MINNESOTA HOUSING

Meetings Scheduled for AUGUST

Date: 08/27/2026, 1 p.m.

Hybrid Option Available

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

Conference call: Toll Free: 1 877 309 2074 Access Code: 939-931-349

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

Note

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, August 27, 2026.

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

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

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Agenda: Minnesota Housing Board Meeting

Date: 08/27/2026, 1 p.m.

Our Mission and Vision

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

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

1. Call to Order

2. Roll Call

3. Agenda Review

4. Approval of Minutes

A. (page 5) Regular meeting of July 23, 2026

5. Reports

- Chair
- Commissioner
- Committee

6. Consent Agenda

A. (page 9) Approval, Northwest Minnesota Foundation Contract Amendment
B. (page 11) Approval, Start Up and Step Up Procedural Manual Revisions
C. (page 101) Funding Modification, Capacity Building Funds – HOME Line

7. Action Items

8. Discussion Items

None.

9. Information Items

10. Other Business

None.

11. Adjournment

MINNESOTA HOUSING

Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, July 23, 2026, at 1 p.m.

1. Call Attendance

Chair DeCramer called to order the regular meeting of the board of Minnesota Housing Finance Agency at 1:04 p.m.

2. Roll Call

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

Minnesota Housing staff present via hybrid: Kelby Alstad, Tal Anderson, Tom Anderson, Takara Archer, Ryan Baumtrog, Abigail Behl, Jennifer Bergman, Susan Bergmann, Scott Beutel, Judd Berthiaume, Nick Boettcher, Sarah Broich, Stacie Brooks, Cassandra Busch, Alex Campbell, Eric Chapin, Erin Coons, Alex Curwick, Nicole DeMario, Matt Dieveney, Hannah Dressen, Sam Dyer, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Shannon Fortune, Jessica Fowler, Rachel Franco, Terese Fritchman, Vanessa Haight, Jody Hanson, Amanda Hedlund, Anne Heitlinger, Darryl Henchen, Kang Her, Hattie Hiler, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Sarah Huss, Laura Jacobson, Summer Jefferson, Will Jensen-Kowski, Dylan Johnson, Karen Johnson, Jen Judas, Erin Karkula-Peterson, Millicent Kasal, Tiffany Kibwota, Katey Kinley, Dan Kitzberger, Greg Krenz, Kristen Kvalsten, Sue Ladehoff, Janine Langsjoen, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Joshua Love, Rachel Mahon Bosman, Sarah Matala, Dylan Mato, Eric Mattson, Jill Mazullo, Don McCabe, Jeff McDonald, Colleen Meier, Amy Melmer, Benjamin Miles, Kelli Minnerath, Roger Moeller, Rudi Mohamed, Jon Moler, Judi Mortenson, Michael Nguyen, Andrew Orth, John Patterson, Brian Pittman, Rinal Ray, Annie Reierson, Robert Reintjes, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, Nellie Siers, J'onice Smith, Dez Sobiech, Maria Steele, Corey Strong, Kim Stuart, Jodell Swenson, Susan Thompson, LeAnne Tomera, Monica Tucker, Ayo Universe, David Vang, Kayla Vang, Teresa Vaplon, Kerry Walsh, Amanda Welliver, Bev Wilharm and Kristy Zach.

Others present via hybrid: Ramona Advani, Office of the State Auditor; Colleen Ebinger, Impact Strategies; Anastasia Gadley, Anastasia Helping Hands; Anne Mavity, Minnesota Housing Partnership; Ellen Sahli, Family Housing Fund, and Deidre Schmidt, CommonBond.

3. Agenda Review

None.

4. Approval

A. Regular Meeting Minutes of June 25, 2026

Motion: Stephanie Klinzing moved approval of the June 25, 2026, Regular Meeting Minutes. Seconded by Auditor Blaha. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0.

5. Reports

Chair

None.

Commissioner

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings/Events
- Division Updates

Committee

None.

6. Consent Agenda

None.

7. Action Items

A. Funding Modification, Publicly Owned Housing Program (POHP) – Red Wing Scattered Sites, D8682, Red Wing

Susan Bergmann presented to the board a request for adoption of a resolution to increase the loan amount for the Red Wing Scattered Site by $790,800, increasing the total POHP loan from $1,509,700 to $2,300,500. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Eric Cooperstein moved Funding Modification, Publicly Owned Housing Program – Red Wing Scattered Sites, D8682, Red Wing. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

B. Approval of Submission of 2026 Annual Action Plan to HUD

Nellie Siers presented to the board a request for approval of the State of Minnesota's Annual Action Plan for Federal Fiscal Year 2026. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

Motion: Eric Cooperstein moved Approval of Submission of 2026 Annual Action Plan to HUD. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

8. Discussion Items

A. Predictive Cost Model: Background and Assessment

John Patterson provided an update on the Predictive Cost Model.

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 2:09 p.m.

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John DeCramer, Chair

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MINNESOTA HOUSING

Item: Approval, Northwest Minnesota Foundation Contract Amendment

Consent Item: 6.A
Date: 08/27/2026
Staff Contacts: Katie Seipel-Anderson, 651.539.9771, Katie.Seipel-Anderson@state.mn.us
Amanda Hedlund, 651.569.9612, amanda.hedlund@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval to amend the contracts for the Northwest Minnesota Foundation on behalf of North Star Neighbors, related to selections approved under Resolution MHFA 23-075. Staff requests to remove references to the MMCDC lot and bedroom-count designations for the per-unit typical subsidy amounts awarded.

Fiscal Impact

None

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Request details

Background

At its December 12, 2023, meeting, the Minnesota Housing board approved selections for the Community Investment Homeownership Impact Fund under Resolution MHFA 23-075, including awarding six new construction units to Northwest Minnesota Foundation on behalf of North Star Neighbors (award number 12-2023-44).

The Project Summaries pages of the board report included typical per-unit subsidy amounts based on the grantee's application materials submitted through the 2023 Single Family Request for Proposals. The grantee has three different unit locations and configurations, one of which had a unit-type designation of "MMCDC Thief River Falls, 4-bedroom ramblers."

The grantee completed five of the required six units according to the existing terms of their two associated grant contracts. This request pertains only to the remaining unit and does not change the funding amounts awarded. It only changes the unit-type designation language associated with those units.

Request Details

Staff requests removal of the MMCDC and bedroom count designations for the "MMCDC Thief River Falls 4-bedroom rambler" units due to:

- Increased land acquisition costs for the MMCDC lot since the 2023 application, and
- Only one MMCDC lot remains, which has size and configuration limitations, and
- Community demand has shifted to smaller homes with fewer than four bedrooms.

Staff recommends approval of these changes to allow the grantee to pursue the most feasible and cost-effective development option while meeting community need for the final unit.

Item: Approval, Start Up and Step Up Procedural Manual Revisions

Consent Item: 6.B
Date: 08/27/2026
Staff Contacts: Elsa Hildebrandt, 651-539-9690, elsa.hildebrandt@state.mn.us
Laura Bolstad-Grafstrom, 651-539-9799, Laura.Bolstad.Grafstrom@state.mn.us
Request Type: Approval, Motion

Request Summary

The Single Family Division requests board approval to:

1. Update the Start Up Procedural Manual to reflect the following changes to the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) programs:
    - Update Deferred Payment Loan asset limit guidance approved June 25, 2026.
    - Remove section heading to ensure clarity of program requirements
2. Update the electronic signature requirements in the Start Up and Step Up procedural manuals.
3. Update the Start Up and Step Up Procedural Manuals with any additional minor clarifications and non-substantive edits deemed necessary by the legal division.

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

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

Request Details

Staff request approval of the following changes to the Start Up Procedural Manual in relation to the DPL and DPL+ programs:

- Incorporate guidance that the asset limit must be met unless the underlying loan program guidelines require greater reserves. The board approved the program change in June, and we request approval for the update to be incorporated into the procedural manual.
- Remove the heading “7.12 Deferred Payment Loan Plus,” which incorrectly creates a separation of requirements under section 7.11 for DPL that must be met for both DPL and DPL+ programs.

Staff request approval of changes to the signature requirements in the Start Up and Step Up procedural manuals.

- Update guidance to reflect that Minnesota Housing accepts documents that are signed electronically, except the Monthly Payment Loan note and mortgage, and the Deferred Payment Loan (DPL/DPL+) note and mortgage. This change conforms to requirements of our servicer, U.S. Bank Home Mortgage, and remains compliant with the Agency's eSignature policy.

MINNESOTA HOUSING

Minnesota Housing Mortgage Loans Start Up Program

Procedural Manual

~~July 1~~September , 2026

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

An equal opportunity employer.

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

Table of Contents

Chapter 1 – Introduction

1.01 Minnesota Housing Mission Statement

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

1.02 Values Statement

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

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy. We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

We will:

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

1.03 Background

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

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

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

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

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

1.04 Start Up Loan Program

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

1.05 Deferred Payment Loan

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

1.06 Monthly Payment Loan

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

Chapter 2 – Responsible Lending

2.01 Procedural Manual

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

Minnesota Housing reserves the right to:

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

2.02 Single Family Responsible Lending Policy

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

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

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
  - Lender must evaluate a Borrower's repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
  - Lenders are prohibited from steering
  - Lenders must comply with all rules and regulations for higher priced mortgage loans. Higher priced mortgage loans are defined in 12 CFR 1026.35 (Regulation Z)
  - Lenders are prohibited from delivering high-cost mortgage loans as defined in 12 CFR 1026.32 (Regulation Z)
  - Loans containing prepayment penalties or mandatory arbitration clauses are not permitted

   - Single Premium Credit Life Insurance may not be required, nor can any funds provided by Minnesota Housing be used toward the purchase of any credit insurance products or premiums
- Compliance with the Interagency Guidelines on Nontraditional Mortgage Product Risks
- Compliance with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction

2.03 Evidence of Misconduct

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

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

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

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

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

2.05 Unauthorized Compensation

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

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

2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. Minnesota Housing reserves the right to conduct quality control, audit and monitoring activities at its sole discretion upon written notice to Lender.

Audited loans are reviewed for:

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

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

2.07 Termination of Lender Participation

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

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

Upon termination of a Lender's Participation Agreement:

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

Remedies and Reinstatement

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

2.08 Representations and Warrants

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

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

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

2.09 Lender Compensation

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

- 2.50% is the maximum compensation a Lender may retain on any Minnesota Housing loan file between origination/discount fees and Service Release Premium – see the Lock, Fee, and SRP Guide.
- The Lender receives a service release premium (SRP) paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the Minnesota Housing website.

- The Lender may collect an origination fee or discount point from the Borrower(s) in accordance with industry standard regulations and limited as follows:
    - Origination fee and Discount points cannot exceed 1% when using either the 1.5% SRP option or the 3.5% SRP option (the 3.5% SRP option helps to cover Upfront Paid Mortgage Insurance costs).
    - Lender cannot charge any origination fee or discount points with the 2.5% SRP options.

2.10 Annual Renewal Requirements

- The Lender must confirm willingness to participate in the Minnesota Housing loan programs on an annual basis. This is done by completing the Annual Renewal Forms.

2.11 Marketing Materials Terms of Use

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

Chapter 3 – Master Servicer

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

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

Chapter 4 – Borrower Eligibility

4.01 Borrower

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

4.02 Borrower Age

The Borrower(s) must be eighteen years of age or older or legally emancipated.

4.03 Co-Signers

Co-Signers are permitted on Start Up Program loans. Co-Signers must sign the Start Up Program loan note and the downpayment and closing cost loan note, if applicable. Co-Signers are not vested in title to the property and are not required to reside in the subject property. See Section 4.09.

4.04 Prior Homeownership - Three-Year Requirement

All Borrowers and their current spouses — even spouses who are not buying the home — must not have owned a home they lived in as their primary residence at any time during the three years before the loan closing. This rule applies to anyone who will sign the mortgage note and has an ownership interest in the property being financed. See chart below.

Table 1/ Prior Year Requirements

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

Types of interest that constitute ownership interest include:

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

Interests that do not constitute an ownership interest include:

- A remaindermen interest
- An ordinary lease with or without an option to purchase
- A mere expectancy to inherit an interest in a Principal Residence
- The interest that a purchaser of a residence acquires on the execution of an accepted offer to purchase real estate
- An interest in a non-Principal Residence during the three-year period prior execution of the mortgage loan documents (e.g. an investment property, a recreational or seasonal home)
- An ownership interest in a mobile or manufactured home which is not permanently affixed to real estate (e.g., anchored to the ground instead of attached to a foundation)
- An interest acquired through temporary financing (e.g., construction loan, bridge loan, contract for deed) with an initial term of 24 months or less

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

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

- Credit report
    - must not show any previous mortgage loan(s) in the three-year period prior to execution of the mortgage loan documents, or if it does, follow the guidance for “Special Documentation for Current Ownership” below; and

- Final loan application
  - must not show an ownership interest in a Principal Residence in the three-year period prior to execution of the mortgage loan documents.
- If the Lender cannot verify the absence of ownership from a review of the credit report, final loan application, or other evidence, the absence of an ownership interest must be documented and verified by:
  - A title search with respect to the Borrower(s) residence(s) to document the Borrower was not on title to any real property they occupied within the three-year period prior to the closing date; and
  - A signed and dated letter of explanation from the Borrower(s) and any other person required to meet the 3-year requirement as outlined in the chart above, indicating they have not had an ownership interest in a Principal Residence within the three-year period prior to the closing date. The letter does not need to be on a specific form and does not need to be notarized.
- Special Documentation for Current Ownership: Borrower(s) and any other person required to meet the 3-year requirement as outlined in the chart above with a current ownership interest in a residence within the three-year period prior to execution of the mortgage loan documents must provide evidence (e.g. copy of rental agreement or lease) showing that they have not lived in the residence during the three-year period prior to execution of the mortgage loan documents.

4.05 Principal Residence/Occupancy Requirement

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

4.06 Current Minnesota Housing Borrower Requirement

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

4.07 Qualified Homebuyer Education

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

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

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

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

- Fannie Mae HFA Preferred™ Product Description
- Freddie Mac HFA Advantage® Product Description

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

Table 2/Credit Score Guides

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

4.09 Program Eligibility Income

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

Household Members Whose Income Must Be Included

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

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

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

Table 3/Income Eligibility Review

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

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

Program Eligibility Income Calculation

The Program Eligibility Income Worksheet posted on Minnesota Housing's Lender Portal has the Program Eligibility Income requirements. Lenders are responsible for calculating Program Eligibility Income based on these requirements. Always include all income received unless specifically excluded on the Program Eligibility Income Worksheet. For more details on definitions of income sources and income inclusions and exclusions, refer to the Program Eligibility Income worksheet.

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

- Base pay from an employer
- Additional pay from an employer (over and above base pay)
- Self-employment or business income
- Income from financial assets
- Government transfer payments, insurance or benefit payments
- Investment property net rental income
- Child or spousal support
- Regular cash contributions
- Employee allowances
- Custodial account income

For program eligibility income, provide documents dated within four months of the closing date to support your calculations. Within those four months, use the most recent information available.

Chapter 5 – Property Eligibility

5.01 Eligible Properties

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

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

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

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

5.02 Ineligible Properties

Properties not eligible for financing are as follows:

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

5.03 Ownership Interest

Eligible forms of ownership interest include the following:

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

5.04 Acquisition Cost Limit

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

The Acquisition Cost includes:

- All amounts paid either in cash or in kind, by the Borrower(s) or by a related party for the benefit of the Borrower(s) to the property seller or to a related party for the benefit of the property seller as consideration for the property.
- All amounts paid by or on behalf of the Borrower(s) and required to complete or repair a residence whether or not the cost of the completion or repairs is to be financed with the proceeds of a Minnesota Housing loan (which may be agreed upon beyond the contractual purchase price).

- The purchase price as well as all repair costs for FHA 203K Streamlined loans.
- All land cost or land value as stated in New Construction Requirements Section 5.08 below.
- All special assessments paid or assumed by the Borrower(s).

The Acquisition Cost does not include:

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

5.05 Appraised Value

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

5.06 Personal Property

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

5.07 Excess Property

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

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

5.08 New Construction Property Requirements

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

- The land must be zoned for residential housing.
- The cost of land purchased within 24 months before the date on which construction begins must be included in the Acquisition Cost.
- The value of land, as determined by the appraisal, must be used to determine the Acquisition Cost if the land was purchased more than 24 months before the date on which construction begins or purchased through a non-arm's length transaction.
- Any temporary financing (e.g. construction loan, bridge loan, contract for deed) provided before the date of the loan closing may not exceed a 24 month term.
- The land equity, defined as the dollar value of the difference between land value/cost and the total amount the Borrower owes against the land, may be used by a Borrower only as a downpayment on the loan.
- A certificate of occupancy or legal document that confirms a house is safe to inhabit must be issued for the property before loan closing.
- The Borrower(s) may not act as the general contractor.

See Section 6.02 for New Construction financing requirements.

Chapter 6 – Loan Eligibility

6.01 Eligible Loans

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

Eligible Loan Types:

- Purchase Transactions only

Eligible Government loan products:

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

Eligible Conventional Loan Products

- Fannie Mae HFA Preferred™
- Freddie Mac HFA Advantage®

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

Program loans must satisfy the following criteria:

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

6.02 New Construction Loan Eligibility Requirements

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

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

6.03 Ineligible Loans

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

6.04 Refinancing of an Existing Mortgage

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

6.05 Subsidy Recapture Statement

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

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

- The residence is sold within the first nine years of the closing date
- The Borrower realizes a gain on the sale of the residence (as defined by the IRS)

- The Borrower’s income has increased since the closing date and exceeds the limits established by the IRS

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

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

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

6.06 Interest Rate/Amortization Requirements

Minnesota Housing requires all loans:

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

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

6.07 Mortgage Term

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

- All loans must have a 30-year term.

6.08 Private Mortgage Insurance Coverage Requirements

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

All private mortgage insurance companies must:

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

6.09 Settlement/Closing Costs

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

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

Additional limits:

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

6.10 Gifts

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

6.11 Non-Complying Loans

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

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

Chapter 7 – Downpayment and Closing Cost Loans

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

7.01 Eligible Use of Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans provide funds for downpayment and eligible expenses including customary buyer closing costs, prepaid expenses for taxes and insurance (homeowners, flood and mortgage insurance) and association fees as applicable.

7.02 Ineligible Use of Downpayment and Closing Cost Loans

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

7.03 Homebuyer Education Required for Downpayment and Closing Cost Loans

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

7.04 Cash Investment Required for Downpayment and Closing Cost Loans

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

7.05 No Assumptions on Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans are not assumable.

7.06 Layering parameters for Downpayment and Closing Cost Loans

Homebuyers who meet Start Up Program parameters may be eligible to utilize one of the following Downpayment and Closing Cost loans with their Start Up Program loan. Borrowers may not layer Monthly Payment, Deferred Payment, or Deferred Payment Plus loans.

- Deferred Payment Loan
- Deferred Payment Loan Plus
- Monthly Payment Loan

Additional Downpayment Loan Sources:

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

7.07 Lien Position Downpayment and Closing Cost Loans

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

7.08 Non-Minnesota Housing Subordinate Financing

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

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

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

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

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

7.10 Deferred Payment Loan Program

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

- Deferred Payment Loan; or
- Deferred Payment Loan Plus

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

- Are available only in conjunction with a first mortgage loan purchased by U.S. Bank – HFA Division under the Start Up Program
- May be combined only with a Start Up Program loan
- Must be paid in full when, among other things referenced in the loan note:
    - The maturity date of the Deferred Payment Loan is reached
    - The property ceases to be Owner-Occupied. To be considered Owner Occupied at least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term. Non-occupancy is allowed for situations of verified military deployment
    - The property is sold or transferred
    - The first mortgage loan is paid in full, including upon a refinance (see section 7.20 Subordination Policy for subordination information); or
- The first mortgage loan is in default or is declared to be due and payable in full.

The Deferred Payment Loan:

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

The Deferred Payment Loan Plus:

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

7.11 Deferred Payment Loan Program Borrower Eligibility

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

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

~~7.12 Deferred Payment Loan Plus~~

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

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

Asset Limit. The total of all Borrowers' liquid assets at the completion of closing are limited to $13,000. Borrowers may spend down excess liquid assets to meet the post-closing liquid asset limit, provided the following requirements are met:

- Funds must be used to pay down a borrower's own existing debt(s).
- Payment transaction(s) must be completed prior to or at loan closing.

- Documentation of the debt(s) and the payment transaction(s) must be in the loan file.

The asset limit must be met unless the underlying loan program guidelines require greater reserves.

~~7.13~~7.12 Deferred Payment Loan Program Lender Warranties

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

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

~~7.14~~7.13 Monthly Payment Loan Program Requirements

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

- Are available only in conjunction with a Minnesota Housing first mortgage loan.
- Are available in whole dollar amounts up to $14,000
- Must have an interest rate equal to that of the first mortgage
- Must be fully amortizing and are payable in level monthly payments over a 15-year term
- Must have a monthly payment due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must not include any type of prepayment penalty
- Must be paid in full when, among other requirements referenced in the loan note, the following occur:
    - The property ceases to be Owner-Occupied
    - The property is sold or transferred
    - The first mortgage loan is paid in full, including upon a refinance (see section 7.20 Subordination Policy for subordination information); or
    - The first mortgage loan is in default or is declared to be due and payable in full
- May not be assumed

~~7.15~~7.14 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Start Up Program eligibility requirements. The following requirements for the Monthly Payment Loan must be met:

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

Asset Limit. Monthly Payment Loans have no asset limit.

~~7.16~~7.15 Monthly Payment Loan Lender Warranties

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

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

~~7.17~~7.16 First-Generation Homebuyer Criteria

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

For the purpose of determining First-Generation Homebuyer status:

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

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

~~7.18~~7.17 Housing Choice Voucher (HCV) Homeownership Program

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

- Complete the U.S. Bank –HFA Division, Section 8 Homeownership Subsidy Program Agreement and Home Choice/Section 8 Contract Information Form.
- Service the loans before purchase by U.S. Bank – HFA Division in compliance with this Procedural Manual. This involves collecting a portion of the monthly payment from the Borrower(s) and a portion of the monthly payment from the public housing authority.

~~7.19~~7.18 Second Mortgage Application and Loan Disclosure Procedures

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

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

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

~~7.20~~7.19 Subordination

Minnesota Housing permits the subordination or replacement of the following down payment and closing cost loans only in cases where the Minnesota Housing First Mortgage Loan is refinanced to a Step Up Program loan:

- Homeownership Assistance Fund (HAF) Loan
- Deferred Payment Loan (DPL)
- Deferred Payment Loan Plus (DPL+)
- Monthly Payment Loan (MPL)

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

Chapter 8 – Minnesota Housing Loan Commitments

See Minnesota Housing's website for:

- The Lock, Fee, and SRP Guide
- The Loan Commitment System Page

Chapter 9 – Document Requirements

9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

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

9.02 Minnesota Housing Documentation/Delivery Requirements

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

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

Consequence for Non-Compliance

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

9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically, except the Monthly Payment Loan note and mortgage and the Deferred Payment Loan (DPL/DPL+) note and mortgage. Under no circumstances may a Borrower or Co-Signer be required to sign a document electronically. The following criteria must be met:

- Must follow Minnesota Housing Electronic Signature policy (see Legal Addendum Electronic Signatures)
- Must follow all counterparty requirements (i.e., US Bank, GSE, FHA, VA/RD)

- Note: Questions about Remote Online Notary (RON) can be directed to U.S. Bank - HFA Division

9.04 Records Retention

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

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

Chapter 10 – Servicing

10.01 Servicing

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

10.02 Lender Servicing Responsibilities

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

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

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

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

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

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

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

10.03 Assumption/Due-On-Sale

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

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

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

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

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

10.04 Hardship Policy

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

Appendix A – Definitions

Table 4/Definitions

Term	Definition
Acquisition Cost	The cost of acquiring a completed residential unit (see Section 5.04).
Annualized Gross Income	Gross monthly income multiplied by 12.
Borrower	A person who receives funds in the form of a loan secured by real property with the obligation of repaying the loan and, in addition, any person purchasing the real property securing the loan, executing the promissory note, executing a guarantee of the debt evidenced by the promissory note, or signing a security instrument in connection with a loan.
Co-Signer	A party that is obligated to repay the loan. A Co-Signer assumes only personal liability and has no ownership interest in the property.
First- Generation Homebuyer	A Borrower who meets the requirements as stated in Section 7.17 of this Procedural Manual.
First-Time Homebuyer	A First-Time Homebuyer is a Borrower(s) who has not had an ownership interest in their principal residence in the three years preceding execution of the mortgage documents (loan closing). The First-Time Homebuyer must meet the requirements as stated in Section 4.04 of this Procedural Manual.
Household Member who is a person with a Disability	A Borrower or household member who has a permanent physical or mental condition, which substantially reduces the person's ability to function in a residential setting.
Legal Guardian	A Legal Guardian is a person appointed by a court to care for and take permanent responsibility for a minor child.
Master Servicer	A company selected by Minnesota Housing to purchase, securitize and service mortgage loans originated pursuant to Minnesota Housing's mortgage loan programs.

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

Term	Definition
Program Eligibility Income	See Section 4.09. Any of several different types of earned or unearned income claimed by the Borrower (see Program Eligibility Income Worksheet for guidance). Types of income include, but are not limited to: Base Pay, Variable Income, Income resulting from Self-Employment or a Business, Income from Assets, Government Transfer Payments, Insurance Benefits, etc.
Property Seller	The seller of the property under contract for sale to the Borrower who is using Minnesota Housing financing.
Qualified Homebuyer Education	Homebuyer education is a course or program that teaches prospective buyers about the entire home-buying process, from financial readiness (budgeting, credit) and mortgage basics to searching for a home, closing costs, and the ongoing responsibilities of homeownership, often required for assistance programs or specific loans to ensure successful, sustainable ownership. See Section 4.07 of this Procedural Manual.

Sole head of household with at least one Eligible Dependent	• Sole head of household with at least one Eligible Dependent residing in the household.
	• An Eligible Dependents is:
	    o A minor household member (under 18 years of age on the closing date);
	    o A Household Member with a Disability or
	    o A senior (age 62 or older on the closing date).
	    o Limitation: The household must include only one adult that is not an Eligible Dependent.

Temporary Financing	Initial financing such as a construction loan, bridge loan, and contract for deed with a term of 24 months or less.
True and Certify	The loan-level process in Minnesota Housing's loan commitment system completed by the Lender that certifies all the information entered into the system is true and accurate.

Appendix B – Forms List

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

Appendix C – Legal Addendum

C.01 Conflict and Control

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

C.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section C.07 of this Addendum.

C.03 Misuse of Funds

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section C.07 of this Addendum.

C.04 Conflict of Interest

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

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

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

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

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

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section C.07 of this Addendum.

C.05 Assistance to Employees and Affiliated Parties

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section C.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section C.04 of this Addendum.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section C.07 of this Addendum.

C.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of suspended individuals and organizations (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

C.07 Disclosure and Reporting

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

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

C.08 Electronic Signatures

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

C.09 Fair Housing Policy

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

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

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

C.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party’s response to the request shall comply with applicable law.

Minnesota Housing Mortgage Loans Step Up Program

Procedural Manual

~~July 1~~September , 2026

EQUAL HOUSING OPPORTUNITY

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

An equal opportunity employer.

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

Table of Contents

Chapter 1 – Introduction

1.01 Minnesota Housing Mission Statement

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

1.02 Values Statement

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

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy. We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

We will:

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

1.03 Background

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

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

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

Lenders originate and close loans under their individual underwriting and closing procedures. A Master Servicer purchases and securitizes closed loans originated by a Lender under prescribed program requirements. Lenders are advised that underlying eligible product guidelines and Master Servicer requirements apply, which may be more restrictive than the Minnesota Housing guidelines. Minnesota

Housing's current Master Servicer is U.S. Bank Home Mortgage—Housing Finance Agency Division (U.S. Bank – HFA Division).

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

1.04 Step Up Program

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

1.05 Monthly Payment Loan Program

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

Chapter 2 – Responsible Lending

2.01 Procedural Manual

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

Minnesota Housing reserves the right to:

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

2.02 Single Family Responsible Lending Policy

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

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

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
    - Lenders must evaluate a Borrower's repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
    - Lenders are prohibited from steering
    - Lenders must comply with all rules and regulations for higher priced mortgage loans. Higher priced mortgage loans are defined in 12 CFR 1026.35 (Regulation Z)
    - Lenders are prohibited from delivering high-cost mortgage loans as defined in 12 CFR 1026.32 (Regulation Z)
    - Loans containing prepayment penalties or mandatory arbitration clauses are not permitted

    - Single Premium Credit Life Insurance may not be required, nor can any funds provided by Minnesota Housing be used toward the purchase of any credit insurance products or premiums
- Compliance with the Interagency Guidelines on Nontraditional Mortgage Product Risks
- Compliance with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction

2.03 Evidence of Misconduct

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

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

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

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

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

2.05 Unauthorized Compensation

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

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

2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. Minnesota Housing reserves the right to conduct quality control, audit, and monitoring activities at its sole discretion upon written notice to Lender.

Audited loans are reviewed for:

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

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

2.07 Termination of Lender Participation

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

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

Upon termination of a Lender's Participation Agreement:

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

Remedies and Reinstatement

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

2.08 Representations and Warrants

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

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

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

2.09 Lender Compensation

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

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

2.10 Annual Renewal Requirements

- All Lenders must confirm willingness to participate in the Minnesota Housing Loan programs on an annual basis. This is done by completing the Annual Renewal Forms.

2.11 Marketing Materials Terms of Use

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

Chapter 3 – Master Servicer

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

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

Chapter 4 – Borrower Eligibility

4.01 Borrower

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

4.02 Borrower Age

The Borrower(s) must be eighteen years of age or older or legally emancipated.

4.03 Co-Signers

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

4.04 Principal Residence/Occupancy Requirement

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

4.05 Current Minnesota Housing Borrower Requirements

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

4.06 Qualified Homebuyer Education

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

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

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

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

- Fannie Mae HFA Preferred™ Product Description
- Freddie Mac HFA Advantage® Product Description

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

See AllRegs for additional, specific U.S. Bank– HFA Division requirements.

Table 1/Credit Score Guides

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

4.08 Program Income Limits

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

Chapter 5 – Property Eligibility

5.01 Eligible Properties

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

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

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

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

5.02 Ineligible Properties

Properties not eligible for financing are as follows:

- A unit in a cooperative corporation or a limited equity cooperative corporation
- A recreational or seasonal home
- A single-wide manufactured home, even if permanently affixed to a foundation and taxed as real property
- A property intended to be used as an investment property (except the rental of a second unit in a duplex)

5.03 Ownership Interest

Eligible forms of ownership interest include the following:

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

5.04 Loan and Purchase Price Limits

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

5.05 New Construction Property Requirements

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

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

Chapter 6 – Loan Eligibility

6.01 Eligible Loans

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

Eligible loan types:

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

Eligible Government loan products:

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

Eligible Conventional loan products:

- Fannie Mae HFA Preferred™
- Freddie Mac HFA Advantage®

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

Program loans must satisfy the following criteria:

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

6.02 Interest Rate/Amortization Requirements

Minnesota Housing requires that all loans:

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

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

6.03 Mortgage Term

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

- Step Up Program loans can have a 15, 20, 25 or 30 year term

6.04 Private Mortgage Insurance Coverage Requirements

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

All private mortgage insurance companies must:

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

6.05 Settlement/Closing Costs

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

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

Additional limits:

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

6.06 Gifts

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

6.07 Non-Complying Loans

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

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

Chapter 7 – Downpayment and Closing Cost Loans

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

7.01 Monthly Payment Loan Requirements

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

- Are available only in conjunction with a Minnesota Housing first mortgage loan.
- Are available in whole dollar amounts up to $14,000
- Must occupy a second mortgage lien position when combined with a non-Minnesota Housing Community Subordinate Financing
- Must have an interest rate equal to that of the first mortgage
- Must be fully amortizing and are payable in level monthly payments over a 15-year loan term
- Must have a monthly payment due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Must not include any type of prepayment penalty
- May be used to combine the balance of an existing Monthly Payment Loan into a new Monthly Payment Loan when:
    - The Borrower is refinancing their first mortgage into a Step Up Program loan, and
    - The new Monthly Payment Loan (the combined total of the payoff of the existing Monthly Payment Loan and new funds) does not exceed the Monthly Payment Loan maximum loan amount
- May be used by Borrowers refinancing:
    - A Start Up Program loan into a Step Up Program loan
    - A Step Up Program loan into a new Step Up Program loan
- A first mortgage loan from another institution into a Step Up Program loan
- Must be paid in full when, among other requirements referenced in the loan note, the following occur:
    - The property ceases to be Owner-Occupied;
    - The property is sold or transferred;
    - The first mortgage loan is paid in full, including upon a refinance (see section 7.05 Subordination for subordination information); or the first mortgage loan is in default; or is declared to be due and payable in full.
- May not be assumed

7.02 Non-Minnesota Housing Subordinate Financing

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

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

7.03 Ineligible Use of Monthly Payment Loan

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

7.04 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Step Up Program eligibility requirements. The following requirements for the Monthly Payment Loan must be met:

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

Homebuyer Education. Qualified Homebuyer Education is required of at least one Borrower in a First-Time Homebuyer household. (See section 4.06 for more details.)

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

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

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

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

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

7.06 Monthly Payment Loan Lender Warranties

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

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

7.07 Second Mortgage Application and Loan Disclosure Procedures

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

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

7.08 Subordination

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

- Homeownership Assistance Fund (HAF) Loan
- Deferred Payment Loan (DPL)
- Deferred Payment Loan Plus (DPL+)
- Monthly Payment Loan (MPL)

For mortgages with the First-Generation Homebuyer Loan: Borrower may not have more than one Minnesota Housing First Mortgage, one HAF/DPL/DPL+/MPL loan and one First-Generation Homebuyer Loan open at a time. Review the Minnesota Housing subordination requirements and details in the Subordination Options Guide.

Chapter 8 – Minnesota Housing Loan Commitments

See Minnesota Housing's website for:

- The Lock, Fee, and SRP Guide
- The Loan Commitment System Page

Chapter 9 – Document Requirements

9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

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

9.02 Minnesota Housing Documentation/Delivery Requirements

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

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

Consequence for Non-Compliance

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

9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically, except the Monthly Payment Loan note and mortgage. Under no circumstances may a Borrower or Co-Signer be required to sign a document electronically. The following criteria must be met:

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

9.04 Records Retention

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

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

Chapter 10 – Servicing

10.01 Servicing

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

10.02 Lender Servicing Responsibilities

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

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

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

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

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

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

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

10.03 Assumption/Due-on-Sale

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

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

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

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

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

10.04 Hardship Policy

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

Appendix A – Definitions

Table 2/Definitions

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

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

Appendix B – Forms List

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

Appendix C – Legal Addendum

C.01 Conflict and Control

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

C.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section C.07 of this Addendum.

C.03 Misuse of Funds

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section C.07 of this Addendum.

C.04 Conflict of Interest

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

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

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

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

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

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section C.07 of this Addendum.

C.05 Assistance to Employees and Affiliated Parties

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section C.04 of this addendum;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section C.04 of this Addendum.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section C.07 of this Addendum.

C.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of suspended individuals and organizations (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

C.07 Disclosure and Reporting

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

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

C.08 Electronic Signatures

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

C.09 Fair Housing Policy

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

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

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

C.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

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MINNESOTA HOUSING

Item: Funding Modification, Capacity Building Funds – HOME Line

Consent Item: 6.C
Date: 08/27/2026
Staff Contacts: Ji-Young Choi, 651.296.9839, ji-young.choi@state.mn.us
Joel Salzer, 651.296.9525, joel.salzer@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of the attached resolution to amend HOME Line's existing grant contract agreement to add $425,000 in state appropriated funds for the Tenant Hotline – Capacity Building Grants Program. The amendment would increase the total grant award from $800,000 to $1,225,000 while maintaining the existing grant term end date of September 30, 2027. Grant proceeds will be used to increase HOME Line's capacity to continue providing free and confidential statewide tenant hotline services, including legal information, education and advocacy, to support Minnesota renters and help prevent housing instability and eviction.

Fiscal Impact

Funds are from state appropriated resources with the individual award structured as a grant, which does not earn interest for the Agency.

Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- Resolution

Background and Request

Minnesota Housing administers state-appropriated Capacity Building resources to support activities that strengthen organizations and communities' ability to address housing challenges and expand safe, stable and affordable housing opportunities. HOME Line, an existing Minnesota Housing grantee, provides free tenant legal information, education and advocacy services statewide through its tenant hotline, tenant education workshops and organizing activities. These services are unique in Minnesota and provide critical support to renters, including low-income households and historically underserved communities, by helping prevent housing instability and eviction.

On May 23, 2024, the Minnesota Housing board approved an initial grant commitment of $300,000 to HOME Line (Resolution No. MHFA 24-029) for the period of July 1, 2024, through September 30, 2025. On July 24, 2025, the board approved the first amendment to this contract to extend the grant period through September 30, 2027, and increased the total award to $800,000 (Resolution No. MHFA 25-050).

Through its tenant hotline, HOME Line provides free and confidential legal information to Minnesota renters statewide on critical housing stability issues, including eviction, lease termination, rent increases, habitability concerns, security deposits and landlord-tenant disputes. In SFY 2026, HOME Line assisted more than 21,300 renter households, helped prevent more than 2,500 evictions and supported renters in recovering approximately $2.1 million in improperly withheld security deposits and rent abatements. Demand for HOME Line's services remains high. Recent service data continues to demonstrate increasing demand, including increased inquiries related to eviction prevention and financial assistance needs.

The 2026 Legislature appropriated an additional $425,000 under 2026 Session Law, Chapter 100, Article 1, Section 2 (a)(5), for the Tenant Hotline – Capacity Building Grants Program under Minnesota Statutes, section 462A.21, subdivision 3b. The appropriation specifies that funds must support a statewide tenant education and hotline service providing free and confidential legal advice to all Minnesota renters. The legislation also states Minnesota Housing may award these funds to an existing grantee notwithstanding Minnesota Statutes, section 16C.06, subdivisions 1, 2 and 6.

In accordance with the Office of Grant Management Single Source Grant Policy (08-07), staff determined that HOME Line is the only organization reasonably able to fulfill the purpose and objectives of the legislative appropriation. As part of the required reverification, staff reviewed other organizations providing tenant legal services, housing counseling and tenant advocacy in Minnesota and confirmed that, while several organizations provide related services, none operates a free, confidential, statewide tenant hotline that provides legal advice to all Minnesota renters regardless of income or housing issue as required in the appropriation. HOME Line is the only organization in Minnesota currently providing this combination of requirements.

Staff recommends amending the existing HOME Line Capacity Building grant agreement to add the additional $425,000 in state appropriations, increasing the total grant award from $800,000 to $1,225,000 while maintaining the current grant period end date of September 30, 2027. The additional appropriation supports the same purpose, activities and eligible services already authorized under the existing grant agreement. Therefore, the requirements of the new appropriation can be fully met under the current contract through a funding modification. HOME Line anticipates expending both the existing grant funds and the additional legislative appropriation within the current grant period.

