



## MEETINGS SCHEDULED FOR JUNE

Date: 06/26/25, 1 p.m.

**REVISED 6/25/25**

### HYBRID OPTION AVAILABLE:

*In Person:* Minnesota Housing, Mille Lacs Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

*Conference Call:* Toll Free: 1.866.901.6455 Access Code: 723-023-840

### NOTE:

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, June 26, 2025.

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

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

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## Agenda: Minnesota Housing Board Meeting

Date: 06/26/2025, 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 May 22, 2025

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

None.

## 7. Action Items

- A. (page 11) Approval of 2025 Annual Action Plan for HUD
- B. (page 23) Approval, Single Family Start Up and Step Up Loan Program Manuals
- C. (page 111) Approval, Homeownership Investment Grants Program Request for Proposals (RFP) Selections
- D. (page 127) Commitment, Low and Moderate Income Rental (LMIR) Loan and Modification and Extension, Housing Infrastructure Bond Loan (HIB) - Rogers Main Street Senior Housing, D8248, Rogers
- E. (page 153) Commitment, Low and Moderate Income Rental (LMIR) Loan - Sandgrass Pointe, D8561, Brooklyn Park
- F. (page 177) Modification, Housing Opportunities for Persons With AIDS (HOPWA) - Clare Housing
- G. (page 183) Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program (FHPAP)
- H. (page 195) Approval, Selection and Commitment, FY2026-2029 Homework Starts with Home (HSHW)
- I. (page 205) Approval, Federal Home Loan Bank Grant

## 8. Discussion Items

- A. (page 207) Third Quarter FY25 Update
- B. (page 217) Administrative Budget for Fiscal Year 2026

## 9. Information Items

- A. (page 221) Single Family Homeownership Program Update
- B. (page 227) Post Sale Report, Rental Housing Bonds, Series 2025 C (Hillside Gardens)
- C. (page 233) Post Sale Report, Rental Housing Bonds, Series 2025 D (Vue Pointe)
- D. (page 239) Post Sale Report, Rental Housing Bonds, Series 2025 E (Carver Oaks)
- E. (page 245) Post Sale Report, Rental Housing Bonds, Series 2025 F (Trailside Apartments)
- F. (page 253) Post Sale Report, Residential Housing Finance Bonds, Series 2025 FGH

## 10. Other Business

None.



## Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, May 22, 2025, at 1 p.m.

### 1. Call Attendance

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:02 p.m.

### 2. Roll Call

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

**Minnesota Housing staff present via hybrid:** Daisy Adeleye, Tal Anderson, Tom Anderson, Ryan Baumtrog, Mariah Becerra, Jennifer Bergman, Susan Bergmann, Judd Berthiaume, Scott Beutel, Nick Boettcher, Laura Bolstad Grafstrom, Sarah Broich, Stacie Brooks, Deran Cadotte, Eric Chapin, Erin Coons, Alex Curwick, Renee Dickinson, Matt Dieveney, Diane Elias, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Rachel Franco, Sarah Foley, Dory Goebel, John Hawkinson, Amanda Hedlund, Anne Heitlinger, Darryl Henchen, Kang Her, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Tere Hopponen, Will Jensen-Kowski, Dylan Johnson, Karen Johnson, Erin Karkula-Peterson, Tiffany Kibwota, Joshua Kirk, Dan Kitzberger, Greg Krenz, Laurie Krivitz, Kristen Kvalsten, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee, James Lehnhoff, Ed LeTourneau, Rachel Mahon Bosman, Dylan Mato, Eric Mattson, Jillian Mazullo, Don McCabe, David McGee, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Gary Mortenson, Marisa Myhre, Jennifer Nelson, Michael Nguyen, Andrew Orth, John Patterson, Andy Pratt, Melissa Pugh, Rinal Ray, Annie Reiersen, Cassie Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Rachel Robinson, Danielle Salus, Joel Salzer, Katie Seipel-Anderson, Kayla Schuchman, Lauren Stelter, Kim Stuart, Tim Sullivan, Jodell Swenson, Eric Thiewes, Susan Thompson, Mike Thone, Monica Tucker, Nancy Urbanski, Que Vang, Teresa Vaplon, Nicola Viana, Alyssa Wetzel-Moore, Bev Wilharm, Kelly Winter, Laurie Zabel, and Kristy Zack.

**Others present via hybrid:** Ramona Advani, Office of the Legislative Auditor; Melanie Johnson, Piper Sandler; Joe Nathan, and Khaliq Rogers.

### 3. Agenda Review

None.

### 4. Approval

#### A. Regular Meeting Minutes of April 24, 2025

**Motion:** Eric Cooperstein moved to approve the April 24, 2025, Regular Meeting Minutes. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. Stephen Spears and Terri Thao were not present for the vote. All were in favor.

### 5. Reports

#### Chair

None.

#### Commissioner

Commissioner Ho shared the following with the board:

- Welcome new employees
- Meetings
- Program Updates

#### Committee

None.

### 6. Consent Agenda

#### A. Commitment, Rental Rehabilitation Deferred Loan (RRDL) Program, Poplar Ridge Apartments, D1792, Norwood Young America

**Motion:** Eric Cooperstein moved the Consent Agenda Item. Seconded by Terri Thao. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

## **7. Action Items**

### **A. Approval, 2025 Local Housing Trust Fund Grants Program Request for Proposals (RFP) Selections**

Colleen Meier presented to the board a request for board approval of the 2025 Local Housing Trust Fund Grants Program Request for Proposals and Selections Team recommendations. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, 2025 Local Housing Trust Fund Grants Program Request for Proposals Selections. Seconded by Auditor Blaha. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

### **B. Approval, Housing Challenge Funds for Schools Request for Proposals (RFP) Selections**

Amanda Hedlund and Tiffany Kibwota presented to the board a request for approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund program through the Housing Challenge Funds for Schools Request for Proposals. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Approval, Housing Challenge Funds for Schools Request for Proposals Selections. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

### **C. Approval, Selection and Commitment, Housing Trust Fund (HTF) Rental Assistance Programs Request for Proposals (RFP) Selections**

Deran Cadotte presented to the board a request for adoption of a resolution authorizing \$24,897,000 of Housing Trust Fund program funds. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Approval, Selection and Commitment, Housing Trust Fund Rental Assistance Programs Request for Proposals Selections. Seconded by Terri Thao. Roll call was taken. Stephen Spears abstained. Motion carries 6-0. All were in favor.

