,170
2023 Series N	4.000% to 4.750%	2034	10,995	7,275
2023 Series O	4.45% to 6.00%	2053	49,005	38,745
2023 Series P	5.372% to 5.726%	2048	60,000	54,800
2023 Series Q	Variable	2053	30,000	29,495
2023 Series R	6.25%	2054	48,750	40,200
2023 Series S	5.685% to 6.328%	2049	82,500	71,395
2023 Series T	Variable	2054	43,750	43,165
2023 Series U	5.742% to 6.500%	2054	48,750	31,155
2023 Series V	Variable	2050	26,250	25,890
2024 Series A	6.25%	2054	31,395	27,240
2024 Series B	4.718% to 5.960%	2051	73,605	69,065
2024 Series C	Variable	2054	20,000	19,820
2024 Series D	4.938% to 6.250%	2054	60,000	45,920
2024 Series E	Variable	2050	20,000	19,725
2024 Series F	3.850% to 4.600%	2039	11,125	8,510
2024 Series G	6.50%	2054	26,780	24,065
2024 Series H	4.827% to 5.850%	2050	62,095	57,135
2024 Series I	Variable	2054	25,000	24,770
2024 Series J	4.741% to 6.50%	2054	60,000	51,515
2024 Series K	Variable	2051	15,000	14,695
2024 Series L	3.45% to 6.50%	2055	80,000	72,850
2024 Series M	4.763% to 6.018%	2051	105,000	100,415
2024 Series N	Variable	2055	40,000	39,760
2024 Series O	6.25%	2055	75,000	70,475
2024 Series P	4.468% to 5.958%	2044	110,000	108,165
2024 Series Q	Variable	2055	40,000	39,610
2024 Series R	4.237% to 6.00%	2055	60,000	50,295
2024 Series S	Variable	2050	15,000	14,930
2024 Series T	3.650% to 4.450%	2039	$ 19,100	$ 18,495

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2024 Series U	3.20% to 6.25%	2055	$ 78,350	$ 74,160
2024 Series V	4.977% to 5.925%	2049	92,550	91,440
2024 Series W	Variable	2055	60,000	59,790
2025 Series A	4.438% to 6.125%	2055	70,000	65,645
2025 Series B	Variable	2050	15,000	14,935
2025 Series C	6.25%	2055	69,565	67,775
2025 Series D	5.249% to 6.00%	2051	90,435	89,675
2025 Series E	Variable	2055	40,000	39,955
2025 Series F	3.50% to 6.25%	2056	87,560	86,795
2025 Series G	5.211% to 6.034%	2050	52,440	52,440
2025 Series H	Variable	2056	35,000	34,990
2025 Series I	4.316% to 6.250%	2056	60,000	59,460
2025 Series J	Variable	2052	25,000	24,975
2025 Series K	2.95% to 4.25%	2035	11,375	11,375
2025 Series L	2.55% to 6.00%	2056	77,020	76,970
2025 Series M	3.727% to 5.699%	2056	51,605	51,600
2025 Series N	Variable	2056	35,000	35,000
2026 Series A	2.55% to 6.00%	2056	87,955	87,955
2026 Series B	4.828% to 5.838%	2050	52,045	52,045
2026 Series C	Variable	2056	35,000	35,000
2026 Series D	4.691% to 6.000%	2056	50,000	50,000
2026 Series E	Variable	2052	25,000	25,000
2026 Series F	2.70% to 6.00%	2056	52,485	52,485
2026 Series G	4.939% to 5.863%	2052	87,515	87,515
2026 Series H	Variable	2056	$ 35,000	$ 35,000
			$6,856,380	$5,047,660

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Homeownership Finance Bonds				
2012 Series A	2.60%	2042	$ 50,000	$ 4,386
2012 Series B	2.25%	2042	75,000	9,746
2013 Series A	2.35%	2043	75,000	12,468
2013 Series B	2.70%	2041	85,149	9,278
2013 Series C	3.00%	2043	37,000	5,915
2014 Series A	3.00%	2044	38,527	2,748
2014 Series B	2.95%	2044	18,868	2,251
2014 Series C	3.25%	2044	13,663	1,630
2014 Series D	2.875%	2044	39,934	4,231
2015 Series A	2.80%	2045	60,013	10,263
2015 Series B	3.00%	2045	54,530	7,216
2015 Series C	3.05%	2045	40,226	5,398
2015 Series D	2.90%	2045	52,365	8,815
2016 Series A	2.95%	2046	97,274	18,519
2016 Series B	2.70%	2046	50,971	10,267
2016 Series C	2.33%	2046	35,390	7,864
2016 Series D	2.73%	2046	35,390	7,810
2016 Series E	2.35%	2046	35,495	7,969
2016 Series F	2.68%	2046	65,918	15,557
2016 Series G	2.30%	2046	20,445	5,802
2016 Series H	2.65%	2046	30,668	8,640
2017 Series A	2.93%	2047	24,966	5,599
2017 Series B	3.25%	2047	24,966	6,142
2017 Series C	3.08%	2047	23,904	6,550
2017 Series D	3.43%	2047	23,904	6,600
2017 Series E	2.85%	2047	39,283	7,867
2017 Series F	3.20%	2047	19,348	3,901
2017 Series G	2.65%	2047	84,998	19,374
2017 Series H	3.00%	2047	64,998	14,815
2017 Series I	2.80%	2047	69,238	17,725
2017 Series J	3.10%	2047	46,159	11,856
2018 Series A	3.30%	2048	38,247	9,579
2018 Series B	3.65%	2048	$ 38,247	$ 10,211

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Homeownership Finance Bonds *(continued)*				
2018 Series C	3.30%	2048	$ 30,326	$ 8,000
2018 Series D	3.65%	2048	20,218	5,269
2018 Series E	3.45%	2048	47,757	9,914
2018 Series F	3.80%	2048	52,573	10,974
2018 Series G	3.75%	2048	31,784	7,454
2018 Series H	4.10%	2048	31,784	7,450
2018 Series I	3.60%	2049	22,971	5,052
2018 Series J	4.00%	2049	37,500	8,248
2019 Series A	3.45%	2049	35,630	8,153
2019 Series B	3.80%	2049	30,351	6,945
2019 Series C	3.15%	2049	13,728	4,102
2019 Series D	3.55%	2049	30,555	9,131
2019 Series E	3.25%	2049	45,949	10,127
2019 Series F	3.23%	2049	59,851	16,388
2019 Series G	3.02%	2049	90,295	31,044
2019 Series H	2.47%	2050	48,324	14,499
2020 Series A	2.50%	2050	43,964	21,216
2020 Series B	2.35%	2050	18,000	9,088
2020 Series C	2.45%	2050	37,979	19,115
2020 Series D	1.92%	2050	100,000	59,801
2020 Series E	1.68%	2050	40,067	25,512
2021 Series A	1.58%	2051	83,328	55,132
2021 Series B	1.93%	2051	49,022	31,557
2021 Series C	2.05%	2051	61,764	44,974
2021 Series D	2.05%	2051	50,768	39,815
2022 Series A	4.45%	2052	$ 50,000	$ 40,040
			$2,674,572	$ 795,992

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Multifamily Housing Bonds				
2009	3.01%	2051	15,000	11,800
			$ 15,000	$ 11,800
HOMES^SM				
2013 Series A-1	3.50%	2043	3,359	282
2013 Series B-1	3.00%	2043	24,471	2,557
2013 Series C-1	3.50%	2043	4,713	682
			$ 32,543	$ 3,521
Drawdown Index Bonds				
2018 Index Bank Note	Variable	2026	-	18,506
			$ -	$ 18,506
General Purpose Bonds				
General Purpose Bonds	5.301% to 5.832%	2039	60,000	55,700
			$ 60,000	$ 55,700
Combined Totals (Bonds only)			$ 9,839,185	$ 6,133,869
Premium on Bonds				71,260
Notes Payable				-
Total bonds/prem/notes payable				$6,205,129

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

The Agency uses special redemption provisions to retire certain bonds prior to their stated maturity from unexpended bond proceeds, if any, and revenues in excess of scheduled debt service resulting primarily from loan prepayments. Substantially all bonds are subject to optional redemption after various dates at an amount equal to 100% of the unpaid principal and accrued interest as set forth in the applicable series resolution.

The following table summarizes the annual debt service requirements to maturity for bonds outstanding as of June 30, 2026, excluding optional calls known at June 30, 2026 (in thousands). The current portion of bonds payable reported in the statement of net position includes known optional calls as of June 30, 2026.

	Rental Housing		Residential Housing Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2027	$ 49,380	$ 8,973	$ 170,295	$ 216,876
2028	26,965	7,206	96,383	217,847
2029	6,504	6,615	99,342	214,384
2030	1,888	6,450	106,228	210,678
2031	1,969	6,361	114,367	206,626
2032-2036	11,590	30,141	660,395	961,258
2037-2041	15,250	26,555	801,960	813,368
2042-2046	23,425	21,423	934,410	621,707
2047-2051	26,115	14,522	1,136,570	381,099
2052-2056	24,575	6,219	896,675	112,134
2057-2061	5,485	2,581	31,035	848
2062-2066	6,264	1,157	-	-
2067-2071	1,280	56	-	-
Total	$200,690	$138,259	$5,047,660	$3,956,825

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

	Multifamily Housing		Homeownership Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2027	$ 240	$ 352	$ 6,235	$ 19,455
2028	330	343	-	21,224
2029	350	333	-	21,224
2030	360	322	-	21,224
2031	360	312	-	21,224
2032-2036	1,800	1,396	-	106,121
2037-2041	2,310	1,093	-	106,121
2042-2046	2,670	724	111,990	100,603
2047-2051	3,200	282	554,386	56,409
2052-2056	180	1	123,381	2,971
2057-2061	-	-	-	-
2062-2066	-	-	-	-
2067-2071	-	-	-	-
Total	$11,800	$ 5,158	$795,992	$476,576

	HOMES[SM]		DDIB/IBN & General Purpose	
Fiscal Year	Principal	Interest	Principal	Interest
2027	$ -	$ 110	$21,561	$ 3,499
2028	-	111	3,210	2,934
2029	-	110	3,380	2,761
2030	-	111	3,560	2,578
2031	-	111	3,760	2,378
2032-2036	-	552	22,160	8,465
2037-2041	-	552	16,575	1,731
2042-2046	3,521	239	-	-
2047-2051	-	-	-	-
2052-2056	-	-	-	-
2057-2061	-	-	-	-
2062-2066	-	-	-	-
2067-2071	-	-	-	-
Total	$3,521	$1,896	$74,206	$24,346

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

	Combined Totals	
Fiscal Year	Principal	Interest
2027	$ 247,711	$ 249,265
2028	126,888	249,665
2029	109,576	245,427
2030	112,036	241,363
2031	120,456	237,012
2032-2036	695,945	1,107,933
2037-2041	836,095	949,420
2042-2046	1,076,016	744,696
2047-2051	1,720,271	452,312
2052-2056	1,044,811	121,325
2057-2061	36,520	3,429
2062-2066	6,264	1,157
2067-2071	1,280	56
Total	$6,133,869	$4,603,060

Residential Housing Finance Bonds Series 2015 Series D and 2015 Series G; 2016 Series F; 2017 Series C and 2017 Series F; 2018 Series D and 2018 Series H; 2019 Series D and 2019 Series H; 2022 Series D, 2022 Series F, 2022 Series H, 2022 Series K; 2023 Series I, 2023 Series K, 2023 Series M, 2023 Series Q, 2023 Series T and 2023 Series V; 2024 Series C, 2024 Series E, 2024 Series I, 2024 Series K; 2024 Series N, 2024 Series Q, 2024 Series S and 2024 Series W; 2025 Series B, 2025 Series E, 2025 Series H, 2025 Series J and 2025 Series N; 2026 Series C, 2026 Series E and 2026 Series H; (collectively, the Demand bonds) accrue interest at rates that change weekly as determined by a remarketing agent for such series based on market conditions. Effective December 29, 2023, the 2018 Index Bank Note accrues interest at a rate equal to SOFR (Secured Overnight Financing Rate) Index plus 0.65%. Future interest due for these bonds, as displayed above in the annual debt service requirements table, assumes that the respective rates in effect on June 30, 2026, continue for the term of the bonds. Variable rate bond interest payments will vary as general short-term interest rates vary. Associated interest rate swaps are not included in the annual debt service requirements table. See the Swap Payments and Associated Debt table below to view those amounts.

The income and assets of each of the bond funds, except for the HOMES[SM] fund, are pledged on a parity basis for the payment of principal and interest on the bonds issued, and to be issued, under the respective resolutions. All but one of the bond resolutions contains covenants that require the Agency to maintain certain reserves. The Agency believes that as of June 30, 2026, it is in compliance with those covenants in all material respects and the assets of all funds and accounts in the bond funds equaled or exceeded the requirements as established by the respective bond resolutions.

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE *(continued)*

Call notices were issued on or before June 30, 2026, for the redemption of certain bonds thereafter. See Subsequent Events, Note 22.

On June 30, 2026, the Agency had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with outstanding balance of zero. Draws against the line of credit are required to be collateralized with mortgage-backed securities which reside in Pool 2.