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

RESOLUTION NO. MHFA 26-XXXX
Modifying Resolution No. MHFA 24-029 and MHFA 25-050

RESOLUTION APPROVING COMMITMENT OF CAPACITY BUILDING GRANT PROGRAM FUNDS TO HOME LINE

WHEREAS, at their meeting on May 23, 2024, the board approved $300,000 to HOME Line for a grant term of October 1, 2024, through September 30, 2025 by its Resolution No. MHFA 24-029; and at their meeting on July 24, 2025, the board approved $500,000 to HOME Line for a grant term of October 1, 2025, through September 30, 2027 by its Resolution No. MHFA 25-050;

WHEREAS, the 2026 Legislature appropriated an additional $425,000 under 2026 Session Law, Chapter 100, Article 1, Section 2 (a)(5), for the Tenant Hotline – Capacity Building Grants Program under Minnesota Statutes, section 462A.21, subdivision 3b. The Minnesota Housing Finance Agency (Agency) staff have determined a need to amend the grant contract agreement to provide additional funding for HOME Line to provide free legal advice to tenants through a dedicated statewide tenant hotline; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to provide additional funding in the amount of up to $425,000 of state-appropriated Capacity Building funds for a total grant award of up to $1,225,000 to HOME Line for a grant term through September 30, 2027; and

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

Adopted this 27th day of August 2026

____

CHAIR

MINNESOTA HOUSING

Item: Adoption, Series Resolution Authorizing Issuance and Sale of Additional Series of State Appropriation Bonds (Housing Infrastructure)

Action Item: 7.A
Date: 8/27/2026
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.296.2293, andy.pratt@state.mn.us
Request Type: Approval, Resolution

Request Summary

Agency staff is preparing to issue additional State Appropriation Bonds (Housing Infrastructure), the proceeds of which will be used to finance loans for eligible housing infrastructure projects. The attached resolution outlines the parameters under which the Agency can proceed to issue additional Series of Housing Infrastructure Bonds under legislative authority granted for Housing Infrastructure Bonds during the 2025 legislative session. The resolution also specifies the additional projects that may be financed by Housing Infrastructure Bonds. The Agency anticipates issuing approximately $50 million of Housing Infrastructure Bonds in the fourth quarter of 2026, in coordination with the State’s bond sale.

Fiscal Impact

As with all Housing Infrastructure Bonds, the debt service on these State Appropriation Bonds will be paid from an annual appropriation to the Agency’s bond trustee from the State of Minnesota. There is no direct financial impact to the Agency from this bond issuance. The Agency will earn an origination fee at the closing of each loan financed from the proceeds of the Housing Infrastructure Bonds.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 26-050

RESOLUTION RELATING TO STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE); AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SERIES AND APPROVING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZATION OF ADDITIONAL DEVELOPMENTS TO BE FUNDED WITH PROCEEDS OF PRIOR AUTHORIZED SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY (the "Agency"), as follows:

Section 1. Recitals.

1.01. State Appropriation Bonds; Authority; Purpose (General). The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Sections 462A.37 and 462A.375 thereof, as amended (the "Act") to issue bonds from time to time (the "State Appropriation Bonds") secured by standing appropriations of the State of Minnesota (the "State") for the purpose of, among other things, financing grants with respect to manufactured home parks and loans to borrowers (the "Borrowers") to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto (the "Developments"), with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and rehabilitation of federally assisted rental housing, and other purposes authorized by the Act. Such State Appropriation Bonds shall be equally and ratably secured solely by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture (as hereinafter defined). The State Appropriation Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held under the Indenture (as hereinafter defined), or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the State Appropriation Bonds.

1.02. Authority; Purpose (Series Bonds). The Agency desires to issue its State Appropriation Bonds under Sections 462A.37 and 462A.375 of the Act for the purpose of financing loans to Borrowers, who shall be the owners ("Owners") of the related Developments listed in Exhibit A hereto (or such other entities designated by such Owners which entities agree to make, directly or through intermediaries, corresponding loans to the Borrowers); provided, however, that loans may be made to different or additional Owners with respect to different or additional Developments upon the adoption of a resolution supplemental hereto. The amount of each loan shall be in such amount approved by the Agency and any loan may be forgivable upon such terms as shall be determined by an Authorized Officer of the Agency. The bonds herein authorized shall consist of one or more series of State Appropriation Bonds of the Agency, the first of which is to be designated as "State Appropriation Bonds (Housing Infrastructure), 2026 Series A," in the aggregate principal amount to be determined pursuant to the terms of Section 2.02 of this resolution. Additional series of State Appropriation Bonds issued pursuant to this resolution shall be designated "State Appropriation Bonds (Housing Infrastructure), "____ Series __" and completing the first blank with the calendar year of issuance and the second blank with an uppercase letter as appropriate for the order of such issuance. The maximum collective aggregate principal amount of all series of State Appropriation Bonds issued pursuant to this resolution shall not exceed $50,000,000; the number of series of State Appropriation Bonds and their corresponding principal amounts shall be as determined by the Authorized Officer (as defined herein) pursuant to Section 8 of this resolution, and as set out in the Supplemental Indenture delivered pursuant to this resolution. All such series of State Appropriation Bonds issued pursuant to this resolution are the "Series Bonds."

The Series Bonds will be secured solely, and equally and ratably with the Agency's State Appropriation Bonds, including State Appropriation Bonds hereafter authorized, by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture. The Series Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held and pledged thereto under the Indenture, or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the Series Bonds.

1.03. Sale of Series Bonds. The Agency will negotiate for the sale of the Series Bonds to RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Northland Securities, Inc., Piper Sandler & Co., and Wells Fargo Bank, National Association (collectively, the "Purchasers"). The Agency will issue and sell the Series Bonds to the Purchasers pursuant to one or more Contracts of Purchase to be entered into between the Agency and the Purchasers (the "Purchase Contract"), subject to the parameters set forth in Section 2.02 hereof.

1.04. Documentation. The Series Bonds will be issued pursuant to the Indenture of Trust dated as of August 1, 2013, by and between the Agency and the Trustee (hereinafter defined) and relating to State Appropriation Bonds (Housing Infrastructure) (as amended and supplemented, the "Master Indenture"). Draft forms of the following documents (collectively and together with the Master Indenture, the "Bond Documents") relating to the State Appropriation Bonds and the Series Bonds have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency:

(a) A proposed form of a Supplemental Indenture of Trust (the "Supplemental Indenture"), to be entered into between the Agency and the Trustee, to establish the form and terms of one or more series of the Series Bonds (the Master Indenture and the Supplemental Indenture are collectively referred to herein as the "Indenture");

(b) A proposed form of the Purchase Contract between the Agency and the Purchasers relating to the sale and purchase of one or more series of the Series Bonds;

(c) A proposed form of a Continuing Disclosure Undertaking to be entered into by the Agency and the Trustee; and

(d) A proposed form of Agreement to be entered into between the Agency and the State regarding the State's agreement to provide annual updates of financial information and operating data of the State contained in or incorporated in the Official Statement (as hereinafter defined).

Section 2. Authorization of the Series Bonds and Approval of the Bond Documents.

2.01. Authorization. To provide sufficient funds to be used and expended for the purposes set forth in Section 1.02, the Agency is hereby authorized to issue the Series Bonds in an aggregate principal amount not to exceed \$50,000,000. The Agency is hereby authorized to sell the Series Bonds to the Purchasers to provide funds to be used to make a loan to or for the benefit of each of the Owners to finance the Developments and pay costs of issuance of the Series Bonds.

2.02. Terms of Series Bonds. The Series Bonds shall be initially dated the date of delivery to the Purchasers and shall be in the form prescribed by the Indenture. The final terms of the Series Bonds have not been established as of the date of adoption of this resolution. Any of the Chair, the Commissioner, the Executive Finance Officer, or the Executive Investment Officer of the Agency (each an "Authorized Officer") is hereby authorized to approve the final terms of the Series Bonds, including the redemption provisions of the Series Bonds, subject to the following parameters:

(i) the principal amount of each series of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of \$50,000,000;

(ii) the maturity schedule of each series of the Series Bonds (including any mandatory sinking fund redemption schedule); provided that the Series Bonds mature at any time or times in such amount or amounts not later than August 1, 2048;

(iii) the interest rates borne by each series of the Series Bonds; provided that the true interest cost on a series of the Series Bonds does not exceed 6.75% per annum; and

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

Such approval shall be conclusively evidenced by the execution of the applicable Purchase Contract with the Purchasers by an Authorized Officer.

2.03. Approval of Bond Documents. The forms of the Bond Documents are hereby approved, subject to such modifications as are deemed appropriate and approved by an Authorized Officer, subject to the limitations contained in Section 2.02, which approval shall be conclusively evidenced by execution of the Bond Documents by an Authorized Officer. Copies of all the documents shall be delivered or filed as provided therein. An Authorized Officer is also authorized and directed to execute such other documents and certificates as may be required to give effect to the transactions herein contemplated.

2.04. Preliminary Official Statement; Official Statement. The Agency will receive and examine a draft Preliminary Official Statement containing information relating to the Agency, the State and the Series Bonds. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and the use thereof by the Purchasers in the public offering of the Series Bonds is hereby approved. A final Official Statement, substantially in the form of the Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer and insertion of the terms of the Series Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer, and furnished to the Purchasers for distribution to investors.

Section 3. Appointment of Trustee. Computershare Trust Company, National Association serves as successor Trustee under the Indenture and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Indenture, in trust for the owners of the State Appropriation Bonds, including the Series Bonds and any additional bonds issued and to be issued thereunder.

Section 4. General Tax Covenant. The Agency covenants to not take, or permit or cause to be taken, any action that would adversely affect the exclusion of interest on the Series Bonds from federal income taxation, and to take or cause to be taken any action within its control necessary to maintain such exclusion.

Section 5. Authentication of Proceedings. The Chair, Commissioner, Executive Finance Officer, or Executive Investment Officer, and other officers of the Agency are authorized and directed to furnish to the Purchasers and Bond Counsel certified copies of all proceedings and records of the Agency relating to the Series Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Series Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the truth of all statements of fact contained therein.

Section 6. Limitations of the Agency's Obligations. Notwithstanding anything contained in the State Appropriation Bonds, the Series Bonds or the Bond Documents, the State Appropriation Bonds, including without limitation, the Series Bonds, shall not constitute general obligations of the Agency and shall not be payable from nor constitute a charge, lien or encumbrance, legal or equitable, upon any funds or any property of the Agency other than the appropriations of the State specifically pledged to the payment thereof pursuant to the Bond Documents and the Act and any other funds held under the Indenture expressly pledged thereunder to such payment, and no holder of the State Appropriation Bonds, including without limitation, the Series Bonds, shall ever have the right to enforce payment thereof against any property of the Agency other than those rights and interests of the Agency which have been pledged to the payment thereof pursuant to the Indenture.

Section 7. Advance of Agency Funds. If the Agency desires to fund loans before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund such loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

Section 8. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each series of the Series Bonds, subject to the limitations in Section 2.02 of this resolution. Notwithstanding anything contained in the foregoing sections of this resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell any of the Series Bonds authorized pursuant to this resolution (subject to any applicable provisions of any purchase contract theretofore executed), then such Series Bonds will not be issued or sold in accordance with this resolution.

Section 9. Approval of Additional Developments for State Appropriation Bonds (Housing Infrastructure) Authorized Pursuant to Resolution No. MHFA 24-049 and Resolution No. MHFA 25-047. Section 1.02 of the Agency's Resolution No. MHFA 24-049 and Resolution No. MHFA 25-047, each as supplemented and amended, relating to prior authorized series of State Appropriation Bonds (together, the "Prior Authorizing Resolutions") provides that proceeds of State Appropriation Bonds authorized pursuant to the respective Prior Authorizing Resolutions may be used to finance loans to Borrowers, who shall be the Owners of Developments (a) listed in Exhibit A of such Prior Authorizing Resolution, and (b) different or additional Developments upon the adoption of a resolution supplemental to such Prior Authorizing Resolution. The Agency herein approves the Developments listed in Exhibit A of this resolution as different and additional Developments eligible to receive loans made from proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolutions; this Section 9 shall act as a resolution supplemental to the Prior Authorizing Resolutions.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance Agency this 27th day of August, 2026.

By____________________________________
Chair

Attest: ________________________________
Commissioner

[Resolution No. MHFA 26-050

EXHIBIT A
DEVELOPMENTS AND OWNERS

Development	Owner[1]	Location (MN)	Type of Development
West Transit Village Phase 1	Aeon	Rochester	Senior, Partially Supportive Multifamily; New Construction
Trails Edge Senior Apartments	CCCDA Trail’s Edge Senior, LP	Waconia	Senior, Partially Supportive Multifamily; New Construction
Hilltop Square Apartments	Hilltop Square Apartments of Eagle Bend LLLP	Eagle Bend	Senior, Partially Supportive Multifamily; Adaptive Reuse
Logan Avenue Flats Senior	535 Logan Ave N LLC	Minneapolis	Senior, Partially Supportive Multifamily; New Construction
Innsbruck Townhomes	TCHDC Innsbruck, LLC	Rochester	Partially Supportive Multifamily; Acquisition/Rehab
White Earth Riverland (fka White Earth Homes VI)	White Earth Reservation Housing Authority	Mahnomen	Multifamily; Rehab
Red Pines Estates	Red Pine Estates II, LLLP	Bemidji	Senior, Partially Supportive, and Multifamily; Acquisition/Rehab with New Construction

[1] Or an affiliate thereof or successor thereto.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER [__], 2026

NEW ISSUE **RATINGS:** Moody's: "Aa1"
S&P: "AA+"
(See "Ratings" herein.)

This Official Statement has been prepared by the Minnesota Housing Finance Agency (the "Agency") to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, terms used with initial capital letters on this cover page have the meanings given in this Official Statement.

MINNESOTA HOUSING

$[____________]
Minnesota Housing Finance Agency
$[_________] State Appropriation Bonds (Housing Infrastructure), 2026 Series A (Non-AMT)
$[_________] State Appropriation Bonds (Housing Infrastructure), 2026 Series B (Non-AMT)

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

Tax Exemption Interest on the Series Bonds is excludable from gross income for federal income tax purposes or taxable net income of individuals, estates and trusts for Minnesota income tax purposes, provided interest on any 2026 Series B Bond is not excludable from gross income for federal income tax purposes of any holder of those Series Bonds who is a "substantial user" of a facility financed with the proceeds of those Series Bonds or a "related person" within the meaning of Section 147(a) of the Code. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations.")

Redemption The Agency may redeem all or a portion of the Series Bonds by optional redemption, as described under "The Series Bonds."

Security THE SERIES BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY, AND EQUALLY AND RATABLY, FROM SPECIFIED TRANSFERS EXPECTED TO BE MADE BY THE STATE OF MINNESOTA (THE "STATE") PURSUANT TO LEGISLATION PROVIDING FOR THE APPROPRIATION OF THOSE TRANSFERS FROM THE GENERAL FUND OF THE STATE TO THE AGENCY (THE "HOUSING INFRASTRUCTURE STATE APPROPRIATIONS"), AND MONEYS AND SECURITIES HELD FROM TIME TO TIME IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE (AS HEREIN DEFINED) AND PLEDGED TO THAT PAYMENT. THE AGENCY HAS NOT PLEDGED ANY OTHER REVENUES OR ASSETS, NOR THE FULL FAITH AND CREDIT OF THE AGENCY, TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES BONDS. THE AGENCY HAS NO TAXING POWER. THE SERIES BONDS ARE NOT INDEBTEDNESS OR ANOTHER OBLIGATION OF THE STATE AND ARE NOT PUBLIC DEBT OF THE STATE. THE STATE HAS NOT PLEDGED ITS FULL FAITH AND CREDIT AND TAXING POWER TO PAYMENT OF THE SERIES BONDS OR TO TRANSFERS TO THE AGENCY OF THE HOUSING INFRASTRUCTURE STATE APPROPRIATIONS. PURSUANT TO MINNESOTA LAW, THE MINNESOTA LEGISLATURE MAY REDUCE OR REPEAL THE HOUSING INFRASTRUCTURE STATE APPROPRIATIONS IN THEIR ENTIRETY. THE HOUSING INFRASTRUCTURE APPROPRIATIONS ARE ALSO SUBJECT TO REDUCTION THROUGH UNALLOTMENT. See "Nature of Obligation and Source of Payment."

Interest Payment Dates February 1 and August 1, commencing February 1, 2027, and, for any Series Bonds to be redeemed, the redemption date.

Denominations $5,000 or any multiple thereof.

Closing/Settlement October [__], 2026 through the facilities of DTC in New York, New York.

Bond Counsel Kutak Rock LLP.

Underwriters' Counsel Dorsey & Whitney LLP.

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

Book-Entry-Only System The Depository Trust Company. See Appendix B hereto.

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

RBC Capital Markets

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

The date of this Official Statement is September [__], 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

2026 Series A Bonds (Non-AMT)

Due (August 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP**
2027	$	%	%	%	
2028					
2029					
2030					

2026 Series B Bonds (Non-AMT)

Due (August 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP**
2031	$	%	%	%	
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					

$[______] [___]% Term Bonds Due [August 1, 2047], Price: [_____]%, Yield [___]% (CUSIP: [______])**

* Priced at the stated yield to the August 1, 2034 optional redemption date at par. (See "THE SERIES BONDS—Optional Redemption" herein).

** CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc.

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

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

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

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

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

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OFFICIAL STATEMENT
relating to
$[__________]
MINNESOTA HOUSING FINANCE AGENCY
STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE)
2026 SERIES A AND 2026 SERIES B

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency"), created by Minnesota Statutes, Chapter 462A, as amended (the "Act"), the State of Minnesota (the "State"), and the State Appropriation Bonds (Housing Infrastructure), 2026 Series A (the "Series 2026A Bonds"), and State Appropriation Bonds (Housing Infrastructure), 2026 Series B (the "Series 2026B Bonds;" and collectively with the Series 2026A Bonds, the "Series Bonds"), in connection with the offering and sale of the Series Bonds by the Agency and for the information of all who may become initial Owners of the Series Bonds.

The Agency is issuing the Series Bonds pursuant to the Act, an Indenture of Trust, dated as of August 1, 2013, as supplemented by a Fifteenth Supplemental Indenture of Trust, to be dated as of October 1, 2026 (as so supplemented, and as amended and supplemented from time to time in accordance with its terms, the "Indenture"), each between the Agency and Computershare Trust Company, National Association, as successor trustee (the "Trustee"). Pursuant to the Indenture, the Agency has issued 33 series of its State Appropriation Bonds (Housing Infrastructure), consisting of its State Appropriation Bonds (Housing Infrastructure), 2013 Series A and 2013 Series B (the "Series 2013 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2014 Series A and 2014 Series B (the "Series 2014 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2015 Series A, 2015 Series B and 2015 Series C (the "Series 2015 Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2016 Series A and 2016 Series B (the "Series 2016AB Bonds") and 2016 Series C (the "Series 2016C Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2017 Series A (the "Series 2017A Bonds"), its State Appropriation Bonds (Housing Infrastructure), 2018 Series A (the "Series 2018A Bonds"), 2018 Series B (the "Series 2018B Bonds"), 2018 Series C and 2018 Series D (the "Series 2018CD Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2019 Series A and 2019 Series B (the "Series 2019AB Bonds"), and 2019 Series C and 2019 Series D (the "Series 2019CD Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2020 Series A, 2020 Series B and 2020 Series C (the "Series 2020ABC Bonds") and 2020 Series D (the "Series 2020D Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2021 Series A, 2021 Series B and 2021 Series C (the "Series 2021ABC Bonds") and 2021 Series D (the "Series 2021D Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2022 Series A (the "Series 2022A Bonds") and 2022 Series B and 2022 Series C (the "Series 2022BC Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2023 Series A and 2023 Series B (the "Series 2023AB Bonds"), its State Appropriation Bonds (Housing Infrastructure) 2024 Series A (the "Series 2024A Bonds"), and its State Appropriation Bonds (Housing Infrastructure) 2025 Series A and 2025 Series B (the "Series 2025AB Bonds", and collectively with the Series 2013 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016AB Bonds, the Series 2016C Bonds, the Series 2017A Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2018CD Bonds, the Series 2019AB Bonds, the Series 2019CD Bonds, the Series 2020ABC Bonds, the Series 2020D Bonds, the Series 2021ABC Bonds, the Series 2021D Bonds, the Series 2022A Bonds, the Series 2022BC Bonds, the Series 2023AB Bonds, and the Series 2024A Bonds, the "Prior Series Bonds") in the original aggregate principal amount of $[561,090,000], of which $[461,985,000] are outstanding. The Series Bonds, the Prior Series Bonds and any additional bonds (the "Additional Bonds") issued pursuant to the Indenture are equally and ratably secured thereunder and are herein called the "Bonds.

The Indenture includes definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix A. The summaries and references in this Official Statement to the Act and the Indenture and other documents are only outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Indenture are qualified in their entirety by reference to the Act and Indenture, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State, established in 1971 pursuant to the Act. Section 462A.37 of the Act authorizes the Agency to issue its bonds to fund loans, or grants with respect to manufactured home parks and single family housing ("Housing Infrastructure Loans"), to pay for all or a portion of the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence with a preference to be given for developments serving certain individuals and families; all or a portion of the costs of the acquisition and rehabilitation of property to be used for affordable rental housing and the construction of rental housing on that property where the existing structures will be demolished or removed; that portion of the costs of the acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; all or a portion of the costs of the acquisition, rehabilitation and replacement or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit; acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing; all or a portion of the costs of construction, acquisition, adaptive reuse, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of the area median income; all or a portion of the costs of construction, acquisition, rehabilitation, conversion, and development of cooperatively owned housing created under state law that is affordable to low- and moderate-income households; and all or a portion of the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking.

The Agency is issuing the Series Bonds to provide money to fund Housing Infrastructure Loans and to pay costs of issuance of the Series Bonds. (See "Estimated Sources and Uses of Funds.") For a description of the developments expected to be financed with proceeds of the Series Bonds, see "The Developments" herein. The Series Bonds are secured, on parity with the Prior Series Bonds and Additional Bonds, if any, hereafter issued under the Indenture, by a pledge made by the Agency under the Indenture of all amounts appropriated to the Agency by the State pursuant to Section 462A.37 of the Act (the "Housing Infrastructure State Appropriations"). Section 462A.37 of the Act provides that amounts necessary to pay principal of and premium, if any, and interest on housing infrastructure bonds issued pursuant to Section 462A.37 of the Act, and the fees, charges and expenses related thereto, are appropriated annually from the State general fund (the "General Fund") to the Commissioner of Management and Budget for transfer to the Agency. The amount appropriated with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, will not exceed $2,200,000 annually for transfer to the Agency through July 15, 2035. The amount appropriated with respect to Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, will not exceed $6,400,000 annually for transfer to the Agency through July 15, 2037. The amount appropriated with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, will not exceed $800,000 annually for transfer to the Agency through July 15, 2038. The amount appropriated with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, will not exceed $2,800,000 annually for transfer to the Agency through July 15, 2040. The amount appropriated with respect to the Series 2019CD Bonds, the Series 2020ABC Bonds and the Series 2021A Bonds, collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2020, through July 15, 2041. The amount appropriated with respect to the Series 2020D Bonds and the Series 2021B Bonds, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2022, through July 15, 2043. The amount appropriated with respect to the Series 2021CD Bonds and the Series 2022A Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2022, through July 15, 2043. The amount appropriated with respect to the Series 2022BC Bonds, the Series 2023AB Bonds, and the Series 2024A Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2023, through July 15, 2044. The amount appropriated with respect to the 2025AB Bonds, collectively, in an aggregate principal amount up to $50,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2026, through July 15, 2047. The amount appropriated with respect to the Series Bonds and any Additional Bonds, collectively, in an aggregate principal amount up to $50,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2027, through July 15, 2048. Upon the issuance of the Series Bonds, there will be approximately $100,000,000 authorized but unissued debt supported by the Housing Infrastructure State Appropriations ($[3,910,000] of previously authorized but unissued debt having been either canceled or not supported by the remaining portion of the appropriation limit), relating to the $100,000,000 of debt authorized by the Minnesota Legislature by an amendment to Section 462A.37 of the Act in May 2026.

The Series Bonds are special, limited obligations of the Agency. The Series Bonds are not general obligations of the Agency and the Agency has not pledged its general funds to the payment of the Series Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Series Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency pay principal of, premium, if any, or interest on the Series Bonds from the general revenues or assets of the Agency. The Act provides that the Bonds are not public debt of the State. The State has not pledged its full faith and credit and taxing powers to payment of the Series Bonds or to payment of the Housing Infrastructure State Appropriations. Pursuant to Minnesota law, the Minnesota Legislature (the "Legislature") may reduce or repeal the Housing Infrastructure State Appropriations in their entirety. The Housing Infrastructure State Appropriations are also subject to unallotment under Minnesota Statutes, Section 16A.152. See "Nature of Obligation and Source of Payment" and "Appendix A – Summary of Certain Provisions of the Indenture."

THE AGENCY

Purpose

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

Structure

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

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

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

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

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

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

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

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

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

Staff

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

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

The principal officers and staff related to the program associated with the developments to be funded with Housing Infrastructure Loans are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner may be confirmed or rejected by the advice and consent of the Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation’s first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

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

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

Matthew Dieveney — Executive Investment Officer, appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the

Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

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

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

[INSERT BIO OR PLACE HOLDER FOR ASSISTANT COMMISSIONER BIO/VACANCY NOTICE]

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

Agency Continuity of Operations Plan

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

Cybersecurity

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

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

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

THE SERIES BONDS

General

The Series Bonds will be fully registered bonds issued in the denominations of $5,000 or any integral multiple thereof of single maturities. The Series Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for each series of the Series Bonds. Computershare Trust Company, National Association, St. Paul, Minnesota, serves as successor Trustee under the Indenture. Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See "Appendix B — Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer. The Series Bonds mature on the dates and in the amounts set forth on the inside front cover hereof, subject to prior redemption as hereinafter described.

The Series Bonds will bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2027, and, for any Series Bonds then to be redeemed, on any redemption date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. Interest on the Series Bonds is calculated on the basis of a 360-day year composed of twelve 30-day months and will be payable to the Owners of record in the bond registration books maintained by the Trustee as of the Record Date.

Optional Redemption

The Agency may redeem Series Bonds maturing on or after [August 1, 2036], at its option, in whole or in part, on any date on or after [August 1, 2035], from the stated maturities and in the principal amounts selected by the Agency, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption

The 2026 Series B Bonds with a stated maturity in [2047] are subject to mandatory sinking fund redemption in part on August 1 in the applicable years and in the principal amounts, plus accrued interest, without premium, as follows:

Year	Principal Amount	Year	Principal Amount
[2046	$	2047 (maturity)	$]

The principal amount of each series of the Series Bonds required to be redeemed on each sinking fund payment date set forth above will be reduced by the principal amount of those Series Bonds, accompanied by written instructions to that effect by an Authorized Officer of the Agency at least 45 days prior to the redemption date that have been either (i) purchased by and on behalf of the Agency and delivered to the Trustee for cancellation, or (ii) redeemed other than through mandatory sinking fund redemption, and that have not been previously made the basis for a reduction of the principal amount of that series of the Series Bonds to be redeemed on the sinking fund payment date; provided, however, that for any reduction, the Agency delivers to the Trustee an Agency Certificate certifying that the principal and interest payable on Outstanding Bonds in the current or any future Fiscal Year do not exceed the maximum amount of Housing Infrastructure State Appropriations authorized by the Act to be paid in that Fiscal Year.

General Redemption Provisions

The Trustee must mail notice of redemption, first-class postage prepaid, not less than 30 days before the Redemption Date, to each Owner of Series Bonds to be redeemed; but neither the failure to mail notice to the Owner of any particular Series Bond nor any defect in any notice so mailed will affect the validity of the proceedings for redemption of any Series Bond not affected by that failure or defect.

If notice of redemption has been given and funds sufficient to pay the redemption price are on deposit with the Trustee, on the Redemption Date the Series Bonds to be redeemed become due and payable at the Redemption Price specified and on and after that date (unless the Agency defaults in the payment of the Redemption Price) those Bonds will cease to bear interest.

NATURE OF OBLIGATION AND SOURCE OF PAYMENT

General

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. The Agency expects that the Housing Infrastructure State Appropriations will be transferred on July 15 of each year from the General Fund of the State to the Agency by the Commissioner of Management and Budget pursuant to Section 462A.37 of the Act and has pledged the Housing Infrastructure State Appropriations pursuant to the Indenture to the payment of the Bonds. The Bonds are not general obligations of the Agency and the Agency has not pledged its general revenues or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from the general revenues or assets of the Agency, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency does not expect that any revenues from the Housing Infrastructure Loans will be available to pay debt service on the Bonds, and has not pledged payments on the Housing Infrastructure Loans, if any, to pay principal of or interest on the Bonds.

In the opinion of Bond Counsel, Housing Infrastructure State Appropriations from the General Fund to the Agency do not require further State or other approval except as expressly provided in the Act. See "—The Housing Infrastructure State Appropriations" and "—Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations" hereunder.

The Indenture provides that, as received each year, all Housing Infrastructure State Appropriations paid by the State to the Agency will be remitted by the Agency to the Trustee for deposit into the Bond Fund held under the Indenture and that amounts in the Bond Fund are irrevocably pledged to and must be used for the payment of principal of and premium (if any) and interest on the Bonds, as and when principal, premium and interest become due and payable. The Trustee may also use moneys in the Bond Fund in excess of the amount necessary to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year to pay fees, charges and expenses with respect to the Bonds, except as otherwise required under the Indenture upon occurrence of Event of Default and with respect to advances, counsel fees and other expenses reasonably made or incurred by the Trustee (see "Appendix A — Summary of Certain Provisions of the Indenture — Application of Revenues and Other Moneys After Event of Default" and "—Compensation of Trustee"). Upon written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a sinking fund payment date on either of the next two interest payment dates after that purchase, provided that the Bonds are delivered to the Trustee for cancellation upon purchase.

The Indenture further provides that proceeds of the Series Bonds will be deposited by the Agency in the Program Fund (the "Program Fund"). The money in the Program Fund will be held in trust by the Trustee and applied to the funding of certain Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee is to create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. See "Appendix A — Summary of Certain Provisions of the Indenture."

The Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides that the Agency may issue up to $615,000,000 of housing infrastructure bonds in one or more series to which Housing Infrastructure State Appropriations may be pledged. To qualify as housing infrastructure bonds, the Bonds must be "qualified 501(c)(3) bonds" (within the meaning of Section 145(a) of the Internal Revenue Code of 1986, as amended (the "Code")), finance qualified residential rental projects within the meaning of Section 142(d) of the Code, finance the construction or rehabilitation of single-family houses that qualify for mortgage financing within the meaning of Section 143 of the Internal Revenue Code or not be "private activity bonds" (within the meaning of Section 141(a) of the Code). The Bonds may be issued for the purpose of making loans, or grants with respect to manufactured home parks and single family housing, on terms and conditions the Agency deems appropriate, to finance all or a portion of the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence with a preference to be given for developments serving certain individuals and families; all or a portion of the costs of the acquisition and rehabilitation of property to be used for affordable rental housing and the construction of rental housing on that property where the existing structures will be demolished or removed; that portion of the costs of the acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; all or a portion of the costs of the acquisition, rehabilitation and replacement or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit; and all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing; all or a portion of the costs of construction, acquisition, adaptive reuse, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of the area median income; all or a portion of the costs of construction, acquisition, rehabilitation, conversion, and development of cooperatively owned housing created under state law that is affordable to low- and moderate-income households; all or a portion of the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking; and for other authorized purposes under the

Act. For a description of the developments expected to be financed with proceeds of the Series Bonds, see "The Developments" herein.

Section 462A.37 of the Act requires the Agency to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds. The amount so certified with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, may not exceed $2,200,000 annually for appropriation on July 15 of each year until July 15, 2035. The amount so certified with respect to the Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, may not exceed $6,400,000 annually, for appropriation on July 15 of each year until July 15, 2037. The amount so certified with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, may not exceed $800,000 annually for appropriation on July 15 of each year until July 15, 2038. The amount so certified with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, may not exceed $2,800,000 annually for appropriation on July 15 of each year until July 15, 2040. The amount so certified with respect to the Series 2019CD Bonds, the Series 2020ABC Bonds and the Series 2021A Bonds, collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2020 through July 15, 2041. The amount so certified with respect to the Series 2020D Bonds and the Series 2021B Bonds, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2022 through July 15, 2043. The amount so certified with respect to the Series 2021CD Bonds and the Series 2022A Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2022 through July 15, 2043. The amount so certified with respect to the Series 2022BC Bonds, the Series 2023AB Bonds, and the Series 2024A Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2023 through July 15, 2044. The amount so certified with respect to the Series 2025AB Bonds, collectively, in an aggregate principal amount up to $50,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2026 through July 15, 2047. The amount so certified with respect to the Series Bonds and any Additional Bonds, collectively, in an aggregate principal amount up to $50,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2027 through July 15, 2048. Appropriations will be made from the General Fund to fund transfers by the Commissioner of Management and Budget to the Agency to pay debt service on the Outstanding Bonds and related fees, charges and expenses. The amounts appropriated to the Agency pursuant to Section 462A.37 of the Act are the "Housing Infrastructure State Appropriations."

Under the Indenture, the Agency has covenanted to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds.

The Act contains no provision establishing any right of Owners of Outstanding Bonds to require the Commissioner of Management and Budget to make the specified Housing Infrastructure State Appropriations or limiting the ability of the State to amend or repeal Section 462A.37 of the Act or, by other legislative, executive or judicial action, to adversely affect the amount or timely transfer of Housing Infrastructure State Appropriations.

Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides for annual Housing Infrastructure State Appropriations of funds from the General Fund to the Agency for payment of Outstanding Bonds, conditioned upon certification by the Agency to the Commissioner of Management and Budget of the actual amount of annual debt service on each series of Outstanding Bonds. The Housing Infrastructure State Appropriations constitute an appropriation for future years that does not require any further action by the Legislature. However, pursuant to Minnesota law, the Legislature may reduce or repeal a standing appropriation in its entirety. The Legislature is prohibited from acting to bind any future Legislature. **Any of: (i) a legislative reduction or repeal of the Housing Infrastructure State Appropriations established by Section 462A.37 of the Act; (ii) an unallotment of, or other executive action affecting, the Housing Infrastructure State Appropriations established by Section 462A.37 of the Act; or (iii) a partial government shutdown affecting the practical ability of the Commissioner of Management and Budget to make transfers of Housing Infrastructure State Appropriations to the Agency could prevent the anticipated full and timely payment of interest and principal then due on the Series Bonds. In addition, prospective secondary market purchaser concerns that such an event might occur could materially and adversely affect the market price of the Outstanding Series Bonds even if the event does not in fact occur.**

Reduction or Repeal of Appropriation.

Housing Infrastructure State Appropriations. The Housing Infrastructure State Appropriations constitute a standing appropriation that does not require any further action by the Legislature for payments to be made in future years. However, as provided by Minnesota law, the Legislature may reduce or repeal a standing appropriation entirely. The State cannot give any assurance that the Legislature will not reduce or repeal the Housing Infrastructure State Appropriations.

Appropriations Other Than Housing Infrastructure State Appropriations. Certain State appropriations (other than the Housing Infrastructure State Appropriations) for limited payment obligations of the State are not standing appropriations and, thus, require action by the Legislature on an annual or biennial basis. The State's obligation to make payments on these State or other obligations is not a general or moral obligation indebtedness of the State; rather the State is obligated to make payments only to the extent moneys are appropriated from time to time for that purpose. In the past, the Legislature has failed to make appropriations as necessary to pay in full debt service on State or other obligations, including in 1980 and 1981, when an appropriation to the Minnesota State Zoological Board (the "Zoo Board") of net revenues of a zoo ride facility were insufficient to allow the Zoo Board to make payments pursuant to an installment purchase agreement, which payments had been assigned to holders of certificates of participation in that agreement. In 1989, the Legislature declined to appropriate funds to St. Cloud State University as necessary to make certain payments under an energy services agreement, which payments had been assigned to an indenture trustee as security for the payment of principal of and interest on industrial development revenue bonds issued by the City of St. Cloud, Minnesota. On May 25, 2017, the Legislature adjourned the 2017 special legislative session having adopted legislation that included appropriations to the House and Senate for fiscal years 2018 and 2019. On May 30, 2017, the Governor line-item vetoed these appropriations, which had included the funds necessary for the Senate to make rental payments under a Lease-Purchase Agreement (the "Lease"), which payments had been assigned to the holders of certificates of participation in such Lease (the "Certificates"). The failure to make such an appropriation represented an event of nonappropriation under the Lease, but the Lease was never terminated, and the Certificates were not called for extraordinary mandatory redemption. Legislation adopted in the 2018 Regular Legislative Session, and signed into law by the Governor, appropriated funds to the House and Senate for fiscal years 2018 and 2019, thus restoring funding needed to make the rental payments under the Lease. As a result of this appropriation, there was no longer an event of nonappropriation under the Lease and the Lease remains in full force and effect. As previously stated, the limited payment obligations of the State described in this paragraph were not standing appropriations and, unlike the Series Bonds, required affirmative action by the Legislature on an annual or biennial basis for State payments to be made in respect of said obligations.

Unallotment. The Housing Infrastructure State Appropriations are subject to executive unallotment, in whole or in part, under Minnesota Statutes, Section 16A.152. Article XI, Section 6 of the Minnesota Constitution requires a balanced budget for the State. Pursuant to that requirement, Minnesota law requires the Governor to submit a proposed State budget to the Legislature by the end of January of each odd-numbered year for that year and the ensuing even-numbered year (those years together, the "biennium"). On July 1 of each odd-numbered year, the Commissioner of Management and Budget transfers to the Budget Reserve Account within the General Fund (the "Budget Reserve") any amounts specifically appropriated by law to the Budget Reserve. Pursuant to Minnesota Statutes, Section 16A.152, if the Commissioner of Management and Budget determines that probable receipts for the General Fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the Commissioner of Management and Budget, with the approval of the Governor, may use amounts in the Budget Reserve to balance the State budget. Section 16A.152 further permits the Commissioner of Management and Budget, with the approval of the Governor, to "unallot" funds as follows:

> (a) An additional deficit shall, with the approval of the Governor, and after consulting the Legislative Advisory Commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the Commissioner of Management and Budget is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.
>
> (b) If the Commissioner of Management and Budget determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the Commissioner of Management and Budget shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.
>
> (c) In reducing allotments, the Commissioner of Management and Budget may consider other sources of revenue available to recipients of State appropriations and may apply allotment reductions based on all sources of revenue available.

During and after the legislative sessions, revenues are updated to reflect legislative actions that have a direct impact on State revenues and changes in economic conditions that may materially affect the results of previous revenue forecasts. If, during the course of the fiscal year, the Commissioner of Management and Budget discovers that probable revenues will be less than anticipated, the Commissioner, with the approval of the Governor, is required to reduce allotments as necessary to balance expenditures and revenues forecast for the then current biennium. The Governor also has the authority to request legislative actions to provide additional sources of revenue, but those requests do not relieve the Commissioner of Management and Budget of his or her obligation to reduce allotments to State agencies.

The executive branch has imposed unallotments in prior fiscal years, but not with respect to the payment of debt service. Over the past thirty years, the unallotment procedure has been used as follows: $195 million of unallotments in 1980; in 1981 local government aid payments were unallotted in November and December but were reallotted and paid by February 26, 1982; $109 million of unallotments in 1986; $281 million of unallotments in 2003; $271 million of unallotments in 2008; and $2.68 billion of unallotments in 2009. The 2009 unallotment was unique in that it resulted from the passage of appropriation bills for the fiscal biennium, but the then-Governor vetoed a tax bill that would have balanced the biennial budget by raising revenues and shifting payments. In litigation challenging the 2009 unallotments, the Minnesota Supreme Court concluded that unallotment could not be used to balance the budget for an entire biennium when balanced spending and revenue has not been agreed upon by the legislature and the Governor. The legislature and Governor subsequently agreed to a balanced budget for the biennium. While appropriations from the General Fund for payment of debt service have not previously been unallotted, the State cannot give any assurance that unallotment of the Housing Infrastructure State Appropriations will not be imposed in any future year.