### **D. Approval, Property Owner Risk Mitigation Fund Program Guide**

Lauren Stelter presented to the board a request for approval of the Property Owner Risk Mitigation Fund Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Property Owner Risk Mitigation Fund Program Guide. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

### **E. Approval, 2024 Multifamily Consolidated Request for Proposals (RFP) Advancing Selection, Amortizing and Deferred Loans**

Que Vang presented to the board a request for adoption of the following resolutions: Adoption of a resolution approving the selection of Red Pine Estates for further processing, and the commitment of deferred financing, subject to final underwriting and due diligence, authorizing the closing of loans related to Housing Infrastructure Bonds; and Adoption of a resolution approving the selection of Red Pine Estates for further processing under the Low and Moderate Income Rental Program and a Bridge Loan. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, 2024 Multifamily Consolidated Request for Proposals Advancing Selection, Amortizing and Deferred Loans. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

#### **F. Approval, Selection and Commitment, 2025 Housing Tax Credit (HTC) Program-Round 2**

Tim Sullivan presented to the board a request for adoption of a resolution approving the selection and allocation of 2025 Housing Tax Credit Round 2 competitive federal 9% Low Income HTCs and the creation of a waiting list. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Selection and Commitment, 2025 Housing Tax Credit Program-Round 2. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

#### **G. Approval, Modification, Housing Infrastructure Bond Loan (HIB), Passage Community, D0822, Minneapolis**

Susan Thompson presented to the board a request for the adoption of a resolution modifying the loan under the HIB program, from \$3,872,000 to a maximum of \$4,230,000. All commitments are subject to the terms and conditions of the Agency term letter. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Modification, Housing Infrastructure Bond Loan, Passage Community, D0822, Minneapolis. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

#### **H. Approval, Commitment Low and Moderate Income Rental (LMIR) Loan, Enclave Overlook, D8577, Rockford**

Susan Thompson presented to the board a request for the adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$1,757,000. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Approval, Commitment Low and Moderate Income Rental Loan, Enclave Overlook, D8577, Rockford. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.



## **I. Approval, Housing Tax Credit Compliance Guide, HOME/ NHTF Compliance Guide**

Renee Dickinson presented to the board a request for the approval of updates to the Housing Tax Credit (HTC) Program Compliance Guide and Multifamily HOME Investment Partnership Act and National Housing Trust Fund (HOME/NHTF) Compliance Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Housing Tax Credit Compliance Guide and HOME/NHTF Compliance Guide. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

## **J. Approval, Modifications to Multifamily Grant Board Delegations**

Rinal Ray and James Lehnhoff presented to the board a request for the modification of three board delegations to add Housing Stability, Policy and Community Development and Local Government Housing programs; update the grant funding modification thresholds; revise the grant execution extension provisions; and revise the grant agreement extension provisions:

- Board Delegation No. 15, Grant Funding Modifications (Resolution No. MHFA 18-026)
- Board Delegation No. 19, Grant Execution Extensions (Resolution No. MHFA 18-028)
- Board Delegation No. 20, Grant Agreement Extensions (Resolution No. MHFA 18-029)

Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved that the board temporarily approve item 7J, Modifications to Multifamily Grant Board Delegations, expiring as of August 28, 2025, at which time the language in the three identified board delegations will revert to the prior language. Staff will return at a future meeting with revised amendments to the delegations. Seconded by Auditor Blaha. Roll call was taken. Motion carries 7-0. All were in favor.

## **8. Discussion Items**

### **A. 2025 State Legislative Session Recap**

Dan Kitzberger provided the board with a 2025 State Legislative Session recap.

## **9. Information Items**

### **A. Chief Risk Officer Report**

### **B. Second Quarter 2025 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan**

### **C. Post Sale Report, Residential Housing Finance Bonds, Series 2025 CDE**

## **10. Other Business**

None.

## **11. Adjournment**

The meeting was adjourned at 3:27 p.m.

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John DeCramer, Chair



## Item: Approval of 2025 Annual Action Plan for HUD

**Action Item:** 7.A  
**Date:** 06/26/2025  
**Staff Contacts:** Nellie Siers, 651.296.0749, nellie.siers@state.mn.us  
Joshua Kirk, 651.296.9820, joshua.kirk@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff seeks approval of the State of Minnesota's Annual Action Plan (AAP) for Federal Fiscal Year (FFY) 2025. The attached executive summary and selected sections for the plan provide details of the annual goals and objectives for the Agency's HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF) and Housing Opportunities for Persons with AIDS (HOPWA) programs.

### Fiscal Impact

The plan includes FFY 2025 allocations and available funds: \$8,351,317 for HOME, \$3,134,373 for NHTF and \$453,450 for HOPWA.

### Agency Priorities

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

### Attachments

- Background
- AAP Executive Summary
- AAP Annual Goals and Objectives
- AAP Public Comments

## Background

Minnesota Housing, along with the Department of Employment and Economic Development (DEED) and Department of Human Services (DHS), has developed its Annual Action Plan for Federal Fiscal Year (FFY) 2025. The Annual Action Plan (AAP) provides details of the state's plan for funds received through the U.S. Department of Housing and Urban Development's Community Planning and Development Division (HUD CPD). Of the various programs the state receives through HUD CPD, Minnesota Housing administers the HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and the National Housing Trust Fund (NHTF) programs. This plan is required to receive these funds.

Minnesota Housing will receive an allocation of \$8,351,317 for the HOME program and anticipates approximately \$2,368,855 in additional program income to be utilized in FFY 2025. The Agency will also receive \$3,134,373 in NHTF funds, and \$453,450 for the HOPWA program. Please note that FFY 2025 amounts are not materially different from the FFY 2024 allocations.

HOME and NHTF will be available statewide through the Agency's Multifamily annual Consolidated RFP. It is anticipated that these funds will result in new construction or rehabilitation of 115 units of affordable rental housing. Through the HOME and NHTF programs, the 115 housing opportunities will be made available to extremely low-income, low-income and moderate-income families. NHTF funds must serve extremely low-income households (with incomes less than 30% of AMI). HOME funds require occupancy by households with low income (80% AMI), but for projects with more than four HOME units (as is typical for rental projects funded through Minnesota Housing), the requirement is for at least 20% of units to be 50% AMI or lower. In addition to capital financing, the NHTF program may also be used for a small portion of operating cost assistance (up to 30% of the grant may be used in this manner).