NOTE 7 – DEMAND BONDS

The Demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with seven days' notice and delivery to the Agency's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the bonds at a price equal to 100 percent of the principal amount. In the event the remarketing agent does not sell the bonds, the liquidity provider has agreed to purchase the bonds at a price equal to principal plus accrued interest. While held by the liquidity provider the bonds bear interest at a bank rate.

If the remarketing agent is unable to resell bonds purchased by the liquidity provider within one year of the purchase date the principal amount of these bonds together with interest at a bank rate will be payable to the liquidity provider in quarterly or semiannual installments payable over a five-year period that begins on the purchase date.

If the conditions of the preceding sentence are satisfied on such Term-Out Commencement Date, such Bank Bonds shall be subject to mandatory redemption in equal semiannual principal installments, the first such installment being payable on the first Business Day of the calendar month occurring at least 366 days after the Purchase Date (the "Term Out Commencement Date"), and on each six month anniversary thereafter so that such Bank Bonds are paid in full no later than the day that is the fifth anniversary of such Purchase Date (the date of each such redemption being a "Bank Bond Redemption Date").

FHLB payments are to be quarterly instead of semiannual.

Each Bank Bond subject to a Term Out Period, and the accrued interest thereon, shall be paid by or on behalf of the Issuer upon the occurrence of any of the events set forth in Section 3.1(a)(i) through and including Section 3.1(a)(v) above and shall, in addition thereto but subject to the sources described in Section 2.12 hereof, be repaid by or on behalf of the Issuer in equal quarterly payments of principal, the first of which will occur on the first Business Day on or following the 366th day after the Purchase Date and on the first Business Day of each third month thereafter so that such Bank Bonds are paid in full no later than the fifth (5th) anniversary of the Purchase Date.

The Agency is required to pay each liquidity provider a fee ranging from 0.23 to 0.30 percent per annum of the liquidity provider's available commitment (the outstanding principal amount of the bonds and approximately six months interest on the bonds at the rate of 12% per annum).The Agency has paid $2.449 million to the liquidity providers for fiscal year 2026.

In addition, each remarketing agent receives a fee ranging from 0.070 to 0.1 percent of the outstanding principal amount of the bonds. The Agency has paid a fee of $0.746 million to the remarketing agents for fiscal year 2026.

NOTE 7 – DEMAND BONDS *(continued)*

As of June 30, 2026, the following demand bonds were outstanding:

Variable Rate Series	Principal Amount Outstanding at par	Liquidity Facility Maturity-SBPA1	Liquidity Fee	Remarketing Agent Fee
Residential Housing Finance Series 2015D	$ 10,885,000	8/11/2027	0.230%	0.100%
Residential Housing Finance Series 2015G	26,210,000	11/17/2027	0.230%	0.100%
Residential Housing Finance Series 2016F	32,650,000	1/2/2027	0.260%	0.100%
Residential Housing Finance Series 2017C	28,245,000	7/19/2029	0.310%	0.100%
Residential Housing Finance Series 2017F	31,125,000	11/17/2027	0.230%	0.100%
Residential Housing Finance Series 2018D	19,625,000	6/30/2028	0.230%	0.070%
Residential Housing Finance Series 2018H	28,820,000	6/30/2028	0.230%	0.070%
Residential Housing Finance Series 2019D	32,425,000	6/29/2029	0.260%	0.100%
Residential Housing Finance Series 2019H	34,815,000	7/11/2029	0.290%	0.070%
Residential Housing Finance Series 2022D	48,945,000	3/16/2027	0.230%	0.070%
Residential Housing Finance Series 2022F	50,000,000	5/12/2027	0.230%	0.070%
Residential Housing Finance Series 2022H	50,000,000	7/8/2030	0.280%	0.070%
Residential Housing Finance Series 2022K	25,000,000	9/29/2030	0.280%	0.070%
Residential Housing Finance Series 2023I	30,000,000	7/27/2026	0.250%	0.070%
Residential Housing Finance Series 2023K	20,000,000	8/24/2028	0.260%	0.070%
Residential Housing Finance Series 2023M	29,170,000	9/14/2028	0.250%	0.070%
Residential Housing Finance Series 2023Q	29,495,000	10/12/2028	0.250%	0.070%
Residential Housing Finance Series 2023T	43,165,000	11/30/2026	0.250%	0.070%
Residential Housing Finance Series 2023V	25,890,000	12/14/2026	0.250%	0.070%
Residential Housing Finance Series 2024C	19,820,000	2/8/2027	0.200%	0.070%
Residential Housing Finance Series 2024E	19,725,000	3/28/2027	0.230%	0.070%
Residential Housing Finance Series 2024I	24,770,000	5/1/2028	0.230%	0.070%
Residential Housing Finance Series 2024K	14,695,000	5.30/2028	0.230%	0.070%
Residential Housing Finance Series 2024N	39,760,000	7/2/2028	0.230%	0.070%
Residential Housing Finance Series 2024Q	39,610,000	8/29/2028	0.230%	0.070%
Residential Housing Finance Series 2024S	14,930,000	9/18/2028	0.230%	0.070%
Residential Housing Finance Series 2024W	59,790,000	12/12/2028	0.230%	0.070%
Residential Housing Finance Series 2025B	14,935,000	2/20/2030	0.260%	0.070%
Residential Housing Finance Series 2025E	39,955,000	3/19/2030	0.260%	0.070%
Residential Housing Finance Series 2025H	34,990,000	5/21/2030	0.280%	0.070%
Residential Housing Finance Series 2025J	24,975,000	7/17/2030	0.280%	0.070%
Residential Housing Finance Series 2025N	35,000,000	10/16/2030	0.280%	0.070%
Residential Housing Finance Series 2026C	35,000,000	3/5/2031	0.280%	0.070%
Residential Housing Finance Series 2026E	25,000,000	3/12/2031	0.280%	0.070%
Residential Housing Finance Series 2026H	35,000,000	5/27/2031	0.300%	0.070%
Combined Totals	$1,074,420,000			

[1] SBPA-Standby Purchase Agreement

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

Floating Rate Term Bonds

There were no floating rate term bonds on June 30, 2026.

Derivative Instruments – Interest Rate Swaps

The Agency has entered into certain interest rate swap agreements that are considered to be fair value derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB 53. A consultant was engaged by the Agency to determine the fair value of these agreements and to evaluate their effectiveness as hedges as of June 30, 2026. The fair values approximate the termination payments that would have been due from the Agency, or payable to the Agency, had the swaps been terminated as of June 30, 2026. Under GASB 53, instruments, in whole or in part, such as interest rate swaps and similar transactions that fall under the definition of derivative instruments must be reported on the statement of net position, the classification of which depends on whether they represent assets or liabilities, and derivative instruments generally should be measured at "fair value". Fair values were determined pursuant to GASB 72. The fair value hierarchy of interest rate swap agreements is determined to be level 2. The fair values exclude accrued interest. As of June 30, 2026, all of the Agency's interest rate swap agreements have been determined to be effective hedges, as defined by GASB 53. The fair value is displayed on the statement of net position as asset named "interest rate swap agreements." The inception-to-date change in fair value as of June 30, 2026, is included under deferred outflows of resources as "deferred loss on interest rate swap agreements," or under deferred inflows of resources as "deferred gain on interest rate swap agreements."

Objective of Swaps

The Agency entered into interest rate swap agreements in connection with its issuance of variable rate mortgage revenue bonds under the Residential Housing Finance Bond Resolution from 2003 through 2009, 2015 through 2019, and 2022 through 2026. Using variable-rate debt hedged with interest-rate swaps reduced the Agency's cost of capital at the time of issuance compared to using long-term fixed rate bonds and, in turn, enabled the Agency to reduce mortgage rates offered to the Agency's low- and moderate-income, first-time home buyers.

Swap Payments and Associated Debt

Using rates as of June 30, 2026, debt service requirements of the Residential Housing Finance outstanding variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2027	$ 9,330	$ 35,290	$ 4,782	$ 49,402
2028	-	35,350	5,167	40,517
2029	3,110	35,323	4,976	43,409
2030	7,100	35,193	4,954	47,247
2031	11,785	34,970	4,966	51,721
2032-2036	83,515	170,896	24,505	278,916
2037-2041	102,110	162,157	21,527	285,794
2042-2046	111,175	150,410	17,658	279,243
2047-2051	344,245	114,322	10,938	469,505
2052-2056	394,845	41,638	2,384	438,867
2057-2061	7,270	134	-	7,404
Totals	$1,074,485	$815,683	$101,857	$1,992,025

Terms of Swaps

Terms of the swaps, the fair values, changes in fair values, and the credit ratings of the four counterparties thereto as of June 30, 2026, are contained in the four tables below (in thousands). All swaps are pay-fixed, receive-variable. Initial swap notional amounts matched original principal amounts of the associated debt except for 2022D and 2022F. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in outstanding principal amounts of the associated bond series. With respect to the outstanding swaps the Agency has also purchased the right, generally based upon a 300% PSA prepayment rate (The Standard Prepayment Model of The Securities Industry and Financial Markets Association and formerly the Public Securities Association) on the underlying mortgage loans, to further reduce the notional balances of the swaps as necessary to match the outstanding principal amount of the associated bond series and the right to terminate the swaps at par at approximately the 7-year anniversary date for the 2015D, 2015G, 2016F, 2017C, 2023I, 2023M, 2023Q, 2023T, 2023V, 2024C, 2024E, 2024I, 2024K, 2024N, 2024Q, 2024S, 2024W, 2025E, 2025H, 2025J, 2025N, 2026C, 2026E and 2026H swaps, the 5-year anniversary date for the 2017F, 2018D, 2018H, 2019D, 2019H and 2023K swaps and the 9-year anniversary date for the 2022D, 2022F, 2022H, 2022K and 2025B swaps.

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

The Agency also has the right to terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder:

Counterparty: The Bank of New York Mellon
Moody's* Aa2 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2026 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2026 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2025 (in thousands)
RHFB 2018D	19,625	6/28/18	1/1/45	3.1875%	70% of SOFR4 + 0.51014%	1,353	6
RHFB 2019H	34,815	9/11/19	1/1/47	2.1500%	100% SOFR4 + 0.11448%	7,177	(1,103)
RHFB 2022D	25,000	3/16/22	1/1/44	2.2050%	100% 1D SOFR4	4,386	13
RHFB 2022F	10,000	5/12/22	7/1/30	2.5100%	100% 1D SOFR4	576	54
RHFB 2022F	25,000	5/12/22	7/1/52	3.2375%	100% 1D SOFR4	4,519	221
RHFB 2023I	30,000	7/26/23	1/1/50	4.5450%	100% SOFR4 + 0.11448%	2,016	358
RHFB 2023K	20,000	8/24/23	7/1/50	4.8975%	100% SOFR4+ 0.11448%	1,139	198
RHFB 2023Q	29,495	10/12/23	1/1/48	4.8775%	100% SOFR4 + 0.11448%	435	556
RHFB 2024W	59,790	12/12/24	7/1/55	4.9685%	100% SOFR4 + 0.11448%	1,094	1,325
RHFB 2025H	34,990	5/21/25	7/1/52	4.6725%	100% SOFR4 + 0.11448%	1,070	605
RHFB 2026J	-	7/23/26	7/1/53	4.8175%	100% SOFR4 + 0.11448%	384	384
Counterparty Total	$288,715					$24,149	$2,617

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Counterparty: Royal Bank Of Canada
Moody's* Aa1 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2026 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2026 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2025 (in thousands)
RHFB 2015D	10,885	8/11/15	1/1/46	2.343%	67% of SOFR4 + 0.07670%	982	(203)
RHFB 2015G	26,210	12/8/15	1/1/34	1.953%	67% of SOFR4 + 0.07670%	1,090	(44)
RHFB 2016F	32,650	12/22/16	1/1/41	2.175%	67% of SOFR4 + 0.07670%	1,913	(130)
RHFB 2018H	28,820	12/12/18	7/1/41	2.8035%	70% of SOFR4 + 0.08014%	1,061	(13)
RHFB 2019D	32,425	4/11/19	1/1/42	2.409%	70% of SOFR4 + 0.08014%	1,996	(38)
RHFB 2022H	50,000	10/1/22	1/1/49	3.7395%	100% 1D SOFR4	5,776	365
RHFB 2022K	25,000	9/29/22	7/1/53	4.1775%	100% 1D SOFR4	2,650	227
RHFB 2023M	29,170	9/14/23	1/1/50	4.8455%	100% SOFR4 + 0.11448%	465	575
RHFB 2025B	14,935	2/20/25	7/1/35	4.2535%	100% SOFR4 + 0.11448%	(186)	306
RHFB 2025E	39,955	3/19/25	1/1/54	5.1090%	100% SOFR4 + 0.11448%	(3,819)	1,205
RHFB 2025N	35,000	10/16/25	7/1/55	4.5915%	100% SOFR4 + 0.11448%	1,577	1,577
RHFB 2026C	35,000	3/5/26	7/1/55	4.900%	100% SOFR4 + 0.11448%	694	694
Counterparty Total	$360,050					$14,199	$4,521

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Counterparty: Wells Fargo Bank
Moody's* Aa2 (Stable outlook) / Standard & Poor's** A+ (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2026 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2026 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2025 (in thousands)
RHFB 2017C	$28,245	01/01/19	01/01/38	2.180%	67% of SOFR4 + 0.07670%	$1,369	$427
RHFB 2017F	31,125	12/27/17	01/01/41	2.261%	67% of SOFR4 + 0.07670%	1,958	(18)
RHFB 2025J	24,975	07/17/25	07/01/50	4.7555%	100% SOFR4 + 0.11448%	354	491
RHFB 2026E	25,000	03/12/26	07/01/52	4.6680%	100% SOFR4 + 0.11448%	711	711
Counterparty Total	$109,345					$4,392	$1,611