Other Risks. There can be no assurance that other events outside the control of the Commissioner of Management and Budget, such as a temporary State government shutdown, will not affect the ability of the Commissioner of Management and Budget to make timely payments of principal of and interest on the Series Bonds.

The Bonds are not general obligations of the Agency and the Agency has not pledged its general funds or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from its general revenues, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to the annual transfers of Housing Infrastructure State Appropriations to the Agency.

Additional Bonds

In addition to the Series Bonds described herein, the Agency may in its discretion issue up to $100,000,000 in principal amount of Additional Bonds to provide funds to make additional Housing Infrastructure Loans and pay costs of issuance of such Additional Bonds and other purposes authorized by Section 462A.37 of the Act. Any Additional Bonds are to be authorized by a resolution of the Agency and prescribed in a supplemental indenture (a "Supplemental Indenture") executed by the Agency and the Trustee and which, when so issued, authorized and prescribed, will be secured by the Indenture and the Trust Estate, consisting primarily of Housing Infrastructure State Appropriations, on a parity with the Bonds then Outstanding under the Indenture; provided that no Additional Bonds are to be issued under the Indenture or secured by the Trust Estate on a parity with the Outstanding Bonds unless there is delivered to the Trustee the following: (a) An Agency resolution authorizing the issuance of the Additional Bonds and the sale thereof to the purchaser or purchasers named therein; (b) an Agency order directing the authentication of a specified principal amount of Additional Bonds of a specified series and the delivery thereof to or upon the order of the purchaser or purchasers named therein upon payment of the purchase price set forth therein; (c) an Agency Certificate to the effect that the principal and interest required to be paid on the Outstanding Bonds, including the Additional Bonds to be issued, in the current and any future Fiscal Year, does not exceed the maximum amount of Housing Infrastructure State Appropriations authorized by the Act in any Fiscal Year; (d) an opinion of Bond Counsel (i) stating that all conditions precedent provided in the Indenture relating to the authentication and delivery of the Additional Bonds have been complied with, and (ii) stating that the Additional Bonds whose authentication and delivery are then applied for, when issued and executed by the Agency and authenticated and delivered by the Trustee, will be the valid and binding special, limited obligations of the Agency in accordance with their terms and entitled to the benefits of and secured by the lien of the Indenture, subject to customary qualifications and assumptions; (e) an executed counterpart of the Supplemental Indenture creating the Additional Bonds; and (f) written confirmation from each Rating Agency that issuance of the Additional Bonds will not impair the then existing rating on Outstanding Bonds.

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DEBT SERVICE REQUIREMENTS ON OUTSTANDING BONDS

The following table sets forth, for each Fiscal Year of the State ending June 30, the amounts to be required for payment of interest on (net of capitalized interest) and principal at maturity or mandatory sinking fund redemption of the Prior Series Bonds and the Series Bonds (assuming no optional redemption of those Bonds) and which are required to be paid from the Housing Infrastructure State Appropriations:

Fiscal Year	Prior Series Bonds		Series Bonds		
Ending June 30	Principal	Interest	Principal	Interest	Total
[2026	$17,465,000	$18,424,506	$ --	$ --	$35,889,506
2027	18,280,000	17,630,925	1,285,000	2,363,294	39,559,219
2028	19,095,000	16,801,825	1,355,000	2,297,294	39,549,119
2029	19,935,000	15,965,525	1,420,000	2,227,919	39,548,444
2030	20,820,000	15,080,278	1,495,000	2,155,044	39,550,322
2031	21,775,000	14,125,131	1,570,000	2,078,419	39,548,550
2032	22,765,000	13,135,366	1,650,000	1,997,919	39,548,284
2033	23,825,000	12,087,831	1,735,000	1,913,294	39,561,125
2034	24,925,000	10,974,106	1,825,000	1,824,294	39,548,400
2035	26,110,000	9,802,431	1,915,000	1,730,794	39,558,225
2036	27,305,000	8,596,891	2,015,000	1,632,544	39,549,434
2037	26,460,000	7,419,263	2,120,000	1,529,169	37,528,431
2038	27,630,000	6,248,844	2,225,000	1,420,544	37,524,388
2039	22,315,000	5,172,391	2,340,000	1,306,419	31,133,809
2040	22,475,000	4,216,125	2,460,000	1,186,419	30,337,544
2041	23,450,000	3,239,125	2,585,000	1,060,294	30,334,419
2042	22,085,000	2,262,525	2,720,000	927,669	27,995,194
2043	17,350,000	1,414,125	2,860,000	788,169	22,412,294
2044	18,090,000	677,400	3,005,000	641,544	22,413,944
2045	7,295,000	155,750	3,145,000	501,553	11,097,303
2046	--	--	3,280,000	366,988	3,646,988
2047	--	--	3,425,000	224,506	3,649,506
2048	--	--	3,570,000	75,863	3,645,863]

Under the Indenture, Housing Infrastructure State Appropriations are to be credited to the Bond Fund and applied to the payment of principal of and interest on Outstanding Bonds before being applied to the payment of fees, charges and expenses with respect to the Bonds. (See "Appendix A—Summary of Certain Provisions of the Indenture—Bond Fund.")

STATE FINANCIAL INFORMATION

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. Specified transfers expected to be made by the State pursuant to Section 462A.37 of the Act are pledged pursuant to the Indenture for the payment of the Outstanding Bonds. (See "Nature of Obligation and Source of Payment.") Potential purchasers and Owners of the Series Bonds are advised to consider the likelihood of their full and timely receipt of principal and interest payments on the Series Bonds when due on the basis of the financial condition of the State, rather than that of the Agency.

Basic financial statements for the State for the Fiscal Year ended June 30, 2025, as well as certain additional information concerning the State, are included in the Official Statement of the State of Minnesota dated [September 9, 2026] prior to the publication of this Official Statement (the "[September 9, 2026] State Official Statement") with respect to its $[_________] General Obligation State Bonds, which is attached hereto as Appendix E. The State most recently released certain revenue and expenditure forecasts prepared by the Department of Management and Budget in February 2026. Information concerning this forecast is included in the [September 9, 2026] State Official Statement in Appendix B thereto under the caption "Biennium Budgets—February 2026 Forecast—Current Biennium." The next official forecast of revenue and expenditures will be prepared in November 2026 and will be released in early December 2026.

The November 2026 forecast of revenue and expenditures will be available on the Minnesota Management and Budget website (www.mn.gov/mmb/) and on the Municipal Securities Rulemaking Board's internet repository named "Electronic Municipal Market Access" ("EMMA") filed with respect to the Series Bonds. Any amendment or supplement to the basic financial statements of the State, and any subsequent financial statements published by the State and made publicly available in a State official statement or revenue and expenditure forecast required by statute or an official quarterly economic update published by the State on the Minnesota Management and Budget website and also filed on EMMA with respect to the Series Bonds, to and including a date 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 of the Securities and Exchange Commission) applicable to the Series Bonds offered hereby, will be deemed to be incorporated by reference in this Official Statement from the date made publicly available. No other information on the Minnesota Management and Budget website or on EMMA is incorporated into this Official Statement. Any statement contained in any document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently publicly available document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

THE DEVELOPMENTS

The Series Bonds are being issued to provide money for the Agency to fund Housing Infrastructure Loans for the purposes permitted to be funded pursuant to Section 462A.37 of the Act.

A Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, construction and equipping of a multifamily housing development serving seniors to be known as West Transit Village Phase 1 in Rochester, Minnesota. The development will consist of a 75-unit residential rental housing development with support services. The development will be acquired and constructed by Aeon, a Minnesota nonprofit corporation, or an affiliate thereof or successor thereto, whose registered address is in Minneapolis, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, construction and equipping of a multifamily housing development serving seniors to be known as Trails Edge Senior Apartments in Waconia, Minnesota. The development will consist of a 43-unit residential rental housing development with support services. The development will be acquired and constructed by CCCDA Trail's Edge Senior, LP, a Minnesota limited partnership, or an affiliate thereof or successor thereto, whose registered address is in Chaska, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, adaptive reuse, construction and equipping of a multifamily housing development serving seniors to be known as Hilltop Square Apartments in Eagle Bend, Minnesota. The development will consist of a 23-unit residential rental housing development with support services. The development will be acquired and converted by Hilltop Square Apartments of Eagle Bend LLLP, a Minnesota limited liability limited partnership, or an affiliate thereof or successor thereto, whose registered address is in St. Augusta, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, construction and equipping of a multifamily housing development serving seniors to be known as Logan Avenue Flats Senior in Minneapolis, Minnesota. The development will consist of a 48-unit residential rental housing development with support services. The development will be acquired and constructed by 535 Logan Ave N LLC, a Minnesota limited liability company, or an affiliate thereof or successor thereto, whose registered address is in Plymouth, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily housing development to be known as Innsbruck Townhomes in Rochester, Minnesota. The development will consist of a 40-unit residential rental housing development with support services. The development will be acquired and rehabilitated by Innsbruck, LLLP, a Minnesota limited liability limited partnership, or an affiliate thereof or successor thereto, whose registered address is in St. Paul, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily housing development to be known as White Earth Riverland (fka White Earth Homes VI) in Mahnomen, Minnesota. The development will consist of a 40-unit residential rental housing development. The development will be acquired and rehabilitated by White Earth Reservation Housing Authority, a Minnesota tribal entity, or an affiliate thereof or successor thereto, whose registered address is in Waubun, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the costs of the acquisition, construction and equipping of a multifamily housing development serving seniors to be known as Red Pine Estates in Bemidji, Minnesota. The development will consist of a 86-unit residential rental housing development with support services. The development will be acquired and constructed by Red Pine Estates II, LLLP, a Minnesota limited liability limited partnership, or an affiliate thereof or successor thereto, whose registered address is in Golden Valley, Minnesota.

Housing Infrastructure Loans may be made to finance a portion of the cost of infrastructure redevelopment in manufactured home parks in Minnesota.

Housing Infrastructure Loans may be made to one or more borrowers, including Community Land Trusts, to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing. A Community Land Trust is a private nonprofit organization that is a Section 501(c)(3) tax-exempt organization that is authorized to acquire land to be leased as owner-occupied single-family housing to low- and moderate-income persons or families.

Each of the Housing Infrastructure Loans described above may be a 0 percent interest, non-amortizing, nonrecourse deferred loan. Certain of the Housing Infrastructure Loans may also be forgivable if the conditions for use are met. No revenues from the Housing Infrastructure Loans are expected to be available to pay debt service on the Series Bonds, and payments on the Housing Infrastructure Loans, if any, are not pledged to pay principal of or interest on the Series Bonds. Consequently, Owners of the Series Bonds should not regard the Housing Infrastructure Loans or the developments financed thereby as providing security for the Series Bonds.

If any one or more of these developments does not proceed for any reason, to the extent permitted by the Code, the Agency may use moneys in the Program Fund to make loans or grants for other developments eligible for funding under Section 462A.37 of the Act.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:

Principal Amount of Series Bonds......................................
Net Original Issue Premium..
Total Sources of Funds

Uses:

Deposit to Program Fund for Housing Infrastructure Loans
Capitalized Interest ....
Costs of Issuance ....
Underwriters' Compensation ....
Total Uses of Funds

The Agency may reimburse itself from proceeds of the Series Bonds for Agency funds advanced to fund Housing Infrastructure Loans and related costs authorized by the Act before the date of issuance of the Series Bonds.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Indenture and the Bond Compliance Agreements and the Tax Exemption Agreements described in the Indenture contain provisions (the "Tax Covenants") pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency and, where applicable, the recipients of the Housing Infrastructure Loans with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code, provided interest on any Series 2026B Bond is not excludable from gross income for federal income tax purposes of any holder of a Series 2026B Bond who is a "substantial user" of a facility financed with the proceeds of the Series 2026B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code imposed on individuals; however, interest on the Series Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix D.

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

Bonds. The extent of these collateral tax consequences will depend upon that owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences.

The foregoing is a brief discussion of certain collateral federal income tax matters with respect to the Series Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series Bonds.

Certain Ongoing Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which the noncompliance occurs or is discovered. The Agency will covenant that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing federal tax requirements with the issuance of the Series Bonds which will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require recipients of the Housing Infrastructure Loans to make certain covenants relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for federal income tax purposes.

Certain Considerations with Respect to the Series 2026A Bonds

Assuming compliance with the following covenants, the Series 2026A Bonds will not be treated as private activity bonds within the meaning of Section 141 of the Code.

(1) If either (a) or (b) below is true with respect to the Series 2026A Bonds:

(a) No more than 10 percent of the proceeds of the Series 2026A Bonds (net of costs of issuing the Series 2026A Bonds and any reserve funds established with proceeds of the Series 2026A Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, use of the proceeds by a Section 501(c)(3) entity is considered private business use.

(b) Payment of the principal of or interest on no more than 10 percent of the proceeds of the Series 2026A Bonds (net of costs of issuing the Series 2026A Bonds and any reserve fund established with the proceeds of the Series 2026A Bonds) is (under the terms of the Series 2026A Bonds or any underlying arrangement) directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (B) payments in respect of that property or (ii) to be derived from payments (whether or not to the Agency) in respect of property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, the loan of the proceeds to, or the use of the property by, a Section 501(c)(3) organization is considered property or borrower money used for a private business use.

(2) The proceeds of the Series 2026A Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is not related to any government use, plus the proceeds of the Series 2026A Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is related to any government use but disproportionate to the related government use that is financed by the proceeds of the Series 2026A Bonds, will not exceed five percent of the proceeds of the Series 2026A Bonds (net of costs of issuing the Series 2026A Bonds and any reasonably required reserve funds established with the proceeds of the Series 2026A Bonds).

(3) No portion of the proceeds of the Series 2026A Bonds will be used by the Agency with respect to any output facility within the meaning of Section 141(b)(4) of the Code unless, in the opinion of nationally recognized bond counsel, that use will not result in the inclusion in gross income of interest on the Series 2026A Bonds for federal income tax purposes.

(4) No more than the lesser of $5,000,000 or five percent of the net proceeds of the Series 2026A Bonds will be used (directly or indirectly) to make or finance loans to any person, other than persons that are governmental units.

A portion of the Housing Infrastructure Loans will substantively be grants, and a portion of the Housing Infrastructure Loans will be loans for tax purposes. To the extent that the Housing Infrastructure Loans are loans to 501(c)(3) organizations, those properties may be subject to low income occupancy requirements as well as restrictions on the level of rents charged. See the discussion below under "—Certain Considerations With Respect to the Series 2026B Bonds—Low Income Set-Aside Requirements under the Code."

Notwithstanding the foregoing, the Agency may make repayable loans to organizations of the type described in Section 501(c)(3) of the Code (the "Nonprofit Organizations"). To the extent that more than five percent of the net proceeds of the Series 2026A Bonds (or $5,000,000, whichever is less) are used to make repayable loans to Nonprofit Organizations, and not used in an unrelated trade or business of such Nonprofit Organizations (as defined in Section 513 of the Code), such Series 2026A Bonds will be classified for federal income tax purposes as qualified 501(c)(3) bonds within the meaning of Section 145 of the Code. If the Series 2026A Bonds are qualified 501(c)(3) bonds as described above, then, as a condition to the exclusion from gross income of interest on the Series 2026A Bonds for federal income tax purposes, all of the following must be satisfied:

(1) Either:

(a) No more than five percent of the proceeds of the Series 2026A Bonds (net of the costs of issuing the Series 2026A Bonds and any reserve fund that is funded with proceeds of the Series 2026A Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code; or

(b) Payment of the principal of or interest on no more than five percent of the proceeds of the Series 2026A Bonds (net of the costs of issuing the Series 2026A Bonds and any reserve fund that is funded with proceeds of the Series 2026A Bonds) is (under the terms of the Series 2026A Bonds or any underlying arrangement) directly or indirectly (1) secured by any interest in (i) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (ii) payments in respect of such property or (2) derived from payments (whether or not to the Agency) in respect of property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code.

Solely for purposes of (a) and (b) above, a 501(c)(3) entity will not be treated as using proceeds of property in a private trade or business.

(2) No more than five percent of the proceeds of the Series 2026A Bonds (net of the costs of issuing the Series 2026A Bonds and any reserve fund that is funded with proceeds of the Series 2026A Bonds) are used to make loans to entities that are neither a state or local governmental entity nor a Nonprofit Organization.

No portion of the proceeds of the Series 2026A Bonds will be used by the Agency with respect to an output facility within the meaning of Section 141(b)(4) of the Code, unless, in the opinion of nationally recognized bond counsel, such use will not result in the inclusion in gross income of the interest on the Series 2026A Bonds for federal income tax purposes.

Certain Considerations with Respect to the Series 2026B Bonds

Low Income Set-Aside Requirements under the Code. The Series 2026B Bonds are "exempt facility bonds" that are subject to certain low income set-aside requirements of the Code. This section includes brief summaries of the low income set-aside requirements and certain other requirements for qualified residential rental projects under the Code.

The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation, or containing single room occupancy units, that are available to the general public (subject to preferences for homeless, disabled and similar classes of tenants that do not violate United States Department of Housing and Urban Development policies respecting non-discrimination and applicable Fair Housing requirements) and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20 percent of the completed units in a project to be financed with the proceeds of the Series 2026B Bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50 percent of the area median income (with adjustments for family size), or (ii) at least 40 percent of the completed units in a project to be financed with the proceeds of the Series 2026B Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60 percent of the area median income (with adjustments for family size). The Agency will make elections on the applicable low-income set-aside requirements with respect to each development expected to be financed with the proceeds of the Series 2026B Bonds. In addition, all of the units in a development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first day upon which 10 percent of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50 percent of the residential units in the project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A development generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140 percent of the applicable income limitation. Generally, upon an increase of a tenant's income over 140 percent of the applicable income limitation, the next available unit of comparable or smaller size in the applicable development must be rented to a tenant whose income does not exceed the applicable income limitation; provided however, that if tax credits under Section 42 of the Code are allowed with respect to the applicable development, the next available unit of a comparable or smaller size in the same building as the tenant whose income has increased over 140 percent of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made by the operator of the development to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Expenditures for Rehabilitation. The Code requires that the owner of an existing development spend a minimum sum of money for rehabilitation expenditures with regard to the development. The minimum amount of rehabilitation expenditures that must be incurred is equal to 15 percent of the amount of Series 2026B Bond proceeds, if any, applied to pay for the cost of acquiring an existing building (including the building fixtures and equipment within, but not including the cost of land). That minimum amount of rehabilitation expenditures must be incurred no later than two years after the later of the date of issuance of those Series Bonds or the date that the building is acquired by the owner. The Code also requires that less than 25 percent of the net proceeds of the Series 2026B Bonds be used to acquire land.

Certain State Tax Legislation. Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of that interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

On May 19, 2008 the U.S. Supreme Court held in Department of Revenue of Kentucky v. Davis that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so called 'private activity,' 'industrial revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

Since the Series 2026B Bonds are "private activity bonds" and the Supreme Court's opinion left open the possibility of a challenge to Minnesota's differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If Minnesota's treatment of those bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Series 2026B Bonds to become taxable by Minnesota and the market value of the Series 2026B Bonds to decline.

Bond Premium

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

Original Issue Discount

Any Series Bonds that are sold at an initial public offering price that is less than the stated amount to be paid at maturity will constitute "Discount Bonds." The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excludable from gross income for federal income tax purposes to the same extent as interest on such Discount Bond.

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

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

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Backup Withholding

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

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above, prevent owners of the Series Bonds from realizing the full current benefit of the tax treatment of the Series Bonds or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

CONTINUING DISCLOSURE

The Agency will covenant in a continuing disclosure undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the State and to provide notices of the occurrence of certain enumerated events. That information and notices are to be filed by the Agency with the Municipal Securities Rulemaking Board through its internet repository named "Electronic Municipal Market Access" (EMMA). (See "Appendix C — Summary of Continuing Disclosure Undertakings.") The Agency and the State will enter into a separate agreement pursuant to which the State will agree to provide to the Agency the information needed for the Annual Report described in Appendix C. (See "Appendix C — Summary of Continuing Disclosure Undertakings.")

These covenants have been made in order to assist the Underwriters in complying with the Rule (as defined in Appendix C hereto). Breach of the covenants will not constitute a default or an "Event of Default" under the Series Bonds or the Indenture. A broker or dealer is to consider a known breach of the covenants, however, before recommending the purchase or sale of the Series Bonds in the secondary market. Thus, a failure on the part of the

Agency or the State to observe the covenants may adversely affect the marketability and liquidity of the Series Bonds and their market price. During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019 with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021. In addition, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P Global Ratings of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency's Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events. Where the Agency undertakes to provide annual financial information and operating data of the State, the Agency cannot provide annual financial information and operating data of the State until received from the State. For information on the State's covenants and agreements to comply with its continuing disclosure obligations, including its record of compliance with its continuing disclosure obligations, see the disclosure under the section heading "CONTINUING DISCLOSURE" in the [September 9, 2026] State Official Statement included as Appendix E hereto.

LITIGATION

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

While at any given time, including the present, there are numerous civil actions pending against the State, that could, if determined adversely to the State, affect the State's expenditures, and, in some cases, its revenues, the State Attorney General is of the opinion that, except for the actions described in Note 18 to the State Financial Statements for Fiscal Year Ended June 30, 2025, set forth in Appendix F of the [September 9, 2026] State Official Statement included as Appendix E hereto, and additional actions, if any, discussed in the section entitled "LITIGATION" in the [September 9, 2026] State Official Statement, no pending actions are likely to have a material adverse effect in excess of $15 million on the State's expenditures or revenues during the current biennium.

CERTAIN LEGAL MATTERS

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

RATINGS

The Series Bonds are rated "Aa1" by Moody's Investors Service, Inc. and "AA+" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC. The ratings reflect only the views of these rating agencies. For an explanation of the ratings as described by those rating agencies, please contact the rating agencies. The ratings are subject to change or withdrawal by either of the rating agencies at any time. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal or suspension of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds.

TRUSTEE

Computershare Trust Company, National Association (the "Trustee"), a national banking association, serves as successor Trustee under the Indenture to Wells Fargo Bank, National Association ("WFBNA"). The Trustee also serves as bond trustee for other outstanding bonds of the Agency. As part of the sale of WFBNA's corporate trust services to the Trustee in 2021, virtually all corporate trust services employees of WFBNA along with most existing corporate trust services systems, technology and offices, transferred to the Trustee, together with all duties, obligations and rights of WFBNA under the Indenture.

Pursuant to the Indenture, any successor Trustee, including a successor by sale or transfer of the corporate trust business, must be a bank or trust company or national banking association having trust powers and combined capital and surplus aggregating at least $75,000,000.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

UNDERWRITING

RBC Capital Markets, LLC, Piper Sandler & Co., Wells Fargo Bank, National Association, and Morgan Stanley & Co. LLC (collectively, the "Underwriters") will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds at an aggregate purchase price of $[________] (which price reflects an underwriting discount of $[_______] and net original issue premium of $[________]). The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of Agency.

RBC Capital Markets, LLC ("RBCCM"), one of the underwriters of the Series Bonds, is a subsidiary of the Royal Bank of Canada. RBCCM serves as remarketing agent on separate Agency transactions. Royal Bank of Canada has provided standby bond purchase agreements for separate Agency transactions and revolving credit agreements to the Agency, and also serves as a swap counterparty for the Agency. RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds.

Wells Fargo Bank, National Association ("WFBNA"), acting through its Municipal Finance Group, one of the Underwriters of the Series Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing compensation, as applicable with respect to the Series Bonds with WFA. WFBNA also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company ("WFC").

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of WFC and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the WFBNA Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series Bonds.

MISCELLANEOUS

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

The execution and delivery of this Official Statement have been duly authorized by the Agency.

MINNESOTA HOUSING FINANCE AGENCY

By ____________________________________
Commissioner

Dated: September [_], 2026.

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains various definitions, covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions.

Certain Defined Terms

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth, (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Indenture, or (iii) requesting or directing the Trustee or other party to take action pursuant to the Indenture.

Agency Resolution: A copy of a resolution certified by an Authorized Officer to have been duly adopted by the members of the Agency and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Authorized Officer: The Chairperson, Vice Chairperson, Commissioner or Deputy Commissioner of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bond Compliance Agreement: A Bond Compliance Agreement, if any, entered into by the Agency and a borrower with respect to a loan funded with proceeds of Bonds deemed to be "private activity bonds" under the Code.

Bond Counsel: Any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds selected by the Agency.

Bond Fund: The Bond Fund created under the Indenture within the Agency's Housing Development Fund.

Bondowner: A Person in whose name a Bond is registered in the Bond Register.

Business Day: Any day (a) other than a Saturday, Sunday or other day that is a legal holiday in the State, and (b) on which banks in the city in which the designated principal corporate trust office of the Trustee are located are not required or authorized by law to be closed.

Code: The Internal Revenue Code of 1986, as amended and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Default: An Event of Default and an event or condition, the occurrence of which would, with the lapse of time or the giving of notice or both, became an Event of Default.

Fiscal Year: The 12-month period commencing July 1 and concluding on June 30 in the next succeeding calendar year, or any other 12-month period designated by the State as its fiscal year.

Government Obligations: Direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury).

Interest Payment Date: The date on which interest is payable on any Bonds (other than upon redemption of a Bond on a date other than a regularly schedule interest payment date).

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Government Obligations;

(b) Obligations (i) that are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including the Trustee) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks that are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in clause (a), (b) or (d) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in clause (a), (b) or (d) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Outstanding Bonds.

Opinion of Counsel: A written opinion of counsel selected by the Agency and acceptable to the Trustee or selected by the Trustee.

Outstanding: When used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture *except*:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds; *provided* that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds which have been defeased within the meaning of the Indenture; and

(iv) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the Agency shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Owner: With respect to any Bond, the Bondowner.

Person: Any individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Program Fund: The Program Fund created under the Indenture.

Rating: With respect to any Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Indenture, and an action that does not "impair" the Rating with respect to any Bonds shall be an action that will not cause the Rating Agency to lower, suspend or withdraw the rating it has assigned to the Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to the Indenture.

Rebate Fund: The Rebate Fund created under the Indenture.

Record Date: The 15th day, whether or not a Business Day, of the month immediately preceding the month in which each Interest Payment Date, or any Redemption Date, occurs.

Redemption Date: When used with respect to any Bond to be redeemed, the date fixed for such redemption by or pursuant to the Indenture.

Redemption Price: When used with respect to any Bond to be redeemed, the price at which it is to be redeemed pursuant to the Indenture.

Sinking Fund Payment Date: A date set forth in any applicable provision of the Indenture or a Supplemental Indenture for the making of a mandatory principal payment for the redemption of a Term Bond.

Special Record Date: A date fixed by the Trustee pursuant to the Indenture for the payment of any interest not paid at its Stated Maturity.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

Tax Exemption Agreement: A Tax Exemption Agreement, if any, entered into by the Agency and a borrower with respect to a Loan funded with proceeds of Bonds not deemed to be "private activity bonds" under the Code.

Term Bonds: Any Bond for the payment of the principal of which mandatory payments are required by a Supplemental Indenture to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Trust Estate: The assets, revenues and other property pledged pursuant to the Granting Clauses of the Indenture.

Program Fund

The Agency by the Indenture establishes an account with the Trustee to be designated the "Program Fund," as a subaccount of the housing infrastructure bond account established by the Act, and is required to deposit with the Trustee to the credit thereof proceeds of the Series Bonds as provided in the Indenture. Income and profit from the investment of moneys in the Program Fund shall be credited to such Fund. The moneys in the Program Fund shall be held in trust by the Trustee and applied to the funding of the Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee shall create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. The Trustee shall pay each item payable from the applicable account in the Program Fund to the Agency or at the Agency's direction, or shall make arrangements for the transfer and deposit of the amount for such payment, as the Agency shall request. Upon receipt by the Trustee of an Agency Certificate stating that all amounts to be paid with respect to Housing Infrastructure Loans financed by

Bonds of such series has been paid, any balance remaining in the Program Fund with respect to such Bonds shall be transferred to the Bond Fund.

Bond Fund

The Agency by the Indenture establishes, and is required to maintain, so long as any of the Bonds are outstanding, with the Trustee, a separate account within the Agency's Housing Development Fund to be designated the "Housing Infrastructure State Appropriation Bond Fund," as a subaccount of the housing infrastructure bond account established by the Act, into which the Agency and Trustee shall make certain deposits pursuant to the Indenture, including, as received each year, all Housing Infrastructure State Appropriations paid by the State. The moneys and investments in the Bond Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of, premium (if any) on and interest on the Bonds, as and when such principal, premium and interest shall become due and payable. Except as otherwise provided in the Indenture (see "Compensation of Trustee" and "Application of Revenues and Other Moneys After Event of Default" hereinafter), so long as all principal, premium and interest on the Bonds have been paid when due, and the amount in the Bond Fund is sufficient to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year, upon the written direction of the Agency pursuant to an Agency Certificate, the Trustee may use moneys in the Bond Fund in excess of such amount to pay fees, charges and expenses with respect to the Bonds. Upon the written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a Sinking Fund Payment Date on either of the next two Interest Payment Dates after such purchase, provided that such Bonds are delivered to the Trustee for cancellation upon such purchase.

Investment of Moneys in Program Fund and Bond Fund

The Trustee shall invest the moneys on deposit in the Program Fund or held as a part of the Bond Fund, respectively, at the written request and direction of an Authorized Officer in Investment Obligations. The type, amount and maturity of Investment Obligations shall conform to any instructions of the Authorized Officer. The Trustee may, from time to time, cause any such investments to be sold or otherwise be converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to the respective Fund. Any interest or profit derived from investments shall be credited to the respective Fund. Investments permitted under the Indenture may be purchased from the Trustee or from any of its affiliates. No portion of the Program Fund or the Bond Fund representing proceeds of the Bonds shall be invested or used in such manner that no part of a series of Bonds would be "arbitrage bonds" under the Code; the Trustee may conclusively rely on the written direction of an Authorized Officer as to compliance with the Code. The Trustee shall be entitled to assume that any investment that at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter, absent receipt of written notice or information to the contrary. If no investment direction is received for a Fund, the funds shall be held uninvested. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment for a Fund made in accordance with the Indenture.

Rebate Fund

The Trustee shall establish a special fund designated as the "Rebate Fund." The Rebate Fund is not a trust fund, is not part of the Trust Estate and is not subject to the lien of the Indenture. For each series of Bonds that is subject to the rebate requirements of Section 148(f) of the Code, or its equivalent, a separate account shall be established in the Rebate Fund. The Trustee shall make information regarding the investments thereunder available to the Agency and shall make deposits in and disbursements from the Rebate Fund in accordance with written instructions in an Agency Certificate delivered from time to time, shall invest the Rebate Fund pursuant to said written instructions, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. The Trustee shall upon receipt of an Agency Certificate transfer moneys from the Bond Fund or moneys representing interest income from the Program Fund, as directed by the Agency Certificate, to the Rebate Fund in the amount of any required deposit. Records of transactions with respect to the separate account within the Rebate Fund for a series of Bonds shall be retained by the Trustee until six years after the Bonds of such series are no longer outstanding.

Payment of Bonds

The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture and in each and every Bond executed, authenticated and delivered thereunder; will pay or cause to be paid, solely from the Trust Estate, including Housing Infrastructure State Appropriations, the principal of, premium (if any) on and interest on every Bond issued thereunder on the dates, at the places and in the manner prescribed in the Bonds in any coin or currency that, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment; provided, however, that the principal of and interest on any Bond are not and shall not be an indebtedness or other obligation of the State and the Bonds are not public debt of the State, and the full faith and credit of the State are not pledged to their payment or for any annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency covenants that it will take all actions required by the Act to cause the Housing Infrastructure State Appropriations to be received on or prior to the dates such amounts are required to pay, with other amounts available in the Bond Fund, principal of and interest of Outstanding Bonds and will deposit all Housing Infrastructure State Appropriations as received in the Bond Fund.

Covenant to Request Housing Infrastructure State Appropriations

On or prior to each June 30 while any Bonds remain Outstanding, the Agency covenants that it will certify to the Commissioner of Management and Budget of the State the amount of principal, premium, if any, and interest on each series of the Bonds, and the fees, charges, and expenses related to each series of the Bonds, payable in the next succeeding Fiscal Year, less the amount on hand in the Bond Fund and available to pay such amounts.

Covenants Relating to Housing Infrastructure Loans

The Agency covenants that the proceeds of the Bonds will be used solely to pay costs of issuance of the Bonds, to pay interest on the Bonds prior to the first date Housing Infrastructure State Appropriations are received and to fund Housing Infrastructure Loans meeting such criteria for Housing Infrastructure State Appropriations as shall be set forth in Section 462A.37 of the Act. Proceeds of the Bonds may also be used for other purposes authorized by the Act as amended from time to time.

Tax Covenants with Respect to Series Bonds

The Agency shall not take any action or fail to take any action or permit any action to be taken on its behalf or cause, or permit any circumstance within its control to arise or continue, if such action or inaction would adversely affect the exclusion from gross income for federal income purposes of the interest on the Series Bonds. These covenants will survive the payment of the Series Bonds.

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities, obligations, or other investment property, and shall not use or permit the use of any amounts received by the Agency or the Trustee with respect to the Series Bonds in any manner, and shall not take or permit to be taken any other action or actions, that would cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, that would result in any Development financed with proceeds of the Series Bonds not being treated as a "qualified residential rental project" as such phrase is used in Sections 147(a)(7) and 142(d) of the Code. In furtherance of this covenant the Agency will enter into a Bond Compliance Agreement with respect to each Housing Infrastructure

Loan to be funded with the proceeds of the Series Bonds in order for the interest on the Series Bonds to be excludable from gross income of the owners for purposes of federal income taxation.

Events of Default

Each of the following events is defined as, and is declared to be and to constitute, an "Event of Default" under the Indenture:

(a) If payment of the principal of, or premium, if any, on any of the Bonds, when the same shall become due and payable, whether at Stated Maturity or upon a Sinking Fund Payment Date, or otherwise, shall not be made.

(b) If payment of any interest on the Bonds when the same shall become due and payable shall not be made.

(c) If default shall be made in the performance or observance of any other of the covenants, agreement or conditions on the part of the Agency in the Indenture, or in the Bonds contained, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than 10% in principal amount of the Bonds Outstanding, provided that if (i) the Agency is proceeding with due diligence to remedy the same, (ii) the default is able to be remedied, and (iii) the Agency has commenced action during the 60-day period necessary to remedy such default, such 60-day period shall be increased to such extent, but not more than an additional 180 days, as shall be necessary to enable the Agency to cure the default through the exercise of due diligence.

(d) The Agency shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

(e) The State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Indenture, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Remedies

Upon the occurrence and continuation of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(a) Suit upon all or any part of the Bonds;

(b) Suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners;

(c) Suit to enjoin any acts or things that may be unlawful or in violation of the rights of the Bondowners; and

(d) Enforcement of any other right of the Bondowners conferred by law or by the Indenture.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Indenture.

Application of Revenues and Other Moneys After Event of Default

The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee, as promptly as practicable after receipt thereof, any Housing Infrastructure State Appropriations and other payments or receipts pledged under the Indenture. During the continuation of an Event of Default the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of duties under the Indenture;

(b) To the payment of the interest and principal or Redemption Price then due and payable on Outstanding Bonds, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Outstanding Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Outstanding Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever all principal amounts of and interest on all Bonds have been paid under the above provisions, and any required arbitrage rebate and all fees, expenses and charges of the Trustee have been paid, any balance remaining under the Indenture shall be paid to the Agency.

Majority of Bondowners Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Bondowners of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture and provided that nothing in the Indenture shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper.

Individual Bondowner Action Restricted

No Bondowner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(1) an Event of Default has occurred (a) under section (a) or (b) of the Events of Default subheading above, (b) as to which the Trustee has actual notice, or (c) as to which the Trustee has been notified in writing, and

(2) the Bondowners of at least a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and

(3) such Bondowners shall have offered the Trustee indemnity, and

(4) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

No one or more Bondowners shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the equal benefit of the Bondowners of all Bonds Outstanding appertaining thereto.

Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of a Bondowner (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Bondowner may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, accounts and properties pledged under the Indenture for the equal and ratable benefit of all Bondowners.

Waiver and Non-Waiver of Event of Default

No delay or omission of the Trustee or of any Bondowner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by the Indenture with respect to remedies to the Trustee and the Bondowners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Bondowners of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one series of Bonds shall at the time be Outstanding, the Bondowners of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default under the Indenture and its consequences; provided, however, that except under the circumstances set forth in the paragraph above, a default in the payment of the principal, or Redemption Price, if any, of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Owner of such Bond.

In case of any waiver by the Trustee of an Event of Default under the Indenture, the Agency, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with these provisions.

Notices of Defaults

Within 10 Business Days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee has actual notice or is deemed to have notice, the Trustee, unless such Event of Default shall have theretofore been cured, shall give written notice thereof by first class mail to each Owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondowners. The Trustee shall immediately notify the Agency of any Default or Event of Default known to the Trustee.

Trustee May Rely Upon Certain Documents and Opinions

Except as otherwise specifically provided in the Indenture, the Trustee may rely and shall be protected in acting upon certain resolutions, certificates, statements, instruments, opinions, reports, notices, requests, consents, orders, bonds or other papers or documents and may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel. Before being required to take any remedial action, the Trustee may require an opinion of counsel reasonably acceptable to it, which opinion of counsel shall be made available to the other parties to the Indenture upon request, or a verified certificate of any such party, or both concerning proposed actions.

Compensation of Trustee

All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust created by the Indenture and reasonable compensation to the Trustee for its services in the premises, including extraordinary fees such as default fees, if any, shall be paid by the Agency from the Trust Estate. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued under the Indenture, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created thereby and exercise and performance of the powers and duties of the Trustee thereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Trustee's right to receive compensation, reimbursement, indemnification of money due and owing under the Indenture shall survive the Trustee's resignation or removal.

Resignation or Removal of Trustee

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Agency 30 days' notice in writing, and to the Bondowners 30 days' notice by certified mail at its or his address as set forth on the registration books of such resignation, specifying a date when such resignation shall take effect. Such resignation shall take effect on the day specified in such notice, if a successor Trustee has been appointed, or upon such later date as a successor is appointed. If no successor Trustee shall have been appointed and have accepted appointment within 90 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may petition a court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee may be removed at any time by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds secured by the Indenture and then Outstanding.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee, and a successor may be appointed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Trustee and notification thereof being given to the Agency. In the event the Trustee has been removed by action of the Bondowners, until a new Trustee shall be appointed by the Bondowners as authorized in the Indenture, the Agency may, subject to the provisions thereof, appoint a Trustee to fill such vacancy. After any such appointment by the Agency, the Trustee so appointed shall cause notice of its appointment to be mailed within 30 days of such appointment to the Owners of the Bonds, and any new Trustee so appointed by the Agency shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Owners of a majority in principal amount of said Bonds whenever such appointment by said Bondowners shall be made.

If, in a proper case, no timely appointment of a successor Trustee shall be made pursuant to the foregoing provisions the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor trustee.