For HOPWA, the Agency anticipates serving 190 households with short term rent, mortgage and utility assistance in Greater Minnesota. One nonprofit administers the program on Minnesota Housing's behalf: Clare Housing.

The draft AAP was available for public comment April 28 – May 28, 2025. The state received four comments and/or questions in response to the draft. Minnesota Housing responded to all comments.

## Executive Summary

### 1. Introduction

The U.S. Department of Housing and Urban Development (HUD) requires consolidated planning, application, reporting and citizen participation processes, together called the Consolidated Plan, for the following formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships Program (HOME), National Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers communities the opportunity to shape these housing and community development programs into effective, coordinated housing and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort. Guided by the Consolidated Plan, an Annual Action Plan is created to detail the proposed funded activities that will assist housing and community development initiatives throughout the state. As the lead agency for the Consolidated Plan for the State of Minnesota, the Minnesota Department of Employment and Economic Development (DEED), in coordination with the Minnesota Housing Finance Agency (Minnesota Housing), and the Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. Furthermore, these agencies are responsible for overseeing these citizen participation requirements, those that accompany the Consolidated Plan and the CDBG, HOME, HOPWA, NHTF, and ESG programs, as well as those that complement the DEED planning processes already at work in the state.

### 2. Summarize the objectives and outcomes identified in the Plan

The strategies of the programs administered by the DEED, Minnesota Housing and DHS are to provide decent housing, a suitable living environment and expanded economic opportunities for the state's low- and moderate-income residents. The agencies strive to accomplish these strategies by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities at the individual and local government levels, the agencies hope to improve the quality of life for all residents of the state. These strategies are further explained as follows:

- Providing decent housing requires helping homeless persons obtain appropriate housing and assisting those susceptible to homelessness, preserving the affordable housing stock, increasing availability of permanent housing that is affordable to low- and moderate-income persons and increasing the supply of supportive housing.
- Providing a suitable living environment entails improving the safety and livability of

neighborhoods, increasing access to quality facilities and services and reducing the isolation of income groups within an area through integration of low-income housing opportunities.

- Expanding economic opportunities involves creating jobs that are accessible to low- and moderate-income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing credit opportunities for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve economic stability.

### **3. Evaluation of past performance**

The state's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). This document states the objectives and outcomes identified in the first year of the State's 2022-2026 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. The past year Consolidated Plan and CAPER can be found on the Small Cities Development Program (<https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp>) and Minnesota Housing (<https://mnhousing.gov/policy-and-research/agency-plans.html>) websites.

### **4. Summary of Citizen Participation Process and consultation process**

As part of the consolidated planning process, the lead agency must consult with a wide variety of organizations in order to gain understanding of the housing and community development stage. This Annual Action Plan represents a collective effort from a broad array of entities in Minnesota including private, non-profit, and public organizations, non-entitled communities, county governments, Continuum of Care organizations and various other state agencies. The public participation process included focus groups, outreach committees and public input sessions.

The public was notified of the availability of the draft Annual Action Plan in the State Register and through our state social media outlets, event agency calendar and eNews listservs, including to organizations that work directly with underserved populations, limited or non-English speaking persons and persons with disabilities. For example, per our Citizen Participation Plan, we reached out to a wide network of councils and coalitions focusing on specific populations, including the Council on Asian Pacific Minnesotans, Central Cultural Chicano, CLUES, Council for Minnesotans of African Heritage, Minnesota Council on Latino Affairs and the Upper Midwest American Indian Center. In addition, our eNews distribution includes an extensive network of providers for persons with disabilities through the Olmstead Implementation Office currently located at Minnesota Housing. Public comment narratives are included as attachments in Citizens Participation Comments. A draft Citizen Participation Plan is included in the 2025 draft Annual Action Plan for public feedback.

Two hybrid (in-person and virtual attendance) public hearings were held to provide information on proposed activities and to receive public comments.

## 5. Summary of public comments

Citizen input received during the first public hearing and comments received during the second public hearing are listed in the 2025 Annual Action Plan Comments and Responses documents in the Unique Appendices.

## 6. Summary of comments or views not accepted and the reasons for not accepting them

Two (2) comments out of the four (4) comments received were not accepted. The first comment suggested abolishing the Generational First-time Homebuyer program. The Agency's First-Generation Homebuyer Loan Program is not funded with the resources outlined in this Plan. The second comment proposed the development of a secured, gated co-housing area. The federal dollars represented in this Plan (CDBG, HOME, NHTF, HOPWA, and ESG) can only be used for the purposes and eligible uses explicitly laid out in federal regulation.

## 7. Summary

The 2025 Action Plan has the following goals. These goals will use HOME, ESG, HOPWA, NHTF and CDBG funds:

- *Provide Decent Affordable Housing – DEED*

Fund housing rehabilitation activities for low- to moderate-income homeowner and rental households through CDBG funds through DEED.

- *Enhance Affordable Housing Opportunities - Minnesota Housing*

Fund housing activities for low-to moderate-income households, including the rehabilitation and new construction of rental housing using HOME and NHTF funds. In addition to the income priority, Minnesota Housing also prioritizes funding for populations with the highest housing needs. HOME and NHTF funding are permanent supportive housing for "High Priority Homeless" and people with disabilities. High Priority Homeless means (i) households experiencing long-term homelessness; (ii) households at significant risk of experiencing long-term homelessness; or (iii) households prioritized for permanent supportive housing by the Coordinated Entry System adopted by the local Continuums of Care. For persons with disabilities, the limitation or preference will be limited to the population of families (including individuals) with a member whose disability significantly interferes with their ability to obtain and maintain housing. In accordance with the regulatory requirements of HOME and NHTF, any limitation or preference will not violate nondiscrimination requirements.

- *Promote Economic Development – DEED*

Encourage robust economic growth through the development and retention of businesses and jobs in non-entitlement (i.e., cities and counties that do not receive funding directly

from HUD) areas of the state.