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Counterparty: Bank of America
Moody's* Aa2 (Stable outlook) / Standard & Poor's** A+ (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2026 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2026 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2025 (in thousands)	Fair Value[1] as of June 30, 2025 (in thousands)
RHFB 2023T	$ 43,165	11/30/23	01/01/54	5.062%	100% SOFR4 + 0.11448%	$ 361	$ 919	$ (558)
RHFB 2023V	25,890	12/13/23	07/01/50	5.084%	100% SOFR4 + 0.11448%	82	558	(476)
RHFB 2024C	19,820	02/08/24	01/01/54	4.693%	100% SOFR4 + 0.11448%	703	321	382
RHFB 2024E	19,725	03/28/24	01/01/50	4.623%	100% SOFR4 + 0.11448%	587	318	269
RHFB 2024I	24,770	05/01/24	07/01/54	4.991%	100% SOFR4 + 0.11448%	486	428	58
RHFB 2024K	14,695	05/30/24	01/01/51	4.932%	100% SOFR4 + 0.11448%	164	299	(135)
RHFB 2024N	39,760	07/02/24	01/01/55	5.011%	100% SOFR4 + 0.11448%	677	873	(196)
RHFB 2024Q	39,610	08/29/24	01/01/54	4.691%	100% SOFR4 + 0.11448%	1,376	655	721
RHFB 2024S	14,930	09/18/24	07/01/49	4.345%	100% SOFR4 + 0.11448%	800	274	526
RHFB 2026H	35,000	05/28/26	07/01/55	4.926%	100% SOFR4 + 0.11448%	456	456	-
Counterparty Total	$ 277,365					$ 5,692	$ 5,101	$ 591
Accrued Interest Total[2]						$6,052		
Combined Totals	$1,035,475					$54,484	$13,850	$34,583

[1] A positive fair value represents money due to the Agency by the counterparty upon an assumed termination of the swap while a negative fair value represents the amount payable by the Agency.
[2] Accrued interest is included in the Statement of Net Position under Interest Rate Swap Agreements.
[3] Trade date for a notional amount to be $25,000,000 is June 25, 2026
[4] Secured Overnight Financing Rate
* Moody's Investor Service Inc.
** Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Termination Risk

The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract or upon certain termination events. Upon termination at market, a payment is due by one party based upon the fair value of the swap even if the payment is owed to a defaulting party. The potential termination risks to the Agency are the liability for a termination payment to the counterparty or the inability to replace the swap upon favorable financial terms, in which event the variable rate bonds would no longer be hedged. To reduce the risk of termination, swap contracts generally limit counterparty terminations to the following Agency actions or events: payment default, other defaults that remain uncured for 30 days after notice, substantial impairment of credit ratings, bankruptcy, and insolvency.

Credit Risk

A swap potentially exposes the Agency to credit risk with the counterparty. The fair value of a swap represents the Agency's current potential credit exposure to the swap counterparty assuming the occurrence of a termination event. As of June 30, 2026, the Agency did not have a net credit risk exposure to any of its four counterparties because the Agency's respective combined swap positions to each counterparty had a positive net fair value, as set forth in the foregoing tables. Each of the swap agreements requires that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral threshold for each counterparty and the Agency is $50 million if the ratings on the unsubordinated, unsecured long-term indebtedness of the counterparty, in the case of the counterparty, or the hedged bonds, in the case of the Agency, are not less than "AA-" and "Aa3" from Standard & Poor's and Moody's, respectively, $5 million if the ratings are not less than "A+" and "A1", $3 million if the ratings are not less than "A" and "A2", and $0, if either rating is lower. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2026, neither the Agency nor any counterparty had been required to post collateral.

Amortization Risk

The Agency is subject to amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding principal amount of variable rate bonds to decline faster than the amortization of the notional amount of the swap. To ameliorate amortization risk, termination options were structured within most of the

outstanding swaps to enable the Agency to manage the outstanding balances of variable rate bonds and notional swap amounts. (See *Terms of Swaps*.) Additionally, the Agency may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

NOTE 8 – FLOATING RATE TERM BONDS AND DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS *(continued)*

Basis Risk

The potential for basis risk exists when variable interest payments on the Agency's bonds do not equal variable interest receipts payable by the counterparty under the associated swap. The variable rate the Agency pays on its bonds resets weekly, but the variable rate received on its swaps was based upon a specified percentage of the one-month taxable LIBOR, or the Secured Overnight Financing Rate (SOFR), plus, in some cases, a specified spread. Upon the cessation of LIBOR on June 30, 2023, the variable rate received by the Agency on all of its swaps with a LIBOR-based rate was converted to a rate based on a percentage of SOFR plus, in some cases, a specified spread. Basis risk will vary over time due to inter-market conditions. As of June 30, 2026, the interest rate on the Agency's variable rate tax-exempt debt ranged from 2.67% to 2.72% per annum while the variable interest rate on the associated swaps ranged from 2.52% to 3.02% per annum, and the interest rate on the Agency's variable rate taxable debt ranged from 3.70% to 3.72%% while the variable interest rate on the associated swaps ranged from 3.67% to 3.79%.

In order to reduce the cumulative effects of basis risk on the swaps relating to tax-exempt variable rate debt, each of which were entered into prior to the cessation of LIBOR, the determination of the spread from one-month LIBOR payable by the counterparty under the swap was based upon a regression analysis of the long-term relationship between one-month LIBOR and the tax-exempt variable rate SIFMA index (which ordinarily would approximate the weekly variable rate on the Agency's tax-exempt variable rate bonds. The structure of the variable interest rate payments the Agency receives from its LIBOR based swap contracts, converted to SOFR based swap contracts, relating to tax-exempt variable rate bonds were based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. The Agency is exposed to interest rate risk on its interest rate swaps. If SOFR increases, the Agency's net payment on the swap increases. Alternatively, as SOFR or the SIFMA swap index decreases, the Agency's net payment on the swap increases.

Tax Risk

The structure of the variable interest rate payments the Agency receives from its SOFR-based swap contracts relating to tax-exempt variable rate bonds was based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents the risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Agency chose to assume this risk at the time the swaps were entered into because it was not economically favorable to transfer that risk to the swap counterparties.

NOTE 9 – DERIVATIVE INSTRUMENTS – FORWARD SALES CONTRACTS

The Agency has entered into forward sales contracts for the future delivery of GNMA, FNMA and FHLMC securities. The contracts offset the financial impact to the Agency of changes in interest rates between the time of loan reservations and the securitization and sale of such loans as GNMA, FNMA and FHLMC securities. These contracts are considered investment derivative instruments and, accordingly, are recorded as a component of investments in the Statement of Net Position. Therefore, the change in value is reported as net appreciation (depreciation) in fair value on investments. Outstanding forward sales contracts, summarized by counterparty as of June 30, 2026, are as follows: (in thousands):

	Counter Party Short-term Rating	Number of Contracts	Notional Amount	Original Price	Market Price	Fair Value
Bank of Oklahoma	A-2*/F1**	1	3,000	3,005	3,017	(12)
Daiwa Capital Markets	A-2*/F1**	4	13,000	13,055	13,120	(65)
Huntington Securities	Not Rated*/F1**	2	10,000	10,087	10,154	(67)
Multibank Securities	A-1*/F1+**	1	3,000	3,052	3,064	(12)
South Street Securities	A-1*/F1+**	4	8,500	8,514	8,559	(45)
SouthState/DuncanWilliams	A-1*/F1+**	3	12,000	12,185	12,190	(5)
Texas Capital Securities	A-1*/F1+**	4	18,000	18,128	18,188	(60)
		19	$67,500	$68,026	$68,292	$(266)

* Standard and Poor's Rating Services Inc.

** Fitch Ratings, Ltd

The TBA trades mitigate the interest-rate risk exposure of the mortgage loan pipeline.

NOTE 10 – STATE APPROPRIATION-BACKED DEBT OBLIGATION

The Agency has outstanding bonds under two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing and other purposes. As of June 30, 2026, $474.5 million of bonds were outstanding. This debt is not a general obligation of the Agency and is not payable from any funds or assets of the Agency including any loan repayments. These bonds are payable solely from the appropriations the Agency receives from the State of Minnesota General Fund pursuant to standing appropriations made by the Legislature as authorized by state laws adopted in 2008, 2012, 2014, 2015 and 2017 through 2025.

State Appropriation-backed Bonds at June 30, 2026, consisted of the following (in thousands):

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
State Appropriated				
2009 Series	4.00%	2029	$ 13,270	$ 3,040
2011 Series	5.00% to 5.25%	2031	21,750	9,440
2013 Series AB	4.00% to 5.00%	2033	15,460	7,075
2014 Series AB	3.65% to 5.00%	2035	14,540	9,250
2015 Series A	3.00% to 5.00%	2035	37,570	19,730
2015 Series C	3.25% to 5.00%	2037	31,095	22,360
2016 Series AC	2.00% to 4.00%	2038	18,625	12,245
2017 Series A	3.00% to 5.00%	2037	12,690	8,855
2018 Series ABCD	3.00% to 5.00%	2040	25,295	18,195
2019 Series ABCD	2.00% to 5.00%	2041	26,775	21,110
2020 Series ABCD	4.00%	2043	108,280	91,960
2021 Series ABCD	3.00% to 5.00%	2043	76,970	68,025
2022 Series ABC	4.00% to 5.00%	2044	104,195	95,495
2023 Series AB	4.00% to 5.00%	2044	26,635	25,115
2024 Series A	4.00% to 5.00%	2044	12,960	12,570
2025 Series AB	4.125% to 5.00%	2047	50,000	50,000
Bonds payable			$596,110	$474,465
Premium on Bonds Payable				36,023
Bonds Payable, Net				$510,488

NOTE 10 – STATE APPROPRIATION-BACKED DEBT OBLIGATION *(continued)*

State appropriation-backed bond debt service requirements at June 30, 2026, consisted of the following (in thousands):

	State Appropriated	
Fiscal Year	Principal	Interest
2027	$ 21,405	$ 41,955
2028	22,380	41,945
2029	23,380	41,946
2030	24,435	41,947
2031	25,570	41,946
2032-2036	136,410	200,164
2037-2041	134,060	166,859
2042-2046	79,830	87,600
2047-2051	6,995	7,441
2052-2056	-	-
Total	$ 474,465	$ 671,803

As the issuer of the state appropriation-backed debt, the Agency is required to record these bonds as bonds payable with the correlating reduction in net position.

As of fiscal 2026, the Agency recorded the Nonprofit Housing Bonds and Housing Infrastructure Bonds as bonds payable in State Appropriated. These are bonds backed solely by appropriations from the State of Minnesota. The premium income and finance costs associated with the HIB bonds are now recorded when incurred and amortized. The proceeds that have not yet been disbursed and investment income on the proceeds are recorded in cash equivalents and will be reported as other program expense when disbursed. Debt service appropriated by the state is recorded in the appropriations received account.

NOTE 11 – CONDUIT DEBT OBLIGATION

On March 1, 2016, the Agency issued a long-term tax-exempt multifamily revenue note on a conduit basis that was purchased by Freddie Mac under their Tax-Exempt Loan Program. The proceeds of the sale were lent to the owner to pay for a portion of the costs of the acquisition, construction, and equipping of a multifamily senior rental housing development. As of June 30, 2026, $18.839 million of the bonds were outstanding.

On April 20, 2016, and May 11, 2016, the Agency issued long-term tax-exempt multifamily revenue notes on a conduit basis that was purchased by Freddie Mac under their Tax Exempt Loan Program. The proceeds of the sales were lent to the owner to pay for a portion of the costs of the acquisition and rehabilitation of three HUD Section 8 multifamily housing developments. As of June 30, 2026, $27.827 million of the bonds were outstanding.

On December 28, 2017, the Agency issued long-term conduit tax-exempt revenue bonds and a short-term conduit tax exempt revenue note. The proceeds of the sales were used to finance the acquisition, rehabilitation and equipping of two multi-family rental housing development projects that will preserve units with federal rental assistance. As of June 30, 2026, $4.717 million of the bonds were outstanding.

The total outstanding conduit debt as of June 30, 2026, was $51.383 million.

Neither the Agency, the State of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of these conduit bonds. The obligation of the Agency to pay principal of, prepayment premium, if any, and interest on the conduit bonds are not and never will become general obligations of the Agency but are special limited obligations of the Agency payable solely from payments required to be made by the private entity owners of the housing developments and secured solely by a pledge of the revenues of, and a security interest in, the housing developments financed by the conduit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 12 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities at June 30, 2026, consisted of the following (in thousands):

Funds	Accrued Salaries, Compensated Absences and Employee Benefits	Arbitrage Payable	FFB Loans Liability	Development Loan Disbursements	Other Liabilities and Accounts Payable	Total
General Reserve Account	$10,276	$ -	$ -	$ -	$ 3,233	$ 13,509
Rental Housing	-	-	-	5,237	114	5,351
Residential Housing						
Finance	-	106	113,789	-	2,353	116,248
Homeownership Finance	-	-	-	-	41	41
State Appropriated	-	5,253	-	-	11,078	16,331
Combined Totals	$10,276	$5,359	$113,789	$5,237	$16,819	$151,480

See accompanying notes to financial statements

FFB loans have interest rates that fluctuate based on the daily Treasury rate. The Agency settles with FFB one month after closing the loan with the borrower, and the term will match the maturity date of the note. The FFB notes are secured by a first mortgage and HUD Risk Share insurance. FFB receives passthrough monthly principal and interest payments.