Payment and Discharge of Indenture

If the Agency, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient in cash and/or in Government Obligations (the principal and interest on which when due and payable or redeemable at the option of the holder thereof) and without consideration of any reinvestment thereof shall be sufficient to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds Outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the Outstanding Bonds to be called for redemption not surrendered or to be surrendered to it for cancellation has been given or waived as provided in the Indenture, or that arrangements satisfactory to the Trustee have been made ensuring that such notice will be given or waived, or (2) a written instrument executed by the Agency and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Agency, or (3) file with the Trustee a waiver of such notice of redemption signed by the Owners of all of such Outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in the Indenture, the entire amount of the Redemption Price, in cash and/or Government Obligation (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of such Redemption Price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the Outstanding Bonds is due and payable, or

(d) surrender to the Trustee for cancellation all Outstanding Bonds for which payment is not so provided, and shall also pay all other sums due and payable under the Indenture by the Agency,

then and in that case, if all required arbitrage rebate has been paid in respect of the Bonds, all the Trust Estate shall revert to the Agency, and the entire estate, right, title and interest of the Trustee and of the Owners of the Bonds shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Agency, and at its cost and expense, execute to the Agency, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Agency all cash and deposited securities, if any (other than cash or securities for the payment of the Bonds and interest thereon), which shall then be held under the Indenture as a part of the Trust Estate.

In case of any discharge of the lien of the Indenture pursuant to paragraphs (b) or (c) above, there shall be submitted to the Trustee an opinion of Bond Counsel to the effect that the interest on the Bonds being discharged will not become includable in gross income for federal income tax purposes.

Bonds Deemed Not Outstanding After Deposits

When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or Government Obligations the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be Outstanding thereunder; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Owners of such Bonds.

Purposes for Which Supplemental Indentures May be Executed

The Agency, by Agency Resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions contained in the Indenture, may enter into such indentures supplemental thereto as the

Agency may or shall deem necessary or desirable without notice to or consent of any Bondowner for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency in the Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture or any Supplemental Indenture, of the Housing Infrastructure State Appropriations or of any other part of the Trust Estate;

(e) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any Supplemental Indentures that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Indenture or any Supplemental Indenture as the Agency may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any Supplemental Indenture and which shall not impair the security of the same;

(f) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939;

(g) To provide for the issuance of Bonds pursuant to the Indenture;

(h) To make any other change in the Indenture as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

The Trustee shall not enter into a Supplemental Indenture under these provisions unless it obtains an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Indenture and is authorized or permitted by the Indenture.

Modification of Indenture with Consent of Bondowners

Subject to the terms and provisions below, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental thereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or deleting in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that, notwithstanding any other provision of the Indenture, nothing therein contained shall permit or be construed as permitting, without the consent of the Owners of all Outstanding Bonds affected thereby, (i) an extension of the maturity of any Bond issued under the Indenture, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required to consent to Supplemental Indentures, or (vi) a reduction in the aggregate principal amount of the Bonds required to waive an Event of Default.

If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof.

APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for each series of the Series Bonds. The ownership of one fully registered Series Bond of each series for each maturity in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds of a series, references herein to the Bondowners, Owners or registered owners of the Series Bonds mean Cede & Co. or such other nominee and do not mean the Beneficial Owners(as hereinafter defined) of the Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for Series Bonds of a series is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts those Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds of a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal and redemption price of and interest on the Series Bonds will be made to Cede & Co., or other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of the payments to Direct Participants will be the responsibility of DTC, and disbursement of the payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Indenture, payments made by or on behalf of the Agency to DTC or its nominee will satisfy the Agency's obligations to the extent of the payments so made.

The above information contained in this Appendix B is based solely on information provided by DTC. No representation is made by the Agency, the State or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the State, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the State, the Underwriters nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of, or interest on the Series Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Owners of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondowner.

Discontinuation of Book-Entry System

DTC may discontinue its book-entry services with respect to all or any series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, that series of Series Bonds are required to be delivered as described in the Indenture. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, will become the Bondowner.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for all or any series of the Series Bonds. In that event, the Series Bonds of that series are to be delivered as described in the Indenture.

APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS

The following statements are extracted provisions of the Continuing Disclosure Undertaking (the "Disclosure Undertaking") to be executed by the Agency in connection with the issuance of the Series Bonds. The Agency and the Minnesota Department of Management and Budget ("MMB") have entered into a separate Continuing Disclosure Agreement (the "State Agreement") under which MMB has agreed to undertake the Annual Financial Information Disclosure in order that the Agency can satisfy the Annual Financial Information Disclosure obligation described below.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondowners") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

(a) "*Annual Financial Information*" means the following financial information and operating data (to the extent not included in Audited Financial Statements): the information in Appendix B to the State of Minnesota Official Statement dated [September 9, 2026] included as Appendix E to the Official Statement of the Agency relating to the Series Bonds, Appendix C to such State Official Statement and Appendix F to such State Official Statement.

(b) "*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under "Annual Financial Information Disclosure" herein.

(c) *"Annual Financial Information Disclosure Date"* means December 31 of each year, beginning December 31, 2026.

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

(e) "*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and such person or entity provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

(f) "*Commission*" means the Securities and Exchange Commission.

(g) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(h) "*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(i) "*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(j) "*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

(k) "*MSRB*" means the Municipal Securities Rulemaking Board.

(l) "*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

(m) "*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

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

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below), on or before each Annual Financial Information Disclosure Date, to the MSRB.

The Agency shall deliver such information in Prescribed Form and by such time so that the MSRB receives the information by the Annual Financial Information Disclosure Date.

If any part of the Annual Financial Information can no longer be generated because the operations of the State to which it is related have been materially changed or discontinued, the Agency shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents, including official statements of debt issues of the State or related public entities, which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB by the Annual Financial Information Disclosure Date. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

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

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

Listed Events Disclosure

The Agency shall disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Indenture.

Consequences of Failure of the Agency to Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondowner or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Series Bonds or the Indenture or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance. None of the agreements or obligations of the Agency or of the State shall be construed to constitute a waiver of the State's sovereign immunity or a waiver of any of the limitations contained in Minnesota Statutes, Section 3.736, except as provided under the laws of the State. Neither a default by the Agency under the Disclosure Undertaking nor a default by the State under the State Agreement shall constitute a default or an Event of Default under the Series Bonds or the Indenture.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

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

Additional Information

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

Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondowners and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

The State Agreement

Under the State Agreement the State agrees to provide the information needed for the Annual Financial Information which the Agency is required to provide under the Disclosure Undertaking. The State may satisfy this obligation either by providing the Annual Financial Information to the Agency or by identifying any other disclosure document which may be included or incorporated by reference in order to satisfy the Annual Financial Information requirement.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[To be dated the date of issuance of the Series Bonds]

Minnesota Housing Finance Agency
St. Paul, Minnesota 55101

Re: Minnesota Housing Finance Agency
State Appropriation Bonds (Housing Infrastructure), 2026 Series A and 2026 Series B

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its State Appropriation Bonds (Housing Infrastructure), 2026 Series A, in the aggregate principal amount of $[_________] (the "2026 Series A Bonds), and its State Appropriation Bonds (Housing Infrastructure), 2026 Series B, in the aggregate principal amount of $[___________] (the "2026 Series B Bonds" and, together with the 2026 Series A Bonds, the "Series Bonds"). The Series Bonds are being issued in accordance with Minnesota Statutes, Chapter 462A, as amended (the "Act"), an Indenture of Trust, dated as of August 1, 2013, as heretofore and hereafter amended and supplemented (the "General Indenture"), by and between the Agency and Computershare Trust Company, National Association, as successor trustee (the "Trustee"), and a Fifteenth Supplemental Indenture of Trust, dated as of October 1, 2026 (the "Supplemental Indenture"), by and between the Agency and the Trustee. The General Indenture and the Supplemental Indenture are referred to herein, collectively, as the "Indenture."

The Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Indenture. The Series Bonds are subject to redemption prior to maturity, as provided in the Indenture.

The Series Bonds are being issued to make loans to certain recipients (the "Housing Infrastructure Loans") to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto, with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition, rehabilitation and replacement of federally assisted rental housing, and other authorized purposes under the Act; provided, however, that a portion of the Housing Infrastructure Loans financed with proceeds of the 2026 Series A Bonds will represent "grants" for federal income tax purposes, and the balance of the Housing Infrastructure Loans made with proceeds of the 2026 Series A Bonds will represent loans to finance projects owned, directly or indirectly, by either Section 501(c)(3) organizations or state or local government entities.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Resolution No. MHFA 26-[___], adopted August 27, 2026 (the "Bond Resolution"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the recipients of the Housing Infrastructure Loans with the covenants contained in the Indenture and the loan documentation relating to each development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution has been duly and validly adopted by the Agency; (3) the Indenture has been duly authorized and executed and is valid and binding upon the Agency in accordance with its terms, and creates the valid pledge and security interest it purports to create with respect to the Revenues, moneys, securities and other Funds held and to be set aside under the Indenture; (4) the Series Bonds are duly and lawfully authorized to be issued and are valid and binding special, limited obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Indenture, and are payable solely, and equally and ratably, from specified transfers expected to be made by the State of Minnesota (the "State") pursuant to legislation providing for the appropriation of such transfers from the general fund of the State to the Agency and moneys and securities held from time to time in the funds and accounts established and pledged thereto under the Indenture; and (5) the interest payable on the Series Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2026 Series B Bond is not excludable from gross income for federal income tax purposes of any holder of such bonds who is a "substantial user" of a development financed by such 2026 Series B Bonds or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the Series Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code"), with respect to individuals; however, interest on the Series Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the Series Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the Series Bonds. All owners of Series Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the Series Bonds.

Noncompliance by the Agency or the recipient of a Housing Infrastructure Loan financed by the Series Bonds with their covenants in the Indenture or applicable loan documentation relating to a development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the Series Bonds.

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

Respectfully yours,

APPENDIX E

OFFICIAL STATEMENT OF THE STATE OF MINNESOTA

DATED [SEPTEMBER 9, 2026]

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MINNESOTA HOUSING

Item: Commitment, Limited Partner Buy-Out Loan – Maple Village II Apartments, D6286, Maple Grove

Action Item: 7.B
Date: 08/27/2026
Staff Contacts: Mike Tobias, 651.539.9836, michael.tobias@state.mn.us
Request Type: Approval, Resolution

Request Summary:

Minnesota Housing staff completed the underwriting and technical review of the requested loan transaction, which will provide funds to the borrower to purchase the Low-income Housing Tax Credit (HTC) investor's ownership interest in the Property. Staff recommends (1) waiver of some of the parameters in the board-approved Limited Partner Buy-Out Loan concept and (2) adoption of a resolution authorizing the issuance of a loan commitment for an amortizing Limited Partner (LP) Buy-Out Loan in the amount of $650,000.

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

Fiscal Impact:

Minnesota Housing will earn interest rate spread income on the loan, as well as additional fee income for originating the loan.

Agency Priorities:

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments:

- Development Summary
- Map and Picture
- Resolution
- Limited Partner Buy-Out Loans Concept Approval (October 19, 2017)
- Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Maple Village II Apartments		**D#6286**	**M#189971**
Address	9150 Zanzibar Lane			
City	Maple Grove	**County**	Hennepin	
Date of Selection	07/22/2026	**Region**	Metro	

A. Project Description and Population Served

- Maple Village II is an existing 48-unit workforce apartment property consisting of a three-story structure on a 1.81-acre site located at 9150 Zanzibar Lane in the City of Maple Grove. In addition to the 48-unit structure, the project has 60 underground parking spaces and 54 on-site surface parking spaces. The unit mix consists of 12 one-bedroom units, 24 two-bedroom units, and 12 three-bedroom units. Four units benefit from project-based Section 8 rental assistance through Metro HRA and are affordable to households at 30% area median income (AMI).
- The property was built originally in 2013. Project funds at that time were procured through an allocation of 9% federal HTCs, a Low to Moderate Income Rental (LMIR) loan of $2.13MM and a Livable Housing Investment Account (LHIA) loan of $300K from the City of Maple Grove. The project is in year 13 of the 30-year extended tax credit compliance period.
- 47 of the 48 total units are restricted to 60% Multifamily Tax Subsidy Projects (MTSP) rent and income limits required by the HTC Land Use Restrictive Agreement (LURA). Minnesota Housing’s LMIR first mortgage declaration restricts 20 of the 48 total units to 60% MTSP limit rent and income levels, and 16 units with incomes restricted to 100% of the greater of Statewide Median Income or AMI for a 4-person household, as determined by HUD. There will be no changes to the affordability requirements, and this LP Buy-Out Loan will not add new affordability requirements.
- The project owner has negotiated with the HTC investor member, a US Bank entity, to buy the investor member ownership interest. The parties have agreed to the purchase price of $600,000. Loan proceeds will be used to purchase the investor member’s ownership interest and all closing costs and financing fees.

B. Mortgagor Information

Ownership Entity:	Maple Village II, LLC
Sponsor:	SCI Associates, LLC
Managing Member:	Maple Village Partners, LLC
Guarantor:	None

C. Development Team Capacity Review

SCI Associates, LLC, an affiliate of Sand Companies, Inc, is the sponsor of this existing property. Sand Companies, Inc. has completed over 1,100 units of affordable housing that are of similar size and scope to the proposed development.

Sand Property Management, LLC was established in 2011. They are a subsidiary of Sand Companies, Inc. and currently manage 49 developments containing over 1,500 units. Sand Property Management, LLC has the capacity to continue to manage this development. Sand Property Management, LLC is a woman-owned business enterprise.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing/ subordinate	LP Buy-Out	Pool 2	$650,000	6.50%	n/a	84 months	n/a	End Loan

- The loan will be held on Minnesota Housing's balance sheet.
- The interest rate will be 6.50% fixed.
- The principal amount will be fully amortized over the 84-month term.
- The loan will be in third (last) lien position.

The concept for making limited partner/member buy out loans was approved by Minnesota Housing's board in October 2017. The following items differ from those originally presented:

1. Term – The term of this loan will be 84 months rather than the 24 months concept presented. This is similar to the four previous investor/member buyout loans that Minnesota Housing has closed with affiliates of Sand Companies, Inc. on prior transactions. The prior loans ranged between four and seven years and were coterminous with the remaining term of the LMIR first mortgage loan. In this case, the LMIR first mortgage loan has a remaining term of approximately 18 years. Therefore, a loan term of 84 months was negotiated with the principal being fully amortized over the term. This structure allows the Buy-Out Loan to be paid from available cash flow but still

have a relatively short term without forcing a refinance situation if the subject loan term was set at only 24 months.
2. Repayment Term – This loan will make amortizing payments based on an 84-month term rather than being interest only. This provides justification for the longer loan term of 84 months compared to the original program concept of 24 months.
3. Origination Fee – The origination fee has been structured with a $13,500 origination fee (~2%) rather than the original program concept fee of 1% of the loan amount. This fee is also consistent with the fees paid on the previous loans.

E. Significant Changes Since Date of Selection

Not applicable.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition (LP interest)	$ 600,000	$ 12,500
Financing Costs	$ 50,000	$ 1,042
Total Development Cost	**$ 650,000**	**$ 13,542**

B. Permanent Capital Sources

Description	Amount	Per Unit
Amortizing Mortgage	$ 650,000	$ 13,542
Total Permanent Financing	**$ 650,000**	**$ 13,542**

C. Financing Structure

Minnesota Housing currently provides financing for this project with a LMIR first mortgage loan. The City of Maple Grove has one outstanding deferred loan subordinate to the Minnesota Housing loan:

- Minnesota Housing LMIR – The original (2012) LMIR loan of $2,132,785 was refinanced in April of 2022 with a new principal balance of $2,350,000 at 3.25% interest rate plus MIP of 0.125%. The outstanding principal balance is estimated at $2,130,170, assuming a closing date of October 30, 2026.
- City of Maple Grove LHIA deferred loan – This loan in the original principal balance of $300,000 and originated in June 2012 and has a 0% interest rate.

D. Cost Reasonableness

Not Applicable since the loan is not subject to the predictive model.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1BR	10	$ 1,257	60%	60%	
1BR	2	$ 1,257	30%	30%	Project Based Voucher
2BR	22	$ 1,559	60%	60%	
2BR	2	$ 1,559	30%	30%	Project Based Voucher
3BR	12	$ 1,720	60%	60%	

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

B. Feasibility Summary

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

- The project maintains positive cash flow for 15 years.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- Replacement reserves are currently being held by Minnesota Housing and will continue to be held by Minnesota Housing upon closing of this loan. Deposits will continue to be made at the current deposit amount of $604 per unit per year.

Street Map with an arrow showing the location of 9150 Zanzibar Lane, Maple Grove

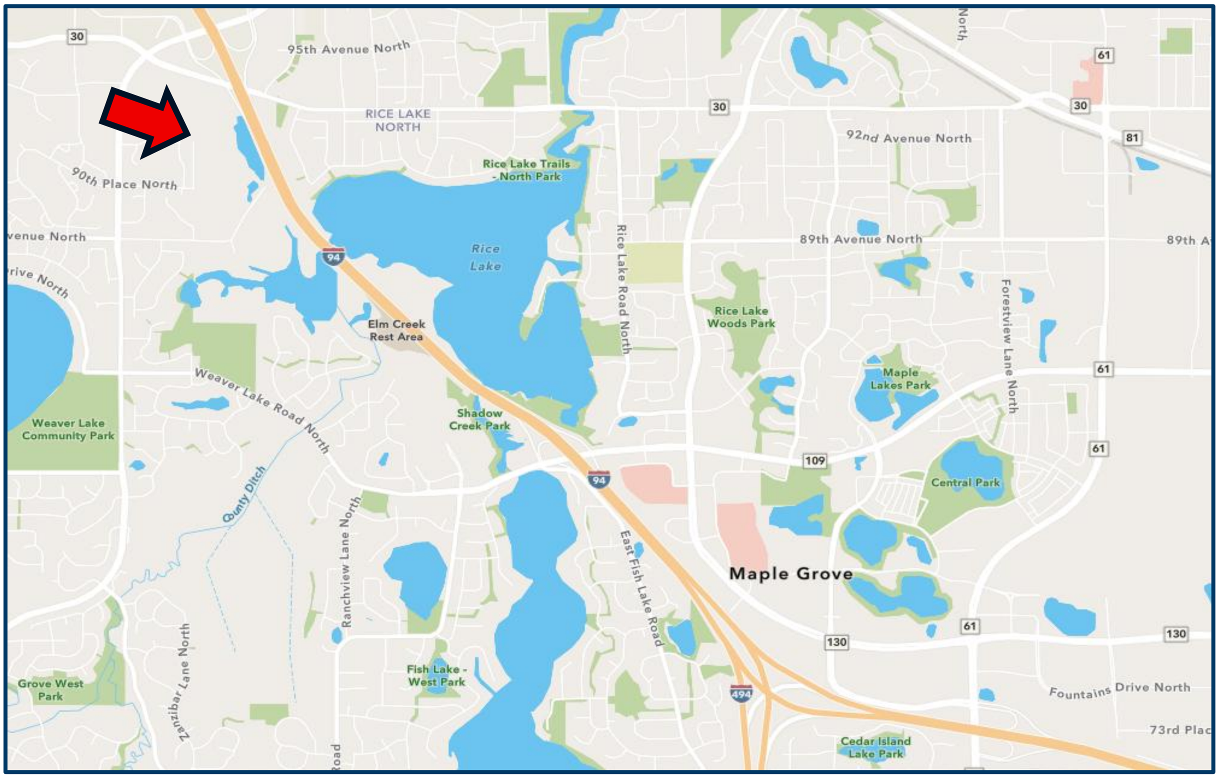

Photo of 9150 Zanzibar Lane, Maple Grove; exterior view of a three-story residential building

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

RESOLUTION NO. MHFA 26-xxx

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LIMITED PARTNER BUY-OUT LOAN/POOL 2 LOAN PROGRAM

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

Name of Development:	Maple Village II Apartments
Borrower; Sponsors:	Maple Village II, LLC; SCI Associates, LLC
Guarantors:	None
Location of Development:	Maple Grove
Number of Units:	48
Amount of Loan: (not to exceed)	$650,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to issue a commitment to provide a loan to the sponsor or an affiliate thereof with Agency Housing Investment Funds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on January 28, 2027; and
2. The amount of the loan shall not exceed $650,000; and
3. The term of the fully amortizing loan shall be up to 84 months;
4. The interest rate on the loan shall be 6.50% per annum; and
5. An origination fee of $13,500; and

6. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

7. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

8. The sponsor, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 27th day of August 2026

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CHAIR

MINNESOTA HOUSING

Board Agenda Item: 7.F
Date: 10/19/2017

Item: Concept Approval – Limited Partner Buy-Out Loans

Staff Contact(s):
Tresa Larkin, 651.284.3177, tresa.larkin@state.mn.us
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff is requesting concept approval of a new Multifamily loan product to be used by owners of affordable rental properties to buy out the interests of exiting investor limited partners in low-income housing tax credit projects.

Fiscal Impact:
Housing Investment Fund – Pool 2 funds will be used for these short-term secured loans. The Agency will price the loans at interest rates that reflect the risk and will therefore earn interest income on each the loan while it is outstanding. In addition, the Agency will charge an origination fee on each loan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Loan Summary

Background

Minnesota Housing has existing amortizing mortgage loans with developers and on projects that are approaching the end of the initial 15-year tax credit compliance period. As time unfolds, in some instances, certain limited partners in the investor group may wish to exit the investor partnership, especially in situations where those limited partners 'bought in' to the partnership after the benefit of the initial tax credits had been realized. As such, those partners are often looking for cash in order to exit the transaction.

Currently, most borrowers are using a third party bridge loan in order to fund the limited partner buy-out rather than completely restructuring the entire debt at the time of the limited partner exit. These bridge loans are often coming from local community banks and are typically a short-term bridge until the borrower can work out a full refinance package.

We are developing a short-term, secured loan product to be funded with Pool 2 dollars, with proposed terms that are generally competitive with other products currently available in the market. Specifically, these loans will be structured as 18-24 month interest-only secured loans, as more completely summarized below.

If this product concept is approved, the agency anticipates that it likely would close one loan for approximately $5 million this year, and then would anticipate potentially two to three additional loans per year going forward. Because of the short-term nature of these loans and the use of Pool 2 funds, once up and running this product would effectively operate as a revolving fund for this buy-out activity.

While we will focus initially on projects with existing mortgage loans from the Agency, it is anticipated that this product could also be used in situations where the Agency's existing involvement with an owner is through Housing Assistance Payments (HAP) contracts administered by the agency or through tax credits.

In addition, staff will actively market this product as a way to assist borrowers transitioning to a new capital structure after the tax credit compliance period, including encouraging the use of a new first mortgage from Minnesota Housing.

Loan Summary
Funds would be available to facilitate the exit of an investor limited partner. Eligible borrowers must have an existing loan from Minnesota Housing and would be encouraged utilize a new Minnesota Housing first mortgage to pay off both the outstanding debt and the buy-out loan.

Term:	Up to 24 month balloon; interest payments due monthly
Interest:	Fixed rate, interest only
Security:	Mortgage recorded against the property in last lien position
Fees:	Origination fee of 1% of loan amount
Guaranty:	Personal guaranty from remaining investor partners for full loan amount
Loan Amount:	Capped at 87% LTV based on existing first mortgage payoff plus new loan amount
Prepayment:	Loan may be prepaid without penalty at any time

MINNESOTA HOUSING

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

July 28, 2026

Megan Carr
Sand Companies, Inc.
Maple Village II, LLC
366 10th Avenue S
Waite Park, MN 56387

RE: Term Letter
Maple Village II, Maple Grove, MN
Development # D6286, Project # M18997

Dear Megan:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: Maple Village II, LLC
General Partner(s) / Managing Member(s):	Managing Member: Maple Village Partners, LLC
Development Description/Purpose:	Purchase the Investor Member owner interest in the 48-unit affordable housing development located in Maple Grove, Minnesota.

Minnesota Housing Loan Type/Terms

Program	Investor Member But-out Loan
Loan Amount	$650,000
Interest Rate	6.50%
Term	84 months
Amortization / Repayment	84 months
Prepayment Provision	Prepay at any time without penalty.

Nonrecourse or Recourse	Nonrecourse
Construction to Permanent Loan, Construction Bridge Loan or End Loan	End Loan
Lien Priority	Last lien position

Origination Fees:	$13,500 paid at closing.
Guarantee / Guarantor(s):	None.
Replacement Reserve Account:	Replacement reserves will continue to be held by Minnesota Housing with the existing LMIR mortgage loan.
Escrows:	Real estate tax escrow and property insurance escrow Replacement reserves will continue to be held by Minnesota Housing with the existing LMIR mortgage loan.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
Closing Costs:	Borrower agrees to pay all closing costs in excess of loan proceeds related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire six months from the date of this letter.
Board Approval:	Commitment of this loan is subject to Minnesota Housing's Board approval and adoption of a resolution authorizing the commitment of the loan.
Not a Binding Contract:	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement.

Please sign this letter and return it to Mike Tobias at michael.tobias@state.mn.us on or before ten business days from date of this letter. Additionally, if you have any questions related to this letter, please contact Mike at 651-539-9836.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

BORROWER:
Maple Village II, LLC,
a Minnesota Limited Liability Company

By: Maple Village Partners, LLC
a Minnesota Limited Liability Company, its
Managing Member

By: ______________________________
Megan Carr
Its: Vice President

Date Accepted: 8/6/2026

Item: Approval, Selection and Commitment, 2026 HOME American Rescue Plan Request for Proposals

Action Item: 7.C
Date: 08/27/2026
Staff Contacts: Cindy Diel, 651.296.3376, cindy.diel@state.mn.us
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests adoption of a resolution approving the selection and commitment for $29,124,100 from the HOME American Rescue Plan (ARP) Program. The selection and commitment are subject to final underwriting and due diligence.

Fiscal Impact

The HOME ARP Program is funded by federal appropriations. Up to 15% of the HOME ARP allocation to Minnesota Housing can be used for administration and planning. This funding does not earn interest for the Agency.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- Selection Map
- Development Summaries and Community Profiles
- Resolution

Background

Authorized by the American Rescue Plan Act of 2021, the HOME ARP Program was created to provide $5 billion in one-time funding across the nation to support affordable housing initiatives. Under the HOME ARP Program, funds were allocated to states and local jurisdictions based on a formula that considered various factors such as population size, poverty rates and housing needs. Minnesota Housing was allotted $31,137,836. The HOME ARP Program provides financing to help preserve or increase the supply of decent, safe and sanitary affordable housing, upgrading shelter facilities to include non-congregate shelter, and providing tenant-based rental assistance and supportive services. HOME ARP Program funds are intended to benefit specific "Qualifying Populations" and Low-Income households.

HOME ARP required a separate Allocation Plan developed through a public participation process. Minnesota Housing conducted surveys, held listening sessions, interviewed historically excluded partners and completed a statewide data analysis. Both the consultation process and needs assessment identified individuals and households experiencing homelessness as having the greatest unmet need for rental housing. As a result, the Allocation Plan set a preference for projects that commit to prioritizing households experiencing homelessness. Definitions and other relevant materials may be found here: HOME ARP | Minnesota Housing. The board approved the HOME ARP Allocation Plan on March 23, 2023. The HOME ARP Program Guide was approved by board on October 23, 2025.

All HOME ARP funds must be fully expended by September 30, 2030. The HOME ARP program has extensive federal regulatory requirements for administering funding and ongoing monitoring throughout the 15-year affordability period. Minnesota Housing can use the allocation of HOME ARP Program funds to provide financing for any of the following rental housing activities:

- New construction (with or without acquisition)
- Acquisition with rehabilitation
- Rehabilitation (without acquisition)
- Operating Cost Assistance with one of the above activity types

Eligible applicants include nonprofit organizations, for profit developers, local units of government, Tribal entities and other eligible ownership structures, as defined in the HOME ARP Program Guide.

Overview of the 2026 HOME ARP Request for Proposals (RFP)

The HOME ARP RFP closed on May 5, 2026. We received four applications for a total request of nearly $42 million.

Funding Priorities and Scoring

The HOME ARP Evaluation includes three phases: 1) eligibility, 2) scoring and 3) feasibility review.

1. **Eligibility**: Minnesota Housing reviewed applications to confirm compliance with the HOME ARP RFP Standards, including applicant eligibility, eligible uses, project readiness, qualifying population targeting and submission requirements.
2. **Scoring:** Minnesota Housing staff reviewed each application to confirm compliance with scoring requirements and establish a final Agency score for ranking purposes.
3. **Feasibility Review**: Minnesota Housing staff conducted a review of each project's development budget, funding structure, readiness, financial feasibility, operational capacity, and compliance with HOME ARP requirements. The review was completed by an interdisciplinary staff team with support from our consultant, ICF International. The review assessed consistency with:
    - The Agency's mission and strategic priorities; and
    - HOME ARP regulations, program requirements, eligible uses and priorities; and
    - The Agency's policy standards include financial feasibility, market need, architectural quality and overall development team capacity.

Funding Recommendations

Based on the available funding, staff recommend funding two projects:

D#	Project Name	Applicant Name	Funding Recommendation	Number of HOME ARP Assisted Units	Total Development Costs per unit
D8825	Elm Ridge	Center City Housing Corporation	$ 17,924,100	40	$ 452,885
D9008	Biida'adoo	Trellis Co & Anishinaabe Endaad LLC	$ 11,200,000	32	$ 357,844
		Total	**$ 29,124,100**	**72**	

These recommendations are consistent with the HOME ARP Allocation Plan priority for expanding housing opportunities for individuals and households experiencing homelessness and demonstrate strong alignment with HOME ARP priorities, organizational capacity and project feasibility while supporting Minnesota Housing's strategic objective of increasing the supply of permanent supportive housing. The Predictive Cost Model was run on both recommended projects; they were both within the allowable costs.

Loan Structure and Compliance

Selected projects are recommended for a 15-year deferred loan. All funded projects must comply with HOME ARP program requirements throughout the 15-year affordability period with annual reporting and ongoing monitoring by Minnesota Housing.

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

RESOLUTION NO. MHFA 26-XX

RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE HOME AMERICAN RESCUE PLAN PROGRAM (HOME ARP)

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

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

NOW THEREFORE, BE IT RESOLVED:

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

Property #	Project #	Project Name	Funding Source	Selection Amount
D8825	M21241	Elm Ridge Apartment	HOME ARP	$ 17,924,100
D9008	M21244	Biida'adoo	HOME ARP	$ 11,200,000

2. Agency staff shall review and approve the mortgagor; and

3. The issuance of a mortgage loan commitment for all HOME ARP loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End

Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 24 months from the date of End Loan Commitment; and

4. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and

5. The Commissioner is authorized to approve non-material changes to the selections; and

6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in their sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as Agency staff, in their sole discretion, deem necessary.

Adopted this 27th day of August 2026

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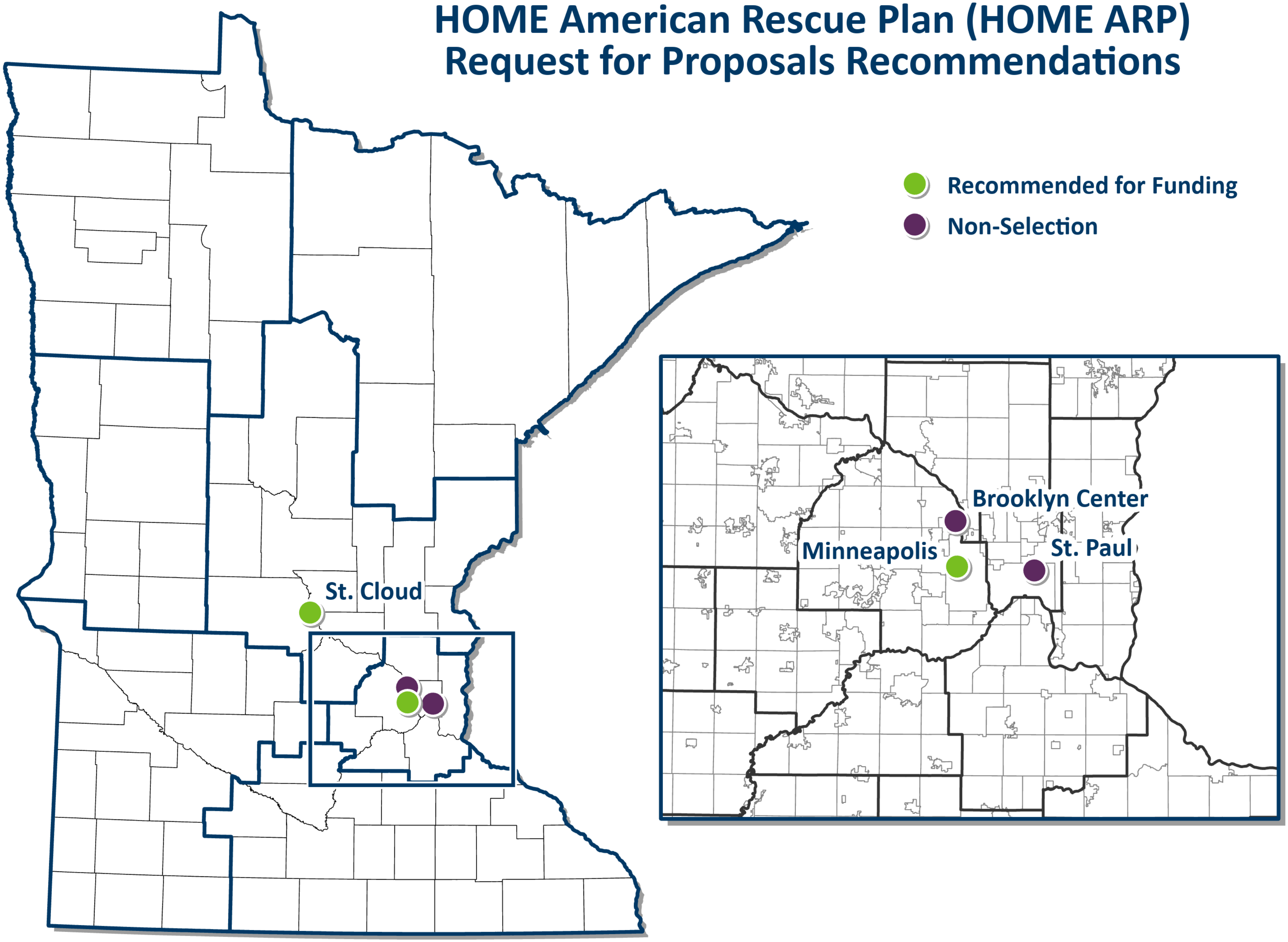
CHAIR

HOME American Rescue Plan (HOME ARP) Request for Proposals Recommendations



MINNESOTA HOUSING

Development Summary

Elm Ridge Apartments

Sponsor	Center City Housing Corporation		
Location	St. Cloud	**Project Type(s)**	New Construction
Property #	D8825	**Project #**	M21241

Project Description

Elm Ridge is a 40-unit new construction development in St. Cloud proposed by Center City Housing Corporation. The development will provide 40 efficiency units. All units have committed project-based rental assistance from Stearns County.

The site is located in the West End neighborhood, which is highly walkable and near transit routes, grocery stores, parks, retail and major highways. The building will be equipped with an elevator, community space for gatherings, 24-hour front desk, offices, and common laundry.

The City of St. Cloud requires there to be onsite parking. Therefore, this project will include onsite surface parking for 30 vehicles.

Additional population notes

- The development is primarily supportive housing, with 40 units for households experiencing homelessness with a disability or age 65 and over.
- Housing Support is the rental assistance for the units.

Elm Ridge Apartments

Property Number: TBD

Total Units: 40

Address: 55 25th Avenue North

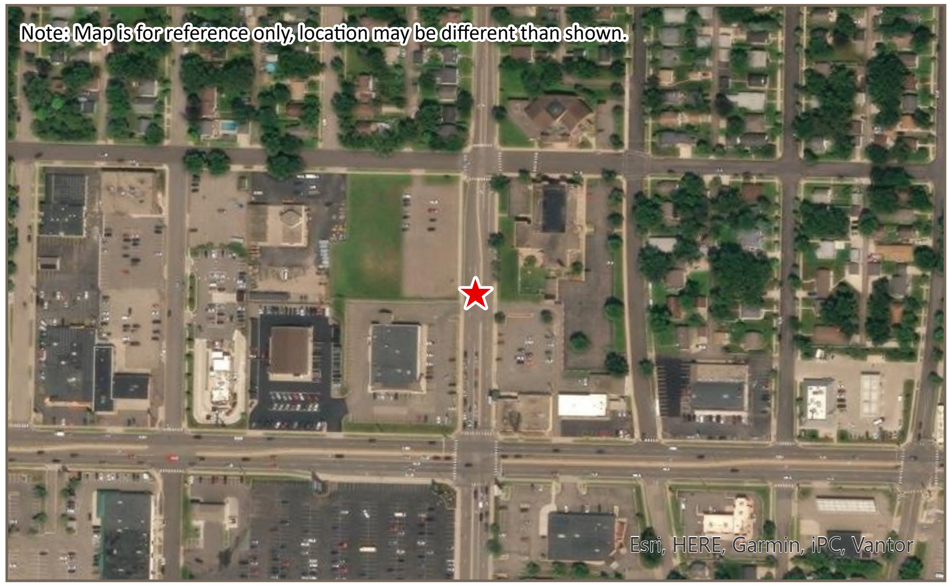
City of St. Cloud, Stearns

Developer:
Center City Housing Corp.

Sponsor Name:
Center City Housing Corp.

Management Company:
Center City Housing Corp.

Service Provider:
Center City Housing Corp.



Recent Employment and Household Trends in the City

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

Job Trends 2020-2025	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**48,425**	Current Households:**28,554**	Current Population:**72,614**
Five Year Change:**-58**	10 Year Change:**2,589**	10 Year Change:**6,152**
Percent Change:**0%**	Percent change:**10%**	Percent Change:**0%**

Unemployment Rate: **4.1%** (county) **4.4%** (city, if available)

Fair Market Rents (2026)

Bedroom Size	Fair Market Rents (Co)
0 Bedrooms	$874
1 Bedroom	$919
2 Bedrooms	$1,206
3+ Bedrooms	$1,604

Local Area Incomes and Rents

In census tract 27145000601 **(Region: Non-Metro MSA)**,

- the median household income is **$65,417**.
  (Tract household income is in the **20-39th percentile** based on region type)
- the median renter household income is **$27,719**.
  (Tract renter income is in the **0-19th percentile** based on region type)
- **73%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60-79th percentile** based on region type)
- **0%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40-59th percentile** statewide)
- **30%** of people are in poverty.
  (Tract share of people in poverty is in the **80-100th percentile** statewide)
- the median rent for all units is **$860**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2020-2024 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

MINNESOTA HOUSING

Development Summary

Biida'adoo

Sponsor	Trellis Co. & Anishinaabe Endaad LLC		
Location	Minneapolis	**Project Type(s)**	New Construction
Property #	D9008	**Project #**	M21244

Project Description

Biida'adoo is a 32-unit new construction supportive housing development in Minneapolis. The project concept for Biida'adoo was created through the partnership between Trellis Co. (Trellis), a Minnesota-based nonprofit affordable housing developer, and Anishinaabe Endaad LLC (Anishinaabe Endaad), an emerging developer and supportive service and housing provider that specializes in empowering the Native American community. Trellis and Anishinaabe Endaad will be co-owners. The development will provide 32 one-bedroom units. All units have committed project-based assistance via Housing Support from Red Lake Nation. The site is located in the Harrison neighborhood of Minneapolis close to bus transit.

The building will be equipped with an elevator, community room, offices, and shared laundry. Additionally, the property will have a heat mitigation treatment room, hogan and sweat lodge for cultural events, and a community garden. Front desk will be staffed with a combination of security, property management, and housing case managers. Onsite parking will be a surface lot with 15 parking spaces.