- *Facilitate Housing and Service for the Homeless - DHS*

Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota.

- *Provide Funds for Special Needs Housing and Services - Minnesota Housing*

Continue to fund programs that provide housing and services to residents with higher needs, including those with HIV/AIDS.

- *Address Public Facility Needs – DEED*

Address community needs through improvements to public facilities and streetscape.



## AAP Annual Goals and Objectives

### Goals Summary Information

Goal Name	Start Year	End Year	Category	Needs Addressed	Funding	Goal Outcome Indicator
Address Housing Rehabilitation Needs - DEED	2022	2026	Affordable Housing	Retain Decent Housing for LMI Renters and Owners	CDBG: \$6,851,446	Rental units rehabilitated: 64 Homeowner Housing Rehabilitated: 207
Increase Affordable Housing Opportunities - MH	2022	2026	Affordable Housing	Unit Production for LMI Renter Households	HOME: \$8,351,317.32 HTF: \$3,134,373.20	Rental units constructed: 90 Rental units rehabilitated: 25
Support Economic Development and Workforce Needs	2022	2026	Non-Housing Community Development	Economic Opportunities	CDBG: \$1,920,000.00	Facade treatment/business building rehabilitation: 38 Jobs created/retained: 0 Businesses assisted: 0
Facilitate Housing and Service for the Homeless	2022	2026	Homeless	Homelessness	ESG: \$2,235,077.00	Tenant-based rental assistance/ Rapid Rehousing: 150 Households Homeless Person Overnight Shelter: 3,750 persons Homelessness Prevention: 70 Persons

Provide Funds for Special Needs Housing & Services	2022	2026	Non-Homeless Special Needs	Community Services for Vulnerable People	HOPWA: \$453,450.00	Homelessness Prevention: 190 Persons Assisted
Improve Public Facilities & Infrastructure DEED	2022	2026	Non-Housing Community Development	Public Facilities and Infrastructure	CDBG: \$13,138,769.90	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 9397 Persons Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 16,046 Households

### Goal Descriptions

1	<b>Goal Name</b>	Address Housing Rehabilitation Needs - DEED
	<b>Goal Description</b>	Provide funding for housing rehabilitation activities for low- to moderate-income homeowner and rental households through CDBG funds, totaling an estimated \$6,851,446. The CDBG funding breakdown includes an estimated HUD allocation of \$19,090,913, additional funds from prior years totaling \$6,660,686.71, bringing the total to \$25,751,599.71.
2	<b>Goal Name</b>	Increase Affordable Housing Opportunities-MH
	<b>Goal Description</b>	Fund housing activities for low-to moderate-income rental households, including renovation and new construction, and operating subsidy. The total amount allocated from HUD for HOME is \$8,351,317.32 with an additional \$2,368,855.32 to be added in program income from the prior fiscal year, for a total of \$10,720,172.64. The total amount allocated for HTF \$3,134,373.20. For this goal, total resources amount to \$13,854,545.84.
3	<b>Goal Name</b>	Support Economic Development and Workforce Needs

	<b>Goal Description</b>	Encourage robust economic growth through commercial building rehabilitation activities, the development and retention of businesses and jobs through CDBG funds totaling an estimated \$1,920,000. The CDBG funding breakdown includes an estimated HUD allocation of \$19,090,913, additional funds from prior years totaling \$6,660,686.71, bringing the total to \$25,751,599.71.
<b>4</b>	<b>Goal Name</b>	Facilitate Housing and Service for the Homeless
	<b>Goal Description</b>	Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota.
<b>5</b>	<b>Goal Name</b>	Provide Funds for Special-Needs Housing & Services
	<b>Goal Description</b>	Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS.

**Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME91.215(b)**

Through the HOME and NHTF programs, an estimated 115 housing opportunities will be made available to extremely low-income, low-income and moderate-income families. NHTF assisted units are required to serve extremely low-income households (30% AMI and below). HOME assisted units are required to be occupied by households with low incomes (80% AMI), but for projects with more than four HOME units (as typical for rental projects funded through Minnesota Housing), the requirement is for at least 20% of HOME units to be occupied by households with incomes at 50% AMI or lower.

Over the past several years, Minnesota Housing has been receiving more applications for new construction projects compared to rehabilitation projects. Accordingly, Minnesota Housing's use of HOME and NHTF funds has shifted from smaller per-unit investment amounts to larger per-unit investment amounts in a smaller number of mostly new construction projects. Because of the larger number of applications for new construction projects, Minnesota Housing has been able to focus its HOME and NHTF funds in new construction projects that have larger financing gaps that otherwise would not have moved forward. While this has allowed Minnesota Housing to better support these projects, it has also directly impacted the number of units that have been assisted with HOME and NHTF funds.

## Summary of Public Comments

### 1. Resident's comment

In my opinion we need to abolish the Generational First-time homebuyer program in Minnesota ASAP. I believe this program contributes to higher real estate prices and it is subject to widespread fraud. Many applicants fraudulently claim this program. Many illegal immigrants or legal immigrants fraudulently claim this program because there is a lack of oversight. Tax payers money is spent on this fraud. There is a national first-time homebuyer program that helps homebuyers. We do not need another program in Minnesota at the expense of taxpayers. There is no lack of homebuyers in Minnesota, and responsible homebuyers is what we need. We have a lack of new construction, not new homebuyers. This program should be stopped ASAP and money allocated for it returned to the general fund. We have high state sales tax and income tax. Giving free money to some people at the expense of other people is a bad idea. "Teach a person how to fish instead of giving him a fish."

- *Response: Thank you for your comment. The First-Generation Homebuyer Loan Program is not funded with the resources outlined in this Plan. It is funded through the Minnesota State Legislature and enshrined in Minnesota Statute 462A.41. As the State's Housing Finance Agency, Minnesota Housing is required to disburse these funds in the manner outlined in the above mentioned statute.*

### 2. Resident's comment

Please consider to develop a security & gated co-housing area. Shared space ideally with an indoor heated pool, hot tubs, work out room, a commercial kitchen, a stage (for performers) to socialize -- option to serve meals or snacks, watch movies, play cards, bingo, free library, dance, mini golf, make or sell crafts. Lots of housing like this are in Texas and Arizona -- single, double trailer homes, mini homes as an option. Owners & Guests must be cleared by Security prior to entering. Shared space bldg w/a parking lot near the entrance. Allows golf carts use.