FFB purchases 100% undivided participation interests in payments of principal and a portion of the interest on certain mortgage loans made by Minnesota Housing. All underlying loans are secured by a mortgage and insured by FHA Risk Share mortgage insurance. FFB sets the pass-through interest rate offered to Minnesota Housing based on the amortization schedule, first payment date, and maturity date of the underlying loan.

NOTE 12 – ACCOUNTS PAYABLE AND OTHER LIABILITIES *(continued)*

The balance and changes in FFB other liabilities for the years ended June 30, 2026, and 2025 (dollars in thousands):

	2026	2025
Beginning of year balance	$ 92,943	$64,326
FFB Notes Issued	22,604	30,088
Principal Payments	(1,758)	(1,471)
End of year Balance	$113,789	$92,943
Current Portion	$1,944	$1,681
Noncurrent portion	111,845	91,262
Total	$113,789	$92,943

The table below provides a summary of FFB payment requirements for the next five years and in five-year increments thereafter (dollars in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2027	$ 1,944	$ 5,298	$ 7,239
2028	2,032	5,208	7,240
2029	2,126	5,113	7,239
2030	2,225	5,014	7,239
2031	2,329	4,911	7,240
2032-2036	13,364	22,822	36,186
2037-2041	16,535	19,421	35,956
2042-2046	22,856	14,589	37,445
2047-2051	19,429	9,858	29,287
2052-2056	13,134	5,930	19,064
2057-2061	10,798	3,026	13,824
2062-2066	7,017	828	7,845
Total	$113,789	$102,018	$215,804

NOTE 13 – LEASE AND SUBSCRIPTION LIABILITY AND ROLLFORWARD

Principal and interest payments due for the remaining lease arrangement as of June 30, 2026, consisted of the following (in thousands):

Year Ending June 30	Principal Payments	Interest Payments	Total
2027	$1,656	$62	$1,718
2028	284	2	286
	$1,940	$64	$2,004

Principal and interest payments due for the remaining subscription arrangement as of June 30, 2026, consisted of the following (in thousands):

Year Ending June 30	Principal Payments	Interest Payments	Total
2027	$ 405	$3	$ 409
2028	371	2	372
2029	310	1	310
	$1,086	$6	$1,091

Summary of Long-Term Liability Rollforward Schedule for the year ended June 30, 2026, is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Due in FY27 Balance
Governmental activities:					
Lease Liability	$3,490	$ -	$1,550	$1,940	$1,656
Subscription Liability	1,499	2	415	1,086	405
Total liabilities	$4,989	$2	$1,965	$3,026	$2,061

NOTE 14 – NET POSITION

Restricted by Bond Resolution

The restricted by bond resolution portion of net position represents those funds restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

In accordance with provisions of the respective bond resolutions, the Agency may transfer excess money from bond funds to General Reserve. The Agency has pledged to deposit in General Reserve any such funds transferred from the bond funds, except for any amounts as may be necessary to reimburse the state for money appropriated to restore a deficiency in any debt service reserve fund. The Agency further covenanted that it will use the money in General Reserve (or any such transferred funds deposited directly in the Alternative Loan Fund) only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds and of loans made from the proceeds thereof, and will accumulate and maintain therein such a balance of funds and investments as will be sufficient for that purpose. All interfund transfers are approved by the Board of the Agency.

In order to provide financial security for the Agency's general obligation bonds, and to provide additional resources for housing loans to help meet the housing needs of low- and moderate-income Minnesota residents, the Agency's Board adopted investment guidelines. These guidelines are periodically evaluated in consideration of changes in the economy and in the Agency's specific risk profile.

The $701.6 million restricted by covenant portion of net position is restricted by a covenant made with bondholders authorized by the Agency's enabling legislation. Pool 1 is maintained in the restricted by covenant portion of net position of the General Reserve. Pool 2 and Pool 3 are maintained in the restricted by covenant portion of net position of the Residential Housing Finance fund.

The combined net position of the General Reserve and bond funds (exclusive of Pool 3, accumulated unrealized gains/losses on investments, and realized gains/losses in sale of investments between Agency funds) is required by Board investment guidelines to be not less than the combined net position of the same funds (exclusive of cumulative unrealized gains/losses on investments) as of the immediately preceding fiscal year end. That combined net position was $814.7 million as of June 30, 2026.

NOTE 14 – NET POSITION *(continued)*

The following table describes the restricted by covenant portion of net position, including the balances to be maintained according to the Agency's Board investment guidelines, as of June 30, 2026 (in thousands):

Net Position — Restricted By Covenant	Certain Balances Maintained According to Agency's Board Guidelines	Unrealized Appreciation (Depreciation) in Fair Market Value of Investments	Total Net Position Restricted by Covenant
Housing Endowment Fund (Pool 1), General Reserve			
Pool 1 equals 1% of gross loans outstanding (excluding Pool 3 and appropriation-funded loans) and must be invested in short-term, investment-grade securities at market rates	$ 10,061	$ -	$ 10,061
Subtotal, Housing Endowment Fund (Pool 1), General Reserve	10,061	-	10,061
Housing Investment Fund (Pool 2), Residential Housing Finance			
Pool 2 maintains the combined net position of the General Reserve and bond funds at or above the prior year's audited level (excluding Pool 3 and investment gains/losses). No transfers were made to Pool 3 in FY2026. Pool 2 is invested in Agency-approved housing loans or investment-grade securities.	521,024	-	521,024
Unrealized appreciation in fair market value of investments	-	805	805
Subtotal, Housing Investment Fund (Pool 2), Residential Housing Finance	521,024	805	521,829
Housing Affordability Fund (Pool 3), Residential Housing Finance			
Pool 3 holds funds exceeding the requirements of Pools 1 and 2 and the General Reserve. These excess funds are invested in deferred, zero- or low-interest, or higher-risk loans, or temporarily in investment-grade securities.	169,741	-	169,741
Unrealized appreciation in fair market value of investments	-	-	-
Subtotal, Housing Affordability Fund (Pool 3), Residential Housing Finance	169,741	-	169,741
Agency-wide Total	$700,826	$805	$701,631

NOTE 14 – NET POSITION *(continued)*

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law under net position. The $27.2 million balance of restricted by law in the Federal Appropriated fund as of June 30, 2026, is restricted by federal requirements that control the use of the funds. The $1,193.8 million balance of Restricted by Law in the State Appropriated fund as of June 30, 2026, is restricted by the state laws appropriating such funds.

Unrestricted - State Appropriation-Backed Bonds

The $411.4 million balance of unrestricted deficit - State Appropriation-backed Bonds as of June 30, 2026, does not represent a general obligation of the Agency and is not payable from any funds or assets of the Agency. Deficits in State Appropriated are funded by future appropriations.

Unrestricted

The $314.4 million balance of unrestricted net position represents debit balances in the unrestricted by bond, law, and covenant net positions at June 30, 2026. The unrestricted net position deficit was primarily due to the unrealized losses on investments recorded at June 30, 2026. Deficits in Rental Housing, Residential Housing Finance and Homeownership Finance bonds will be funded by future operating interest income.

NOTE 15 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Agency contributes to the MSRS, a multiple-employer public employee retirement system, which provides pension benefits for all permanent employees.

The State Employees Retirement Fund (SERF) is administered by the MSRS and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan, and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation, and the State Fire Marshal’s Division are eligible to be members of those plans, but all state of Minnesota employees who are not members of another plan are covered by the General Plan.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

NOTE 15 – DEFINED BENEFIT PENSION PLAN *(continued)*

Benefits Provided

MSRS provides retirement, disability, and survivor benefits through the State Employees Retirement Fund (SERF). Benefit provisions are established in Minnesota Statutes and may only be changed by the state legislature. SERF benefits are determined based on a member's age, years of allowable service, and the highest average salary over any sixty successive months of allowable service. Post-retirement benefit increases are applied each January. For 2025, benefit recipients in the State Employees (General) Plan receive a 1.5 percent annual post-retirement increase, with the full increase granted to those who have received benefits for at least twelve full months as of June 30 of the year preceding the adjustment. Members receiving benefits for at least one month but fewer than twelve full months receive a prorated increase. Beginning January 1, 2026, the post-retirement increase for the General Plan will rise to 1.75 percent, as established in statute. Prior to 2002, members who retired under the laws in effect before July 1, 1973, received an additional lump sum payment each year. In 1989, this lump sum payment was the greater of $25 times each full year of allowable service or $400 per full year of service less any Social Security benefits received or annuity from a Minnesota public employee pension plan. In each following year, the lump sum payment was increased by the same percentage increase that was applied to regular annuities paid from the Minnesota Post Retirement Investment Fund. Effective January 1, 2002, the annual lump sum payment was divided by 12 and paid as a monthly life annuity in the annuity form elected.

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Effective July 1, 2023, employee contributions were temporarily reduced to 5.50 percent of payroll through June 30, 2025, pursuant to a 2023 Minnesota legislative appropriation. Beginning July 1, 2025, the employee contribution rate returned to 6.00 percent of payroll, and the employer rate has remained at 6.25 percent. The Agency's contribution to the General Plan for the fiscal year ending June 30, 2026, was $2.0 million. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions

The Agency's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Active member payroll growth	3.00% per year
Investment rate of return	7.00%

Salary increases were based on a service-related table.

NOTE 15 – DEFINED BENEFIT PENSION PLAN *(continued)*

Mortality rates for healthy pre-retirement on Pub 2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. Mortality rates for healthy post-retirement on Pub-2010 Healthy General Mortality Table, adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. Actuarial assumptions used in the June 30, 2025, valuation were based on the results of actuarial experience study, dated June 29, 2023, and a review of inflation and investment return assumptions dated June 29, 2024.

The long-term expected rate of return on pension plan investments is 7.00%. The rate assumption was selected as the result of a review of inflation and investment return assumptions dated November 24, 2025, and a recent liability study. The review combined the asset class target allocations and long-term rate of return expectations from the SBI.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

SBI Target Asset Allocations and Long Term Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity [(1)(3)]	33.5%	5.10%
International Stocks [(2)(3)]	16.5%	5.30%
Fixed Income [(4)]	25.0%	0.75%
Private Markets [(5)]	25.0%	5.90%
Total	100.0%	

[(1)] Domestic Equity includes the Domestic Active Equity Pool and the Domestic Equity Pool.
[(2)] International Equity includes Broad International Stock Pool. uncommitted allocation is in cash.
[(3)] The Global Equity Pool includes both domestic and international equities. The assets in the pool are included in the target allocations of both Domestic Equity and International Equity.
[(4)] Fixed Income includes the Bond Pool and Treasuries Pool.
[(5)] If a 25 percent allocation cannot be achieved, the uncommitted allocation is in cash.

NOTE 15 – DEFINED BENEFIT PENSION PLAN *(continued)*

Changes in Actuarial Assumptions

MSRS completed a four-year experience study for the period July 1, 2019 through June 30, 2023. Based on the experience study results, several significant changes to actuarial assumptions and plan provisions were implemented effective July 1, 2025:

- Benefit Multiplier: Increased from 1.70 percent to 1.90 percent per year of service for benefits earned on or after July 1, 2025. Service earned through June 30, 2025 continues to use the 1.70 percent multiplier.
- Post-Retirement Benefit Increase (COLA): Increased from 1.50 percent to 1.75 percent annually, effective January 1, 2026.
- Combined Service Annuity Loads: Increased from 4 percent to 9 percent for vested terminated members and from 5 percent to 51 percent for non-vested terminated members to reflect updated actuarial experience.
- Mortality Assumption: Updated to the Pub-2010 General Employee Mortality Table with MP-2021 mortality improvement scale (previously used MP-2018 scale).
- Amortization Method: Adopted layered amortization approach with 15-year, 20-year, and 24-year amortization periods by source of change, replacing the prior single-period amortization method.

Single Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

At June 30, 2026, the Agency reported a liability of $2.2 million for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's contributions received by MSRS during the measurement period July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2025, the Agency's proportionate share of the entire plan was 0.70789% a decrease of 0.0076% over prior reporting period.

NOTE 15 – DEFINED BENEFIT PENSION PLAN *(continued)*

Pension Liability Sensitivity

The following presents the Agency's proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Agency proportionate share of the net pension liability (asset):	$20,412	$2,215	($12,807)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website *(www.msrs.state.mn.us/financial-information)*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2026, the Agency recognized pension expense of $4.3 million. At June 30, 2026, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$3,221	$ 9
Changes of assumptions	349	2,684
Net difference between projected and actual earnings on investments	-	5,364
Changes in proportion and differences between actual contributions and proportionate share of contributions	43	5
Contributions paid to MSRS subsequent to the measurement date	2,070	-
Total	$5,683	$8,062

NOTE 15 – DEFINED BENEFIT PENSION PLAN *(continued)*

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amounts reported as deferred outflows of resources related to pensions resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	Pension Expense Amount
2027	$ (110)
2028	(2,466)
2029	(1,486)
2030	(387)

Deferred Compensation Plan

The Minnesota Deferred Compensation Plan is a voluntary savings plan intended for long-term investing for retirement. The deferred compensation plan is offered to any full-time, part-time, or temporary Minnesota public employee.