Additional population notes

- The development is primarily supportive housing, with 32 units for households experiencing long-term homelessness (LTH).
- Housing Support will be the rental assistance for the units. The service provider for the project is Agate Housing and Services, Inc.
- Anishinaabe Endaad will coordinate services from Helix Health & Housing Services, Kai Shin Clinic, and Mental Health Resources on-site. The Native American Community Clinic supports streamlined referrals from the project.

Biida'adoo

Property Number: TBD

Total Units: 32

Address: 1253 Olson Memorial Highway

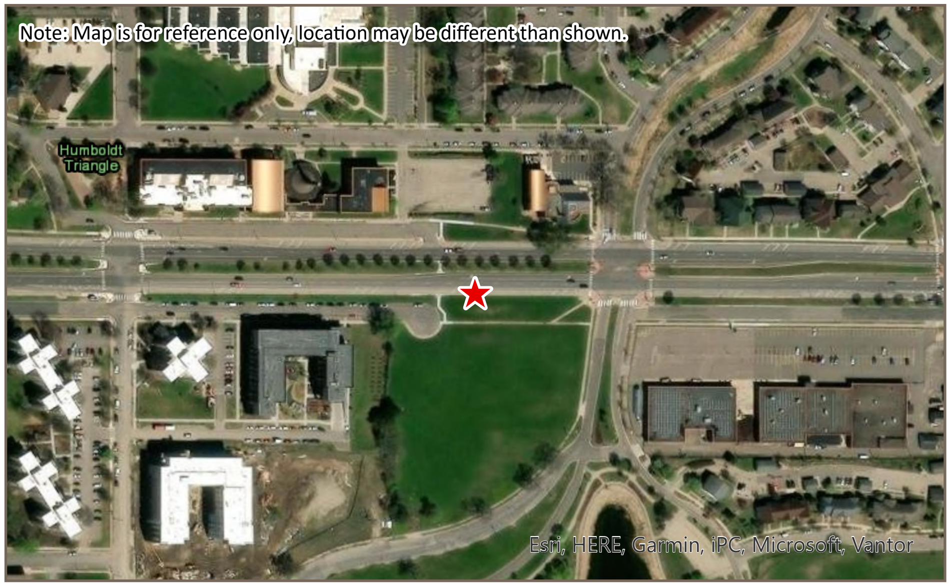
City of Minneapolis, Hennepin

Developer:
Trellis Biida'adoo Developer LLC

Sponsor Name:
Trellis Co.

Management Company:
Trellis Management

Service Provider:
Agate Housing & Services



Recent Employment and Household Trends in the City

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

Job Trends 2020-2025	Household Trends 2014-2024	Population Trends 2014-2024
Current Jobs:**317,502**	Current Households:**197,053**	Current Population:**435,233**
Five Year Change:**7,942**	10 Year Change:**21,934**	10 Year Change:**23,960**
Percent Change:**0%**	Percent change:**13%**	Percent Change:**0%**

Unemployment Rate: **4.1%** (county) **3.7%** (city, if available)

Fair Market Rents (2026)

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

Local Area Incomes and Rents

In census tract 27053104100 **(Region: 7-County Metro)**,

- the median household income is **$64,498**.
  (Tract household income is in the **0-19th percentile** based on region type)
- the median renter household income is **$53,750**.
  (Tract renter income is in the **40-59th percentile** based on region type)
- **54%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0-19th percentile** based on region type)
- **1%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80-100th percentile** statewide)
- **20%** of people are in poverty.
  (Tract share of people in poverty is in the **80-100th percentile** statewide)
- the median rent for all units is **$1,177**.
  (Tract median rent is in the **20-39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2020-2024 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2026.

MINNESOTA HOUSING

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MINNESOTA HOUSING

Item: Forgiveness, Economic Development Housing Challenge Loan - Lindquist Apartments, D3124, Minneapolis

Action Item: 7.D
Date: 08/27/2026
Staff Contacts: Dylan Johnson, 651.539.9683, dylan.johnson@state.mn.us
Request Type: Approval, Resolution

Request Summary:

Staff requests adoption of a resolution authorizing the forgiveness of the $442,531 deferred Economic Development Housing Challenge (EDHC) loan and the release of all related affordability and occupancy restrictions as part of the new financing structure for the recapitalization, rehabilitation and preservation of Lindquist Apartments.

Fiscal Impact:

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

Agency Priorities:

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments:

- Background
- Map and Picture
- Resolution

Background

A. Project Description

Lindquist Apartments is a 26-unit supportive housing development built in 2005 and located in Minneapolis. The property is owned by Lindquist Apartments Limited Partnership and managed by RS Eden. The service provider is The Link. Twenty-four of the units benefit from Project Based Vouchers. The other two units have Housing Support from The Link. All units support youth experiencing homelessness or housing instability.

To address substantial rehabilitation and recapitalization needs, the property was selected for new financing in the 2025 Multifamily Consolidated Request for Proposals/2026 Housing Tax Credit (HTC) Round One. At the December 18, 2025, meeting, the Minnesota Housing board approved the development for an award of 9% HTCs under Resolution No. MHFA 25-095. No other new Minnesota Housing financing is proposed.

B. Existing Debt Summary

Existing debt on the property totals over $1.5 million, of which $442,531 is a deferred loan from Minnesota Housing.

Table 1: Existing Debt

Lender	Program/ Source	Note Rate	Maturity Date	Original Balance	Current Balance*
City of Minneapolis	Affordable Housing Trust Fund (AHTF)	1%	11/15/2034	$ 525,000	$ 635,912
Minnesota Housing	**EDHC**	**0%**	**11/15/2034**	**$ 442,531**	**$ 442,531**
Hennepin County Housing and Redevelopment Authority (HRA)	Affordable Housing Investment Fund (AHIF)	1%	11/15/2034	$ 400,000	$ 496,000
Family Housing Fund	Not Applicable	0%	11/15/2034	$ 200,000	$ 200,000
Total				**$ 1,567,531**	**$ 1,771,443**

*Balance for all loans is current as of 7/17/2026.

The current rehabilitation project financing structure proposes forgiveness of all existing debt except for the Family Housing Fund $200,000 loan, which is expected to be assumed and extended to be concurrent with the new debt. Hennepin County HRA has already approved forgiveness for its

$496,000 AHIF loan. The City of Minneapolis intends to forgive its AHTF, with Minneapolis City Council action expected in late August.

Existing affordability restrictions under the EDHC loan:

- Six units income restricted to 30% of the greater of the state or area median income as set by HUD.
- 18 units income restricted to 50% of the greater of the state or area median income as set by HUD.
- 24 units with rents restricted to 30% of the greater of the state or area median income as set by HUD.

As part of the debt forgiveness, the existing affordability declarations will be terminated; however, affordability will be preserved by the new financing.

The proposed new funding will preserve 24 units of federal rental assistance. The assistance ensures the tenants pay no more than 30% of their actual income toward rent. The project has an existing Housing Assistance Payments contract for project-based Section 8 rental assistance through the Minneapolis Public Housing Authority (MPHA). MPHA has agreed to renew the current contract for 15 years upon completion of the rehabilitation project with the ability to extend it another five years. The Land Use Restrictive Agreement for the new HTC award will require the rental assistance be maintained and have an affordability period of 50 years.

C. Proposed New Sources and Uses

Table 2: Proposed New Sources

Source	Amount	Per Unit*
General Partner Cash	$ 100	$ 4
Hennepin County Supportive Housing Services Loan	$ 1,000,000	$ 38,462
City of Minneapolis AHTF	$ 940,000	$ 36,154
General Partner Loan	$ 3,000,000	$ 115,385
Seller Loan	$ 1,065,000	$ 40,962
Syndication Proceeds	$ 5,130,089	$ 197,311
Rebates	$ 78,500	$ 3,019
Minnesota Brownfields Grant	$ 16,371	$ 630
Assumed Family Housing Fund Loan	$ 200,000	$ 7,692
Total Permanent Sources	**$ 11,430,060**	**$ 439,618**

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

Table 3: Proposed New Uses

Use	Amount	Per Unit*
Acquisition	$ 1,500,000	$ 57,692
Construction Costs	$ 5,390,000	$ 207,308
Environmental Abatement	$ 55,000	$ 2,115
Professional Fees	$ 786,400	$ 30,246
Developer Fee	$ 869,000	$ 33,423
Financing Costs	$ 320,200	$ 12,315
Reserves	$ 2,509,460	$ 96,518
Total Development Costs	**$ 11,430,060**	**$ 439,618**

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

D. Conclusion

Staff recommend forgiveness of the EDHC loan and release of the affordability and occupancy restrictions provided under the loan:

No additional affordability is gained by extending existing restrictions.

The proposed new funding will preserve 24 units of federal rental assistance. The assistance helps ensure the tenants pay no more than 30% of their actual income toward rent. The project has an existing contract for project-based Section 8 rental assistance through the MPHA. MPHA has agreed to renew the current contract for 15 years upon completion of the rehabilitation project.

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

Based on an appraisal obtained by the Greater Minnesota Housing Fund in 2026, the value based on the property as it is currently operating is $1,500,000 with the outstanding current principal debt of $1,762,947. This is a loan to value ratio of 117.5%. The as-complete value for the property using restricted rents is $1,780,000. Assuming all other debts are forgiven or repaid, existing Agency debt plus proposed new debt of $6,299,871 would result in total debt of $6,742,402, resulting in a potential loan to value ratio of over 449%.

As part of consideration for providing new financing, each of the existing funders completed a separate assessment on assumption or forgiveness of their existing debt. Except for Family Housing Fund, each funder has expressed an intention to seek forgiveness in addition to the new resources they are providing the development:

- Hennepin County is recommending forgiveness of all existing debt and final commitment for new deferred funding is expected in late July.
- The City of Minneapolis is recommending forgiveness of all existing debt subject to final City Council approval which will be requested in August.

No reasonable expectation of repayment.

As proposed, there are no excess sources to fund repayment of Agency loans and the projected cash flow is minimal for the first six years of operations before going negative. The property requires a supportive service reserve of over $1.7 million for its operations, in addition to $800,000 of other reserves.

Negative impact of extending existing debt on project feasibility and cost.

If the existing Minnesota Housing EDHC loan is not forgiven and cannot be repaid, it would need to be assumed, subordinated and extended. Because of the inability to repay, extending and assuming this loan could cause the project to fail the “true debt test” associated with the HTC allocation. This would cause the EDHC loan to be considered a grant to the project for the purposes of HTC basis calculations. This would reduce overall basis available to the project and would also likely have a negative impact on credit pricing from the equity investor. Collectively, it could result in a funding gap on the project.

Map of 1931 W Broadway, Minneapolis

Picture of 1931 W Broadway, Minneapolis

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

RESOLUTION NO. MHFA 26-xxx

RESOLUTION APPROVING FORGIVENESS
ECONOMIC DEVELOPMENT HOUSING CHALLENGE PROGRAM LOAN

WHEREAS, at the October 22, 2002, meeting, the board approved a motion authorizing the commitment for the Lindquist Apartments development for $402,531 in EDHC funds; and

WHEREAS, the $402,513 EDHC award was subsequently increased by $40,000 to $442,513 on July 7, 2004; and

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

WHEREAS, affordability will be preserved through the Housing Tax Credit program and a continued project-based Section 8 rental assistance contract; and

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

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes:

1. Forgiveness of the EDHC loan in the amount of $442,531 as of the date of this resolution.

Adopted this 27th day of August 2026

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CHAIR

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MINNESOTA HOUSING

Item: Forgiveness, HOME Rental Rehabilitation Program Loan, Ending Long-Term Homelessness Initiative Fund Program Loan – The Francis, D4075, Rochester

Action Item: 7.E
Date: 08/27/2026
Staff Contacts: Sarah Huss, 651.539.9653, Sarah.Huss@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests board adoption of a resolution authorizing forgiveness of the following loans:

- $252,000 Home Rental Rehabilitation (HOME) Program loan; and
- $170,197 Ending Long-Term Homelessness Initiative Fund (ELHIF) Program loan.

Fiscal Impact

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

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Map and Picture
- Resolution

Background

A. Project Description

The Francis is an 18-unit property located at 17 4th Street SW, Rochester. It is owned and managed by the Olmsted County Housing and Redevelopment Authority (Owner). The property operates as a permanent supportive housing building with the Owner providing funding to employ a licensed social worker who supports the residents. The Owner also partners with Catholic Charities of Southern Minnesota to provide additional on-site staffing support. Olmsted County's Housing and Stability Team selects residents for The Francis from the Coordinated Entry System, as the selection criteria is based on meeting a specific definition of homelessness. Many residents have high barriers to marketplace housing and may need non-medical hands-on support throughout the day.

The Francis was originally constructed in 1918 and operated as a hotel. The property was initially purchased by the Owner in 2005. In addition to the HOME and ELHIF deferred funding awards allocated to the project to support the redevelopment of the building, the Agency provided a Publicly Owned Permanent Supportive Housing Program (POPSHP) loan to the property. POPSHP funding is derived from General Obligation (GO) Bond funds and requires program compliance for a term of no less than 35 years from closing. The building reopened in 2007 as 18 studio apartments functioning as permanent supportive housing.

The Francis benefits from federal Continuum of Care (CoC) funding received from the US Department of Housing and Urban Development (HUD), which is used to support the resident services staffing costs. This funding source has been declining and does not fully cover costs. Operating losses from 2023 through 2025 are more than $367,000. The future direction of CoC funding is uncertain.

The property is aging and in need of improvements. Since 2023, the Owner has invested approximately $472,000 in capital improvements, which include boiler replacement, a new air conditioning system, window replacement and fire/security system upgrades. A portion of these costs were reimbursed from the replacement reserve account, which has been substantially depleted. The Owner has identified additional capital needs expected for 2026 and 2027 at more than $60,000.

B. Existing Debt Summary

Lender	Program/ Source	Note Rate	Maturity Date	Original Balance	Current Balance (principal plus accrued interest)
Minnesota Housing	POPSHP	0%	9/15/2026 *	$ 1,469,805	$ 1,469,805
Minnesota Housing	HOME	0%	9/15/2026	$ 252,000	$ 252,000
Minnesota Housing	ELHIF	0%	9/15/2026	$ 170,197	$ 170,197
GMHF		0%	9/15/2036	$ 255,000	$ 255,000
Olmsted County		0%	9/15/2026	$ 123,900	$ 123,900
TOTAL				**$ 2,270,902**	**$ 2,270,902**

* The compliance term does not expire until September 16, 2041.

The POPSHP funding requires that 17 units are income restricted to households with incomes at or below 50% of Statewide area median income or area median income. Half of the assisted units must be occupied by tenants who meet the definition of Households Experiencing Long-Term Homelessness. The remaining assisted units must be occupied by tenants who meet the definition of Households at Significant Risk of Experiencing Long-Term Homelessness. There are no rent restrictions.

The principal balance of the POPSHP loan is forgivable; however, the declaration and loan and repayment agreement are not released until the term of compliance expires. As such, the property is encumbered with the POPSHP obligation recognized as a contingent liability throughout the term of compliance.

The minimum affordability period for both the HOME and ELHIF loans were met as of September 15, 2011, and September 25, 2021, respectively.

C. Conclusion

Staff supports the Owner’s request to forgive the debt upon maturity. The property has provided 20 years of deeply affordable supportive housing in an increasingly challenging funding environment. The property has no ability to repay the debt. The request meets the Agency’s consideration for debt forgiveness as follows:

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

While the principal balance of the POPSHP loan is forgivable after September 16, 2026, the POPSHP loan and repayment agreement and declaration will not be released until the term of compliance oversight has been reached (or September 16, 2041). As such, a sale or reuse of the property that relies on traditional debt and equity financing would face a significant capital challenge as the existing property use, resident population and household income limits are required to be maintained until the scheduled termination of compliance oversight. Additionally, the property can only be sold and/or operated by a public entity per the GO Bond financing requirements. The total debt on the property is $2,270,902. The County Assessor's property tax market value is $1,615,400. The tax market valuation does not consider or reflect the conditions described.

No reasonable expectation of repayment.

The Francis does not have sufficient reserves to satisfy the maturing loans, nor does the property produce sufficient operating cash flow to leverage new debt to refinance and retire the existing maturing debt. The property relies heavily on the CoC funding from HUD and ongoing financial support funded by a limited pool of levy funds allocated to the Owner by Olmsted County.

Debt forgiveness does not eliminate affordability.

The minimum term of affordability for the HOME and ELHIF loan have expired. However, the Owner has continued, and is committed to continue, to operate the property with the same or similar rent and income requirements as mandated by the term of compliance for the POPSHP/GO Bond financing requirements (according to Section 3.04 of the Fourth Order Amending Order of Commissioner of Finance). As such, there is not anticipated to be loss of affordability for residents at the property as a result of forgiving the HOME or ELHIF loans.

Compliance and good standing of the project sponsor.

Olmsted County Housing and Redevelopment Authority has operated the property maintaining Agency compliance standards and is in good standing.

Map of 17 4th Street SW, Rochester

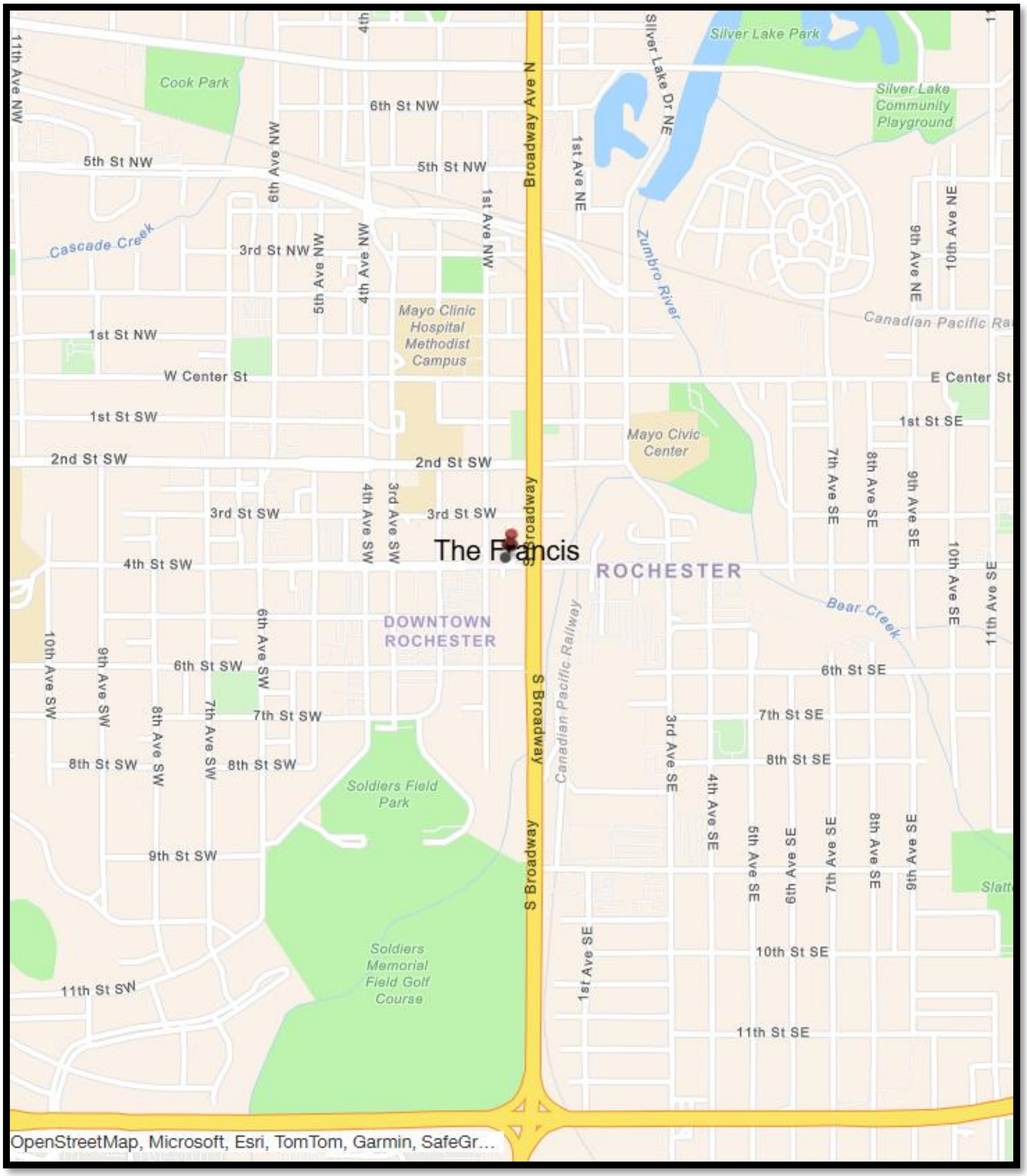

Photo of 17 4th Street SW, Rochester

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

RESOLUTION NO. MHFA 26-xxx

RESOLUTION APPROVING FORGIVENESS

HOME RENTAL REHABILITATION (HOME) PROGRAM LOAN
ENDING LONG-TERM HOMELESSNESS INITIATIVE FUND (ELHIF) PROGRAM LOAN

WHEREAS, at its October 27, 2005, meeting, the board approved a motion from the Program Committee to approve selections for the ELHIF Program, which included the Francis development for $170,197; and

WHEREAS, at its October 27, 2005, meeting, the board approved a motion from the Program Committee to approve selections for the POPSHP, which included the Francis development for $1,400,000; and

WHEREAS, on August 15, 2006, a Project Change Request was approved to increase the POPSHP loan from $1,400,000 to $1,469,805; and

WHEREAS, in 2006 the project was subsequently awarded $252,000 in HOME Rental Rehabilitation funding via the HOME funding program guidelines; and

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

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes:

1. Forgiveness of the ELHIF loan in the amount of $170,197 as of the date of this resolution; and
2. Forgiveness of the HOME loan in the amount of $252,000 as of the date of this resolution.

Adopted this 27th day of August 2026

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CHAIR

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Item: Approval, Housing Trust Fund Operating Subsidy Program Guide

Action Item: 7.F
Date: 08/27/2026
Staff Contacts: Sarah Broich, 651.539.9885, sarah.broich@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval of an updated Housing Trust Fund Operating Subsidy Program Guide.

Fiscal Impact

None.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background and Request Details
- Program Guide

Background

Program Overview: The Housing Trust Fund (HTF) Operating Subsidy (OS) Program is a state-funded program administered by Minnesota Housing under provision of Minnesota Statute Section 462A.201 and following Minnesota Administrative Rules 4900.3740 – 4900.3746.

The Minnesota Legislature established the HTF Program in 1988 to support the development of affordable housing for low-income individuals and families. In 2001, the Minnesota Legislature made substantial changes to the HTF Program, including the expansion of its funding activities to include rental assistance and operating subsidies.

In 2005, the HTF Program rules were modified to add a funding priority for developments and programs that serve households experiencing Long-Term Homelessness (LTH), defined as lacking a permanent place to live continuously for one year or more, or at least four times in the past three years. In 2019, the program's priority population shifted from LTH to High Priority Homeless (HPH), households assessed by and referred through the local Continuum of Care Coordinated Entry System, a centralized coordinated process to assess households experiencing homelessness and refer them to housing services.

Only existing developments with supportive housing are eligible for the HTF OS Program and funds may be used to pay a development's operating expenses, including:

- **Revenue Shortfall**: Costs to cover shortfalls in operating income below the amount necessary to operate the development.
- **Unique Costs**: Costs that are unique to the operation of the supportive housing and are critical, which may include the following eligible activities:
  - **Tenant Service Coordinator**: A tenant service coordinator performs tasks associated with fostering housing stability and landlord related housing support that will assist residents in maintaining their housing.
  - **Front Desk and/or Security Staff**: Front desk and/or security staff may perform tasks associated with the safety and security of tenants and housing tenancy supports, such as notifying the supportive housing service provider when a tenant appears to need assistance or attention.

Minnesota Housing provided the initial OS funding for properties in conjunction with the capital funding awarded in Multifamily Consolidated Request for Proposals (RFP) between 2005–2012. At that point, the ongoing obligations to sustain the OS funding for these properties exceeded HTF resources, so the Agency stopped offering OS funding for new projects.

Since 2013, the OS funding has only been available to current grantees that: 1) demonstrate the need for the subsidy; and 2) other possible funding sources and cost saving measures have been investigated and implemented, where available. These developments leverage many other funding sources for operations and unique costs, such as Housing Support, the U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, Section 8 Rental Assistance, philanthropy and other state program grants.

There are 25 current OS grantees who will be eligible to apply in the next RFP round, which is anticipated to be published in fall 2026. In preparation for that RFP, staff have drafted a new version of the Program Guide which made the following terminology and administrative updates. There were no programmatic or policy changes.

- Added Agency Values Statement and Legal Addendum. (Chapter 1)
- Added reference to the Tenant Selection Plan Guidelines, which were established in 2021 as an Agency requirement. (Chapters 4, 5 and 8)
- Added information about Grant Monitoring requirements that reflects current practice. (Chapter 5, Section 5.04)
- Added a Terms and Definitions section. (Appendix A)
- Removed outdated funding sources throughout the guide. The program previously included other funding sources, in addition to Housing Trust Fund, which are no longer used for this program. The Guide removes references to Ending Long-Term Homelessness Initiative Fund (ELHIF) and Housing with Supports for Adults with Serious Mental Illness (HSASMI).
- Updated terminology and definitions throughout the guide to align with current practice, for example, High-Priority Homeless which is homeless eligibility criteria that was added in 2019.
- Updated the format and structure of the Program Guide to align with current Agency Program Guide requirements and accessibility standards.

Since the OS Program Guide was last updated in 2016, staff opted to create a new Program Guide using the Agency's current template, accessibility standards, terminology and program procedures. Using the track-changes feature would have resulted in all the content being red-lined, rendering the review process difficult and cumbersome. For this reason, the Board report includes only a clean version of the updated Program Guide.

Recommendation

Staff recommends approval of the updated Housing Trust Fund Operating Subsidy Program Guide.

MINNESOTA HOUSING

Housing Trust Fund Operating Subsidy

Program Guide

Adopted: TBD

EQUAL HOUSING OPPORTUNITY

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

An equal opportunity employer.

August 2026

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

Contents

Chapter 1 – Vision, Mission and Values

1.01 Vision

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

1.02 Mission

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

1.03 Values Statement

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

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy.

We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

We will:

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

Chapter 2 – Program Purpose and Background

The Minnesota Legislature established the Housing Trust Fund Program (HTF) in 1988 to support the development of affordable housing for low-income persons and families. Revenue for HTF is generated through money appropriated and transferred from other state funds; interest accrued from real estate trust accounts as provided under Minnesota Statutes 2025, section 82.75, subdivision 8; gifts, grants and donations received from the United States, private foundations and other sources; and money made available to the Agency for the purpose of the account from other sources.

In 2001, the Legislature made substantial changes to HTF, including the expansion of its funding activities. Since 2002, HTF resources may be used for operating subsidy and rental assistance funding, in addition to the capital funding it has historically provided. This led to the creation of the Housing Trust Fund (HTF) Operating Subsidy (OS) Program which is run in accordance with Minnesota Statutes, section 462A.201 and Minnesota Rules, parts 4900.3720 – 3746.

The HTF OS Program provides operating support to maintain the economic viability of qualifying supportive housing developments funded by Minnesota Housing to serve people experiencing homelessness.

Chapter 3 – Eligibility

3.01 Eligible Applicants

To be eligible to apply for the HTF OS Program, an applicant should have experience in operating or administering permanent supportive housing programs for low- and moderate-income persons and families and must be: (1) the owner of a housing development that is funded with a loan or a grant from Minnesota Housing, or (2) an applicant for a loan or grant from Minnesota Housing to fund the acquisition, construction or rehabilitation of rental housing.

Applicants must be current OS grantees. If funding for the program increases Minnesota Housing may consider expanding eligibility. The only eligible applicant for the funding is the ownership entity for the supportive housing property.

3.02 Use and Level of Funding

Eligible Uses

Operating Subsidy funds may fund a development's operating and maintenance expenses, including:

- Revenue Shortfall: Costs to cover revenue shortfall caused by the difference between the cost of operating the housing development and rents paid by eligible tenants.
- Unique Costs: Costs that are unique to the operation of the supportive housing and are critical to both the economic viability of the building and the welfare of the population to be served. Eligible activities include:
  - Tenant Service Coordinator: A Tenant Service Coordinator performs tasks associated with fostering housing stability and property owner-related housing support that will assist residents in maintaining their housing.
  - Front Desk and/or Security Staff: Front desk and/or security staff may perform tasks associated with the safety and security of tenants and housing tenancy supports, such as notifying the supportive housing service provider when a tenant appears to need assistance or attention.

Ineligible Uses

Operating Subsidy funds shall not be used for the following costs:

- Asset management fees, partnership management fees, reserves required by other lenders, distributions to the Owner or other fees and expenses over and above what Minnesota Housing deems as necessary operating expenses.
- Supportive services such as:

- Case management, as defined in Supportive Housing Information and Resources, chapter 6
- Daily independent living skills
- Medication management
- Psychiatric and chemical dependency counseling
- Nursing or medical services
- Cost reimbursable services such as those covered by Adult Rehabilitative Mental Health Services (ARMHS), ACT (Assertive Community Treatment) teams, Community Alternative for Disabled Individual (CADI) Waiver, or Community Support Program (CSP).

Eligible Housing Types

To be eligible for Operating Subsidy funding, the development must satisfy the following requirements:

- Any rental unit assisted with OS Program funds (Assisted Unit) must provide rental housing for persons and families whose gross incomes, at the time of initial occupancy, do not exceed program income limits as described in section 4.01 Income and Occupancy Requirements.
- The proposed housing development must consist of a minimum of four rental housing units.
- The housing development, in which the Operating Subsidy will be used, must be in compliance with the Minnesota Housing Capital Loan(s) requirements under which it was or is to be funded.
- The housing shall be marketed for general occupancy and families, except for those units specifically deemed to serve households qualifying as Long-Term Homeless (LTH) and/or High-Priority Homeless (LTH/HPH Assisted Units).
- Temporary and transitional housing as defined by the U.S. Department of Housing and Urban Development (HUD) may be funded only by the HTF Program.
- Individuals in OS assisted units will be linked to or offered services but not required to accept services as a condition of housing.

Ineligible Housing Types

Ineligible housing developments include: nursing homes, board and care facilities, and supervised living facilities licensed by the Minnesota Department of Health or a delegated local department of health, or properties where all residents require an individual 24-hour plan for supervision, medical or health care.

Level of Funding

Minnesota Housing determines Operating Subsidy grant amounts by reviewing cost reasonableness on a per-unit cost basis. Minnesota Housing will also analyze the development and operating costs to determine that the amount of Operating Subsidy funds provided to the development is held as low as possible while not compromising the economic viability of the proposed housing.

Chapter 4 – Program Expectations and Requirements

The following program expectations apply to all grantees:

- Serve households experiencing homelessness at the HTF OS assisted property, including a designated number of units to serve Long-term Homeless or High Priority Homeless populations
- Ensure households served meet income restrictions as outlined in this program guide and/or dictated by capital financing restrictions, whichever is more restrictive, at the time of initial occupancy
- Offer supportive services to all tenants in HTF OS assisted units to maintain housing stability and improve quality of life following best practices principles as described in the Supportive Housing Information and Resources, Chapter 6
- Follow Minnesota Housing's Tenant Selection Plan (TSP) Guidelines
- Maintain full occupancy of the property and/or the HTF OS assisted units
- Pursue and use all available resources to cover the costs of operating the property and providing services to tenants
- Set and track outcome goals for tenants of the HTF OS assisted units (housing stability, increased income, health, education, employment, etc.)
- Collect data in the Homeless Management Information System (HMIS) to measure property performance and tenant outcomes
- The owner and service provider complete the Annual Supportive Housing Survey when it is sent to supportive housing providers
- Participate in state monitoring and financial reconciliation
- Comply with statutory and program requirements
- Additional funding requirements may be called for as a condition of the applicant's selection and further conditions may be negotiated. Additional requirements will be made a part of the terms of the Grant Contract Agreement.
- A site inspection may be required. Minnesota Housing staff will assess the existing condition of the building and expects that the existing rental housing will meet inspection standards of decent, safe and sanitary conditions.

The property owner, management agent and service provider are encouraged to attend supportive housing training and engagement sessions conducted or sponsored by Minnesota Housing.

4.01 Income and Occupancy Requirements

Income Limits

Units assisted with Operating Subsidy funds (HTF OS assisted units) must be occupied by households whose income at the time of initial occupancy does not exceed 60 percent of the metropolitan area median income (AMI) for a family of four as determined by HUD and adjusted for household size. The HUD metropolitan area median income limits are applied statewide. A household with Section 8 project-based or voucher assistance is deemed to meet these income requirements.

Because Minnesota Statutes, section 462A.201, subd. 2 requires that 75% of the program funds be used for the benefit of households whose income at the time of initial occupancy does not exceed 30% of the AMI adjusted for household size, Minnesota Housing will prioritize developments that will serve these lower-income households.

There are no income limits for non-assisted units in a mixed-income development, unless dictated by another source of funding.

Supportive Housing Occupancy Requirements

The HTF OS property must provide supportive housing, and some units may require occupancy by households meeting Long-Term Homeless or High Priority Homeless eligibility criteria per capital financing restrictions. Properties should reference their Minnesota Housing loan documents for these restrictions and refer to the Supportive Housing Information and Resources for details. Supportive services must be available and offered to all tenants in OS Assisted units to maintain housing stability and improve quality of life following best practices principles as described in the Supportive Housing Information and Resources, Chapter 6

Compliance

Minnesota Housing will monitor the income and occupancy requirements for the length of the grant. If the property has compliance oversight per Agency loan requirements, the compliance department will complete income and occupancy monitoring. Minnesota Housing will review the household incomes of all assisted units for compliance using required forms and formats.

As HTF OS assisted units are vacated, incomes of new households occupying the HTF OS assisted units will be reported to Minnesota Housing annually by grantees, per Agency loan requirements. If there are no longer Agency loans being monitored, then grant monitoring protocols for income and occupancy will be followed. Households need only qualify at the time of initial occupancy and do not need to be re-certified thereafter.

For more detail, refer to Chapter 5.04 Monitoring and Reporting Requirements of this guide.

Chapter 5 – General Characteristics of Funding

5.01 Funding Terms

Operating Subsidy funds are awarded in the form of a grant to the owner and will be awarded for a period determined at Minnesota Housing's sole discretion. Award terms will be consistent with Office of Grants Management (OGM) requirements and cannot exceed a period of five years.

Before Minnesota Housing enters into a Grant Contract Agreement with the grantee, the development must have closed on a Minnesota Housing capital funding loan.

If grantee does not expend the proceeds of the Grant before the end of the grant period, Minnesota Housing may reduce the amount of the grant in subsequent grant periods.

Funding is available statewide through a competitive RFP. Previously awarded Operating Subsidy grantees reaching the end of their current grant term may have an opportunity to request an Operating Subsidy grant amendment extension and funding modification. Amendment recommendations may be based on certain factors, such as the availability of funds and grantee performance, and any other factors Minnesota Housing determines to be relevant. Amendments and funding modifications must comply with applicable OGM policies and be presented to the board for approval. Any amendment extensions or funding modifications will be granted at Minnesota Housing's sole discretion.

5.02 Grant Contract Agreement

The Grant Contract Agreement specifies the terms and conditions under which Minnesota Housing will disburse funds awarded under the Operating Subsidy Program.

Before Minnesota Housing will enter into an Agreement with the grantee, the grantee must provide documents in a satisfactory form, as identified on a checklist to be provided by Minnesota Housing.

5.03 Management and Operations

Management and Operating Budget Costs

The budget submitted by the grantee at application and for draw requests during the grant period will be reviewed and compared to budgets of comparable Minnesota Housing-financed developments. Eligible income and expenses will be reviewed and approved to ensure compatibility with the Operating Subsidy grant funds.

Minnesota Housing reserves the right to reject or adjust the operating and maintenance figures based upon the information supplied, specific development type, circumstances, significant changes to the economics of the development's current marketplace, or any other factor Minnesota Housing deems relevant.

Use of Units

All units must be rented to family sizes appropriate to the unit size with a ratio of at least one person per bedroom. If a family size changes during tenancy a household may submit a written request to the management agent to transfer to another unit or be placed on a waiting list for such transfer. In the event of a decrease in family size, the household may be required to move into the next available, suitably sized smaller unit.

Marketing

The grantee shall demonstrate that they have established networks and linkages with city and county supportive service organizations that will be necessary for residents to maintain housing stability.

The grantee agrees to only take referrals for the Long-Term Homeless or High Priority Homeless units from the Continuums of Care (CoC) Coordinated Entry and referral provider or successor system approved by Minnesota Housing. The grantee agrees to notify the CoC Coordinated Entry and referral provider whenever a supportive housing vacancy occurs and accept the referral for eligibility screening for the unit. The grantee should contact Minnesota Housing if unable to receive eligible referrals through Coordinated Entry.

The grantee agrees to follow Minnesota Housing's Tenant Selection Plan (TSP) Guidelines.

5.04 Monitoring and Reporting Requirements

Annual Operating Subsidy Submissions

Required annual submissions will be outlined in the grantees Grant Contract Agreement and will be required for disbursement of funds. Visit the Minnesota Housing website for additional information and compliance-related Agency forms.

Initial Occupancy Statement

As HTF OS assisted units are vacated, they must be leased to qualified households who must disclose their income at initial occupancy on the Initial Occupancy Statement form, as provided by Minnesota Housing. This form will be used to ensure that tenants are qualified to occupy the assisted unit, and must be retained for the duration of the household's tenancy in an OS assisted unit.

Data Practices Act Disclosure Statement

A Data Practices Act Disclosure Statement will be required for each household that occupies an assisted unit. This information is necessary for the administration and management of state or federal programs that provide housing for low and moderate-income families.

Minnesota Homeless Management Information System

Grantees must cooperate in good faith with Institute for Community Alliances (the Administrator) and any successors and/or assigns of the Administrator's rights and responsibilities regarding use of the Minnesota Homeless Management Information System computerized database (HMIS). This may include trainings or other reasonable requirements for the grantee to be a licensed HMIS user.

Grantees must request certain information from the individuals it serves through the Program, input such information into HMIS in a timely manner, and run reports and test data for accuracy, as directed by the Administrator and Minnesota Housing. Required data collection forms for HMIS reporting are found on Minnesota's HMIS website. The grantee must also obtain any and all necessary disclosures, releases and consents in connection with the Program to permit Minnesota Housing to access information and receive periodic reports from the Administrator. Additional information is available at Minnesota's HMIS website.

Monitoring and Evaluation

Grantees are responsible for maintaining financial records that document the use of all HTF OS funds, including those used for revenue shortfall and unique costs as outlined in section 3.02. Grantees are expected to maintain all financial and household records for a minimum of six years after the grant period has ended.

In addition, Minnesota Housing reserves the right to review financial and household records during this period, and records must be made available upon request.

Minnesota Housing will conduct monitoring of grantees, which may include:

- Household files
- Administrative and program review
- Financial reconciliation

More detailed information will be provided prior to monitoring including timelines and required submissions.

Grantee Performance Evaluation

After the expiration of the grant contract agreement, Minnesota Housing will complete a Grantee Performance Evaluation (Evaluation) for each grantee. The Evaluation will document grantee timeliness, quality of work, and overall performance during the grant period. Evaluations will be saved to the grantee's file. For all grant contract agreements in an amount of $25,000 or more, Evaluation information will be submitted to the Commissioner of the Department of Administration and made available on the Office of Grants Management's Grantee Evaluation website, per the Office of Grants Management requirement.

Chapter 6 – Administration of Operating Subsidy

6.01 Disbursement Schedule

Operating subsidies may be disbursed quarterly, semi-annually or annually, as agreed upon between Minnesota Housing and the grantee in the Operating Subsidy Program Grant Contract Agreement.