- *Response: Thank you for your comment. The federal dollars represented in this Plan (CDBG, HOME, NHTF, HOPWA, and ESG) can only be used for the purposes and eligible uses explicitly laid out in federal regulation. While HOME and NHTF dollars are used for developing deeply affordable rental housing that may or may not have some shared community spaces, the amenities described in your comment are unfortunately not eligible uses for these two programs.*

### 3. Resident's comment

This city keeps building and building but nothing affordable for those workers who actually work. I live in low-income housing...\$1670.00 a month. This stupid! No one considers this low income. I work and work and can never get ahead thanks to this city's ridiculous love of money.

When no one is left to do the caring for the sick and the old you will finally understand what yall have done. Yall are just greedy!

- *Response: Thank you for your comment. Minnesota Housing recognizes that tenants can still be cost-burdened even in publicly-financed affordable housing projects due to the way rents are required to be calculated by each funding source that goes into a building. While many affordable units are often required to be utilized only by tenants making 30 – 50% of the Area Median Income, we know there are families who make too much to qualify for units supported by tax credits and federal funding sources, but not enough to completely cover all bills and expenses. Minnesota Housing strongly believes that all Minnesotans deserve to have housing that does not leave households cost-burdened. Our strategic plan and advocacy at the federal and state level prioritizes additional funding for deeply affordable housing so that households can find housing at rents that match their incomes.*

#### **4. Resident's comment**

We really need more low-income housing up here in Isanti County, I live in the last rural development housing apartment in the area and have been waiting for a housing voucher for years, so I can find better housing for my disability needs, please help more people up here, as they are moving out of the cities.

- *Response: Thank you for your comment. Minnesota Housing recognizes that there is a deep need for more affordable housing in all corners of the State. We do our best to encourage housing developers to prioritize building in more rural areas by including additional points in our funding application process for those who are willing to do so. Minnesota Housing also has repeatedly asked the state legislature for additional funds to be able to support new affordable construction in smaller communities statewide. We will continue to encourage developers to consider and apply for affordable projects in communities like yours.*

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## Item: Approval, Single Family Start Up and Step Up Loan Program Manuals

**Action Item:** 7.B  
**Date:** 06/26/2025  
**Staff Contacts:** Laura Bolstad Grafstrom, 651.296.6346, laura.bolstad.grafstrom@state.mn.us  
Sondra Breneman, 651.296.6322, sondra.breneman@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

To better protect homebuyers from unreasonable fees and closing costs, Minnesota Housing is updating the Start Up and Step Up loan program manuals to explicitly prohibit high-cost mortgage loans, remove ambiguous language regarding unreasonable fees and set specific limits on fees. These additions will also incorporate fee limitations language from the Lock, Fee, and Service Release Premium (SRP) Guide.

### Fiscal Impact

None

### Agency Priorities

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

### Attachments

- Background and Request Details
- Proposed Amendments to Start Up Manual (redline draft)
- Proposed Amendments to Step Up Manual (redline draft)

### Background

In the 2024 Office of Legislative (OLA) evaluation of the Agency's down payment assistance programs, OLA recommended that Minnesota Housing should establish policies to better protect homebuyers

participating in the programs from unreasonable fees and closing costs. In particular, the OLA flagged Start Up and Step Up program references to “reasonable” fees as too subjective and asked the Agency to develop clearer limits on fees and closing costs.

## Request Details

The updates to the Start Up and Step Up manuals will protect homebuyers from unreasonable fees and closing costs and will demonstrate compliance with OLA’s recommendations. In addition to making these changes to these manuals we will be aligning our Quality Control review to the revised guidance in the manuals, and we have added content to the website pointing borrowers to resources to help them understand their Loan Estimates and get advice from homeownership advisors around best practices around fees. The plan allows Minnesota Housing to take a balanced approach to address OLA’s recommendation and improve protections for borrowers, while not adding to the complex federal regulation on fees that lenders already find challenging to navigate.

In response to OLA’s recommendation, staff proposes revisions to the Start Up and Step Up manuals as follows:

1. Revise language regarding high-cost mortgage loans:
  - Make Start Up and Step Up language consistent regarding prohibiting high-cost loans.
  - Make the prohibition on high-cost mortgage loans more explicit.
2. Clarify lender compensation requirements:
  - Incorporate the limitations on fees that are currently in the Lock, Fee, and SRP Guide specifically in these manuals (including origination fee limits and a prohibition on lender fees on downpayment and closing cost loans).
3. Revise and clarify fee and closing cost limits:
  - Remove references to limiting fees to what’s “reasonable”
  - Specify that total points and fees on the first mortgage are limited to a maximum of 5% of the first mortgage amount.
  - Specifically prohibit lenders from charging a “Minnesota Housing Fee” or similar on first or second mortgages.

Excerpts from the proposed manuals are as follows:

1. Proposed manual language pertaining to high-cost mortgage loans:
  - Lenders must comply with all ~~\_high cost and higher priced home loan rules and regulations~~ 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 may not contain prepayment penalties~~



- Loans containing prepayment penalties or mandatory arbitration clauses are not permitted
2. Proposed manual language on Lender Compensation (incorporates guidance from Lock, Fee, and SRP Guide):

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 service release premium paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the Minnesota Housing website.~~
- 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 ~~collected by the Lender~~ from the Borrower(s) in accordance with industry standard regulations; ~~and/or~~ limited as follows:
  - Origination fee and Discount points cannot exceed 1% with the 1.5% SRP option or the 3.5% SRP option (which covers Upfront Paid Mortgage Insurance costs).
  - Lender may not charge any origination fee or discount points with the 2.5% SRP option.

3. Proposed manual language on fee and closing costs limits:

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

- Comply with Minnesota law
- Meet all requirements of the insurer/guarantor
- ~~Not exceed an amount deemed usual or reasonable for the type of transaction (e.g. FHA, VA, Conventional)~~
- 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 info on servicer fees that may be charged at loan closing.
- The Lender may not charge a “Minnesota Housing fee” (or similar) for processing/originating a Minnesota Housing first or subordinate loan.