Other postemployment benefits (OPEB) are available to state employees and their dependents through a single-employer defined benefit healthcare plan, as allowed by Minnesota Statutes 43A.27, Subdivision 3, and Minnesota Statutes 471.61, Subdivision 2a, and required under the terms of selected employment contracts.

NOTE 16 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Agency's employees participate in the State of Minnesota-sponsored hospital, medical, and dental insurance group. State statute requires that former employees and their dependents be allowed to continue participation indefinitely, under certain conditions, in the insurance that the employees participated in immediately before retirement. The former employees must pay the entire premium for continuation coverage. An implicit rate subsidy exists for the former participants that elect to continue coverage. That subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate greater claims on average than active participants. The Agency's current year active participant count (employees only) for implicit subsidy is 281.

The state does not issue a separate financial report for its OPEB as the state does not fund an OPEB plan and operates on a pay-as-you-go basis. The State of Minnesota obtains an actuarial valuation from an independent firm of its postretirement medical benefits and to determine its OPEB liability. The state intends to fund the OPEB liability on a "pay as you go" basis. The total other postemployment benefit obligation for the Agency is $2.395 million for fiscal year 2026.

NOTE 16 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at *www.msrs.state.mn.us/financial-information*; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

Total OPEB Liability

The total OPEB liability, OPEB expense, and certain sensitivity information shown are based on actuarial valuations performed as of July 1, 2024. The total OPEB liability was from the valuation date to the measurement date of June 30, 2024, using generally accepted actuarial principles. No significant events or material changes in benefit provisions occurred between the actuarial valuation date and the measurement date that required adjustment to roll-forward of the Total OPEB Liability.

Schedule of Total OPEB Liability
As of June 30, 2026 (dollars in thousands)

	2026[1]
Total OPEB Liability	
Service cost	$ 148
Interest	103
Difference between expected and actual experience	(140)
Change in assumptions and other inputs	(246)
Net change in total OPEB liability	(135)
Total OPEB liability-beginning	2,530
Total OPEB liability-ending (a)	$2,395

[1] The Agency's total proportionate share is .338 percent

NOTE 16 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

As of July 1, 2024, the following assumptions were used for the actuarial valuation.

Inflation	2.25% per year
Initial Medical Trend Rate	8.1% per year
Ultimate Medical Trend Rate	3.7%
Payroll Growth	3%
Mortality Rate	Refer Pub-2010 General Employee Mortality Headcount-Weighted Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females
Experience Study Dates	2018–2022

The majority of the State of Minnesota employees are participants in the MSRS, Minnesota Teacher's Retirement Association (TRA), or the Minnesota Public Employees' Retirement System (PERA). For this reason, the aggregate payroll growth, individual salary increase, mortality, withdrawal, retirement, and age of spouse assumptions are based on the assumptions used for the respective plans' Actuarial Valuation Reports as of July 1, 2024.

OPEB Sensitivity Based on Trend Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current trend rate, in thousands.

	1% Decrease in Trend Rate (2.68%)	Trend Rate (3.68%)	1% Increase in Trend Rate (4.68%)
Agency proportionate share of the total OPEB liability:	$2,160	$2,395	$2,669

Single Discount Rate

Since the State's retiree health benefits are not funded by assets in a separate trust the discount rate will be based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date, as prescribed by GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State of Minnesota elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was set at 5.20% as of June 30, 2025.

NOTE 16 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

OPEB Sensitivity Based on Discount Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current discount rate, in thousands.

	1% Decrease in Discount Rate (4.2%)	Discount Rate (5.20%)	1% Increase in Discount Rate (6.20%)
Agency proportionate share of the OPEB liability:	$2,586	$2,395	$2,219

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the Agency recognized OPEB expense of $0.290 million. At June 30, 2026, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$185	$ 18
Changes of assumptions	36	336
Subsequent Contributions	143	-
Total	$364	$354

Amounts reported as deferred outflows of resources related to OPEB resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2027.

NOTE 16 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:	OPEB Expense Amount
2027	($16)
2028	(24)
2029	(22)
2030	(20)
2031	(26)
Thereafter	(25)

NOTE 17 – COMPENSATED ABSENCES

Compensated absences rollforward schedule (in thousands):

	Balance as of July 1, 2025	Additions	Payments	Adjustments	Balance as of June 30, 2026	Due Within One Year
Compensated Absences*	$ 7,606	$ 691	$ -	$ -	$ 8,297	$ 4,588
Total long-term debt	$ 7,606	$ 691	$ -	$ -	$ 8,297	$ 4,588

*The roll-forward schedule only reports the net change in the compensated liability.

NOTE 18 – RISK MANAGEMENT

Minnesota Housing is exposed to various insurable risks of loss related to tort; theft of, damage to, or destruction of assets; errors or omissions; and employer obligations. Minnesota Housing manages these risks through State of Minnesota insurance plans including the State of Minnesota Risk Management Fund (a self-insurance fund) and through purchased insurance coverage.

Property, casualty, liability, and crime coverage is provided by the Minnesota Risk Management Fund which may also purchase other insurance from qualified insurers for Minnesota Housing's needs. Minnesota Housing bears a $2,500 deductible per claim for the following coverage limits (in thousands):

Type of Coverage:	Coverage Limits
Real and personal property loss	$5,224
Business interruption/loss of use/extra expense	500
Bodily injury and property damage per person	500
Bodily injury and property damage per occurrence	1,500
Faithful performance/commercial crime	9,000
Employee dishonesty	320
Cyber Security Insurance:	
Coverage: Aggregate Limit	5,000

Minnesota Housing retains the risk of loss, although there have been no settlements or actual losses in excess of coverage in the last three fiscal years.

The Agency participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations.

Minnesota Housing participates in the State of Minnesota Workers' Compensation Program. Annual premiums are assessed by the program based on average costs and claims. Minnesota Housing workers compensation costs and claims have been negligible during the last three fiscal years.

As of June 30, 2026, the Agency had approved, either finally or preliminarily, the purchase or origination of future loans or other housing assistance in the following amounts (in thousands):

NOTE 19 – COMMITMENTS

As of June 30, 2026, the Agency had approved, either finally or preliminarily, the purchase or origination of future loans or other housing assistance in the following amounts (in thousands):

Funds	Amount
Rental Housing	57,093
Residential Housing Finance	256,563
State Appropriated	799,965
Federal Appropriated	46,778
Agency Wide Totals	$1,160,399

Board-approved selections of future loans or other housing assistance for housing projects are included in the above table although the approvals may only be preliminary. However, a preliminary approval is not a commitment but an expectation that the Agency will be able to make the loan to or provide the other assistance for the project if all underwriting or other criteria are met. The Agency may decline to proceed with a final approval of any loan or assistance that has not been formally and legally committed.

The Agency has cancellable lease commitments for office facilities through August 2027 and for parking through August 2027, totaling $4.431 million. Combined office facilities and parking lease expense for fiscal year 2026 was $1.847 million.

NOTE 20 – LITIGATION

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

NOTE 21 – SUBSEQUENT EVENTS

On July 23, 2026, the Agency delivered its Residential Housing Finance Bonds, 2026 Series IJ, in the aggregate principal amount of $75 million, each for the purpose of providing funds for certain of the Agency's homeownership programs. On August 20, 2026, the Agency delivered its Residential Housing Finance Bonds, 2026 Series KLMN, in the aggregate principal amount of $200 million, each for the purpose of providing funds for certain of the Agency's homeownership programs. The Agency's Residential Housing Finance Bonds, 2026 Series OPQ, are anticipated to be issued not later than October 2026. The issuance of these bonds was authorized pursuant to series resolutions adopted by the Board of the Agency on December 18, 2025, each authorizing the issuance of fixed interest rate bonds in the aggregate maximum principal amount of $600 million and the issuance of variable interest rate bonds in the aggregate maximum principal amount of $150 million.

On July 29, 2026, the Agency delivered its Rental Housing Bonds, 2026 Series C, in the aggregate principal amount of $5.565 million, for the purpose of providing funds to make a short-term mortgage loan to finance a portion of the costs of the acquisition and construction of a multifamily housing development. The issuance of these bonds was authorized pursuant to a series resolution adopted by the Board of the Agency on April 23, 2026. On August 20, 2026, the Agency delivered its Rental Housing Bonds, 2026 Series D, in the aggregate principal amount of $7.940 million, for the purpose of making a long-term first lien mortgage loan and a short-term second lien mortgage loan to finance a portion of the costs of the acquisition and construction of a multifamily housing development. The issuance of these bonds was authorized pursuant to a series resolution adopted by the Board of the Agency on May 28, 2026.

On August 27, 2026, the Board of the Agency adopted a resolution authorizing the issuance of State Appropriation Bonds (Housing Infrastructure) up to an aggregate principal amount of $50 million for the purpose of providing funds to make loans for certain statutory-authorized purposes. The State Appropriation Bonds (Housing Infrastructure), 2026 Series A and Series B, or such other caption as the Board may authorize, in a maximum principal amount not to exceed $50 million, are anticipated to be issued not later than October 2026.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Share of Net Pension Liability
State Employees Retirement Fund
Last 10 Fiscal Years
(dollars in thousands)

	2017 (1)	2018 (2)	2019 (3)
Employer unit's proportion of the net pension liability	0.822%	0.830%	0.836%
Employer unit's proportionate share of the net pension liability	$ 76,077	$ 46,137	$ 8,725
Employer unit's covered-employee payroll	23,836	19,693	20,931
Employer unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	319.168%	234.281%	41.685%
Plan fiduciary net position as a percentage of the total pension liability	47.51%	62.73%	90.56%

The measurement date is June 30 preceding each fiscal year.

Schedule of Employer's Contributions
State Employees Retirement Fund
Last 10 Fiscal Years
(dollars in thousands)

	2017 (1)	2018 (2)	2019 (3)
Contractually required contribution	$ 968	$ 1,018	$ 1,151
Contributions in relation to the contractually required contribution	968	1,018	1,151
Contribution deficiency (excess)	-	-	-
Employer unit's covered-employee payroll	23,836	19,693	20,931
Contributions as a percentage of covered-employee payroll	4.061%	5.169%	5.499%

(1) 2017: Benefit increase was changed to 2.0 percent for future years. The discount rate changed from 7.9 percent to 4.17 percent

(2) 2018: The discount rate changed to 5.42 percent

(3) 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.4 percent thereafter. The discount rate changed to 7.5 percent.

(4) 2022: The discount rate changed to 6.5 percent

(5) 2023: The discount rate changed to 6.75 percent

(6) 2024: The discount rate changed to 7.0 percent

2020	2021	2022 (4)	2023 (5)	2024 (6)	2025	2026
0.820%	0.632%	0.667%	0.686%	0.697%	0.716%	0.708%
$ 8,740	$ 8,396	$ 544	$ 11,271	$ 6,694	$ 238	$ 2,215
21,408	22,555	23,750	25,110	27,782	31,054	34,298
40.826%	37.225%	2.291%	44.886%	24.095%	0.766%	6.458%
90.73%	91.25%	99.53%	90.60%	94.54%	99.82%	98.42%

2020	2021	2022 (4)	2023 (5)	2024 (6)	2025	2026
$ 1,264	$ 1,317	$ 1,405	$ 1,549	$ 1,762	$ 2,022	$ 2,070
1,264	1,317	1,405	1,549	1,762	2,022	2,070
-	-	-	-	-	-	-
21,408	22,555	23,750	25,110	27,782	31,054	34,298
5.904%	5.839%	5.916%	6.169%	6.342%	6.511%	6.035%

State Employees Retirement Fund

	2017	2018	2019(2)	2020(3)
Statutorily Required Contribution as an Employer (1)	$76,077	$ 46,137	$ 8,725	$ 8,740
Covered-Member Payroll	$23,836	$ 19,693	$20,931	$ 21,408
Required Employer Contributions as a Percentage of Covered-Member Payroll	0.822%	0.830%	0.836%	0.820%

(1) Statutorily required contributions equal actual required contributions
(2) 2019: The required contribution rate for employers increased to 5.875 percent
(3) 2020: The required contribution rate for employers increased to 6.25 percent

2021	2022	2023	2024	2025	2026
$ 8,396	$ 544	$ 11,271	$ 6,694	$ 238	$2,215
$ 22,555	$ 23,750	$ 25,110	$ 27,782	$ 31,054	34,298
0.632%	0.667%	0.686%	0.697%	0.716%	0.708%

Schedule of Changes in the Employer's Share of Total OPEB Liability
And Related Ratios
Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019 [2]	2020 [3]	2021 [4]
Total OPEB Liability (1)				
Service cost	$144	$135	$124	$119
Interest	52	66	65	59
Change in benefit term	-	-	-	-
Difference between expected and actual experience	-	-	(40)	
Change in assumptions - discount rate	(94)	(84)	-	165
Change in assumptions - other	-	(42)	(102)	(128)
Change in proportionate share of allocation	-	-	-	-
Benefit payments				
Explicit subsidy	(43)	(48)	(45)	(47)
Implicit subsidy	(45)	(51)	(46)	(48)
Net change in total OPEB liability	15	(25)	(43)	121
Total OPEB liability-beginning	1,727	1,742	1,716	1,672
Total OPEB liability-ending (a)	$ 1,742	$ 1,716	$ 1,672	$ 1,793
Covered employee payroll	$19,963	$20,931	$21,408	$22,555
Employer's total OPEB liability as a percentage of covered employee payroll	8.72%	8.20%	7.81%	7.95%

	2022 [5]	2023 [6]	2024 [7]	2025	2026
	$ 121	$ 144	$ 123	$ 132	$ 148
	41	48	79	88	103
	-	-	-	-	-
	-	149	19	161	-
	7	(230)	(18)	(56)	(246)
	-	35	32	(10)	(37)
	-	247	-	84	36
	(55)	(63)	(67)	(70)	(74)
	(28)	(53)	(57)	(68)	(65)
	86	278	112	261	(135)
	1,793	1,879	2,157	2,269	2,530
	$ 1,879	$ 2,157	$ 2,269	$ 2,530	$ 2,395
	$23,750	$25,110	$ 27,782	$ 31,054	$ 34,298
	7.91%	8.59%	8.17%	8.15%	6.98%

Schedule of Employer's Contributions-OPEB
Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019 [2]	2020 [3]	2021 [4]
Actuarially required contribution				
Explicit subsidy	$43	$48	$45	$47
Implicit subsidy	45	51	46	48
Contributions in relation to the actuarially required contribution				
Explicit subsidy	43	48	45	47
Implicit subsidy	45	51	46	48
Employer unit's covered-employee payroll	$19,963	$20,931	$21,408	$22,555
Contributions as a percentage of covered-employee payroll				
Explicit subsidy	0.215%	0.229%	0.210%	0.208%
Implicit subsidy	0.225%	0.244%	0.215%	0.213%

* These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.
The state does not fund this plan and operates on a pay-as-you-go basis.