6.02 Disbursement Requests

Invoices/Draw Request

Minnesota Housing will make an advance payment to the grantee after receiving a completed Operating Subsidy Draw Request and Annual Report and the Agency's Authorized Representative approves the Draw Request.

The Draw Request with attachments and any additional requested documentation is due to Minnesota Housing within 60 days of the end of the draw period. The Draw Request must cover one year, or the period otherwise agreed upon between Minnesota Housing and the grantee.

The grantee must submit with the Draw Request:

- Reconciled budget(s) based on the actual financial statement for the recently completed year or draw period using Minnesota Housing Operating Subsidy Budget Forms for each type of use (Revenue Shortfall or Unique Costs), and
- Proposed budget(s) for the request year or draw period using the Minnesota Housing Operating Subsidy Budget Forms for each type of use (Revenue Shortfall or Unique Costs), and
- Attested financial statement, including the development's operating statement and balance statement for the recently completed year or draw period

Reconciliation

When processing the Draw Request, Minnesota Housing will reconcile the amount of grant proceeds provided to the grantee at the start of the draw period for Revenue Shortfall or Unique Costs with the actual costs the development had during the year, up to the maximum amount Minnesota Housing approved. Any overpayment of the grant proceeds from the previous draw period shall be deducted from the advance payment for the next draw period or, if the term of this Grant Contract Agreement has ended, will be repaid to Minnesota Housing by the grantee within 30 days of the end of the grant period.

Payment by Minnesota Housing

Minnesota Housing will deposit the advance payment within 30 days of receipt of a complete and approved Draw Request.

Chapter 7 – Termination and Reduction of Operating Subsidy

7.01 Termination of Subsidy

Minnesota Housing may terminate an Operating Subsidy if:

- The Operating Subsidy is no longer needed to ensure the economic viability of the housing development. Minnesota Housing's determination of economic viability is based on whether the development can generate sufficient operating income to meet its operating expenses if the Operating Subsidy is reduced or eliminated; and/or
- The grantee has failed to comply with the Operating Subsidy Program Grant Contract Agreement or other Minnesota Housing agreements.

Decision to terminate is at Minnesota Housing's sole discretion, based on whatever factors it deems relevant.

7.02 Reduction of Subsidy

Minnesota Housing may reduce an Operating Subsidy at its sole discretion, based on whatever factors it deems relevant.

Revenue Shortfall

Minnesota Housing may reduce the number of units for which a Revenue Shortfall Operating Subsidy is provided, or the amount of assistance per unit, if the full amount of the Revenue Shortfall Operating Subsidy is not necessary to ensure the economic viability of the development.

Unique Costs

Minnesota Housing may reduce the amount of a Unique Costs Operating Subsidy if the full amount of the Unique Costs Operating Subsidy is not necessary to ensure the economic viability of the development.

Chapter 8 – Equity

Supportive housing is intended to assist households experiencing homelessness that face systemic barriers to accessing and retaining housing. These barriers may include race, ethnicity, disabilities, lack of financial resources, rental and criminal history, and other systemic issues.

All supportive housing should be designed to address equitable housing access for populations that have been historically underserved and overrepresented in the homeless population.

Supportive housing providers are encouraged to adopt inclusive and flexible tenant screening criteria and practices to address equitable access when creating a Tenant Selection Plan (TSP). All existing supportive housing properties must comply with the General Considerations section of Minnesota Housing's Tenant Selection Plan Guidelines. HTF OS grantees must also comply with the Tenant Screening Criteria in the Guidelines.

Grantees should also demonstrate culturally appropriate practices to provide effective service delivery for the population(s) served in the supportive housing property. Culture may be defined as race, ethnicity, geographic location, history, values and shared spaces that are influenced by a characteristic that develops meaning among people, allows people to be who they are and empowers people to take pride in their lived experiences. Examples of shared cultures may include racial or ethnic groups, lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual and/or ally (LGBTQIA), deaf and hard of hearing, or military personnel and veterans.

Grantees are expected to track tenant data and evaluate the effectiveness of their practices and models to serve the intended population(s). Grantees should have a continuous improvement plan to monitor, make needed changes, and reassess throughout the grant term. Grantees will be required to report outcome data on the Draw Request and Annual Report, including:

- Demographic characteristics of the population served by race/ethnicity, disability status and other characteristics that reflect inequity
- Track and report tenant screening data regarding denials, including demographic characteristics and reason(s) for denial
- Evictions and non-renewal of leases data, including demographic characteristics and reason(s) for eviction or non-renewal

Chapter 9 – Program Contact

Contact the Program Manager, Sarah Broich at 651.539.9885 or email sarah.broich@state.mn.us for questions concerning this program. You may also visit the Housing Trust Fund Operating Subsidy Webpage.

Appendix A -Terms and Definitions

Table 1: Terms and Definitions

Terms	Definitions
Assisted Unit	A unit of housing that complies with [Minnesota Rules, part 4900.3727] in a housing development for which the agency has made a loan or grant under the housing trust fund program.
Continuum of Care (CoC)	A CoC is a local planning body that coordinates housing and services planning and funding for homeless families and individuals. A "Continuum of care plan" means a community plan prescribed by HUD to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.
Coordinated Entry (CE)	A centralized or coordinated process designed to coordinate program participant assessment and provision of referrals to housing and services. A centralized or coordinated entry system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised and includes a comprehensive and standardized assessment tool.
Grant Contract Agreement	The Grant Contract Agreement signed between Minnesota Housing Finance and the Grantee for the Program.
Grantee	An Eligible Recipient selected by the Minnesota Housing to receive grant Program funding.
High Priority Homeless (HPH)	Households prioritized for PSH by the CE system.
Homeless Management Information System (HMIS)	A web-based data system that provides standardized and timely information to improve access to housing and services and strengthen efforts to end homelessness. Programs serving people who are Homeless use HMIS to collect household information and record assistance provided. HMIS provides data on homelessness including unduplicated counts, use of services, and the effectiveness of the local Homeless assistance system. HMIS is used to record the characteristics and track the outcomes of persons experiencing homelessness living in Supportive Housing units funded by Minnesota Housing.
Housing First	A homeless assistance approach that prioritizes providing permanent housing to people experiencing homelessness,

Terms	Definitions
	thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life.
Housing Trust Fund (HTF)	The Minnesota Legislature established the Housing Trust Fund Program (HTF) in 1988 to support the development of affordable housing for low-income persons and families. Revenue for HTF is generated through money appropriated and transferred from other state funds; interest accrued from real estate trust accounts as provided under Minnesota Statutes 2025, section 82.75, subdivision 8; gifts, grants and donations received from the United States, private foundations and other sources; and money made available to the Agency for the purpose of the account from other sources.
HUD	The United States Department of Housing and Urban Development.
Long-Term Homeless (LTH)	Households experiencing LTH means individuals, unaccompanied youth, or families with children who lack a permanent place to live continuously for a year or more or at least four times in the past three years. Any period of institutionalization or incarceration must be excluded from the determination of the duration of homelessness. NOTE: This definition does not require that the person have a disabling condition.
Minnesota Housing	The Minnesota Housing Finance Agency
Operating Subsidy	The Housing Trust Fund (HTF) Operating Subsidy Program provides operating support to maintain the economic viability of supportive housing developments that are funded by Minnesota Housing and serve people experiencing homelessness.
Permanent Supportive Housing (PSH)	Permanent rental housing affordable to the population served where supportive services are available to participants. PSH is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are homeless and those with mental illness, substance abuse disorders, and other disabilities.
Program Guide	This Housing Trust Fund Operating Subsidy Program Guide
Request for Proposals (RFP)	The competitive process of applying for Program funds.

Terms	Definitions
Supportive Housing	Supportive Housing is permanent housing affordable to the people served and provides access to an array of services designed to foster housing stability and improve health and quality of life.
Supportive Services	Supportive Services include, but are not limited to, such activities as case management, mental health services, educational services, employment services, life skills training, children’s services and activities, and support groups.

Appendix B – Legal Addendum

1.01 Conflict and Control

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

1.02 Fraud

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

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

1.03 Misuse of Funds

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

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

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

1.04 Conflict of Interest

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

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

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

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

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

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

- Terminating the contracting party's participation

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

A contracting party should review its contract and request for proposals (RFP) materials, if applicable, for further requirements.

1.05 Assistance to Employees and Affiliated Parties

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

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

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

1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of suspended individuals and organizations (go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

1.07 Disclosure and Reporting

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

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

1.08 Electronic Signatures

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

1.09 Fair Housing Policy

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

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

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes, section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes, Chapter 177 or Minnesota Statutes, section 116J.871. In broad terms, Minnesota Statutes, Chapter 177 applies to an award of $25,000 or greater for housing that is publicly owned. Minnesota Statutes, section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing $200,000 or more of grant proceeds or $500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes, section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than $100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes, section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to mhfa.prevailingwage@state.mn.us.

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

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Rd. N.
St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

MINNESOTA HOUSING

Item: Approval, Tribal Indian Housing Program Termination of Loan Agreements

Action Item: 7.G
Date: 08/27/2026
Staff Contacts: Judi Mortenson, 651.539.9756, judi.mortenson@state.mn.us
Corey Strong, 651.539.9658, Corey.Strong@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff request board authorization to amend and terminate the Loan Agreements with the four Tribal Indian Housing Program (TIHP) Tribal Administrators. The original purpose of the agreements — to establish and capitalize Tribal revolving loan funds to create housing opportunities for American Indian households — has been fulfilled. The amendment and termination of the agreements will allow each Tribal Administrator to retain and continue administering its revolving loan fund and outstanding loans in support of its housing program as determined by each Tribal Administrator.

Fiscal Impact

None

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- Resolutions

Background

The Tribal Indian Housing Program (TIHP) was established by the Minnesota Legislature in 1976 (Minnesota Laws 1976, Chapter 254, Section 9, Subd.14) to increase access to safe, decent and affordable housing for American Indian households residing on and off reservations in Minnesota. The legislation designated the Minnesota Chippewa Tribe, the Red Lake Band of Chippewa Indians, and the Sioux Communities as Tribal Administrators responsible for establishing and administering revolving loan funds to support homeownership opportunities for Tribal members.

Between 1976 and 2005, the legislature appropriated more than $55 million to the TIHP. These funds were made available to Administrators through a loan agreement between Minnesota Housing and each Tribal Administrator. After direct appropriations ended, additional capitalization became available through the Economic Development and Housing Challenge program which Tribal Administrators have accessed to recapitalize their revolving loan funds. Challenge awards were provided as loans to Administrators through 2015 and as grants thereafter.

In 2024, Minnesota Housing updated the TIHP Manual to clarify statutory requirements, strengthen program accountability and provide Tribal Administrators with greater flexibility to develop housing plans that reflect local housing needs while maintaining compliance with program requirements. The updated Manual emphasizes collaborative program administration, sound financial management and long-term sustainability of Tribal housing programs.

Over the life of the program, approximately $70 million of state appropriated funds have been invested in TIHP revolving loan funds, supporting homeownership activities for more than 3,200 American Indian households throughout Minnesota. The Tribal Administrators have successfully maintained and replenished these revolving loan funds through loan repayments and program income, demonstrating successful administration of programs that expand access to homeownership financing on Tribal trust lands.

The original purpose of the TIHP loan agreements was to establish and capitalize Tribal revolving loan funds. After nearly 50 years, those revolving loan funds are fully established and continue to operate under Tribal administration. The original TIHP loan agreements included a section that allowed the parties to the agreement – Minnesota Housing and each Tribal Administrator – to terminate the loan agreement upon the mutual agreement that the purposes of the respective TIHP housing program have been met. Accordingly, Minnesota Housing staff have found that the purposes of the TIHP housing programs have been accomplished and recommend that the board: 1) similarly determines that the purposes of the TIHP housing programs have been accomplished for each Tribal Administrator; 2) further authorize staff to take the necessary actions to amend existing agreements adding termination language that is consistent across Tribal Administrators; and 3) terminate the TIHP loan agreements. These actions will result in the Tribal Administrators retaining revolving loan funds and any outstanding loans to continue to operate its housing program as determined by the Tribal Administrator. If the board approves the request, execution of the amendment and termination agreements will be completed upon receipt from each Tribal Administrator of any outstanding documentation required under the 2024 TIHP Manual.

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

RESOLUTION NO. XXXX

RESOLUTION AUTHORIZING AMENDMENT AND TERMINATION OF TRIBAL INDIAN HOUSING PROGRAM LOAN AGREEMENTS WITH LOWER SIOUX INDIAN COMMUNITY

WHEREAS, the Minnesota Housing Finance Agency (the "Agency") has administered the Tribal Indian Housing Program ("TIHP") since its creation in 1976 in accordance with Minnesota Statute section 462A.07, subd. 14; and

WHEREAS, the TIHP was intended to support the creation of housing opportunities for low- and moderate-income Native American households; and

WHEREAS, the TIHP was also designed to advance the policy of economic integration as stated in Minnesota Statute section 462A.02, subd. 6, by creating housing opportunities for Native American households who were not low- or moderate-income and wanted to reside on the reservation; and

WHEREAS, after 2006, the Minnesota Legislature shifted its funding for affordable housing initiatives for Tribes from TIHP to funding an American Indian set-aside portion of funding for the Challenge Program; and

WHEREAS, the Agency made loans to the Lower Sioux Indian Community (the "Tribal Government") in furtherance of the stated goals of the TIHP and the Challenge Program as evidenced by 1) the Tribal Housing Loan Agreement, with an effective date of September 21, 2016, and which may have been amended from time to time (hereinafter such original agreement and any amendments thereto are cumulatively referred to as the "Tribal Housing Loan Agreement") and 2) the Fund Availability, Disbursement and Loan/Grant Agreement with an effective date of February 7, 2017 (hereinafter such original agreement and any amendments thereto are cumulatively referred to as the "Impact Fund Loan Agreement"; and both the Tribal Housing Loan Agreement and the Impact Fund Loan Agreement may be referred to as the "Loan Agreements"); and

WHEREAS, Agency staff recommend amending the Loan Agreements to be consistent with other TIHP loan agreements to allow MHFA and the Tribal Government to terminate the Loan Agreements upon the mutual agreement of the parties that the purposes of TIHP housing program described in the Loan Agreements have been accomplished and then, upon such termination, to allow the Tribal Government to retain revolving loan accounts and outstanding loans to continue to use those revolving loan funds to operate its housing program; and

WHEREAS, Agency staff have determined that through the administration of TIHP, the Tribal Government has developed a housing program along with the administrative and operational capacity to implement the housing program by using revolving loan accounts to fund mortgages on Tribal land and for Tribal members and have demonstrated the use and reuse of those funds for mortgages; and

WHEREAS, Agency staff have found that the purposes of the TIHP housing program have been accomplished and recommend the termination of the Loan Agreements to allow the Tribal Government to retain the revolving loan funds and any outstanding loans to continue to operate its housing program.

NOW THEREFORE, BE IT RESOLVED:

The board hereby finds that the purposes of the TIHP housing program with respect to the Tribal Government have been accomplished and authorizes Agency staff to negotiate, amend and enter into agreements which Agency staff determine are reasonably necessary, in its sole discretion, to amend and terminate the Loan Agreements, resulting in the Tribal Government retaining revolving loan funds and any outstanding loans to continue to operate its housing program as determined by the Tribal Government.

Adopted this 27th day of August 2026

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CHAIR

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

RESOLUTION NO. XXXX

RESOLUTION AUTHORIZING AMENDMENT AND TERMINATION OF TRIBAL INDIAN HOUSING PROGRAM LOAN AGREEMENTS WITH MINNESOTA CHIPPEWA TRIBAL HOUSING CORPORATION

WHEREAS, the Minnesota Housing Finance Agency (the "Agency") has administered the Tribal Indian Housing Program ("TIHP") since its creation in 1976 in accordance with Minnesota Statute section 462A.07, subd. 14; and

WHEREAS, the TIHP was intended to support the creation of housing opportunities for low- and moderate-income Native American households; and

WHEREAS, the TIHP was also designed to advance the policy of economic integration as stated in Minnesota Statute section 462A.02, subd. 6, by creating housing opportunities for Native American households who were not low- or moderate-income and wanted to reside on the reservation; and

WHEREAS, the Agency made a loan to the Minnesota Chippewa Tribal Housing Corporation (the "Housing Corporation") in furtherance of the stated goals of the TIHP in 1976, which was restated as the Restatement of Loan Agreement, with an effective date of May 30, 1991, and which has been amended from time to time (hereinafter such restatement and the amendments thereto are cumulatively referred to as the "Restatement of Loan Agreement"); and

WHEREAS, the Restatement of Loan Agreement allows for MHFA and the Housing Corporation to terminate the Restatement of Loan Agreement upon the mutual agreement of the parties that the purposes of TIHP housing program described in the Restatement of Loan Agreement have been accomplished; and

WHEREAS, Agency staff recommend amending the Restatement of Loan Agreement so that upon termination, the Housing Corporation may retain revolving loan accounts and outstanding loans upon termination to continue to use those revolving loan funds to operate its housing program; and

WHEREAS, Agency staff have determined that through the administration of TIHP, the Housing Corporation has developed a housing program along with the administrative and operational capacity to implement the housing program by using revolving loan accounts to fund mortgages on Tribal land and for Tribal members and have demonstrated the use and reuse of those funds for mortgages; and

WHEREAS, Agency staff have found that the purposes of the TIHP housing program have been accomplished and recommend the termination of the Restatement of Loan Agreement to allow the Housing Corporation to retain the revolving loan funds and any outstanding loans to continue to operate its housing program.

NOW THEREFORE, BE IT RESOLVED:

The board hereby finds that the purposes of the TIHP housing program with respect to the Housing Corporation have been accomplished and authorizes Agency staff to negotiate, amend and enter into agreements which Agency staff determine are reasonably necessary, in its sole discretion, to amend and terminate the Restatement of Loan Agreement, resulting in the Housing Corporation retaining revolving loan funds and any outstanding loans to continue to operate its housing program as determined by the Housing Corporation.

Adopted this 27th day of August 2026

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CHAIR

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

RESOLUTION NO. XXXX

RESOLUTION AUTHORIZING AMENDMENT AND TERMINATION OF TRIBAL INDIAN HOUSING PROGRAM LOAN AGREEMENTS WITH RED LAKE BAND OF CHIPPEWA INDIANS

WHEREAS, the Minnesota Housing Finance Agency (the "Agency") has administered the Tribal Indian Housing Program ("TIHP") since its creation in 1976 in accordance with Minnesota Statute section 462A.07, subd. 14; and

WHEREAS, the TIHP was intended to support the creation of housing opportunities for low- and moderate-income Native American households; and

WHEREAS, the TIHP was also designed to advance the policy of economic integration as stated in Minnesota Statute section 462A.02, subd. 6, by creating housing opportunities for Native American households who were not low- or moderate-income and wanted to reside on the reservation; and

WHEREAS, after 2006, the Minnesota Legislature shifted its funding for affordable housing initiatives for Tribes from TIHP to funding an American Indian set-aside portion of funding for the Challenge Program; and

WHEREAS, the Agency entered into loan agreements with the Red Lake Band of Chippewa Indians (hereinafter referred to as "RLB"), the Red Lake Housing Finance Corporation, (hereinafter referred to as "RLHFC"), the Red Lake Reservation Housing Authority (hereinafter referred to as the "Housing Authority"; and RLB, RLHFC, and the Housing Authority, together, are referred to as the "Tribal Government") in furtherance of the stated goals of the TIHP and the Challenge Program as evidenced by 1) the Restatement of Loan Agreement, with an effective date of April 28, 1988, and which has been amended from time to time (hereinafter such original restatement and the amendments thereto are cumulatively referred to as the "Restatement of Loan Agreement") and 2) the Tribal Housing Loan Agreement (Agreement # 4-2007-19-CRV), with an effective date of August 7, 2007, and which may have been amended from time to time (hereinafter such original agreement and any amendments thereto are cumulatively referred to as the "Tribal Housing Loan Agreement"; and both the Restatement of Loan Agreement and the Tribal Housing Loan Agreement are referred to as the "Loan Agreements"); and

WHEREAS, Agency staff recommend amending the Tribal Housing Loan Agreement to be consistent with other TIHP loan agreements to allow MHFA and the Tribal Government to terminate the Tribal Housing Loan Agreements upon the mutual agreement of the parties that the purposes of TIHP housing program described in the Tribal Housing Loan Agreement have been accomplished and then to amend the Loan Agreements to allow, upon such termination, the Tribal Government to retain revolving loan accounts and outstanding loans to continue to use those revolving loan funds to operate its housing program; and

WHEREAS, Agency staff have determined that through the administration of TIHP, the Tribal Government has developed a housing program along with the administrative and operational capacity to implement the housing program by using revolving loan accounts to fund mortgages on Tribal land and for Tribal members and have demonstrated the use and reuse of those funds for mortgages; and

WHEREAS, Agency staff have found that the purposes of the TIHP housing program have been accomplished and recommend the termination of the Loan Agreements to allow the Tribal Government to retain the revolving loan funds and any outstanding loans to continue to operate its housing program.

NOW THEREFORE, BE IT RESOLVED:

The board hereby finds that the purposes of the TIHP housing program with respect to the Tribal Government have been accomplished and authorizes Agency staff to negotiate, amend and enter into agreements which Agency staff determine are reasonably necessary, in its sole discretion, to amend and terminate the Loan Agreements, resulting in the Tribal Government retaining revolving loan funds and any outstanding loans to continue to operate its housing program as determined by the Tribal Government.

Adopted this 27th day of August 2026

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CHAIR

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

RESOLUTION NO. XXXX

RESOLUTION AUTHORIZING AMENDMENT AND TERMINATION OF TRIBAL INDIAN HOUSING PROGRAM LOAN AGREEMENTS WITH UPPER SIOUX COMMUNITY

WHEREAS, the Minnesota Housing Finance Agency (the "Agency") has administered the Tribal Indian Housing Program ("TIHP") since its creation in 1976 in accordance with Minnesota Statute section 462A.07, subd. 14; and

WHEREAS, the TIHP was intended to support the creation of housing opportunities for low- and moderate-income Native American households; and

WHEREAS, the TIHP was also designed to advance the policy of economic integration as stated in Minnesota Statute section 462A.02, subd. 6, by creating housing opportunities for Native American households who were not low- or moderate-income and wanted to reside on the reservation; and

WHEREAS, after 2006, the Minnesota Legislature shifted its funding for affordable housing initiatives for Tribes from TIHP to funding an American Indian set-aside portion of funding for the Challenge Program; and

WHEREAS, the Agency entered into loan agreements with the Upper Sioux Board of Trustees (hereinafter referred to as "Upper Sioux Trustees") and the Upper Sioux Community Indian Housing Authority (hereinafter referred to as the "Housing Authority"; and Upper Sioux Trustees and the Housing Authority, together, are referred to as the "Tribal Government") in furtherance of the stated goals of the TIHP and the Challenge Program as evidenced by 1) the Loan Agreement, with an effective date of April 15, 1999, and which may have been amended and restated from time to time (hereinafter such original agreement and any amendments thereto are cumulatively referred to as the "TIHP Loan Agreement") and 2) the Tribal Housing Loan Agreement (Agreement # 4-2007-25-CRV), with an effective date of August 7, 2007, and which may have been amended from time to time (hereinafter such original agreement and any amendments thereto are cumulatively referred to as the "Tribal Housing Loan Agreement"; and both the TIHP Loan Agreement and the Tribal Housing Loan Agreement are referred to as the "Loan Agreements"); and

WHEREAS, Agency staff recommend amending the Tribal Housing Loan Agreement to be consistent with other TIHP loan agreements to allow MHFA and the Tribal Government to terminate the Loan Agreements upon the mutual agreement of the parties that the purposes of TIHP housing program described in the Loan Agreements have been accomplished and then to amend the Loan Agreements to allow, upon such termination, the Tribal Government to retain revolving loan accounts and outstanding loans to continue to use those revolving loan funds to operate its housing program; and

WHEREAS, Agency staff have determined that through the administration of TIHP, the Tribal Government has developed a housing program along with the administrative and operational capacity to implement the housing program by using revolving loan accounts to fund mortgages on Tribal land and for Tribal members and have demonstrated the use and reuse of those funds for mortgages; and

WHEREAS, Agency staff have found that the purposes of the TIHP housing program have been accomplished and recommend the termination of the Loan Agreements to allow the Tribal Government to retain the revolving loan funds and any outstanding loans to continue to operate its housing program.

NOW THEREFORE, BE IT RESOLVED:

The board hereby finds that the purposes of the TIHP housing program with respect to the Tribal Government have been accomplished and authorizes Agency staff to negotiate, amend and enter into agreements which Agency staff determine are reasonably necessary, in its sole discretion, to amend and terminate the Loan Agreements, resulting in the Tribal Government retaining revolving loan funds and any outstanding loans to continue to operate its housing program as determined by the Tribal Government.

Adopted this 27th day of August 2026

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CHAIR

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Item: Modification, Board Policy No. 10 (Participant Suspension)

Action Item: 7.H
Date: 08/27/2026
Staff Contacts:
Jonathan Moler, 651.296.3649, Jonathan.Moler@state.mn.us
Darryl Henchen, 651.539.9669, Darryl.Henchen@state.mn.us
Nicole DeMario, 651.539.9850, Nicole.DeMario@state.mn.us

Request Type: Approval, Motion

Request Summary

The Minnesota Housing Board's Participant Suspension Policy (Policy 10.0) requires updating to reflect changes in the Agency's approach to addressing fraud. Staff recommends the policy revisions outlined below.

Fiscal Impact

None.

Agency Priorities

☐ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Recommended Change to Board Policy No. 10 Participation Suspension Policy

Background

The Minnesota Housing Board originally adopted Board Policy No. 10 (Participant Suspension) on September 26, 1996. The policy was subsequently revised on February 27, 2014. Since that time, the Agency has significantly enhanced and refined its approach to fraud prevention, detection and enforcement. As the Agency's processes continue to evolve, these policy updates help ensure that its response to fraud remains consistent, effective and aligned with current practices.

Recommended Change to Board Policy

Policy 10 – Participant Suspension

Adopted: 09/26/1996

Amended: 2/27/2014

Amended: TBD

This policy sets forth the process and circumstances under which an individual or an organization may be suspended from doing business with the Minnesota Housing Finance Agency ("the Agency").

10.1 Roles of Staff Members

~~Division~~ Agency Staff: Gathers and presents evidence to either division head regarding potential suspension or to Chief Risk Officer regarding potential fraud or misuse of funds, or other concerns that would constitute suspension from conducting business with the Agency.

~~Division Head: Reviews evidence from division staff and, if appropriate, recommends suspension to Participant Suspension Committee~~

General Counsel: Reviews evidence from Agency staff and, if appropriate, recommends suspension to the Participant Suspension Committee.

Risk and Internal Controls Director: Reviews evidence from Agency staff and, if appropriate, recommends suspension to the Participant Suspension Committee.

Participant Suspension Committee: Decides whether, and to what extent, suspension is warranted.

~~Chief Risk Officer: Processes allegations of fraud and/or misuse of funds~~

10.2 Activities Justifying Suspension

An individual or an organization may be suspended from doing business with the Agency for a specified term if one or more of the following has occurred:

- The individual or organization is in default under a contract or agreement with the Agency;
- The individual or organization has provided false or misleading documentation to the Agency;
- The individual or organization has made one or more material misrepresentations to the Agency
- The individual or organization has engaged in activities that have either financially damaged or exposed the Agency to substantially increased financial risk; ~~or~~
- The individual or organization has failed to provide to the Agency, in a timely manner, required information, or requested material information that the Agency has requested~~.~~;
- The individual or organization has failed to secure not public data by allowing it to be breached;
- The individual or organization has experienced operational failure causing financial or reputational risk to the Agency;
- The individual or organization has caused negative reputational harm to the Agency; or
- The individual or organization has exposed the Agency to undue risk or harm, such that the Participant Suspension Committee has determined that continued engagement presents a risk.

10.3 The Process

The process for suspending an individual or an organization from doing business with the Agency is as follows:

1. ~~Evidence is gathered by~~ Agency staff gathers evidence that they believe demonstrates that an individual or organization meets one or more of the criteria set forth in Section 10.02 ~~above~~.

~~If the activity involves fraud or misuse of funds, the matter is forwarded to the Chief Risk Officer for investigation and resolution.~~

2. ~~If the activity does not involve fraud or misuse of funds,~~ Agency staff presents the evidence to the ~~division head~~ General Counsel and the Risk and Internal Controls Director using an approved Minnesota Housing form.
3. The ~~division head~~ General Counsel and the Risk and Internal Controls Director will review~~s~~ the evidence and discuss~~es~~ the matter with staff. The ~~division head~~ General Counsel and the Risk and Internal Controls Director may also request that further evidence be presented.
4. The ~~division head~~ General Counsel and the Risk and Internal Controls Director will allow ~~affords~~ the affected individual or organization the opportunity to respond to the allegations.
5. If, after reviewing the evidence and any response by the affected individual or organization, the General Counsel and the Risk and Internal Controls Director determine~~s~~ that suspension is warranted, the ~~division head~~ General Counsel and the Risk and Internal Controls Director forwards the information to the Participant Suspension Committee recommending suspension. If the ~~division head~~ General Counsel and the Risk and Internal Controls Director determine~~s~~ that suspension is not warranted, the ~~division head~~ General Counsel and the Risk and Internal Controls Director ~~forwards~~ document the completed file and evidence. ~~to Minnesota Housing's~~

~~Chief Risk Officer.~~ The Risk and Internal Controls Director then notifies the Agency staff that reported the issue that there was no suspension.

6. The Participant Suspension Committee reviews the recommendation and the evidence, makes a decision, ~~and~~ informs the affected individual or organization of its decision and notifies the Agency staff who reported the issue of the outcome.
7. As further discussed in Section 10.06 ~~below~~, if the affected individual or organization submits a written request for reconsideration, then the Participant Suspension Committee reviews the request to reconsider~~s~~ its decision and informs the affected individual or organization of its decision after ~~reconsideration~~ review, in addition to the Agency staff who reported the issue.

10.4 Participant Suspension Committee

The Participant Suspension Committee is composed of the Agency's Commissioner, Deputy Commissioner and General Counsel.

After receiving and reviewing a recommendation and supporting evidence to suspend (or the Commissioner's decision regarding an immediate suspension as set forth in Section 10.5 ~~E below~~), the Participant Suspension Committee shall make its determination in writing and provide a copy of the determination to ~~inform~~ the affected individual or organization. ~~in writing of its decision and the reasons for it's the~~ Agency staff who identified the issue will also be notified of the decision.

In certain circumstances, the Participant Suspension Committee may, in its sole discretion, elect to impose suspensions on individuals or organizations affiliated with the individual or ~~employed by an~~ organization that is the subject of the investigation~~doing business with the Agency~~. Suspensions imposed upon individuals may be imposed either in conjunction with, in lieu of, or independent of suspensions imposed upon organizations.

Suspensions from doing business with the Agency may be imposed for a period of up to three years, depending on the severity of the activity justifying suspension. The suspension shall be effective upon the mailing of a notice by Certified U.S. Mail with return receipt requested to the individual or organization being suspended, informing the individual or organization:

- That a suspension is being imposed;
- The length of time of the suspension;
- The basis for the suspension;
- The consequences of the suspension; and
- The right of the individual or organization to request that the Participant Suspension Committee reconsider its decision.

10.5 Immediate Suspension

~~In lieu of~~ Notwithstanding the foregoing process, the Commissioner may immediately suspend an individual or organization ~~may be immediately suspended~~ from ~~doing~~ conducting business with the Agency ~~by the Commissioner~~ if the Commissioner determines that ~~immediate~~ such action is necessary to protect the Agency's interests. Requests for immediate suspension may be submitted to the Commissioner by the Deputy Commissioner, General Counsel, Risk and Internal Controls Director, another state agency, or through other documented means, which will be included in the suspension record.

The Commissioner shall notify the Participant Suspension Committee of the suspension determination. The Participant Suspension Committee will direct appropriate staff to collect relevant evidence and submit it for review and inclusion in the suspension file. After completing its review, the Participant Suspension Committee will notify the affected individual or organization of its decision in accordance with Section 10.4. The individual or organization may request reconsideration of an adverse decision in accordance with Section 10.6.

The immediate suspension shall be effective upon the mailing of a notice by Certified U.S. Mail with return receipt requested to the individual or organization being suspended, informing the individual or organization:

- That an immediate suspension is being imposed;
- That the immediate suspension is effective pending completion of a review by the Participation Suspension Committee;
- The basis for the immediate suspension; and
- The consequences of the immediate suspension~~.~~; and
- The right to request reconsideration of the suspension in accordance with Section 10.6.

~~The Commissioner shall refer the matter to the Participant Suspension Committee for its determination regarding whether suspension is warranted. The Participant Suspension Committee shall rely on appropriate staff to gather the evidence and submit it to the committee. Upon completion of its review the Participant Suspension Committee shall notify, the affected individual or organization of its decision in accordance with Section 10.04 above. The individual or organization may request reconsideration of an adverse decision in accordance with 10.6 below.~~

10.6 Request For Reconsideration

A request that the Agency reconsider its decision regarding a suspension must be made in writing to the Participant Suspension Committee. Any such request must be received by the Agency within thirty (30) days of the effective date of the suspension stating the reasons why reconsideration is warranted and may be accompanied by documentary evidence. The Participant Suspension Committee shall base its reconsideration decision on all of the available evidence, including any evidence submitted by the suspended individual or organization. The reconsideration decision shall be mailed to the individual or organization being suspended by Certified U.S. Mail with return receipt requested. The Agency staff who reported the issue will be notified of the reconsideration request and outcome.

10.7 Remedies

The remedies provided under this policy are in addition to and are not in substitution of any other remedies provided in the applicable contract or agreement, or at law or in equity.

10.8 Request to Renew Doing Business

After expiration of the suspension period, the suspended individual or organization may file a written petition with the Participant Suspension Committee requesting that it be permitted to ~~do~~ resume conducting business with the Agency. The petitioner must be able to satisfy the Participant Suspension Committee that it has taken appropriate steps to remedy the situation that led to the suspension. If there is no petition received, the individual or organization will remain on the suspension list.

10.9 Reporting of Participant Suspensions

The names and circumstances of all suspended individuals and organizations, as evidenced by final Participant Suspension Committee decisions, shall be provided to the Board at its next regularly scheduled meeting. Similar information shall also be provided to the Board regarding the disposition of requests to renew doing business with the Agency.

MINNESOTA HOUSING

Item: Approval, 2026-2028 The HousingLink Operations Grant Contract

Action Item: 7.I
Date: 08/27/2026
Staff Contacts: Alyssa Wetzel-Moore, 651.263.1453, Alyssa.Wetzel-Moore@state.mn.us
Ryan Baumtrog, 651.296.9820, Ryan.Baumtrog@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests the board's approval to enter into a grant contract agreement with The HousingLink (HousingLink). This grant would provide $450,000 for HousingLink's ongoing operations. Key operations include the provision of vacancy and waiting list information, support to Streams, an online searchable database of publicly funded rental housing units in Minnesota, and the maintenance of the statewide Affirmative Marketing Toolkit. If approved, the new grant period would run from September 1, 2026, through August 31, 2028.

Fiscal Impact

This award uses $450,000 in Pool 3 resources structured as a grant which does not earn interest for the Agency. This grant is budgeted for in the 2026-2027 Affordable Housing Plan.

Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background

Background

Staff recommends that Minnesota Housing continue to fund HousingLink through a single source contract with a payment schedule based on agency approval of financial reports. Staff conducted a pre-award risk assessment which included an organizational review and financial review. HousingLink passed the pre-award risk assessment.

HousingLink provides comprehensive, accurate and timely data on the supply of affordable rental housing and rental assistance to those searching for rental housing options. Staff throughout the Agency utilize the data, website, services and reports from HousingLink to support their work. HousingLink has become Minnesota's primary source for affordable housing-related openings, data, information and resources. HousingLink is the only provider that provides a statewide, searchable and up-to-date listing of subsidized apartments, including up-to-date vacancies of apartments that accept Section 8 vouchers. They also provide search features based on accessibility features to help people with disabilities find affordable, integrated housing. HousingLink is effective in reaching cost-burdened households with their search services. In their 2023 survey, 92% of households with accounts on HousingLink.org had an income of $44,000 or below, and 65% were Indigenous, Black and people of color.

HousingLink provides centralized housing information for individuals and communities primarily through its website for finding affordable housing vacancies. They also inform policymaking with reliable, credible data. HousingLink was created in 1997 as a 501(c)(3) in response to the 1995 *Hollman v Cisneros* Consent Decree, which stipulated that an affordable housing information 'clearinghouse' be created to ensure that families with low-and-moderate incomes would have access to affordable housing information they need. HousingLink has proved to be the key player for affordable housing information. Minnesota Housing, along with multiple affordable housing partners, utilize many of the resources now incorporated into the HousingLink website.

Contract Background

Minnesota Housing has been funding HousingLink since at least 2011 to support its operations in the provision of private market and affordable housing rental listings. The current operations contract with HousingLink began on September 1, 2022, for $350,000 for a two-year grant period that ended on August 31, 2024. The contract was amended in 2024 for an additional two years and an additional $450,000. This was the first funding increase in eight years and was approved at the time of the contract extension and funding modification. The current grant period ends on August 31, 2026.

Staff seeks to maintain the same funding levels of $450,000 from Pool 3 for this new two-year contract and budgeted for this activity in the 2026-2027 Affordable Housing Plan.

Grant Activities

1. Advancing Affordable Housing Opportunities

Low and moderate-income renters, and the agencies that help them, need a quick and efficient place to identify housing openings and answer housing questions. HousingLink provides these households and agencies with a user-friendly, one-stop website to locate the following:

- Affordable rental housing openings.
- Open subsidized housing waiting lists.
- Rental housing education and resources to help them understand:
    - Subsidized housing
    - How to have a successful renting experience, and
    - How to overcome criminal, credit, and rental history barriers.

The HousingLink website provides a wide variety of practical information and resources to help advance the affordable housing opportunities available to low-to-moderate income renters.

2. Housing Search (formerly hList)

Service agencies and low-to-moderate income renters use their website to search for affordable rental housing and subsidized waiting list openings. A household searching for housing is the most common activity on their website.

3. Housing Authority Waiting List (HAWL) Report

The Housing Authority Waiting List (HAWL) Report contains information on the status of Section 8 Voucher and Public Housing waiting lists in the Twin Cities metro area. This report is heavily used and is updated whenever a change in waiting list status occurs.

In addition to publishing the report online, HousingLink emails waiting list alerts to 7,000+ subscribers on their Housing Authority Waiting List Alert email. The subscribers to this list are low-income renters and service agency professionals who use the information to acquire subsidized housing opportunities. HAWL alerts are a way to immediately disperse this information directly into the hands of case managers and renters.

4. HousingLink Research and Housing Supply Data

HousingLink provides information on the supply and location of publicly-funded affordable housing through reports and an online database called Streams. Streams (www.housinglink.org/streams) expanded statewide and now includes 3,300 properties and 133,000 affordable units with public funding. Streams is used by Minnesota Housing staff, as well as other researchers and community planners and policymakers.

5. Affirmative Marketing Toolkit

This online resource is for housing providers seeking to ensure their applicant pool reflects the diversity of our communities. The toolkit helps housing providers complete the HUD form, Affirmative Fair Housing Marketing Plan - Multifamily Housing, Form HUD-935.2A.

6. Olmstead Plan

HousingLink completed a redesign of their website to improve the housing search experience for people with disabilities. They continue to promote the features of the website throughout the state to landlords, renters who need accessible housing, service agencies and government organizations. They are focusing on adding listings with accessible features for those with disabilities and increasing the amount of Greater Minnesota search and listing activity.