See the attached draft program manuals for Start Up and Step Up. Revised manuals also include minor clarifications and non-substantive edits by the Legal Division to the Legal Addendum. If approved, the effective date for these revised manuals will be on or around July 7, 2025.



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# Minnesota Housing Mortgage Loans Start Up Program

Procedural Manual

July 7~~April 16~~, 2025

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

*An equal opportunity employer.*

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

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## 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

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

We will:

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

### 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:

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

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

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

## 1.04 Procedural Manual

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

## 1.05 Mortgage Revenue Bond Programs

The Start Up Program offers low-interest loans throughout Minnesota to low- and moderate-income, First-Time Homebuyer Borrowers through local participating Lenders.

## 1.06 Downpayment and Closing Cost Loans

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

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

## 1.07 The Master Servicer

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

## Chapter 2 – Responsible Lending

### 2.01 Procedural Manual

This Procedural Manual is a supplement to the Participation Agreement for Minnesota Housing Single Family Mortgage Programs, as amended or supplemented (referred to as the Participation Agreement) for Minnesota Housing mortgage programs executed between the Lender and Minnesota Housing. This Procedural Manual, which may be changed and modified, is incorporated into the Participation Agreement by reference and is a part of it as fully as if in the Participation Agreement at length.

Minnesota Housing reserves the right to:

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

### 2.02 Single Family Responsible Lending Policy

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

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

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
  - Lender must evaluate a Borrower's repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
  - Lenders are prohibited from steering
  - Lenders must comply with all [rules and regulations for high-cost and higher priced mortgage home 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 may not contain prepayment penalties~~
- 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 Referred to Attorney General

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

### 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, Property Seller, or Borrower(s):

- Kickbacks
- Commissions
- Other compensation

## **2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements**

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. A loan file may be requested to be forwarded to Minnesota Housing for review. Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division.

Audited loans are reviewed for:

- 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

## **2.07 Termination of Lender Participation**

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

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

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division will 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.
- 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 agrees to follow all applicable federal, State, and local laws, ordinances, regulations, and orders including, but not limited to:

- Ability-to-Repay Qualified Mortgage (QM) Rule
- Americans with Disabilities Act
- Anti Predatory Lending Act
- Anti-Money Laundering and Office of Foreign Assets Control Policy
- Bank Secrecy Act
- CFPB Unfair, Deceptive, or Abusive Acts or Practices Rules
- Data Privacy - Minnesota Statutes Chapter 13 and Section 462A.065
- Dodd-Frank Wall Street Reform and Consumer Protection Act
- Equal Credit Opportunity Act
- Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on 11/20/62
- Fair and Accurate Credit Transactions Act
- Fair Credit Reporting Act
- Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968)
- Home Mortgage Disclosure Act
- Home Ownership and Equity Protection Act (HOEPA)
- HUD Discriminatory Effects Regulation/Disparate Impact Regulation
- Internal Revenue Code of 1986, Section 6050H
- Loan Officer Compensation
- Minnesota Human Rights Act – Minnesota Statutes Chapter 363A
- Minnesota S.A.F.E. Mortgage Licensing Act of 2010 – Minnesota Statutes Chapters 58 and 58A
- Mortgage Disclosure Improvement Act (MDIA)
- National Flood Insurance Act
- Real Estate Settlement Procedures Act of 1974
- Section 527 of the National Housing Act
- Title VI of the Civil Rights Act of 1964
- Title VII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974
- Truth In Lending Act
- Uniform Electronic Transactions Act (UETA), Minn. Stat. ch. 325L
- USA Patriot Act

In addition to the above-listed representations and warranties, the Lender will ensure that the person who confirms the loan on Minnesota Housing's loan commitment system and who verifies the Lender

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

## 2.09 Lender Compensation

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

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

## 2.10 Annual Renewal Requirements and Fees

- The Lender must meet the minimum loan volume requirements as specified by Minnesota Housing or by U.S. Bank – HFA Division, whichever is greater.
- The Lender must be approved by both Minnesota Housing and U.S. Bank – HFA Division to originate and deliver Minnesota Housing Start Up Program loans.

## 2.11 Marketing Materials Terms of Use

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

## Chapter 3 – Master Servicer Requirements

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

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



## Chapter 4 – Borrower Eligibility

### 4.01 Borrower

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

### 4.02 Borrower Age

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

### 4.03 Co-Signers

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

### 4.04 Unauthorized Compensation

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

### 4.05 Prior Homeownership - Three-Year Requirement

All Borrower(s) and their current spouses (including non-purchasing spouse(s)) may not have had an ownership interest in their Principal Residence at any time during the three - year period immediately preceding execution of the mortgage loan documents (loan closing). This requirement applies to any person who will execute the note and will have an ownership interest in the financed property. See chart below.

*Table 1/ Prior Year Requirements*

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

Person	Resides in Property	Three year requirement must be verified
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. 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:

- The Lender must examine all documents collected in evaluating the borrower's eligibility for the loan for any evidence that the Borrower(s) have owned a Principal Residence during the three-year period prior execution of the mortgage loan documents. Examples of types of documentation to review include:
  - Credit report (must not show any previous mortgage loan(s) in the three-year period prior execution of the mortgage loan documents, or if it does, follow the guidance on "Special Documentation for Current Ownership" below)
  - Final loan application (must not show an ownership interest in a Principal Residence in the three-year period prior execution of the mortgage loan documents and must show a two year residence history indicating no ownership interest in the Borrower(s) residence(s))
- If the Lender cannot verify the absence of ownership from a review of the credit report, final loan application or other evidence, the absence of an ownership interest must be documented and verified by:
  - A title search with respect to the Borrower(s) residence(s) to provide reasonable assurance that there was no actual ownership by the Borrower(s); and
  - A signed, written letter of explanation from any Borrower(s) that the Borrower(s) has not had an ownership interest in a Principal Residence within the three-year period prior to the date of loan application.
- Special Documentation for Current Ownership - A Borrower(s) with a current ownership interest in a residence within the three-year period prior execution of the mortgage loan documents must be able to provide evidence (e.g. copy of rental agreement or lease) showing that they have not lived in the residence during the three year period prior execution of the mortgage loan documents.