(1) Amounts represent the total of the Agency's proportionate share.

(2) 2019: The discount rate changed from 3.58 percent to 3.87 percent

(3) 2020: The discount rate changed to 3.50 percent.

(4) 2021: The discount rate changed to 2.21 percent

(5) 2022: The discount rate changed to 2.16 percent

(6) 2023: The discount rate changed to 3.54 percent

(7) 2024: The discount rate changed to 3.65 percent

2022 [5]	2023 [6]	2024 [7]	2025	2026
$ 55	$ 63	$ 67	$ 70	$ 74
28	53	57	68	65
55	63	67	70	74
28	53	57	68	68
$23,750	$25,110	$27,782	$31,054	$34,298
0.232%	0.251%	0.241%	0.225%	0.216%
0.118%	0.211%	0.205%	0.219%	0.190%

SUPPLEMENTARY INFORMATION

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FUND FINANCIAL STATEMENTS – STATEMENT OF NET POSITION (in thousands)
PROPRIETARY FUNDS
As of June 30, 2026 (with summarized comparative totals for year ended June 30, 2025)

	General Reserve	Rental Housing
Current assets		
Cash and cash equivalents	$ 117,216	$ 60,785
Investments-program mortgage-backed securities	-	-
Investment securities-other		11,154
Loans receivable, net	-	27,188
Interest receivable on loans and program mortgage-backed securities	-	1,051
Interest receivable on investments	365	176
Interfund receivable	-	-
Federal Housing Administration/Veterans Affairs insurance claims, net	-	-
Real estate owned, net	-	-
Other assets	3,598	-
Total current assets	121,179	100,354
Noncurrent assets		
Investments-program mortgage-backed securities	-	-
Investment securities-other	-	5,725
Loans receivable, net	-	229,767
Interest rate swap agreements	-	-
Capital assets, net	2,952	-
Other assets	-	-
Total noncurrent assets	2,952	235,492
Total assets	124,131	335,846
Deferred loss on interest rate swap agreements	-	-
Deferred pension and OPEB expense	6,047	-
Total deferred outflows of resources	6,047	
Total assets and deferred outflows of resources	130,178	335,846

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES[SM]	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025
$ 741,765	$ 49,033	$ 2,539	$ -	$1,061,369	$24,378	$2,057,085	$1,494,231
82,274	22,316	-	-	-	-	104,590	94,516
2,038	-	-	150	75,003	-	88,345	511,121
31,986	-	272	-	1,445	243	61,134	62,149
23,816	2,420	45	-	38	2	27,372	25,802
2,470	126	7	9	4,618	5	7,776	7,908
54	-	-	-	-	-	54	-
256	-	-	-	-	-	256	(11)
-	-	-	-	-	-	-	474
9,684	-	1	-	7,099	428	20,810	10,989
894,343	73,895	2,864	159	1,149,572	25,056	2,367,422	2,207,179
4,544,573	705,737	-	-	-	-	5,250,310	4,966,310
44,543	-	-	2,999	8,416	-	61,683	91,549
810,157	-	11,871	-	140,773	2,128	1,194,696	1,230,508
54,484	-	-	-	-	-	54,484	40,447
1,068	-	-	-	-	516	4,536	6,344
1,206	-	-	-	-	-	1,206	974
5,456,031	705,737	11,871	2,999	149,189	2,644	6,566,915	6,336,132
6,350,374	779,632	14,735	3,158	1,298,761	27,700	8,934,337	8,543,311
3,715	-	-	-	-	-	3,715	6,860
-	-	-	-	-	-	6,047	7,064
3,715	-	-	-	-	-	9,762	13,924
6,354,089	779,632	14,735	3,158	1,298,761	27,700	8,944,099	8,557,235

Continued

FUND FINANCIAL STATEMENTS – STATEMENT OF NET POSITION (in thousands)
PROPRIETARY FUNDS
As of June 30, 2026 (with summarized comparative totals for year ended June 30, 2025)

	General Reserve	Rental Housing
Current liabilities		
Bonds payable, net	-	49,380
Interest payable	-	3,826
Net pension liability and OPEB	152	-
Accounts payable and other liabilities	9,800	2,442
Interfund payable	1,109	-
Funds held for others	17,720	-
Lease liability, net	1,656	-
Subscription liability, net	1	-
Total current liabilities	30,438	55,648
Noncurrent liabilities		
Bonds payable, net	-	151,310
Interest rate swap agreements	-	-
Net pension and OPEB liability	4,458	-
Accounts payable and other liabilities	3,708	2,909
Funds held for others	71,801	-
Lease liability, net	284	-
Subscription liability, net	-	-
Total noncurrent liabilities	80,252	154,219
Total liabilities	110,690	335,846
Deferred gain on interest rate swap agreements	-	-
Deferred service release fee	-	-
Deferred discount on loan interest	-	-
Deferred pension and OPEB credit	8,416	-
Total deferred inflows of resources	8,416	-
Total liabilities and deferred inflows of resources	119,106	209,867
Restricted by bond resolution	-	132,235
Restricted by covenant	10,061	-
Restricted by law	-	-
Unrestricted - State Appropriation-backed Debt	-	-
Unrestricted	-	(6,256)
Net Investment in capital assets	1,011	-
Total net position (deficit)	$11,072	$125,979
Total liabilities, deferred inflows of resources, and net position	130,178	335,846

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES^{SM}	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025
208,555	6,235	240	-	25,318	-	289,728	204,767
110,075	1,783	30	9	8,764	-	124,487	113,930
	-	-	-	-	-	152	144
4,403	41	-	-	16,331	-	33,017	62,034
(4,479)	-	-	-	3,065	305	-	-
	-	-	-	-	10	17,730	22,186
-	-	-	-	-	-	1,656	1,550
404	-	-	-	-	-	405	415
318,958	8,059	270	9	53,478	315	467,175	405,026
4,984,571	789,757	11,560	3,521	485,170	-	6,425,889	6,235,154
3,715	-	-	-	-	-	3,715	6,860
-	-	-	-	-	-	4,458	2,624
111,845	-	-	-	-	-	118,463	124,624
-	-	-	(372)	-	-	71,429	61,955
-	-	-	-	-	-	284	1,940
681	-	-	-	-	-	681	1,084
5,100,812	789,757	11,560	3,149	485,170	-	6,624,919	6,434,241
5,419,770	797,816	11,830	3,158	538,648	315	7,092,094	6,839,267
54,484	-	-	-	-	-	54,484	40,447
14,492	2,318	-	-	-	-	16,810	18,886
309	-	-	-	-	-	309	152
-	-	-	-	-	-	8,416	9,040
69,285	2,318	-	-	-	-	80,019	68,525
5,489,055	800,134	11,830	3,158	538,648	315	7,172,113	6,907,792
417,533	20,902	2,905	-	-	-	573,575	499,479
691,570	-	-	-	-	-	701,631	659,885
-	-	-	-	1,193,846	27,246	1,221,092	1,196,945
-	-	-	-	(411,392)	-	(411,392)	(381,473)
(244,052)	(41,404)	-	-	(22,341)	(377)	(314,430)	(326,748)
(17)	-	-	-	-	516	1,510	1,355
$865,034	$(20,502)	$2,905	$-	$760,113	$27,385	$1,771,986	$1,649,443
$6,354,089	$779,632	$14,735	$3,158	$1,298,761	$27,700	$8,944,099	$8,557,235

FUND FINANCIAL STATEMENTS – STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (in thousands)
PROPRIETARY FUNDS
As of June 30, 2026 (with summarized comparative totals as of June 30, 2025)

	General Reserve	Rental Housing
Operating Revenues		
Interest earned on loans	-	$ 13,605
Interest earned on investments-program mortgage-backed securities	-	-
Administrative reimbursement	68,650	-
Fees earned and other income	20,054	232
Total operating revenues	88,704	13,837
Operating Expenses		
Loan administration and trustee fees	-	135
Administrative reimbursement	-	2,208
Salaries and benefits	50,689	-
Other general operating	11,201	8
Reduction in carrying value of certain low interest rate deferred loans	-	(26)
Provision for loan losses	-	1,314
Total operating expenses	61,890	3,639
Operating income (loss)	26,814	10,198
Noncapital Subsidies		
Intergovernmental Revenue		
State appropriations received	-	-
Federal/State pass-through revenues	-	-
Federal/State pass-through expenses	-	-
Total Noncapital Subsidies	-	-
Operating Income (Loss) and Noncapital Subsidies	26,814	10,198
Nonoperating Revenue (Expenses)		
Interest earned on investments-other	1,108	1,487
Net appreciation/depreciation in fair value on investments	-	63
Interest	(145)	(9,308)
Financing, net	-	(4)
Total nonoperating expenses	993	(7,762)
Income (loss) before transfers and contributions	27,777	2,436
Non-operating transfer of assets between funds	(27,836)	130
Non-operating expenses	-	
Change in net position	(59)	2,566
Total net position, Beginning as previously reported	11,131	123,413
Adjustments (Note 23 PFY)	-	-
Total net position - Beginning, as restated	11,131	123,413
Total net position (deficit), end of year	$ 11,072	$125,979

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025 Restated
$ 29,298	$ -	$ 539	$ -	$ 1,164	$ 223	$ 44,829	$ 44,554
234,397	28,681	-	-	-	-	263,078	231,108
-	-	-	-	-	-	68,650	62,238
6,080	778	-	-	13,395	-	40,539	49,401
269,775	29,459	539	-	14,559	223	417,096	387,301
3,732	293	4	-	125	-	4,289	4,415
36,977	5,476	89	-	21,675	2,225	68,650	62,238
-	-	-	-	-	-	50,689	42,334
2,506	17	-	-	627	105	14,464	13,306
(4,638)	-	-	-	150,731	17,714	163,781	138,721
3,602	-	(1)	-	263	(1)	5,177	7,101
42,179	5,786	92	-	173,421	20,043	307,050	268,115
227,596	23,673	447	-	(158,862)	(19,820)	110,046	119,186
				38,057		38,057	37,053
-	-	-	-	189,753	334,871	524,624	644,070
-	-	-	-	(107,061)	(322,543)	(429,604)	(518,148)
-	-	-	-	120,749	12,328	133,077	162,975
227,596	23,673	447	-	(38,113)	(7,492)	243,123	282,161
20,325	1,544	92	113	46.979	1,057	72,705	90,361
56,183	8,854	-	-	-	-	65,100	122,111
(203,958)	(22,309)	(359)	(113)	(13,069)	-	(249,261)	(221,803)
(8,675)	-	-	-	(445)	-	(9,124)	(12,789)
(136,125)	(11,911)	(267)	-	71,522	1,057	(82,523)	14,933
91,471	11,762	180	-	(4,648)	(6,435)	122,543	260,041
27,706	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
119,177	11,762	180	-	(4,648)	(6,435)	122,543	260,041
745,857	(32,264)	2,725	-	764,761	33,820	1,649,443	1,391,896
-	-	-	-	-	-	-	(2,494)
745,857	(32,264)	2,725	-	764,761	33,820	1,649,443	1,389,402
$ 865,034	$(20,502)	$2,905	$ -	$ 760,113	$ 27,385	$1,771,986	$1,649,443

FUND FINANCIAL STATEMENTS – STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

As of June 30, 2026 (with summarized comparative totals as of June 30, 2025)