7. Annual Reporting and Monitoring

HousingLink will provide an annual report of the outcomes and activities completed as well as an Affordable Listings Report and progress reports on its activities with the Grant Proceeds. It will provide a financial report every six months. Staff will conduct one program monitoring and annual financial reconciliations. $125,000 is payable upon contract execution. Subsequent payments will take place every six months and be contingent upon approval of the financial reports.

Item: Chief Risk Officer Report

Information Item: 9.A
Date: 8/27/26
Staff Contacts: Jonathan Moler, 651.296.3649, Jonathan.Moler@state.mn.us
Nicole DeMario, 651.539.9850, Nicole.DeMario@state.mn.us
Request Type: No Action, Information

Request Summary

This is an update from the Risk and Internal Controls Director regarding the status of conflict of interest, misuse of funds and fraud/embezzlement investigations for the period January 1, 2026, to June 30, 2026. The last Chief Risk Officer Report was made March 26, 2026, for the period of July 1, 2025, to December 31, 2025.

The next semi-annual report is expected to be delivered to the board in February or March 2027, for the period July 1, 2026, to December 31, 2026.

Fiscal Impact

None

Agency Priorities

☐ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Exhibit 1: Status of Conflict of Interest, Misuse of Funds and Fraud/Embezzlement Investigations opened by the Agency or Risk and Internal Controls Director; period of 1/1/2026 – 6/30/2026

Background

Minnesota Housing has established procedures by which the Risk and Internal Controls Director or other staff receive and address allegations of conflict of interest, misuse of funds and fraud/embezzlement related to agency operations or Agency programs.

The Minnesota Housing Risk Management and Internal Control Framework contemplates the Chief Risk Officer report regularly to the board of directors on status of such allegations. The typical process is to report every six months.

Minnesota Housing, as a state housing finance agency, is not structured as an investigative body and does not have statutory investigator or enforcement authority. The Agency conducts a thorough review of all fraud, misuse of funds and conflict of interest reports received and when applicable coordinates with law enforcement, investigatory bodies and the Minnesota Attorney General's office for appropriate next steps related to cases of suspected or potential fraud, misuse of funds or other malfeasance.

Exhibit 1 informs the board about the number of conflict of interest, misuse of funds and fraud/embezzlement investigations opened, resolved and still in-process for the period.

Exhibit 1

Status of Conflict of Interest, Misuse of Funds, and Fraud/Embezzlement Investigations Opened by the Agency or Risk and Internal Controls Director For the Period 1/1/26 – 6/30/26				
Allegation Type	**Investigations in-process as of 6/30/26**	**Investigations Opened During Period**	**Investigations Resolved During Period**	**Comments Regarding Investigations**
Alleged Conflict of Interest (COI)	2	3	1	**(2) Investigations in-process**
Alleged Misuse of Funds (MOF) less than $50,000	0	0	0	**No investigations in-process**
Alleged Misuse of Funds (MOF) greater than $50,000	0	0	0	**No investigations in-process**
Alleged Fraud/Embezzlement	1	1	0	**(1) Investigations in-process**
Summary	**3**	**4**	**1**	**(3) Investigations in-process**

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MINNESOTA HOUSING

Item: Board Risk Assessment for 2025 and 2026

Information Item: 9.B
Date: 08/27/2026
Staff Contacts: Nicole DeMario, 651.539.9850, Nicole.DeMario@state.mn.us
Request Type: No Action, Discussion

Request Summary

As part of the Minnesota Housing's Risk Management and Internal Control Framework, the Board Risk Assessment is provided to the board for discussion.

Fiscal Impact

Not applicable

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- Board Risk Assessment Executive Summary

Background

On March 28, 2024, the Board approved the Agency's Risk Management and Internal Control Framework (Framework), which adopts the "Standards for Internal Control in the Federal Government" (also known as the "Green Book") as the Agency's criteria to design, implement and operate an effective risk management and internal control system.

As outlined in the Framework, Agency risk is assessed through several methods. Minnesota Management and Budget (MMB) has created a set of internal control tools, which Minnesota Housing employs. However, the MMB tools are not specific to housing finance and do not include the internal and external risks to the Agency.

The "Board Risk Assessment" is an internal self-assessment of business and external risks. The purpose of the assessment is to focus on the critical risks confronting the Agency that could negatively impact the Agency's ability to achieve the goals identified by Minnesota Housing. The Board Risk Assessment assists the Agency Commissioner in communicating risk-related issues to the Board.

This report relies on the expertise of Agency leadership serving on the Risk Management Committee.

MINNESOTA HOUSING

Board Risk Assessment 2025 and 2026: Executive Summary

Background and Overview

Background

The following report is an executive summary of the internal self-assessment of internal and external risks known as the Board Risk Assessment.

The purpose of the assessment is to focus on the critical risks confronting the Agency which could negatively impact the Agency's ability to achieve the goals identified in the Minnesota Housing 2024-2027 Strategic Plan and 2026-2027Affordable Housing Plan. The Board Risk Assessment assists the Agency commissioner and Risk Management Committee (RCM) in communicating risk-related matters to the Board.

Board Risk Assessment Project Scope and Timing

In 2026, the RMC began the Board Risk Assessment project to identify and evaluate the current risks determined most critical to the Agency's mission and objectives. The RMC identified six risk categories critical to the Agency's mission, which are assigned to the applicable RMC subject matter experts (SMEs):

- Operational Risks – Human Resources Director and Operations Director
- Legislative Risks – Deputy Commissioner
- Financial Risks (Financial markets, including access to capital and interest rates) – Executive Investment Officer & Executive Financial Officer
- Information Security Risks – Chief Information Officer
- Counterparties Risks – Assistant Commissioners for the Single Family, Multifamily and Housing Stability Divisions, and Director of Local Government Housing Programs
- Regulatory Compliance Risks – Assistant Commissioner for Operations and Local Government Housing Programs

The SMEs consider the following five questions:

1. In your assigned risk category, what could go wrong?
2. If the risk in question materialized, what would the impact be to the Agency?
3. How is the Agency currently monitoring the risk?

4. What is the Agency currently doing to mitigate the risk, or doing to address the weaknesses in the area?
5. Are there any additional monitoring or mitigation actions the Agency should be taking to reduce the chances of the risk materializing and/or minimizing the negative impact if the risk does materialize?

The SMEs compiled their responses to the questions above about their assigned risk areas. The Risk and Controls Director prepared the initial summary report for the RMC review before it is presented to the Agency Board for approval.

Summary of Board Risk Assessment Project Results

Change is a key driver of risk. Over the years, the Agency, and the business and legislative environment the Agency operates in have experienced significant changes which include:

- Increased actions taken by federal government directed at state government agencies and individuals
- Changing economic and financial markets including inflationary cost pressures, interest rate increases and labor market shortages
- Transition to a hybrid workforce
- Increased staffing, including at the Servant Leadership Team and managerial levels
- Significant changes in state and federal funding and policy
- Affordable housing programs impacted by funding issues at the federal level, including federal government shutdown

The risk assessment results indicate that management is aware of the increased risk profile of the Agency and that they are managing and mitigating the risks using efficient internal controls and risk mitigation strategies.

Following are the individual risk assessment summaries of each of the six critical risk categories facing the Agency.

Operational Risks

The most critical areas of planning include:

- Strategic planning: allocation of resources and responsibilities, short- and long-term milestones and budgets.
- Operational planning: creating sufficient organizational infrastructure to support current and new programs and initiatives, including staffing, policies, procedures and budgets.
- Human resource planning: recruiting, hiring and training new staff. Ensuring current staff have access to the tools they need to succeed in their positions.

- Communication and stakeholder engagement: Engagement with internal and external stakeholders while maintaining transparency throughout the process.
- Monitoring and evaluation: Regularly assessing monitoring processes and outcomes and adjusting as necessary, pursuing continuous improvement of results and internal controls.

The structured planning efforts underway at Minnesota Housing ensure staffing for each program and budgeting reflect the true cost of operating at the necessary scale. Below are some of the key monitoring and mitigation strategies employed to address the identified operational risks. The Agency:

- Works to ensure that new and current employees are trained in their positions, have access to the tools they need to conduct their jobs effectively and know where to find the policies and procedures to do their jobs.
- Has developed a communication and external engagement plan that included engagement sessions with interested stakeholders to outline progress on existing programs, new programs and initiatives.
- Is ensuring that policies and procedures are documented and stored in accessible places to ensure consistency and accuracy.

Legislative Risks

State and federal resources are critical to meeting the housing needs of people and communities across the state and accomplishing the Agency's priorities, including but not limited to the goals and activities identified in the Strategic Plan and Affordable Housing Plan.

The critical risks to be managed and mitigated include, but are not limited to:

- Election and leadership changes: While this is a risk the Agency has no control over, the Agency proactively tracks and plans for this risk.
- State or federal government shutdowns: This is a risk outside the Agency's control, but is one that is identified and controls are established to address.
- Budget deficits, program reductions and/or eliminations: This would result in the Agency having fewer financial resources to achieve the objectives outlined in the Strategic and Affordable Housing Plans. Fewer resources would result in serving fewer households.
- Statutory, regulatory and policy changes: Changes to statutes, rules or policies could impact the Agency's ability to keep in compliance with operating policies and procedures.

Below are some of the key monitoring and mitigation strategies employed to address the identified risks. The Agency:

- Maintains and creates new relationships with people and organizations involved with policy work at the state and federal level. This includes but is not limited to: members of Congress and their staff, the National Counsel of State Housing Finance Agencies and others.

- Leverages technology applications that track changing legislation to monitor state and federal legislative activities that impact the day-to-day operations of the Agency and its mission.
- Works with Agency divisional staff to ensure that the changing statues and laws are being incorporated into policies and procedures.

Financial Risks (Financial Markets Risk, including Access to Capital and Interest Rates)

Many risks in financial markets are inherent to the Agency's business, but access to capital and interest rate volatility could have the greatest impact. Two distinct categories of risk are: 1) items within the Agency's control, such as organizational structure and staffing, strategic planning for financing Agency operations and lending; and 2) items the Agency cannot control, such as the economic, political and geopolitical environments in which it operates.

The critical financial markets and interest-rate risks the Agency manages and mitigates include, but are not limited to:

- Access to capital: The Agency needs access to capital via financial markets to finance its mortgage lending, conduct loan origination business and generate the interest rate spread needed to accomplish the Agency's mission.
- Credit rating: The Agency's credit ratings directly impact the Agency's interest cost for its primary sources of funds. The Agency would incur higher interest rates as a direct result of a lowering of Agency's credit ratings, which in turn would reduce the interest rate spread that funds affordable housing programs and Agency operations.
- Interest rate volatility: Because the Agency borrows funds to finance mortgages and other housing-related financial products, changes in interest rates can affect borrowing costs, investment income and the value of its assets and liabilities.
  - If interest rates rise, the Agency may face higher borrowing costs, reduced demand for its products and decreased revenue.
  - Conversely, if interest rates fall, the Agency may experience decreased investment income and potentially impact demand for our products. Actions by the Federal Reserve over the past couple of years to moderate recessionary and inflationary pressures on the economy have directly impacted the Agency's financial operations as well as the willingness and ability of state residents to borrow and purchase homes.

The Agency relies on its Finance team, comprised of internal staff and management as well as external market experts and advisors. These consultants and vendors are highly experienced in housing finance agency (HFA) operations and municipal securities transactions nationwide. They continuously monitor economic, social, political and geopolitical impacts to the market. Internal staff assess the nature, direction and stability of markets and interest rate movements by monitoring HFA activities throughout the country, staying abreast of global news, and reviewing research and analysis provided by Agency partners. Below are some of the key monitoring and mitigation strategies employed to address the identified financial risks.

The Agency:

- Has established, through the board, a Debt and Balance Sheet policy and an Investment and Cash Management policy. Together, these policies outline the board's financial management strategies, practices and reporting requirements.
- Conducts monthly board meetings where updates on the Agency's financial position and performance, as well as compliance with board policies, are reviewed.
- Has an effective financial system in place to record financial transactions and produce reports for the Finance team to use for financial review, monitoring and decision making.
- Uses industry best practice risk mitigation tools and strategies such as hedging interest-rate risk of mortgage loan pipeline with TBA contracts, interest rate swap agreements to synthetically fix interest payments on variable-rate bonds, portfolio diversification, multi-year cash flow projections to ensure sufficient liquidity to pay expenses and fund obligations as needed.
- Monitors and projects cashflows to ensure sufficient liquidity is in place to pay operating expenses and meet program funding commitments.

Contracts with rating agencies, Moody's and Standard and Poor's (S&P), for additional external review and evaluation of the Agency's financial management strategies and execution including financial position, loan performance, risk profile and operations.

Information Security Risk

Minnesota Housing operates in a complex information Security environment and faces a wide variety of technology and cybersecurity risks. The critical technology and cybersecurity risks to be managed and mitigated include, but are not limited to:

- Data breaches and unauthorized access
- Ransomware and malware attacks
- Vulnerabilities inherent in a constantly changing technological world
- Third-party and vendor supply chain risks
- Insider threats, both deliberate and accidental
- Artificial Intelligence-related risks

These risks present a range of potential impacts, including damage to the Agency's reputation, financial impact, interruption of services to the Agency, as well as regulatory fines, ransom payments and expenses related to investigating, mitigating and resolving specific cybersecurity events.

Below are some of the key monitoring and mitigation strategies employed to address the identified technology and cybersecurity risks.

The Agency:

- Employs a dedicated infrastructure and security team that stays up to date with cybersecurity and technology trends.
- Continuously monitors internal systems and logs for signs of breach, infection and failure. Partners with the MNIT agency, which monitors and reports on authentication and network logging.
- Established a multi-layered approach to cybersecurity that addresses risks from a remote workforce and emerging technologies.
- Maintains a backup data center that can be activated in case of infrastructure failure in the main data center.
- Has implemented clear security protocols and conducts annual employee training on cyber security awareness.
- Has a robust plan for the gradual modernization of legacy systems, including patching critical vulnerabilities and decommissioning unsupported systems.
- Maintains a formal Incident Response Plan
- Contracts for an annual IT internal controls, penetration testing and infrastructure review (done in conjunction with the annual financial and compliance audits).

Counterparty Risk

Counterparties are critical to the Agency accomplishing its vision, mission and goals.

Counterparty risk refers to the risk the Agency faces when engaging with external partners in its transactions. As a housing finance agency, Minnesota Housing participates in complex financial activities, such as borrowing funds, issuing bonds and making loans and grants. To achieve its mission, the Agency partners and interacts with a wide variety of counterparties across its divisions.

The primary concern with counterparty risk is the potential for counterparties to default on their financial obligations or fail to perform the duties and services required in the contract. If these risks materialize, the Agency could incur financial losses and disruption to operations. Fraud and misuse of funds is an overarching risk in all counterparty relationships. The Agency's four loan and grant production divisions/departments manage and oversee those counterparties most critical to implementing the Agency's Strategic and Affordable Housing Plans.

A) Single Family Division: This division manages the Homeownership and Home Improvement loan programs. These programs are the largest source of revenue and earnings producers for the Agency. The division relies on a master servicer for its Homeownership Program and its whole loan portfolio, a subordinate mortgage servicer and a network of more than 100 participating lenders to originate loans for these critical programs.

B) Multifamily Division: This division primarily offers three types of loan products to construct and preserve affordable rental housing: permanent amortizing loans, construction loans and deferred loans. The counterparties for these loans include for-profit, nonprofit and government borrowers to construct and preserve affordable rental housing.

C) Housing Stability Division: This division administers the housing assistance and other programs that stabilize households through direct assistance. Program delivery for housing stability programs relies on counterparties that are local governments, Tribal Nations and nonprofits.

D) Local Government Housing Programs Department: This department administers grants funding to support local and Tribal governments as they finance the development of affordable and workforce rental and single-family housing, provide rental assistance and advance other initiatives to meet local housing needs in their communities. The department is also responsible for the oversight of the direct aid to counties, cities and Tribal Nations distributed by the Department of Revenue.

Maintaining effective internal controls to manage counterparty risk is a core strategy of the Agency. To effectively oversee funding in each area, the Agency continues to appropriately staff and implement policies, procedures and practices. These efforts strengthen its capacity to manage and mitigate counterparty risk and to safeguard financial stability and operational flexibility.

Below are some of the key counterparty risk mitigation practices:

- Due diligence: The Agency conducts thorough assessments of counterparties' creditworthiness, financial stability, operational capabilities and past performance, as applicable, before contract execution.
- Diversification: The Agency spreads exposure across multiple counterparties to reduce reliance on any single entity and minimize concentration risk.
- Contractual protections: The Legal team works with program staff in each division to incorporate risk mitigation clauses, such as collateral requirements, termination rights and default provisions, into contracts to mitigate potential losses from counterparty contract default or failure to comply with program guidelines.
- Monitoring: Policies and procedures are established to ensure grantee counterparties are appropriately monitored in accordance with all applicable state, federal and other guidelines.
- Reporting channels: The Agency has established communication channels for its staff, partners, contractors, vendors and the general public to report concerns of fraud or misuse of funds. Counterparty contracts and program guides outline these reporting channels and provide guidance for when such reports should be made. The Agency has dedicated staff and processes for addressing all reports of wrongdoing received.

- Relationship management: Ongoing relationship management with counterparties is a key mitigation strategy each division employs for monitoring program compliance and contractual performance.

Regulatory Compliance Risk

Minnesota Housing is responsible for complying with a myriad of state and federal laws and regulations relating to a wide variety of Agency programs. Each program funding source (new and existing) involves compliance requirements, many of which are complex and specific. As a state enterprise agency, Minnesota Housing is also subject to a broad set of statewide executive orders, rules, policies and other regulations. Compliance requirements impact every division and team at Minnesota Housing. Any type of noncompliance could result in significant consequences for the Agency as discussed below.

The critical regulatory compliance risks to be managed and mitigated include, but are not limited to:

- Municipal bond-related regulations such as actions and rules from the Securities and Exchange Commission, Municipal Securities Rulemaking Board and Internal Revenue Service.
- Downgrade to Agency credit rating(s).
- Reputational damage resulting from public criticism, negative press or legislative review.
- Increased auditor scrutiny and audit engagements.
- Additional operational expenditures from resolving compliance violations and developing corrective action plans to address internal control gaps.

Below are some of the key monitoring and mitigation strategies employed to address the identified compliance risks. The Agency:

- Centralized Operations Department covers Agencywide administration, including Agencywide consistency in compliance with state statutes and regulations.
- Centralized Contracting and Procurement team within the Operations Department has the responsibility to ensure compliant contracting and compliance with statewide grant-making and statutes and regulations.
- Maintains a Federal Affairs team that monitors and addresses federal program compliance matters.
- The credit risk function is aligned to the Financial Services team. This ensures Agencywide credit analysis for program teams, including support for grant-making compliance activities.
- Leverages the Data Practices team, Contracting and Procurement team, and Legal team to provide Agencywide capacity for compliance oversight in the areas of data practices, records management, contracting, grants management, litigation and other Agencywide teams.

- Employs in-house Finance Legal Counsel to ensure compliance with regulations related to bonds, investment activities and disclosures.
- Contracts with an external audit firm to conduct the Agency's annual audit. This audit includes compliance testing and review of the Agency's compliance-related internal controls over federal programs. The audit is completed in conjunction with the annual financial audit.

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MINNESOTA HOUSING

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

Information Item: 9.C
Date: 8/27/2026
Staff Contacts: John Patterson, 651.296.0763, john.patterson@state.mn.us
Request Type: No Action, Information

Request Summary

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

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

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

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

This progress report has two sections:

1. **Strategic Goals.** To track our progress in carrying out our 2024-2027 Strategic Plan, we have identified two priority areas for which we set strategic goals:
   a. Share of first-time homebuyer mortgages going to Black, Indigenous and households of color
   b. Share of new rental units that will be deeply affordable

2. **Forecast of Households and Housing Units to be Assisted.** To track our progress in implementing the 2026-2027 Affordable Housing Plan, we forecasted and now track the number of households and housing units that we expect to assist with funds awarded in program year 2026. This is a leading indicator of our program activity. For housing development programs, it can take two years from selecting projects for funding to disbursing those funds when construction is carried out.

In 2026, we are on track overall in awarding funds and assisting household. For some programs, we are behind expectations, but for others we are ahead.

Key highlights include:

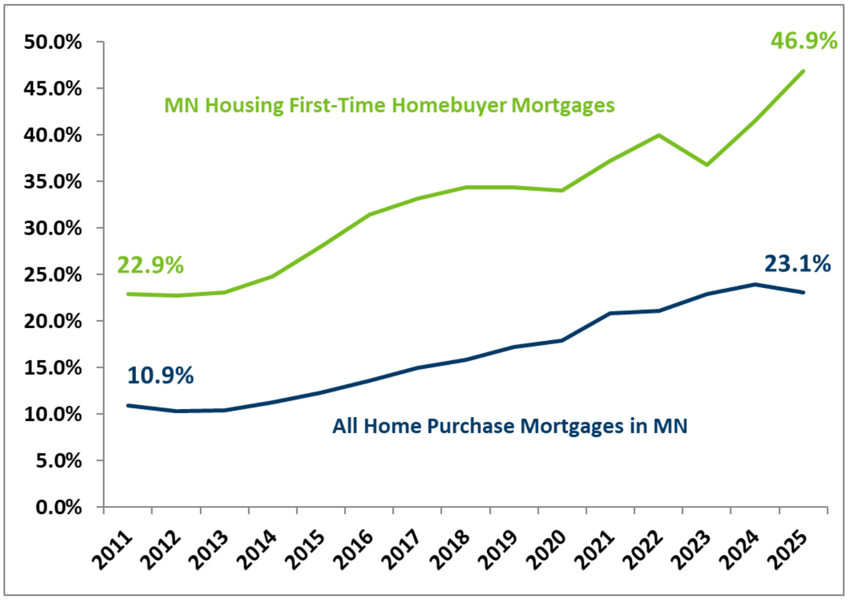
- Through the third quarter, 40% of our first-time homebuyer mortgages went to Indigenous, Black and households of color, meeting our goal of 40%. This is a strong result for a period when we do not have resources specifically dedicated to first-generation homebuyers.

- Lending under our homebuyer and home-improvement programs has been lower than expected. Relatively high interest rates, a limited supply of affordable homes for sale, and economic uncertainty have limited lending. In addition, in the spring of 2025, we made program changes to our downpayment assistance and home improvement programs to slow lending a bit and more closely manage the limited resources we have available for new lending. With those changes leading to a larger than expected decline in lending, the board approved this past June program changes to increase lending some. The changes won't go back to the previous program design because we still have liquidity constraints to manage.

- For rental new construction and our Consolidated RFP programs, we reached 122% of our year-end forecast for the new rental units selected for funding.
- Across all programs, we have reached 93% of our year-end forecast of households to serve when we are typically at 85% after the third quarter.

Strategic Goals

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



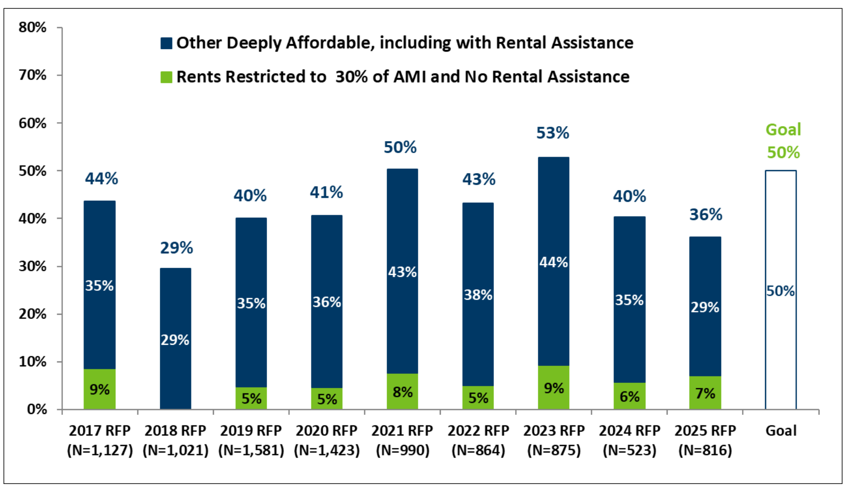
Goal	**40.0%**
Q3-2026 Actual	**40.0%**

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

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

After a few years of having 34% of our first-time homebuyer mortgages going to Indigenous, Black and households of color, we were able to break through and reach our 40% goal in 2022. This is significantly higher than the overall mortgage industry in Minnesota (23.1%). Because high interest rates and a very limited supply of affordable homes for sale created additional homebuying challenges, particularly for those already facing barriers, our rate of lending to Indigenous, Black and households of color dropped in 2023. However, with the May 2024 launch of our temporary First-Generation Homebuyer Loan program, which supported many Indigenous, Black and homebuyers of color with increased downpayment assistance, our monthly lending rate to buyers of color reached 50% when the program was running. Unfortunately, the program exhausted the available appropriations and closed partway through program year 2025, and the monthly share of home mortgages going to Indigenous, Black and homebuyers of color dropped. For all of program year 2025, 46.9% of our first-time homebuyer mortgages went to homebuyers of color. As the First-Generation Homebuyer program was ending, the board approved program changes that made first-generation homebuying an eligibility criterion for downpayment assistance under our Deferred Payment Loan Plus program (which provides the highest level of assistance among ongoing programs but less than the temporary program dedicated specifically to first-generation homebuyers). With this program change, we are currently keeping the overall share at or above 40%.

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



Goal	**50%**
2026 (2025 RFP) Actual	**36%**

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

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

Infrastructure Resources. In contrast, the last two years have been lower. With the 2024 RFP, we reached 40% deeply affordable with $121 million in deferred lending, which included $61 million from Housing Infrastructure resources. With the 2025 RFP, we reached 36% deeply affordable with $108 million in deferred lending, which included $54 million from Housing Infrastructure resources. Deferred funding awarded in 2025 RFP was about half of what it was with the 2023 RFP. While funding levels and project proposals vary from year to year, we remain committed to maximizing deeply affordable housing through strategic investments and partnerships.

Forecast of Households and Housing Units to Be Assisted

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

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

		2026 Year-End Forecast	2026 Actual After Third Quarter	Share of 2026 Forecast Reached After Third Quarter	2025 Actual After Third Quarter	Historical Share After Third Quarter
1	Homebuying	4,599	2,386	52%	2,854	70%
2	Homebuyer Education and Counseling	4,754	7,357	155%	7,059	75%
3	Home Improvement Lending	1,485	616	41%	808	70%
4	Single Family Housing Development and Supports	289	279	97%	940	100%
5	Manufactured Housing and Communities	0	0	N/A	1,275	100%
6	Rental New Construction	670	816	122%	601	85%
7	Rental Rehabilitation	1,133	327	29%	350	60%
8	Rental Refinance Only	11	0	0%	0	75%
9	State Rental Assistance and Operating Subsidies	7,842	2,718	35%	2,183	75%
10	Section 8 Contract Administration	34,259	34,125	100%	34,315	100%
11	Homelessness Prevention and Other Supports	4,535	4,400	97%	8,132	60%
12	Other Housing Programs	2,262	4,730	209%	763	75%
13	Total	61,839	57,754	93%	62,064	85%

Note: These numbers reflect households or housing units to be assisted based on housing developments that have been selected for funding, the commitment of home mortgage and home improvement loans (net of cancellations), contracts signed with named grantees, and the disbursement of funds for rental assistance, operating subsidies, homebuyer education/coaching and homelessness prevention.

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

NOTES

Lines 1: After the third quarter, we reached just 52% of our year-end forecast for our homebuyer lending programs when we are typically at 70% at this point in the year. With the prime homebuying season occurring in the spring and summer, lending in the first part of a program year is typically a little slower, but activity has been even slower than expected.

Relatively high interest rates, a limited supply of affordable homes for sale, and economic uncertainty continue to limit lending. In addition, in the spring of 2025, we made program changes to manage the more limited funding that the Agency had available for downpayment and closing-cost assistance, which was expected to slow overall lending. With activity now lagging behind the more limited lending we had planned, the board approved a range of program changes this past June to increase lending. The changes partially offset the changes made in the spring of 2025.

Lines 2: Homebuyer/owner education and counseling are significantly ahead of expectations, reaching 155% of the year-end forecast after the third quarter. At this point in the year, these programs are typically at 75% of the forecast. We are even ahead of last year's level of activity when we had additional funds available with the Go Big funding for the 2024-2025 biennium. Funding per assisted household is lower than expected so far in 2026. It is interesting that our home mortgage lending is down but demand for homebuyer education is not.

Line 3: With respect to home improvement activity, we are only at 41% of the year-end forecast after the third quarter, which is significantly less than forecasted. Lending under the Fix Up Loan program is driving the reduced activity. Just like downpayment assistance and home mortgage lending, the board approved program changes in the spring of 2025 to more closely manage the use of the limited funds we have on hand for new lending; however, production is now below the lower level of lending that we had expected. Just like home mortgage lending, the board approved program changes this past June to increase Fix Up lending.

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

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

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

Line 7: On the rental rehabilitation side, we reached 29% of the year-end forecast when we are typically at 60% after the third quarter, but there are still funds available under the following rental rehabilitation/preservation programs: Publicly Owned Housing Program (POHP), Rental

Rehabilitation Deferred Loan (RRDL) program and High-Rise Sprinkler Systems. These funds will support a significant number of units, but the exact timing of the RFP selections occurring in 2026 and/or 2027 was uncertain when we developed the projections a year ago.

For the Multifamily Consolidated RFP that we have completed, we selected more units for rehabilitation funding than expected.

Thus, the shortfall in production so far this year has been a timing issue reflecting uncertainty about when an RFP will be completed. It is not an issue of effectively deploying the resources.

Line 8: We did not refinance any rental properties in the first three quarters. These funds are available year-round, and activity is demand driven, which can lead to uneven activity over the course of a year and from year-to-year. Given high interest rates, we have expected little activity. While our forecast is for 11 units, it is unlikely that we would refinance an 11-unit property, but rather, we are effectively expecting a 25% chance of refinancing a 44-unit property.

Line 9: After the third quarter, we have only reached 35% of our year-end forecast for rental assistance and operating subsidies, when we are typically at 75%. Our existing and established programs are on track, reaching 80% to 90% of their year-end forecasts. For these programs, most renters getting assistance in the first three quarters will continue to do so, but some vouchers will turn over to additional households during the fourth quarter. In addition, more rental units will receive their operating subsidies.

Being behind expectations on overall activity is driven by the fact that we are in the process of standing up our new Bring It Home Rental Assistance program. We awarded the funds to grantees last year, and they are now launching their individual programs. It will take some time for this program to ramp up and issue and use the vouchers. Through June 30, 2026, program administrators placed about 185 vouchers. Once Bring It Home is fully operational, roughly 4,700 vouchers will be in use, and the number of households assisted with rental assistance across our programs will be close to the forecast. A year ago, when we developed the forecast, we had hoped that the full launch and ramp up would be completed by the end of the program year (September 30, 2026). It is now clear that we won’t be fully operational by then.

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

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

Line 12: This program area tracks several miscellaneous programs, most of which are new and have one-time funding. A couple are still in the process of being set up and launched, including Lead-Safe Homes and Single-Family Community Stabilization (Naturally Occurring Affordable Housing). We have already greatly exceeded the 2026 year-end forecast for this program area, largely because of the Multifamily Community Stabilization (Distressed Properties and Naturally Occurring Affordable Housing) program. We awarded all the funds in 2026, rather than splitting them between 2026 and 2027. In addition, the amount of assistance needed to support each housing unit was far less than expected ($25,000 versus $80,000), allowing us to support more units with the available funds.

Line 13: The Agency reached 93% of its year-end forecast after the third quarter when we typically reach about 85% at this point. The summary table at the start of this section shows the areas where we are above and below activity expectations. In the end, those pluses and minuses largely cancel each other, and we are just above expectations across all the programs.

Item: Post Sale Report, Rental Housing Bonds, Series 2026 C (Gladstone Crossing)

Information Item: 9.D
Date: 8/27/2026
Staff Contacts: Matt Dieveney, 651.539.9827, matthew.dieveney@state.mn.us
Andy Pratt, 651.539.9618, andy.pratt@state.mn.us
Request Type: No Action, Information

Request Summary

The Agency priced $5,565,000 of its Series 2026 C Rental Housing Bonds on July 13, 2026, to finance the Gladstone multifamily development in Maplewood, MN. The bonds closed July 29, 2026. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy) the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact

None.

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Post Sale Report

CSG | ADVISORS

POST-SALE REPORT

$5,565,000
Minnesota Housing Finance Agency
Rental Housing Bonds, 2026 Series C (Gladstone Crossing)

Minnesota Housing issued its $5,565,000 2026 Series C Rental Housing Bonds to provide funding for the 40-unit Gladstone Crossing development in Maplewood. RBC Capital Markets, acting as sole manager, priced the bonds on July 13, 2026. The transaction closed on July 29, 2026.

The issue was structured as short-term tax-exempt bridge bonds, making the development eligible for 4% low income housing tax credits. The bonds are expected to be repaid from low income housing tax credit equity contributions. The short-term borrowing rate to the development is 3.80%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively. The bonds mature on September 1, 2028, which is a weighted average life of 2.089 years (or 1.506 years if optionally redeemed at their earliest par call date of February 1, 2028).

On the Friday before Monday's pricing, RBC proposed to offer the bonds to investors at 2.75%. This represented a spread of +38 basis points to the interpolated Municipal Market Data (MMD) index. On pricing day, no orders were received during the two-hour order period. RBC indicated that the market was very quiet generally, and perhaps the combination of a Monday pricing and the small size of the transaction were factors in not being able to attract interest. In addition, the municipal market was deteriorating slightly, with the MMD index ending the day 2 basis points higher from 2027 through 2049. RBC offered to underwrite the bonds at yield 5 basis points higher than the initial offering level. The 2.80% final coupon on the bonds represents a spread of +40 basis points to the MMD index set at the end of the day (or +42 to the prior day's level).

As shown in the table below, the +40 basis points spread on 26C ties that of 24B as the lowest of the +40 to +81 range achieved on MHFA's Rental bridge bond transactions since 2024. The 26C pricing level compares favorably to similar HFA transactions recently in the market, especially those limited to short-term bridge financings only, as shown in the attached exhibit.