### 4.06 Principal Residence/Occupancy Requirement

The Borrower(s) must intend to occupy the financed dwelling as a Principal Residence within 60 days after the closing of the loan. A certification of the owner occupancy is to be made by the Borrower(s) in the [Borrower Affidavit](#).

### 4.07 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 our website.

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

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

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

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

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

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

Refer to Minnesota Housing's [Credit and DTI Matrix](#) for Minimum Credit Score/Maximum Debt to Income Ratio.

*Table 2/Credit Score Guides*

Number of Scores	Guidance
3 scores	Use middle of the scores
2 scores	Use lower of the two scores
1 score	Use the available score
Multiple Borrowers: all with credit scores	Use 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 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 may 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 loan (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 website delineates the Program Eligibility Income requirements. Lenders are responsible for computing Program Eligibility Income based on these requirements.

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

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

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

The calculation of Program Eligibility Income must take place in the 120-day period immediately preceding execution of the mortgage loan documents. In determining Program Eligibility Income, the Lender must rely on the most recently verified income documentation in the loan file.

## 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
  - Must have been a residential property for at least five years before the date of the new mortgage, i.e. cannot be New Construction or recently converted from non-residential use
- A modular home
- A manufactured home that meets the following requirements:
  - Be a double wide or larger manufactured home, permanently affixed to a foundation and taxed as real property; and
  - Be built to Federal Manufactured Home Construction Safety Standards, administered by U.S. Housing and Urban Development (HUD)

Additionally, eligible properties must meet the following:

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

### 5.02 Ineligible Properties

Properties not eligible for financing are as follows:

- A unit in a cooperative corporation or a limited equity cooperative corporation
- A recreational or seasonal home
- A single-wide mobile or manufactured home, even if permanently affixed to a foundation and taxed as real property

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

### 5.03 Ownership Interest

Eligible forms of ownership interest include the following:

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

### 5.04 Acquisition Cost Limit

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

The Acquisition Cost includes:

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

The Acquisition Cost does not include:

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



## 5.05 Appraised Value

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

## 5.06 Personal Property

Personal property may not be financed by the Minnesota Housing loan and may not be listed on the purchase agreement between the Borrower(s) and property seller for the purchase and sale of the real property financed by that loan. Only permanently affixed property (fixtures) are 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.
- A certificate of occupancy or legal document that proves a house is safe to inhabit must be issued for the property before loan closing.

- The Borrower(s) may not act as the general contractor.

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

## Chapter 6 – Loan Eligibility

### 6.01 Eligible Loans

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

Eligible loan products include:

- Federal Housing Administration (FHA) purchase transactions
- FHA 203(k) Streamlined Purchase
- Veterans Administration (VA)
- Rural Development (RD)
- [Fannie Mae HFA Preferred™](#) (Conventional)
- [Freddie Mac HFA Advantage®](#) (Conventional)

Lenders are advised to refer to the conventional product descriptions on the Minnesota Housing website 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.
- The Minnesota Housing First-Time Homebuyer's program income and property acquisition requirements are met.
- The loan must be originated and closed in, or assigned to, the Lender that is a party to the Participation Agreement. That Lender must have locked the loan(s) on the Minnesota Housing loan commitment system.

### 6.02 New Construction Loan Eligibility Requirements

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

- The program funds are not used for temporary initial financing (e.g. interim or construction financing).
- All sweat equity meets the requirements of the applicable loan product and insurer/guarantor, as well as the following:
  - The work was done by the Borrower or members of a Borrower's family, specifically, the Borrower's brothers and sisters (whether by whole or half-blood), spouse, or lineal descendants

- The individuals that did the work must be qualified to do the specific type of work
- The maximum dollar amount of the sweat equity does not exceed \$5,000
- The sweat equity is not a part of the Acquisition Cost
- The sweat equity includes only the value of work and not the cost of materials

### 6.03 Ineligible Loans

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

### 6.04 Refinancing of an Existing Mortgage

Borrowers may not use the Start Up Program to refinance an existing loan unless the Start Up Program loan replaces or refinances temporary initial financing.

### 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:

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

Interest rates for Minnesota Housing loan programs are listed [here](#).

## 6.07 Mortgage Term

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

## 6.08 Private Mortgage Insurance Coverage

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

## 6.09 Private Mortgage Insurance Companies – Minimum Requirements

All private mortgage insurance companies must:

- Be licensed to do business in the State of Minnesota
- 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

## 6.10 Settlement/Closing Costs

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

- Comply with Minnesota law
- Meet all requirements of the insurer/guarantor
- ~~Not exceed an amount deemed usual or reasonable for the type of transaction (e.g. FHA, VA, Conventional)~~
- 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 info on servicer fees that may be charged at loan closing.
- The Lender may not charge a “Minnesota Housing fee” (or similar) for processing/originating a Minnesota Housing first or subordinate loan.

## 6.11 Gifts

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

## 6.12 Non-Minnesota Housing Secondary Financing

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

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

See Section 7.07 for Lien position guidance.

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

## Chapter 7 – Downpayment and Closing Cost Loans

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

### 7.01 Eligible Use of Downpayment and Closing Cost Loans

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

### 7.02 Ineligible Use of Downpayment and Closing Cost Loans

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

### 7.03 Homebuyer Education Required for Downpayment and Closing Cost Loans

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

### 7.04 Cash Investment Required for Downpayment and Closing Cost Loans

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

### 7.05 No Assumptions on Downpayment and Closing Cost Loans

Minnesota Housing downpayment and closing cost loans are not assumable.

### 7.06 Layering parameters for Downpayment and Closing Cost Loans

All homebuyers who meet program parameters may be eligible for one of the following Downpayment and Closing Cost loans to be layered with their Start Up Program loan:

- Deferred Payment Loan;
- Deferred Payment Loan Plus; or

- Monthly Payment Loan

#### Additional Downpayment Loan Sources:

- All eligible Borrowers may layer transactions with Non-Minnesota Housing Secondary Financing (see Section 6.12 for details)
- All eligible Borrowers may layer transactions with downpayment loans funded by the Minnesota Housing Community Homeownership Impact Fund Program.

### 7.07 Lien Position Downpayment and Closing Cost Loans

- Monthly Payment Loan must occupy a second mortgage lien position.
- 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 loan that requires second lien position.