	General Reserve	Rental Housing
Cash flows from operating activities:		
Principal repayments on loans and program mortgage-backed securities	$ -	$ 40,819
Investment in loans/loan modifications and program mortgage-backed securities	-	(70,984)
Interest received on loans and program mortgage-backed securities	-	13,662
Fees and other income received	19,754	196
Salaries, benefits and other operating	(52,739)	(215)
Appropriations received and appropriation recoveries	-	-
Appropriations disbursed	-	-
Administrative reimbursement from funds	68,273	(2,208)
Deposits into funds held for others	31,994	-
Disbursements made from funds held for others	(30,865)	-
Interfund transfers and other assets	(53)	-
Net cash provided (used) by operating activities	36,364	(18,730)
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds and notes	-	10,945
Principal repayment on bonds and notes	-	(20,265)
Interest paid on bonds and notes	-	(9,356)
Financing costs paid related to bonds issued	-	(4)
Appropriations received and appropriation recoveries	-	-
Interest paid/received between funds	-	-
Agency contribution to program funds	-	130
Transfer of cash between funds	(30,481)	-
Net cash provided (used) by noncapital financing activities	(30,481)	(18,550)
Cash flows from capital financing activities:		
Interest expense on leases and subscriptions	(145)	-
Principal payments on leases and subscriptions	(1,561)	-
Purchases of capital assets	(2,066)	-
Net cash provided (used) by capital financing activities	(3,772)	-

Bond Funds				Appropriated Funds			
Residential Housing Finance	**Home-ownership Finance**	**Multifamily Housing**	**HOMES^SM**	**State Appropriated**	**Federal Appropriated**	**Total as of June 30, 2026**	**Total as of June 30, 2025**
$ 506,297	$ 74,968	$ 262	$ -	$ 29,775	$ 2,737	$ 654,858	$ 525,139
(807,767)	-	-	-		(25,066)	(1,080,602)	(1,531,040)
271,824	30,523	539	-	(176,785)	225	317,905	279,293
4,159	-	-	-	1,168	-	37,504	46,410
(4,603)	(306)	(5)	-	13,395	-	(58,579)	(55,627)
-	-	-	-	(747)	335,110	524,482	644,683
-	-	-	-	189,372	(322,694)	(430,249)	(521,633)
(36,977)	(5,476)	(89)	-	(107,555)	(2,418)	-	-
-	-	-	-	(21,105)	-	31,194	35,315
-	-	-	-	-	(8)	(30,873)	(33,916)
(1,161)	-	-	-	-	-	(1,214)	246
(68,228)	99,709	707	-	(72,482)	(12,114)	(34,774)	(611,130)
834,216	-	-	-	53,117	-	898,278	1,901,301
(481,971)	(75,643)	(240)	(177)	(19,220)	-	(597.516)	(852,182)
(211,633)	(22,481)	(359)	(114)	(19,677)	-	(263,620)	(210,838)
(7,403)	-	-	-	(410)	-	(7,817)	(13,356)
-	-	-	-	38,057	-	38,057	37,053
-	-	-	-	-	-	-	-
(130)	-	-	-	-	-	-	-
30,481	-	-	-	-	-	-	-
163,560	(98,124)	(599)	(291)	-	-	67,382	861,978
				51,867			
(5)	-	-	-		-	(150)	(231)
(403)	-	-	-	-	-	(1,964)	(1,862)
-	-	-	-	-	-	(2,066)	(2,248)
(408)	-	-	-	-	-	(4,180)	(4,341)

continued

FUND FINANCIAL STATEMENTS – STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
As of June 30, 2026 (with summarized comparative totals as of June 30, 2025)

	General Reserve	Rental Housing
Interest expense on leases and subscriptions	(145)	-
Principal payments on leases and subscriptions	(1,561)	-
Purchases of capital assets	(2,066)	-
Net cash provided (used) by capital financing activities	(3,772)	-
Cash flows from investing activities:		
Investment in real estate owned	-	-
Interest received on investments	4,618	1,687
Net gain on Sale of MBS	-	-
Proceeds from sale of mortgage insurance claims/real estate owned	-	-
Proceeds from maturity, sale or transfer of investment securities	28,020	367
Purchase of investment securities	(15,002)	-
Purchase of loans between funds	-	-
Net cash provided (used) by investing activities	17,636	2,054
Net increase (decrease) in cash and cash equivalents	19,747	(35,226)
Cash and cash equivalents:	97,469	96,011
End of period	$117,216	$ 60,785

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES℠	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025
(5)	-	-	-		-	(150)	(231)
(403)	-	-	-	-	-	(1,964)	(1,862)
-	-	-	-	-	-	(2,066)	(2,248)
(408)	-	-	-	-	-	(4,180)	(4,341)
				-			
(537)	-	-	-	-	-	(537)	(96)
23,747	1,558	93	114	40,282	1,062	73,161	65,500
325	-	-	-	-	-	325	512
1,553	-	-	-	-	-	1,553	1,286
167,686	-	-	177	699,048	-	895,298	1,129,728
(146,838)	-	-	-	(273,534)	-	(435,374)	(697,286)
-	-	-	-	-	-	-	-
45,936	1,558	93	291	465,796	1,062	534,426	499,644
140,860	3,143	201	-	445,181	(11,052)	562,854	746,151
600,905	45,890	2,338	-	616,188	35,430	1,494,231	748,080
$ 741,765	$ 49,033	$2,539	$ -	$1,061,369	$ 24,378	$ 2,057,085	$ 1,494,231

FUND FINANCIAL STATEMENTS – STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

As of June 30, 2026 (with summarized comparative totals as of June 30, 2025)

	General Reserve	Rental Housing
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$26,814	$ 10,198
Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities:		
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(92)
Amortization of proportionate share-Pension	147	-
Depreciation	3,504	-
Salaries and Benefits-Pensions	2,088	-
Provision for loan losses	-	1,314
Reduction in carrying value of certain low interest rate and/or deferred loans	-	(26)
Capitalized interest on loans and real estate owned	-	-
Decrease (increase) in appropriated disbursed (received)	-	-
Changes in assets and liabilities:	-	-
Decrease (increase) in loans receivable and program mortgage backed securities, excluding loans transferred between funds	-	(30,165)
Decrease (increase) in interest receivable on loans	-	149
Increase (decrease) in accounts payable	3,412	(108)
Increase (decrease) in interfund payable, affecting operating activities only	(430)	-
Increase (decrease) in funds held for others	1,129	-
Other	(300)	-
Total	9,550	(28,928)
	$36,364	$(18,730)

See accompanying notes to financial statements

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES[SM]	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025
$ 227,596	$ 23,673	$ 447		$ (76,170)	$ (7,492)	$ 205,066	$ 245,108
10,302	1,610	-	-	-	-	11,820	8,984
-	-	-	-	-	-	147	185
386	-	-	-	-	105	3,995	3,803
-	-	-	-	-	-	2,088	(2,606)
3,602	-	(1)	-	263	(1)	5,177	7,101
(4,638)	-	-	-	150,731	17,714	163,781	138,721
(159)	-	-	-	-	-	(159)	(328)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(301,470)	74,968	262	-	(147,010)	(22,329)	(425,744)	(1,005,901)
(1,970)	232	-	-	4	2	1,583	(5,097)
(672)	(774)	(1)	-	(489)	(84)	(1,284)	(2,860)
32	-	-	-	570	(260)	(88)	151
-	-	-	-	-	(8)	1,121	1,399
(1,237)	-	-	-	(381)	239	(1,679)	210
(295,824)	76,036	260	-	3,688	(4,622)	(239,840)	(856,238)
$ (68,228)	$ 99,709	$ 707	$-	$ (72,482)	$ (12,114)	$ (34,774)	$ (611,130)

SCHEDULE OF NET POSITION (in thousands)
GENERAL RESERVE AND BOND FUNDS
Year ended June 30, 2026 (with summarized comparative totals for year end June 30, 2025)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Cash and cash equivalents	$117,216	$ 60,785	$ 536,125	$160,660
Investments-program mortgage-backed securities	-	-	4,626,847	-
Investment securities-other	-	16,879	2,541	42,724
Loans receivable, net	-	256,955	226,124	492,518
Interest receivable on loans and program mortgage-backed securities	-	1,051	21,773	2,014
Interest receivable on investments	365	176	1,566	762
Interest Rate Swap Agreements	-	-	54,484	-
FHA/VA insurance claims, net	-	-	54	-
Real estate owned, net	-	-	158	98
Capital assets, net	2,952	-	-	1,068
Other assets	3,598	-	761	10,129
Total assets	124,131	335,846	5,470,433	709,973
Deferred loss on refunding	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	3,715	-
Deferred pension and OPEB expense	6,047	-	-	-
Total deferred outflows of resources	6,047	-	3,715	-
Total assets and deferred outflows of resources	$130,178	$335,846	$5,474,148	$709,973
Bonds payable, net	$ -	$200,690	$5,118,920	$ 74,206
Interest payable	-	3,826	108,436	1,639
Interest rate swap agreements	-	-	3,715	-
Net pension and OPEB liability	4,610	-	-	-
Accounts payable and other liabilities	13,509	5,351	1,649	114,372
Interfund payable (receivable)	1,109	-	(152)	(4,327)
Funds held for others	89,521	-	-	-
Lease liability	1,940	-	-	-
Subscription Liability	1	-	-	1,085
Total liabilities	110,690	209,867	5,232,568	186,975
Deferred gain on interest rate swap agreements	-	-	54,484	-
Deferred service release fees	-	-	13,615	877
Deferred discount loan interest	-	-	-	309
Deferred pension and OPEB credit	-	-	-	-
Total deferred inflows of resources	8,416	-	68,099	1,186
Total liabilities and deferred inflows of resources	119,106	$209,867	5,300,667	188,161
Restricted by bond resolution	-	132,235	417,533	
Restricted by covenant	10,061	-	-	521,829
Unrestricted	-	(6,256)	(244,052)	
Net investment in capital assets	1,011	-		(17)
Total net position	$ 11,072	$125,979	$ 173,481	$521,812

Bond Funds							
Home-ownership Finance	Multi-family Housing	HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2025
$ 49,033	$ 2,539	$3,149	$ 926,358	$ 804,545	$ 44,980	$ 971,338	$ 842,613
728,053	-	-	5,354,900	5,060,826	-	5,354,900	5,060,826
-	-	-	65,293	99,671	1,316	66,609	101,030
-	12,143	-	987,740	1,020,607	123,501	1,111,241	1,148,789
2,420	45	-	27,303	25,724	29	27,332	25,756
126	7	9	3,011	3,276	142	3,153	3,435
-	-	-	54,484	40,447	-	54,484	40,447
-	-	-	54	(11)	-	54	(11)
-	-	-	256	474	-	256	474
-	-	-	4,020	5,723	-	4,020	5,723
-	1	-	14,489	4,573	-	14,489	4,578
779,632	14,735	3,158	7,437,908	7,065,855	169,968	7,607,876	7,233,660
-	-	-	-	-	-	-	-
-	-	-	3,715	6,860	-	3,715	6,860
-	-	-	6,047	7,064	-	6,047	7,064
-	-	-	9,762	13,924	-	9,762	13,924
$779,632	$14,795	$3,318	$7,447,670	$7,079,779	$169,968	$7,617,638	$7,247,584
$795,992	$11,800	$3,521	$6,205,129	$5,956,080	$-	$6,205,129	$5,956,080
1,783	30	9	115,723	105,808		115,723	105,808
-	-	-	3,715	6,860	-	3,715	6,860
-	-	-	4,610	2,768	-	4,610	2,768
41	-	-	134,922	170,402	227	135,149	170,629
-	-	-	(3,370)	(3,060)	-	(3,370)	(3,060)
-	-	(372)	89,149	84,123	-	89,149	84,123
-	-	-	1,940	3,490	-	1,940	3,490
-	-	-	1,086	1,499	-	1,086	1,499
797,816	11,830	3,158	6,552,904	6,327,970	227	6,553,131	6,328,197
-	-	-	54,484	40,447	-	54,484	40,447
2,318	-	-	16,810	18,886	-	16,810	18,886
-	-	-	309	152	-	309	152
-	-	-	8,416	9,040	-	8,416	9,040
2,318	-	-	80,019	68,525	-	80,019	68,525
$800,134	$11,830	$3,158	$6,632,923	$6,396,495	$ -	$6,633,150	$6,396,722
20,902	2,905		573,575	499,479		573,575	499,479
-	-	-	531,890	492,307	169,741	701,631	659,885
(41,404)	-	-	(291,712)	(309,236)	-	(291,712)	(309,236)
-	-	-	994	734	-	994	734
$ (20,502)	$ 2,905	$ -	$ 814,747	$683,284	$169,741	$ 984,488	$ 850,862