MHFA RENTAL SHORT-TERM TAX-EXEMPT HOUSING BONDS: 1/1/24 TO PRESENT

Pricing Date	Series	Development Name	Par Amount ($ millions)	Weighted Average Life (yrs) First Call / Maturity	Yield	Spread to iMMD (bps) Prior Day	Spread to iMMD (bps) Pricing Day
5/1/24	24A2	Walnut Towers	4.060	1.731 / 2.231	3.875%	+67.5	+67.5
7/24/24	24B2	Edge Apartments	5.640	1.000 / 1.503	3.25%	+40	+40
8/12/24	24C2	Carver Place	5.195	1.114 / 1.947	3.30%	+66	+66
12/11/24	24F2	Maple Hills	9.350	1.117 / 2.117	3.25%	+75	+73
12/11/24	24G2	Gladstone Village II	8.350	1.534 / 2.617	3.25%	+75	+73
1/21/25	25A2	Views on 7th	7.300	1.425 / 2.008	3.35%	+53	+57
3/12/25	25B	Welch Place	7.195	1.361 / 1.861	3.10%	+57	+52
4/9/25	25C	Hillside Gardens	7.600	1.289 / 1.789	4.00%	+100	+58
4/21/25	25E2	Carver Oaks	5.985	1.753 / 2.253	3.75%	+73	+70
4/28/25	25D2	Vue Pointe	8.845	1.731 / 2.231	3.70%	+70	+70
5/7/25	25F2	Trailside	4.665	0.711 / 1.211	3.70%	+79	+81
2/19/26	26A2	Hilltop Manor	2.830	0.933 / 1.433	2.60%	+54	+54
4/15/26	26B2	3rd Avenue Flats	2.960	1.675 / 2.258	2.85%	+55	+53
7/13/26	26C	Gladstone Crossing	5.565	1.506 / 2.089	2.80%	+42	+40

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date		7/13/26			7/8/26			7/8/26			7/8/26			7/2/26			6/29/26		
Amount		$5,565,000			$33,655,000			$26,250,000			$156,890,000			$9,500,000			$27,155,000		
Issuer		Minnesota HFA			Wisconsin HEDA			California HFA			California HFA			Kansas DFA			Utah HC		
Series		2026 Series C			2026 Series G (Franklin)			2023 Series A-2			2026 Series A			Series 2026 J (Chelsea)			Series 2026 (Hive)		
Program		Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)		Aa1 / AAA / -			Aa1 / - / -			Aa2 / AA / -			Aa2 / AA / -			Aa1/VMIG-1 / - / -			Aa1 / - / -		
Tax Status		Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
	Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr	('26 pricings)	9/1/28	(if diff.)	to iMMD	1/1/57	(if diff.)	to iMMD	8/1/63	(if diff.)	to iMMD	Feb1 / Aug1	(if diff.)	to iMMD	7/1/29	(if diff.)	to iMMD	8/1/44	(if diff.)	to iMMD
0	2026																		
1	2027										2.35 / 2.40	-	+5 / +10						
2	2028	2.80	-	+40							2.50 / 2.55	-	+15 / +19	4.00	2.85	+50			
3	2029				2.90	-	+44				2.60 / 2.70	-	+16 / +24						
4	2030										2.75 / 2.80	-	+25 / +27				3.00	-	+51
5	2031										2.85 / 2.90	-	+27 / +30						
6	2032							3.20	-	+51	3.00 / 3.00	-	+36 / +31						
7	2033										3.15 / 3.20	-	+40 / +44						
8	2034										3.25 / 3.30	-	+42 / +43						
9	2035										3.35 / 3.40	-	+44 / +45						
10	2036										3.50 / 3.55	-	+52 / +53						
11	2037										3.65 / 3.70	-	+57 / +59						
12	2038										3.75 / 3.80	-	+59 / +61						
13	2039																		
14	2040																		
15	2041										4.00	-	+62						
16	2042																		
17	2043										4.15	-	+64						
18	2044																		
19	2045																		
20	2046										4.45	-	+62						
21	2047																		
22	2048																		
23	2049																		
24	2050																		
25	2051										4.60	-	+50						
26	2052																		
27	2053																		
28	2054																		
29	2055																		
30	2056										4.65	-	+39						
Notes																			
Par Call		2/1/28			8/1/29			2/1/32			2/1/34			None			2/1/29		
Mandatory Tender		N/A			8/1/29 (used for spread)			8/1/32 (used for spread)			N/A			7/1/28 (used for spread)			2/1/30 (used for spread)		
Sr Manager		RBC Capital Markets			Stifel			Raymond James			Raymond James			Sturges			Stifel		

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date		6/24/26			6/24/26			6/24/26			6/23/26			6/23/26			6/17/26		
Amount		$6,417,000			$12,565,000			$27,000,000			$2,875,000			$37,000,000			$15,000,000		
Issuer		California SCDA			Arizona IDA			Alabama HFA			Wisconsin HEDA			Florida HFC			Texas SAHC		
Series		2026 Series D (Sunterra)			Series 2026 (Southgate)			2026 Series A,B (The Grove)			2026 Series C			2026 Series A (Avella)			Series 2026 (The Bloom)		
Program		Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)		Aa1 / - / -			Aa1 / - / -			Aa1 / - / -			Aa1/VMIG-1 / - / -			Aa1 / - / -			Aa1 / - / -		
Tax Status		Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Yr	Maturity ('26 pricings)	Coupon 7/1/36	Yield (if diff.)	Spread to iMMD	Coupon 8/1/36	Yield (if diff.)	Spread to iMMD	Coupon 8/30,2/45	Yield (if diff.)	Spread to iMMD	Coupon 8/1/30	Yield (if diff.)	Spread to iMMD	Coupon 7/1/44	Yield (if diff.)	Spread to iMMD	Coupon 7/1/30	Yield (if diff.)	Spread to iMMD
0	2026																		
1	2027																		
2	2028																		
3	2029							3.10	-	+62	3.05	-	+55	3.00	-	+51	3.05	-	+58
4	2030																		
5	2031																		
6	2032																		
7	2033																		
8	2034																		
9	2035																		
10	2036	3.80	-	+82	4.05	-	+106												
11	2037																		
12	2038																		
13	2039																		
14	2040																		
15	2041																		
16	2042																		
17	2043																		
18	2044																		
19	2045							4.70	-	+101									
20	2046																		
21	2047																		
22	2048																		
23	2049																		
24	2050																		
25	2051																		
26	2052																		
27	2053																		
28	2054																		
29	2055																		
30	2056																		
Notes																			
Par Call		7/1/35			None			B: 2/1/29			8/1/28			10/1/28			1/1/29		
Mandatory Tender		None			N/A			B: 8/1/29 (used for spread)			8/1/29 (used for spread)			7/1/29 (used for spread)			7/1/29 (used for spread)		
Sr Manager		Jefferies			KeyBanc			Stifel			Stifel			Raymond James			Stifel		

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date		6/10/26			6/10/26			6/9/26			5/28/26			5/19/26			5/12/26		
Amount		$12,400,000			$71,360,000			$32,640,000			$53,760,000			$50,168,000			$8,850,000		
Issuer		Illinois HDA			California SCDA			California HFA			Pennsylvania HFA			California MFA			South Carolina SHFDA		
Series		S. 2026 (Sandwich Manor)			2026 Series C (Almaden)			2026 Issue S (Sierra Vista)			2026 Series A,B			2026 Series A (Palm)			S. 2026 (Riverside)		
Program		Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)		Aa1 / - / -			Aa1 / - / -			Aa1 / - / -			Aa1/VMIG-1 / - / -			Aa1 / - / -			Aa1/VMIG-1 / - / -		
Tax Status		Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
	Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr	('26 pricings)	8/1/42	(if diff.)	to iMMD	7/1/36	(if diff.)	to iMMD	7/1/31	(if diff.)	to iMMD	2/30,8/45	(if diff.)	to iMMD	6/1/56	(if diff.)	to iMMD	12/1/28	(if diff.)	to iMMD
0	2026																		
1	2027																4.00	3.445	+92.5
2	2028																		
3	2029										3.00	-	+49	3.25	-	+58			
4	2030							2.875	-	+36.5									
5	2031																		
6	2032																		
7	2033																		
8	2034																		
9	2035																		
10	2036				3.80	-	+82												
11	2037																		
12	2038																		
13	2039																		
14	2040																		
15	2041																		
16	2042	4.45	-	+102															
17	2043																		
18	2044																		
19	2045										4.85	-	+102						
20	2046																		
21	2047																		
22	2048																		
23	2049																		
24	2050																		
25	2051																		
26	2052																		
27	2053																		
28	2054																		
29	2055																		
30	2056																		
Notes																			
Par Call		N/A			7/1/35			7/1/29			N/A			3/1/29			None		
Mandatory Tende		None			None			7/1/30 (used for spread)			B: 2/1/29 (used for spread)			12/1/29 (used for spread)			12/1/27 (used for spread)		
Sr Manager		Wells Fargo			Jefferies			Wells Fargo			Jefferies			Lument			Sturges		

NON-AMT HOUSING BOND PRICING COMPARABLES

Pricing Date		5/7/26			4/23/26			4/15/26		
Amount		$17,500,000			$12,100,000			$4,900,000		
Issuer		California HFA			Kansas DFA			Minnesota HFA		
Series		2026 Issue P-1			2026 Series B			2026 Series B-1,2		
Program		Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)		Aa1/VMIG-1 / - / -			Aa1/VMIG-1 / - / -			Aa1 / AAA / -		
Tax Status		Non-AMT			Non-AMT			Non-AMT		
Yr	Maturity ('26 pricings)	Coupon 6/1/59	Yield (if diff.)	Spread to iMMD	Coupon 4/1/29	Yield (if diff.)	Spread to iMMD	Coupon Aug1	Yield (if diff.)	Spread to iMMD
0	2026									
1	2027									
2	2028	2.95	-	+50	4.00	3.00	+65	2.85	-	+53
3	2029									
4	2030									
5	2031									
6	2032									
7	2033									
8	2034									
9	2035									
10	2036							3.85	-	+86
11	2037									
12	2038									
13	2039									
14	2040									
15	2041									
16	2042									
17	2043									
18	2044									
19	2045									
20	2046							4.75	-	+82
21	2047									
22	2048									
23	2049									
24	2050									
25	2051									
26	2052									
27	2053									
28	2054									
29	2055									
30	2056							4.90	-	+59
Notes								B1 is $1,940,000 8/36, 8/46, 8/56, & 2/68 maturities & 2/34 call; B2 is $2,960,000 8/28 maturity & 1/28 call		
Par Call		11/1/27			None			B-1: 2/1/34; B-2: 1/1/28		
Mandatory Tender		3/1/28 (used for spread)			4/1/28 (used for spread)			N/A		
Sr Manager		Jefferies			Sturges			RBC Capital Markets		

MINNESOTA HOUSING

Item: Post Sale Report, Residential Housing Finance Bonds, Series 2026 IJ

Information Item: 9.E
Date: 8/27/2026
Staff Contacts: Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us
Andy Pratt, 651.539.9618, andy.pratt@state.mn.us
Request Type: No Action, Information

Request Summary

The Agency priced $75,000,000 of its Series 2026 IJ Residential Housing Finance Bonds on June 25, 2026. Series I and Series J are taxable bond issues. Series I is a fixed rate issue while Series J is a variable rate issue. All series closed July 23, 2026. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy) the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact

None.

Agency Priorities

☐ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Post-Sale Report

CSG ADVISORS

$75,000,000
Minnesota Housing Finance Agency
Residential Housing Finance Bonds
$50,000,000 2026 Series I (Taxable)
$25,000,000 2026 Series J (Taxable)

POST-SALE ANALYSIS

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2026 Series IJ accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Step Up first mortgages on its balance sheet and earn net income over future years.

2. Issued 100% of the debt as taxable, and, therefore, utilized no volume cap.

3. Achieved a direct spread on the bond issue of 1.24%. There was no hedge gain or loss associated with the issue.

Key Measurable Objectives and Accomplishments. This issue was very successful even in a continually uncertain, and at times volatile, market environment.

Objective	*Result*
Finance new production on balance sheet	$75 million of new Step Up first-mortgage loans in MBS securities
Leverage private activity bond volume cap by efficiently incorporating taxable debt	No volume cap used, as the issue was 100% taxable
Maximize spread on the overall transaction	Achieved a direct spread of 1.24% on the bond issue; there was no hedge gain or loss associated with the issue.
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	*N/A – Use/creation of zeros is not applicable to all-taxable bond issues*
Achieve cost-effective bond yield	Overall bond yield is projected to be approximately 5.18%
Create future income streams that will support Pool 3	Increased indenture's expected net present value by approximately $3.2 million at 150% PSA prepayment speed, after accounting for net service release premiums
Maintain high bond ratings	RHFB fixed-rate bonds are rated Aa1/AA+

TIMING AND STRUCTURE

Timing. The bonds were priced on Thursday, June 25.

Sizing. The issue was sized to fund pipeline lending.

Major Design Decisions

1. **Bond finance Step Up loans.** Starting in 2023, TBA sales have become much less economically beneficial. The Agency has been a pioneer in moving to finance non-tax-exempt-qualified loans with taxable bonds.

2. **Issue variable-rate debt.** In order to finance these loans at or above full spread, the Agency issued Series J (33% of the entire issue) as variable-rate demand bonds. For RHFB as a whole, the total amount of variable-rate debt remains about 21.7%, well below the 30% of total indenture bonds outstanding often used as a benchmark for comparisons among HFAs and presentations to rating agencies.

3. **Appropriately hedge the variable-rate debt.** For the $25 million of variable-rate Series J bonds, the Agency entered into an interest rate swap with Bank of New York Mellon (Aa2/AA-) at a rate of 4.8175%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on July 1, 2033.

4. **Time and size the issue to address volatile interest rates.** To deal with fluctuations in the bond and mortgage markets, Minnesota Housing has been: (a) actively adjusting interest rates for new loan reservations to help keep pace with the market and (b) issuing bonds frequently and quickly, in relationship to the amount of loans reserved, to help reduce interest rate risk.

Bond Structure

1. **Series I.** The $50 million of taxable fixed-rate bonds included serial maturities due between 2027 and 2038 ($14.38 million), term bonds due in July 2041 and January 2047 ($18.595 million), and $17.025 million of planned amortization class (PAC) bonds due in 2056.

2. **Series J.** The $25 million of taxable variable-rate demand bonds are covered by an initial 5-year standby bond purchase agreement from Royal Bank of Canada (effective July 23, 2026), assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 30 basis points (bps) per year.

BOND SALE RESULTS

1. **Market Environment.** The yield on 10-year Treasury bonds was somewhat volatile early in the week but firmed into pricing as rate volatility subsided. In the days leading up to the June 25 pricing, the front end of the curve had sold off following the June 16 FOMC meeting, which markets interpreted as hawkish given the Federal Reserve's substantially shortened policy statement and removal of prior-guidance language, pulling expectations for the next rate move forward to as early as September. By pricing day, however, Treasuries had rallied modestly. The 10-year Treasury yield closed at approximately 4.40% on June 25, down 6 basis points for the week and 4 basis points higher than when the 2026 FGH bonds priced on May 7, reflecting continued market focus on Federal Reserve policy expectation, inflation data, and ongoing geopolitical developments.

   In the municipal bond market, issuance and related market technicals continued to reflect strong underlying activity. The week's approximately $12 billion municipal calendar included roughly

$820 million of housing bond issuance across five single-family pricings, with no non-conduit multifamily transactions. As of late June, total single-family housing issuance for 2026 was estimated at approximately $14.8 billion, approximately 4% lower than 2025 year-to-date levels, though non-AMT tax-exempt issuance continued to run well above the prior year.

Municipal yield levels, relative to comparable Treasuries, remained supported by ongoing demand and reinvestment activity despite the elevated supply environment. During the week of pricing, municipal yields were moderately lower, generally tracking the late-week rally in Treasuries, with the 10-year MMD holding at approximately 2.97% and the 30-year MMD declining to 4.23%. Overall, positive fund flows and reinvestment demand helped offset the elevated supply environment, supporting orderly trading conditions and a favorable tone for Minnesota Housing's all-taxable issuance.

2. **Institutional Interest.** Investor interest in the $50 million taxable Series I bonds was strong, with the series 2.7x subscribed overall (receiving approximately $134.1 million in orders) and a modest unsold balance of $1.235 million concentrated in the January and July 2033 maturities. The shorter serial maturities were generally fully subscribed, and several intermediate maturities drew stronger demand: the January 2028, January and July 2030, and July 2037 maturities were oversubscribed between roughly 1.8x and 3.0x, with January 2028 the strongest of the group, resulting in spread reductions of 2 to 3 basis points across the maturities. The longer-term maturities performed particularly well. The 2041 term bond ($5.74 million) was 2.3x oversubscribed, and the January and July 2038 maturities, that were rolled out of the 2041 term in final structuring, also drew solid demand, together supporting a 2-basis point reduction on the July 2038 and 2041 maturities. The $12.855 million 2047 term bond was the standout, drawing approximately $54.4 million in orders for a 4.2x oversubscription and a 4-basis point reduction to a final spread of +81 to the 30-year UST benchmark. The $17.025 million, 5-year average life, 2056 PAC bond was also well received, with approximately $48.1 million in orders, or 2.8x oversubscription, resulting in a 2-basis point spread reduction to a final +73 to the 5-year UST.

3. **Comparable Transactions.** The closest comparable taxable offerings included South Carolina SHFDA (Aaa) on 6/24, Illinois HDA (Aaa) on 6/23, Virginia HDA (Aaa/AAA) on 6/15, and Kentucky Housing (Aa1) and Utah Housing (Aa2) on 6/9. Minnesota's Series I serial spreads to Treasuries were generally in line with, and in several cases modestly wider than, the closest comparable offerings. On the shorter serial maturities (2027 through 2030), Minnesota priced within a few basis points of the comparable transactions, generally the same or up to 3 bps wider than South Carolina and broadly comparable to Illinois and Virginia. Through the intermediate maturities (2031 through 2034), Minnesota priced approximately 5 to 10 bps wider than South Carolina and generally in line with Illinois and Virginia. On the longer serial maturities, however, Minnesota's spreads compared favorably. The 2037 and 2038 maturities priced approximately 3 to 8 bps and 4 to 12 bps tighter, respectively, than South Carolina, Illinois, and Virginia, reflecting the strong demand seen for those maturities during the order period.

   On the term bonds, Minnesota's 2041 maturity priced at +103 to the 10-year Treasury, 3 bps wider than South Carolina's 2041 (+100) and 2 bps tighter than the 2041 maturities of Illinois and Virginia (+105). The 2047 term bond priced at +81 to the 30-year Treasury, and while there was not a direct comparable to the 2047 maturity, it priced favorable compared to Virginia HDA's taxable 2057 term at +90 and South Carolina's longer maturities in the +79 to +88 range.

   On the 2056 PAC bond, Minnesota priced at +73 to the 5-year Treasury, tighter than each of the recent comparable taxable PAC structures: 5 bps inside South Carolina SHFDA's 5.2-year PAC (+78, priced 6/24) and 3 bps inside Illinois HDA's 5-year PAC (+76, priced 6/23). The PAC pricing inside two AAA-rated issuers in the same pricing window is further evidence of a well-received offering.

UNDERWRITING

Underwriters. RBC Capital Markets was senior manager. Morgan Stanley, Northland Securities, Piper Sandler, and Wells Fargo served as regular co-managers. The selling group members were AmeriVet Securities, Blaylock, D.A. Davidson, Huntington Securities, J.P. Morgan, Mesirow Financial, Raymond James, and TD Financial Products.

Sales by Underwriter. As is customary for senior managers, RBC brought in the most institutional orders. For the Series I bonds, excluding stock orders, RBC brought in approximately $131.2 million of total orders, Northland Securities brought in approximately $2.0 million of total orders, and Morgan Stanley brought in approximately $920,000 of total orders.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

ISSUE DETAILS

Economic Calendar. At the time of pricing on June 25, the federal funds rate had remained unchanged at a target range of 3.50%-3.75%. At its most recent meeting on June 16, the Federal Reserve held rates steady but delivered a notably hawkish communication shift, substantially shortening its policy statement and removing the forward-guidance language the markets had previously read as an easing bias. The Summary of Economic Projections reinforced that tone, with officials revising 2026 core PCE inflation sharply higher and removing the prior easing bias from the median rate path, such that markets moved to price one full rate hike by year-end 2026, with expectations as early as September and some probability of a second hike.

During the week of pricing, markets continued to weigh still-firm inflation against a gradually cooling labor market. Recent data remained mixed; core PCE inflation was elevated, while labor indicators showed incremental signs of softening. Market commentary reflected limited conviction around the timing of the Fed's next move, as investors also monitored elevated oil-price volatility and continued geopolitical developments, including U.S.-Iran tensions.

Treasuries. At market close on June 25, the 10-year Treasury yield was approximately 4.40%, roughly 4 basis points higher than when the 2026 FGH bonds priced on May 7, and down roughly 6 basis points on the week. Treasury yields had been volatile over the week, with the front end selling off following the June FOMC meeting before the curve firmed into pricing day. The 30-year Treasury closed at approximately 4.86% on the pricing date, roughly 9 basis points below its 4.95% level at the FGH sale. The yield curve continued its gradual normalization with the 2-year Treasury at 4.09% on June 25th, roughly 31 basis points below the 10-year, extending the shift away from the deeply inverted conditions observed in recent years.

Municipals. In the week leading into the June 25 pricing, municipal market technicals remained constructive despite elevated issuance. The municipal new-issue market absorbed approximately $12 billion of supply during the week, including roughly $820 million of housing issuance across five single-family pricings from state agencies in South Carolina, Illinois, South Dakota, DC, and Minnesota. Favorable June seasonals remained supportive, with roughly $54.5 billion of principal and interest payments returning to investors during the month. Overall, positive fund flows and reinvestment demand helped offset the elevated supply environment, supporting constructive market conditions and a favorable tone for the 2026IJ issuance.

On the pricing date, the 10-year MMD was approximately 2.97%, up roughly 1 basis point from the FGH sale, while the 10-year MMD/Treasury ratio was approximately 67.50%, down roughly 38 basis points from 67.88% at the FGH pricing. At the long end, the 30-year MMD declined to approximately 4.23%, down roughly 8 basis points from 4.31% at the FGH sale, while the 30-year ratio held near 87.04%, little changed from 87.07% at the prior pricing. Overall, municipal-to-Treasury ratios remained rich by historical standards, with the 30-year ratio below its five-year average, reflecting a continued favorable relative-value environment for MHFA as a tax-exempt market issuer, even as this particular transaction was executed on a fully taxable basis.

TABLE 1: COMPARISON OF RATES IN RECENT MHFA SINGLE-FAMILY TRANSACTIONS

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury	30-Year Treasury	30-Year MMD	MMD/ Treasury
2022 RHFB AB	2/1/22	1.79%	1.50%	83.8%	2.11%	1.91%	91.1%
2022 RHFB CD	3/3/22	1.73%	1.61%	93.1%	2.16%	2.03%	94.0%
2022 RHFB EF	4/13/22	2.70%	2.46%	91.1%	2.81%	2.81%	100.0%
2022 RHFB GH	6/8/22	3.02%	2.45%	81.1%	3.17%	2.92%	92.1%
2022 RHFB IJK	9/13/22	3.42%	2.81%	82.1%	3.51%	3.62%	103.1%
2022 RHFB LMN	11/9/22	3.83%	3.26%	85.1%	4.31%	4.06%	94.2%
2023 RHFB ABC	2/7/23	3.68%	2.23%	60.6%	3.71%	3.24%	87.3%
2023 RHFB DE	4/19/23	3.60%	2.36%	65.6%	3.79%	3.40%	89.7%
2023 RHFB FG	6/18/23	3.72%	2.57%	69.1%	3.84%	3.50%	91.1%
2023 RHFB HI	6/29/23	3.85%	2.56%	66.5%	3.90%	3.49%	89.5%
2023 RHFB JK	7/27/23	4.01%	2.52%	62.8%	4.06%	3.51%	86.5%
2023 RHFB LM	8/23/23	4.19%	2.95%	70.4%	4.27%	3.91%	91.6%
2023 RHFB NOPQ	9/12/23	4.27%	2.98%	69.8%	4.35%	3.92%	90.1%
2023 RHFB RST	11/8/23	4.49%	3.20%	71.3%	4.64%	4.20%	90.5%
2023 RHFB UV	11/15/23	4.53%	3.10%	68.4%	4.68%	4.12%	88.0%
2024 RHFB ABC	1/23/24	4.14%	2.46%	59.4%	4.38%	3.61%	82.4%
2024 RHFB DE	3/11/24	4.10%	2.40%	58.5%	4.26%	3.57%	83.8%
2024 RHFB FGHI	4/9/24	4.36%	2.65%	60.8%	4.50%	3.81%	84.7%
2024 RHFB JK	5/16/24	4.38%	2.75%	62.8%	4.52%	3.76%	83.2%
2024 RHFB LMN	6/11/24	4.39%	2.92%	66.5%	4.53%	3.79%	83.7%
2024 RHFB OPQ	7/30/24	4.15%	2.82%	67.9%	4.40%	3.68%	83.6%
2024 RHFB RS	8/20/24	3.82%	2.71%	70.9%	4.07%	3.59%	88.2%
2024 RHFB TUVW	11/12/24	4.43%	2.96%	66.8%	4.58%	3.79%	82.8%
2025 RHFB AB	2/4/2025	4.43%	2.89%	65.2%	4.64%	3.90%	84.1%
2025 RHFB CDE	2/20/2025	4.50%	3.00%	66.7%	4.74%	4.01%	84.6%
2025 RHFB FGH	5/1/2025	4.25%	3.29%	77.4%	4.74%	4.36%	92.0%
2025 RHFB IJ	6/17/2025	4.39%	3.32%	75.6%	4.88%	4.54%	93.0%
2025 RHFB KLMN	9/16/2025	4.04%	2.86%	70.8%	4.65%	4.21%	90.5%
2026 RHFB ABC	2/4/2026	4.29%	2.60%	60.61%	4.91%	4.29%	87.37%
2026 RHFB DE	2/10/2026	4.16%	2.60%	62.50%	4.78%	4.31%	90.17%
2026 RHFB FGH	5/7/2026	4.36%	2.96%	67.88%	4.95%	4.31%	87.07%
2026 RHFB IJ	6/25/2026	4.40%	2.97%	67.50%	4.86%	4.23%	87.04%
Change from *RHFB 2026 FGH*		**+4 bps**	**+1 bps**	**-0.38%**	**-9 bps**	**-8 bps**	**-0.03%**

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		6/25/26			6/24/26			6/23/26		
Amount		$50,000,000			$100,000,000			$200,000,000		
Issuer		Minnesota HFA			South Carolina SHFDA			Illinois HDA		
Series		2026 Series I			2026 Series B-2			2026 Series F		
Program		Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / AA+ / -			Aaa / - / -			Aaa / - / -		
Tax Status		Taxable			Taxable			Taxable		
Yr	Maturity ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Apr1 / Oct1	Yield (if diff.)	Spread to UST
0	2026									
1	2027	4.222	-	+10 to 2yr	6.25	4.246	+10 to 2yr	4.274 / 4.294	-	+8 / +10 to 2yr
2	2028	4.242 / 4.272	-	+12 / +15 to 2yr	6.25 / 6.25	4.246 / 4.276	+10 / +13 to 2yr	4.324	-	+13 to 2yr
3	2029	4.277 / 4.327	-	+15 / +20 to 3yr	6.25 / 6.25	4.30 / 4.32	+15 / +17 to 3yr	4.365 / 4.415	-	+15 / +20 to 3yr
4	2030	4.345 / 4.395	-	+18 / +23 to 5yr	6.25 / 6.25	4.361 / 4.381	+18 / +20 to 5yr	4.466 / 4.516	-	+20 / +25 to 5yr
5	2031	4.465 / 4.545	-	+30 / +38 to 5yr	6.25 / 6.25	4.431 / 4.481	+25 / +30 to 5yr	4.586 / 4.666	-	+32 / +40 to 5yr
6	2032	4.664 / 4.714	-	+40 / +45 to 7yr	6.25 / 6.25	4.582 / 4.612	+30 / +33 to 7yr	4.745 / 4.805	-	+37 / +43 to 7yr
7	2033	4.714 / 4.764	-	+45 / +50 to 7yr	6.25 / 6.25	4.632 / 4.682	+35 / +40 to 7yr	5.50, 4.875	4.616, 4.875	+35 to 5yr,+50 to 7yr
8	2034	4.892 / 4.942	-	+50 / +55 to 10yr	6.25 / 6.25	4.856 / 4.886	+45 / +48 to 10yr	4.997 / 5.047	-	+50 / +55 to 10yr
9	2035	4.992 / 5.042	-	+60 / +65 to 10yr	4.956 / 5.006	-	+55 / +60 to 10yr	5.097 / 5.147	-	+60 / +65 to 10yr
10	2036	5.092 / 5.122	-	+70 / +73 to 10yr	5.106 / 5.136	-	+70 / +73 to 10yr	5.197 / 5.247	-	+70 / +75 to 10yr
11	2037	5.132 / 5.162	-	+74 / +77 to 10yr	5.206 / 5.226	-	+80 / +82 to 10yr	5.297 / 5.347	-	+80 / +85 to 10yr
12	2038	5.212 / 5.222	-	+82 / +83 to 10yr	5.281 / 5.306	-	+87.5 / +90 to 10yr	5.397 / 5.447	-	+90 / +95 to 10yr
13	2039									
14	2040									
15	2041	5.422	-	+103 to 10yr	5.406	-	+100 to 10yr	5.547	-	+105 to 10yr
16	2042									
17	2043									
18	2044							5.745	-	+80 to 30yr
19	2045									
20	2046				5.651	-	+79 to 30yr			
21	2047	5.669	-	+81 to 30yr						
22	2048									
23	2049									
24	2050									
25	2051				5.691	-	+83 to 30yr			
26	2052									
27	2053									
28	2054									
29	2055									
30	2056				5.741	-	+88 to 30yr			
31	2057									
32	2058									
PAC		6.25	4.895	+73 to 5yr	6.50	4.961	+78 to 5yr	6.25	5.026	+76 to 5yr
PAC AvgLf, Price		5yrs, 75-600% PSA, $105.833			5.2yrs, 100-600% PSA, $106.779			5yrs, 75-500% PSA, $105.247		
Notes								$17.225MM of 10/1/33 at 5.5% coupon is a lockout		
Par Call		7/1/34 (+adj PAC)			7/1/34 (+adj PAC)			4/1/2034 (+adj PAC)		
Sr Manager		RBC Capital Markets			BofA Securities			Wells Fargo		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		6/15/26			6/9/26			6/9/26			6/1/26		
Amount		$225,000,000			$12,795,000			$89,500,000			$75,805,000		
Issuer		Virginia HDA			Kentucky HC			Utah HC			Nevada HD		
Series		2026 Series I			2026 Series D			2026 Series E			2026 Series D		
Program		Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aaa / AAA / -			Aa1 / - / -			Aa2 / - / -			- / AA+ / -		
Tax Status		Taxable			Non-AMT			Taxable			Taxable		
Yr	Maturity ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Apr1 / Oct1	Yield (if diff.)	Spread to UST
0	2026												
1	2027	4.17	-	+10 to 2yr	4.219	-	+8 to 2yr	4.202	-	+8 to 2yr			
2	2028	4.19 / 4.22	-	+12 / +15 to 2yr	4.239 / 4.299	-	+10 / +16 to 2yr	4.222 / 4.252	-	+10 / +13 to 2yr			
3	2029	4.257 / 4.297	-	+14 / +18 to 3yr	4.342 / 4.372	-	+15 / +18 to 3yr	4.275 / 4.355	-	+10 / +18 to 3yr			
4	2030	4.382 / 4.402	-	+19 / +21 to 5yr	4.469	-	+20 to 5yr	4.413 / 4.453	-	+16 / +20 to 5yr			
5	2031	4.502 / 4.592	-	+31 / +40 to 5yr	4.519 / 4.619	-	+25 / +35 to 5yr	4.553 / 4.653	-	+30 / +40 to 5yr			
6	2032	4.676 / 4.746	-	+35 / +42 to 7yr	4.751 / 4.801	-	+35 / +40 to 7yr	4.736 / 4.786	-	+35 / +40 to 7yr			
7	2033	4.796 / 4.826	-	+47 / +50 to 7yr	4.851 / 4.901	-	+45 / +50 to 7yr	4.836 / 4.886	-	+45 / +50 to 7yr			
8	2034	4.975 / 5.025	-	+50 / +55 to 10yr	4.992 / 5.042	-	+45 / +50 to 10yr	4.978 / 5.028	-	+45 / +50 to 10yr	6.00	4.44	+27 to 5yr
9	2035	5.075 / 5.125	-	+60 / +65 to 10yr				5.078 / 5.128	-	+55 / +60 to 10yr	5.016 / 5.056	-	+55 / +59 to 10yr
10	2036	5.175 / 5.225	-	+70 / +75 to 10yr				5.178 / 5.228	-	+65 / +70 to 10yr	5.096 / 5.136	-	+63 / +67 to 10yr
11	2037	5.275 / 5.325	-	+80 / +85 to 10yr				5.278	-	+75 to 10yr	5.176 / 5.216	-	+71 / +75 to 10yr
12	2038	5.375 / 5.425	-	+90 / +95 to 10yr							5.256 / 5.296	-	+79 / +83 to 10yr
13	2039												
14	2040												
15	2041	5.525	-	+105 to 10yr							5.486	-	+102 to 10yr
16	2042												
17	2043												
18	2044												
19	2045												
20	2046	5.811	-	+83 to 30yr							5.788	-	+80 to 30yr
21	2047												
22	2048												
23	2049												
24	2050												
25	2051	5.861	-	+88 to 30yr							5.808	-	+82 to 30yr
26	2052												
27	2053												
28	2054												
29	2055												
30	2056												
31	2057	5.881	-	+90 to 30yr									
32	2058												
PAC								6.25	5.003	+75 to 5yr	6.25	4.89	+72 to 5yr
PAC AvgLf, Price								5.7yrs, 100-500% PSA, $105.952			5yrs, 50-700% PSA, $105.863		
Notes											10/1/34 is a lockout		
Par Call		1/1/34			None			1/1/34 (+adj PAC)			10/1/34 (+adj PAC)		
Sr Manager		BofA Securities			BofA Securities			BofA Securities			JPMorgan Securities		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		6/1/26			5/27/26			5/18/26		
Amount		$33,205,000			$268,930,000			$63,970,000		
Issuer		Mississippi HC			Connecticut HFA			Indiana HCDA		
Series		2026 Series D			2026 Series C-2			2026 Series B-3		
Program		Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / - / -			Aaa / AAA / -			Aaa / - / -		
Tax Status		Taxable			Taxable			Taxable		
Yr	Maturity ('26 pricings)	Coupon Jun1 / Dec1	Yield (if diff.)	Spread to UST	Coupon May15 / Nov15	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST
0	2026	6.00	4.037	+0 to 2yr						
1	2027	6.00 / 6.00	4.037 / 4.087	+0 / +5 to 2yr						
2	2028	6.00 / 6.00	4.167 / 4.167	+13 / +13 to 2yr	4.166 / 4.166	-	+13 / +13 to 2yr			
3	2029				4.235 / 4.235	-	+15 / +15 to 3yr			
4	2030				4.377 / 4.427	-	+20 / +25 to 5yr			
5	2031				4.477 / 4.527	-	+30 / +35 to 5yr			
6	2032				4.668 / 4.718	-	+35 / +40 to 7yr			
7	2033				4.768 / 4.818	-	+45 / +50 to 7yr			
8	2034				4.93 / 4.98,4.558	4.93 / 4.98,4.558	+45/+50 to 10,+24 to 7	5.035	-	+45 to 10yr
9	2035				5.03 / 5.08	-	+55 / +60 to 10yr	5.125 / 5.185	-	+54 / +60 to 10yr
10	2036				5.13 / 5.18	-	+65 / +70 to 10yr	5.235 / 5.285	-	+65 / +70 to 10yr
11	2037				5.21 / 5.26	-	+73 / +78 to 10yr	5.335 / 5.385	-	+75 / +80 to 10yr
12	2038				5.30 / 5.35	-	+82 / +87 to 10yr			
13	2039									
14	2040									
15	2041				5.58	-	+110 to 10yr	5.685	-	+110 to 10yr
16	2042									
17	2043									
18	2044				5.811	-	+80 to 30yr			
19	2045									
20	2046									
21	2047									
22	2048									
23	2049									
24	2050									
25	2051									
26	2052									
27	2053									
28	2054									
29	2055									
30	2056									
31	2057									
32	2058									
PAC		6.25	4.92	+75 to 5yr	6.25	4.977	+80 to 5yr	6.25	5.015	+78 to 5yr
PAC AvgLf, Price		5yrs, 75-700% PSA, $105.720			5yrs, 75-500% PSA, $105.424			5yrs, 75-600% PSA, $105.286		
Notes		12/1/26 - 12/1/28 are lockouts			$21.7MM of 11/15/34 at 4.558% coupon is a lockout with 7.043 year WAL					
Par Call		6/1/34 (+adj PAC)			5/15/34 (+adj PAC)			1/1/34 (+adj PAC)		
Sr Manager		Wells Fargo			Wells Fargo			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		5/18/26			5/14/26			5/7/26		
Amount		$15,035,000			$199,955,000			$87,515,000		
Issuer		Georgia HFA			Colorado HFA			Minnesota HFA		
Series		2026 Series B			2026 Series G			2026 Series G		
Program		Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		- / AAA / -			Aaa / AAA / -			Aa1 / AA+ / -		
Tax Status		Taxable			Taxable			Taxable		
Yr	Maturity ('26 pricings)	Coupon 12/1/30	Yield (if diff.)	Spread to UST	Coupon May1 / Nov1	Yield (if diff.)	Spread to UST	Coupon Jul1 / Jan1	Yield (if diff.)	Spread to UST
0	2026									
1	2027				4.142 / 4.142	-	+15 / +15 to 2yr			
2	2028				4.142 / 4.142	-	+15 / +15 to 2yr			
3	2029									
4	2030	6.00	4.256	+20 to 5yr						
5	2031									
6	2032									
7	2033				6.00 / 4.782	4.471 / 4.782	+35 / +50 to 5yr			
8	2034				4.902 / 5.002	-	+45 / +55 to 10yr	5.50, 5.00	4.389, 4.389	+35, +35 to 5yr
9	2035				5.052 / 5.102	-	+60 / +65 to 10yr	4.939 / 4.989	-	+55 / +60 to 10yr
10	2036				5.132 / 5.182	-	+68 / +73 to 10yr	5.039 / 5.089	-	+65 / +70 to 10yr
11	2037				5.222 / 5.282	-	+77 / +83 to 10yr	5.139 / 5.169	-	+75 / +78 to 10yr
12	2038				5.352 / 5.382	-	+90 / +93 to 10yr	5.219 / 5.259	-	+83 / +87 to 10yr
13	2039									
14	2040									
15	2041				5.562	-	+111 to 10yr	5.489	-	+110 to 10yr
16	2042									
17	2043				5.652	-	+120 to 10yr			
18	2044									
19	2045									
20	2046							5.813	-	+84 to 30yr
21	2047									
22	2048									
23	2049									
24	2050									
25	2051									
26	2052							5.863	-	+89 to 30yr
27	2053									
28	2054									
29	2055									
30	2056									
31	2057									
32	2058									
PAC					6.25	4.971	+85 to 5yr			
PAC AvgLf, Price					5.6yrs, 100-700% PSA, $106.036					
Notes					5/1/33 is a lockout			7/1/34 maturities are lockouts		
Par Call		None			5/1/34 (+adj PAC)			7/1/34		
Sr Manager		Raymond James			RBC Capital Markets			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		4/15/26			2/10/26			2/4/26		
Amount		$1,760,000			$50,000,000			$52,045,000		
Issuer		Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series		2026 Series B-3			2026 Series D			2026 Series B		
Program		Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / AAA / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status		Taxable			Taxable			Taxable		
Yr	Maturity ('26 pricings)	Coupon 8/1/28	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST
0	2026									
1	2027									
2	2028	4.00	-	+24 to 2yr						
3	2029									
4	2030									
5	2031									
6	2032									
7	2033									
8	2034				5.00 / 4.691	4.055 / 4.691	+35 / +54 to 5yr	5.00 / 4.828	4.181 / 4.828	+35 / +55 to 5yr
9	2035				4.791 / 4.841	-	+64 / +69 to 10yr	4.908 / 4.958	-	+63 / +68 to 7yr
10	2036							5.028 / 5.058	-	+75 / +78 to 7yr
11	2037							5.108 / 5.148	-	+83 / +87 to 7yr
12	2038				4.991	-	+84 to 10yr	5.218 / 5.258	-	+94 / +98 to 7yr
13	2039									
14	2040									
15	2041				5.361	-	+121 to 10yr	5.498	-	+122 to 7yr
16	2042									
17	2043									
18	2044									
19	2045				5.645	-	+85 to 30yr			
20	2046							5.798	-	+88 to 30yr
21	2047									
22	2048									
23	2049									
24	2050							5.838	-	+92 to 30yr
25	2051									
26	2052									
27	2053									
28	2054									
29	2055									
30	2056									
31	2057									
32	2058									
PAC					6.00	4.605	+90 to 5yr			
PAC AvgLf, Price					5yrs, 75-500% PSA, $106.047					
Notes					1/1/34 is a lockout			1/1/34 is a lockout		
Par Call		1/1/28			1/1/34			1/1/34		
Sr Manager		RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		

TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date		9/16/25			6/17/25			5/1/25		
Amount		$51,605,000			$60,000,000			$87,560,000		
Issuer		Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series		2025 Series M			2025 Series I			2025 Series F		
Program		Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)		Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status		Taxable			Taxable			Non-AMT		
Yr	Maturity ('26 pricings)	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to UST	Coupon Jan1 / Jul1	Yield (if diff.)	Spread to iMMD
0	2026				4.316	-	+36 to 2yr	3.50	-	+64
1	2027	3.737 / 3.727	-	+23 / +22 to 2yr	4.336 / 4.376	-	+38 / +42 to 2yr	3.55 / 3.60	-	+66 / +71
2	2028	3.752 / 3.772	-	+28 / +30 to 3yr	4.438 / 4.508	-	+53 / +60 to 3yr	3.65 / 3.70	-	+76 / +81
3	2029	3.833 / 3.883	-	+25 / +30 to 5yr	4.551 / 4.601	-	+55 / +60 to 5yr	3.80 / 3.85	-	+88 / +93
4	2030	3.933 / 3.983	-	+35 / +40 to 5yr	4.651 / 4.701	-	+65 / +70 to 5yr	3.875 / 3.90	-	+90.5 / +93
5	2031	4.169 / 4.219	-	+40 / +45 to 7yr	4.907 / 4.967	-	+72 / +78 to 7yr	4.00 / 4.00	-	+99 / +99
6	2032	4.319 / 4.369	-	+55 / +60 to 7yr	5.037 / 5.087	-	+85 / +90 to 7yr	4.10 / 4.10	-	+105 / +103
7	2033	4.606 / 4.676	-	+58 / +65 to 10yr	5.335 / 5.385	-	+93 / +98 to 10yr	4.20 / 4.20	-	+109 / +108
8	2034	4.756 / 4.806	-	+73 / +78 to 10yr	5.435 / 5.485	-	+103 / +108 to 10yr	4.30 / 4.35	-	+111 / +113
9	2035	4.896 / 4.956	-	+87 / +93 to 10yr	5.525 / 5.575	-	+112 / +117 to 10yr	4.40 / 4.40	-	+113 / +111
10	2036	4.996 / 5.046	-	+97 / +102 to 10yr	5.526 / 5.558	5.605 / 5.635	+120 / +123 to 10yr	4.50 / 4.50	-	+113 / +111
11	2037	5.106 / 5.146	-	+108 / +112 to 10yr	5.59 / 5.623	5.665 / 5.695	+126 / +129 to 10yr	4.50 / 4.50	-	+105 / +103
12	2038									
13	2039									
14	2040	5.476	-	+145 to 10yr	5.925	-	+152 to 10yr	4.60	-	+89
15	2041									
16	2042									
17	2043									
18	2044									
19	2045	5.644	5.696	+105 to 30yr				4.85	-	+72
20	2046				6.109	-	+120 to 30yr			
21	2047									
22	2048							4.90	-	+67
23	2049									
24	2050	5.699	5.746	+110 to 30yr						
25	2051									
26	2052									
27	2053									
28	2054									
29	2055									
30	2056									
31	2057									
32	2058									
PAC					6.25	5.181	+118 to 5yr	6.25	3.96	+99
PAC AvgLf, Price					5yrs 75-500% PSA, $104.567			5yrs 75-500% PSA, $110.143		
Notes										
Par Call		7/1/33			7/1/33 (+adj PAC)			7/1/33		
Sr Manager		RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		