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)
GENERAL RESERVE AND BOND FUNDS
Year ended June 30, 2026 (with summarized comparative totals for year end June 30, 2025)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Operating revenues				
Interest earned on loans	$ -	$ 13,605	$ 8,149	$ 20,986
Interest earned on investments-program mortgage-backed securities	-	-	234,397	-
Administrative reimbursement	68,650	-	-	-
Fees earned and other income	20,054	232	3,541	2,489
Total operating revenues	88,704	13,837	246,087	23,475
Operating expenses				
Loan administration and trustee fees	-	135	2,123	1,570
Administrative reimbursement	-	2,208	30,999	4,138
Salaries and benefits	50,689	-	-	-
Other general operating	11,201	8	103	942
Reduction in carrying value of certain low interest rate deferred loans	-	(26)	(38)	(257)
Provision for loan losses	-	1,314	1,173	1,812
Total operating expenses	61,890	3,639	34,360	8,205
Operating income (loss)	26,814	10,198	211,727	15,270
Noncapital Subsidies				
Intergovernmental Revenue				
State appropriations received	-	-	-	-
Federal/State pass-through revenues	-	-	-	-
Federal/State pass-through expenses	-	-	-	-
Total Noncapital Subsidies	-	-	-	-
Operating Income (Loss) and Noncapital Subsidies	26,814	10,198	211,727	15,270
Nonoperating Revenues (Expenses)				
Interest earned on investments-other	1,108	1,487	13,636	5,112
Appropriations received	-	-	-	-
Net appreciation/depreciation in fair value on investments	-	63	50,128	6,068
Interest	(145)	(9,308)	(199,346)	(4,612)
Financing, net	-	(4)	(8,661)	(14)
Appropriations disbursed	-	-	-	-
Total Nonoperating Revenues (Expenses)	963	(7,762)	(144,243)	6,554
Income (Loss) Before Transfers and Contributions	27,777	2,436	67,484	21,824
Other changes				
Non-operating transfer of assets and program contributions between funds	(27,836)	130	9,628	18,078
Non-operating expenses	-	-	-	-
Change in net position	(59)	2,566	77,112	39,902
Net Position				
Total net position, beginning of period	11,131	123,413	96,369	481,910
Adjustments	-	-	-	-
Total net position - Beginning, as restated	11,131	123,413	96,369	481,910
Total net position, end of period	$ 11,072	$125,979	$173,481	$521,812

Bond Funds						
Finance Bonds	Multi-family Housing Bonds	HOMES^{SM}	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Ex-cluding Pool 3 To-tal for the Year End-ed June 30, 2026
$ -	$ 539	$ -	$ 43,279	$ 43,042	$ 163	$ 43,442
28,681	-	-	263,078	231,108	-	263,078
-	-	-	68,650	62,238	-	68,650
778	-	-	27,094	26,283	50	27,144
29,459	539	-	402,101	362,671	213	402,314
293	4	-	4,125	4,265	39	4,164
5,476	89	-	42,910	38,419	1,840	44,750
-	-	-	50,689	42,334	-	50,689
17	-	-	12,271	10,158	1,461	13,732
-	-	-	(321)	637	(4,343)	(4,664)
-	(1)	-	4,298	5,225	617	4,915
5,786	92	-	113,972	101,038	(386)	113,586
23,673	447	-	288,129	261,633	599	288,728
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,673	447	-	288,129	261,633	599	
1,544	92	113	23,092	29,483	1,577	24,669
-	-	-		-	-	-
8,854	-	-	65,113	121,823	(13)	65,100
(22,309)	(359)	(113)	(236,192)	(207,828)	-	(236,192)
-	-	-	(8,679)	(12,617)	-	(8,679)
-	-	-	-	-	-	-
(11,911)	(267)	-	(156,666)	(69,139)	1,564	(155,102)
11,762	180	-	131,463	192,494	2,163	133,626
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,762	180	-	131,463	192,494	2,163	133,626
(32,264)	2,725	-	683,284	493,284	167,578	850,862
-	-	-	-	(2,494)	-	-
(32,264)	2,725	-	683,284	490,790	167,578	850,862
$(20,502)	$2,905	$ -	$ 14,747	$ 683,284	$169,741	$ 984,488

STATEMENT OF CASH FLOWS (in thousands)
GENERAL RESERVE AND BOND FUNDS *(continued)*
Year ended June 30, 2026 (with summarized comparative totals for year ended June 30, 2025)

	General Reserve	Rental Housing	Residential Housing Finance Bonds	Residential Housing Finance Pool 2
Cash flows from operating activities:				
Principal repayments on loans and program mortgage-backed securities	$ -	$40,819	$ 412,913	$ 78,115
Investment in loans and program mortgage-backed securities	-	(70,984)	(709,669)	(73,618)
Interest received on loans and program mortgage-backed securities	-	13,626	251,341	20,317
Fees and other income received	19,754	196	14	4,095
Salaries, benefits and other operating	(52,739)	(179)	(179)	(2,957)
Administrative reimbursement from funds	68,273	(2,208)	(30,999)	(4,138)
Deposits into funds held for others	31,994	-	-	-
Disbursements made from funds held for others	(30,865)	-	-	-
Interfund transfers and other assets	(53)	-	(930)	(231)
Net cash provided (used) by operating activities	36,364	(18,730)	(77,509)	21,583
Cash flows from noncapital financing activities:				
Proceeds from sale of bonds and notes	-	10,945	704,748	129,468
Principal repayment on bonds and notes	-	(20,265)	(360,695)	(121,276)
Interest paid on bonds, notes and leases	-	(9,356)	(206,984)	(4,649)
Financing costs paid related to bonds issued	-	(4)	(7,401)	(2)
Interest paid/received between funds		-	-	-
Principal paid/received between funds	-	-	-	-
Agency contribution to program funds	-	130	7,400	(7,530)
Transfer of cash between funds	(30,481)	-	-	30,481
Net cash provided (used) by noncapital financing activities	(30,481)	(18,550)	137,068	26,492
Cash flows from capital financing activities:				
Interest payments on leases and subscriptions	(145)	-	-	(5)
Principal payments on leases and subscriptions	(1,561)	-	-	(403)
Purchases of capital assets	(2,066)	-	-	-
Net cash provided (used) by capital financing activities	(3,772)	-	-	(408)
Cash flows from investing activities:				
Investment in real estate owned	-	-	(427)	(110)
Interest received on investments	4,618	1,687	13,655	8,468
Net gain (loss) on Sale of MBS Held for Sale and HOME Certificates	-	-	-	325
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	1,553	-
Proceeds from maturity, sale or transfer of investment securities	28,020	367	92	167,594
Purchase of investment securities	(15,002)	-	-	(146,838)
Purchase of loans between funds	-	-	(21,844)	4,254
Net cash provided (used) by investing activities	17,636	2,054	(6,971)	33,693
Net increase (decrease) in cash and cash equivalents	19,747	(35,226)	52,588	81,360
Beginning of year	97,469	96,011	483,537	79,300
End of year	$117,216	$60,785	$ 536,125	$160,660

Bond Funds						
Home-ownership Finance	Multifamily Housing	HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2026	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2025 (as restated)
$ 74,968	$ 262	$ -	$ 607,077	$ 15,269	$ 622,346	$ 496,308
-	-	-	(854,271)	(24,480)	(878,751)	(1,289,118)
30,523	539	-	316,346	166	316,512	278,118
-	-	-	24,059	50	24,109	23,342
(306)	(5)	-	(56,365)	(1,467)	(57,832)	(54,896)
(5,476)	(89)	-	25,363	(1,840)	23,523	26,127
-	-	-	31,994	-	31,994	35,315
-	-	-	(30,865)	-	(30,865)	(33,774)
-	-	-	(1,214	-	(1,214)	246
99,709	707	-	62,124	(12,302)	49,822	(518,332)
-	-	-	845,161	-	845,161	1,887,234
(75,643)	(240)	(177)	(578,296)	-	(578,296)	(834,127)
(22,481)	(359)	(114)	(243,943)	-	(243,943)	(191,366)
-	-	-	(7,407)	-	(7,407)	(13,184)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(98,124)	(599)	(291)	15,515	-	15,515	848,557
-	-	-	(150)	-	(150)	(231)
-	-	-	(1,964)	-	(1,964)	(1,862)
-	-	-	(2,066)	-	(2,066)	(1,618)
-	-	-	(4,180)	-	(4,180)	(3,711)
-	-	-	(537)	-	(537)	(91)
1,558	93	114	30,193	1,624	31,817	32,794
-	-	-	325	-	325	512
-	-	-	1,553	-	1,553	1,273
-	-	177	196,250	-	196,250	201,414
-	-	-	(161,840)	-	(161,840)	(194,850)
-	-	-	(17,590)	17,590	-	(38,230)
1,558	93	291	48,354	19,214	67,568	2,822
3,143	201	-	121,813	6,912	128,725	329,336
45,890	2,338	-	804,545	38,068	842,613	513,277
$ 49,033	$2,539	$ -	$ 926,358	$ 44,980	$ 971,338	$ 842,613

STATEMENT OF CASH FLOWS (in thousands)
GENERAL RESERVE AND BOND FUNDS
Year ended June 30, 2026 (with summarized comparative totals for year ended June 30, 2025)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:				
Revenues over (under) expenses	$26,814	$ 10,198	$ 211,727	$15,270
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:				
Amortization of premiums (discounts) and fees on program mortgage -backed securities	-	(92)	10,750	(448)
Amortization of proportionate share-Pension	147	-	-	-
Depreciation	3,504	-	-	386
Salaries and Benefits-Pensions	2,088	-	-	-
Provision for loan losses	-	1,314	1,173	1,812
Reduction in carrying value of certain low interest rate and/or deferred loans	-	(26)	(38)	(257)
Capitalized interest on loans and real estate owned	-	-	(134)	(25)
Changes in assets and liabilities:				
Decrease (increase) in loans receivable and program mortgage				
backed securities, excluding loans transferred between funds	-	(30,165)	(296,756)	4,497
Decrease (increase) in interest receivable on loans	-	113	(1,777)	(196)
Increase (decrease) in accounts payable	3,412	(72)	(1,480)	775
Increase (decrease) in interfund payable, affecting operating activities only	(430)	-	-	32
Increase (decrease) in funds held for others	1,129	-	-	-
Other	(300)	-	(974)	(263)
Total	9,550	(28,928)	(289,236)	6,313
Net cash provided (used) by operating activities	$36,364	$(18,730)	$ (77,509)	$21,583

Bond Funds: Home-ownership Finance	Bond Funds: Multifamily Housing	Bond Funds: HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2026	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2026	General Reserve & Bond Funds Total for the Year Ended June 30, 2025 (as restated)
$23,673	$447	$-	$ 288,129	$ 599	$ 288,728	$ 258,646
1,610	-	-	11,820	-	11,820	8,984
-	-	-	147	-	147	185
-	-	-	3,890	-	3,890	3,656
-	-	-	2,088	-	2,088	(2,606)
-	(1)	-	4,298	617	4,915	5,462
-	-	-	(321)	(4,343)	(4,664)	(380)
-	-	-	(159)	-	(159)	(328)
74,968	262	-	(247,194)	(9,211)	(256,405)	(792,810)
232	-	-	(1,628)	3	(1,625)	(5,093)
(774)	(1)	-	1,860	33	1,893	730
-	-	-	(398)	-	(398)	4,084
-	-	-	1,129	-	1,129	1,541
-	-	-	(1,537)	-	(1,537)	(403)
76,036	260	-	(226,005)	(12,901)	(238,906	(776,978)
$99,709	$707	$-	$ 62,124	$(12,302)	$ 49,822	$(518,332)

continued

OTHER INFORMATION (Unaudited)

GENERAL RESERVE AND BOND FUNDS, FIVE YEAR FINANCIAL SUMMARY (Unaudited)

	2022	2023	2024	2025	2026
Loans Receivable, net (as of June 30)					
Multifamily programs	$ 382,833	$ 428,939	$ 464,829	$ 544,561	$515,190
Homeownership programs	447,134	469,287	445,109	475,447	476,153
Home Improvement programs	86,139	100,285	122,563	128,781	119,899
Total	$ 916,106	$ 998,511	$1,032,501	$1,148,789	$1,111,242
Mortgage-backed securities net, at par (as of June 30)					
Program mortgage-backed securities	$2,987,314	$3,492,698	$4,510,690	$5,303,004	$5,535,689
Mortgaged-backed securities	99,768	84,961	50,908	34,401	24,098
Total	$3,087,082	$3,577,659	$4,561,598	$5,337,405	$5,559,787
Bonds Payable net (as of June 30)					
Multifamily programs	$ 62,110	$ 82,245	$ 91,825	$ 222,050	$ 212,490
Homeownership programs	3,414,180	3,699,631	4,827,586	5,734,030	5,992,639
Home Improvement programs	-	-	-	-	-
Total	$3,476,290	$3,781,876	$4,919,411	$5,956,080	$6,205,129
Mortgage-backed securities purchased, at par and loans purchased or originated during fiscal year					
Multifamily programs	$ 65,696	$ 74,071	$ 112,427	$ 98,940	$98,336
Homeownership programs	91,309	80,221	48,497	46,330	55,713
Program and mortgage-backed securities	913,030	661,214	591,615	99,678	85,099
Home Improvement programs	28,316	31,102	41,801	29,680	15,127
Total	$1,098,351	$ 846,608	$ 794,340	$ 274,628	$ 254,275
Net Position (as of June 30)					
Total Net Position	$ 619,861	$ 492,196	$ 493,284	$ 683,284	$ 683,284
Percent of total assets and deferred outflows of resources	14.2%	10.7%	8.6%	9.7%	10.9%
Revenues over expenses for the fiscal year	$ (237,848)	$ (94,391)	$ 16,088	$ 192,494	$ 131,463

CONTACT INFORMATION

LOCATION

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If you use a text telephone or Telecommunications Device for the Deaf, you may call (651) 297-2361.

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