### 7.08 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

### 7.09 Deferred Payment Loan Program

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

- Deferred Payment Loan; or
- Deferred Payment Loan Plus

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

- Are available only in conjunction with a first mortgage loan purchased by U.S. Bank – HFA Division under the Start Up Program
- May be combined only with a Start Up Program loan with a 30-year term
- Must be paid in full when, among other things referenced in the loan Note:
  - The maturity date of the Deferred Payment Loan is reached;



- The property ceases to be Owner-Occupied. To be considered Owner Occupied at least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term. Non-occupancy is allowed for situations of verified military deployment;
- The property is sold or transferred;
- The first mortgage loan is paid in full, including upon a refinance (see section 7.18 Subordination Policy for subordination information); or
- The first mortgage loan is in default or is declared to be due and payable in full.

The Deferred Payment Loan:

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

The Deferred Payment Loan Plus:

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

## 7.10 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 ratio must be 28% or higher as calculated with all housing cost, including DPA loans, at time of origination. Lenders must document their good faith effort to identify the total housing costs in determining the front end ratio.

- Minnesota Housing realizes an estimate of front-end ratio may change in underwriting. If the final housing ratio is less than 28%, 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.

If using the **Deferred Payment Loan Plus** option, eligible Borrowers must meet the Borrower Eligibility requirements in Chapter 4 and demonstrate at least one of the following targeting criteria from the [Deferred Payment Loan \(DPL\) Plus Eligibility Worksheet](#):

- First Generation homebuyer as defined in section 7.15
  - 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.
- A household of four or more people
- A household member who is a person with a disability

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

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

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

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

### 7.11 Deferred Payment Loan Program Lender Warranties

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

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

### 7.12 Monthly Payment Loan Program

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
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Do not include any type of prepayment penalty
- Must be paid in full when, among other things 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 7.18 Subordination Policy for subordination information); or
- The first mortgage loan is in default or is declared to be due and payable in full

### 7.13 Monthly Payment Loan Borrower Eligibility

The Borrower(s) must satisfy all Start Up Program eligibility requirements as well as the following additional requirements for the Monthly Payment Loan.

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

**Asset Limit.** Monthly Payment Loans have no asset limit.

### 7.14 Monthly Payment Loan Lender Warranties

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

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

### 7.15 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 it due to foreclosure.

For the purpose of determining First-Generation Homebuyer status:

- Ownership means owning residential real estate as your Primary Residence (in any country).
- Ownership is determined by a person being on the title and/or having a marital interest in real property pursuant to the law of the state or country where that property is located. (See Section 4.05 "[Types of interest that constitute ownership interest](#)")
- Ownership does not include an ownership interest in a mobile or manufactured home which is not permanently affixed to real estate.
- To be eligible as a result of losing a home through foreclosure, the borrower or parent 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.

## 7.16 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.

## 7.17 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.

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 /Deferred Payment Loan Plus is structured to require a balloon payment in accordance with the terms of the Minnesota Housing Finance Agency Deferred Payment Loan Note.

## 7.18 Subordination

Minnesota Housing permits the subordination or replacement of Deferred Payment Loan (DPL), Deferred Payment Loan Plus (DPL+), or Monthly Payment Loan (MPL) only in cases where the Minnesota Housing first mortgage loan is refinanced to a Step Up Loan. For more details see the Minnesota Housing [Subordination Options](#) Guide.

## Chapter 8 – Commitment/Disbursement

See Minnesota Housing's website for:

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

## Chapter 9 – Document Requirements

### 9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

- Loans must be closed and disbursed before completing the True and Certify process in the Minnesota Housing loan commitment system.
- The Lender must follow all mortgage industry regulatory and compliance provisions throughout the processing of the loan. All loan documents other than Minnesota Housing forms must be industry standard and meet the requirements of U.S. Bank – HFA Division, the underlying loan product, and the insurer/guarantor, as applicable. (See the Minnesota Housing website for more details on required forms.)
- All loan documents must be complete, accurate, and reviewed by the Lender at the various and appropriate stages of the loan.
- 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. The first mortgage loan and the second mortgage loan (if applicable) must be originated and closed in, or assigned to, the name of the Lender that is a party to the Participation Agreement and that locked the loan(s) on the Minnesota Housing loan commitment system.
- All first mortgage assignments must run directly from the Lender to U.S. Bank – HFA Division.
- All second mortgage assignments must run directly from the Lender to the Minnesota Housing Finance Agency.
- The Lender must submit final documents to U.S. Bank – HFA Division within 120 days of U.S. Bank – HFA Division's loan purchase.
- Product specific requirements must be met. For Conventional HFA product requirements – refer to the [Fannie Mae HFA Preferred™ Product Description](#) and [Freddie Mac Product Description](#) on [Minnesota Housing's website](#).

### 9.02 Minnesota Housing Documentation/Delivery Requirements

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

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

- The Lender has obtained and reviewed applicable documentation to determine compliance with the certifications on the [Borrower Affidavit](#) as it pertains to the mortgage revenue bond First-Time Homebuyer requirements and other program requirements;
- The following Minnesota Housing program documents are signed at closing, or as close to closing as possible:
  - The [Borrower Affidavit](#) was signed by each Borrower who signs the note and intends to reside in the property as their Principal Residence
  - The [Subsidy Recapture Statement and Tennessee Warning](#) was completed by lender and signed by each Borrower

### **Consequence for Non-Compliance**

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

## **9.03 Signature Requirements**

Minnesota Housing accepts documents that are signed electronically. 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 US Bank

## **9.04 Records Retention**

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

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

## Chapter 10 – Servicing

### 10.01 Servicing

Loans committed in connection with the Start Up Program are purchased by U.S. Bank—HFA Division. Minnesota Housing may, at its discretion, subject to any contractual provisions between Minnesota Housing and U.S. Bank – HFA Division, 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 Loan Program., if applicable, made by the Borrower(s) in accordance with State and Federal Servicing regulations. Loan payments collected must include:

- 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
- The mortgage insurance, if applicable
- Flood insurance, if applicable
- Hazard insurance (escrows)
- Assessments, if applicable

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

- Maintain payment history indicating:
  - The breakdown of 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 gross household income that exceeds the current Minnesota Housing [Start Up 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.
Household Member with a Disability	A Borrower or household member who has a permanent physical or mental condition, which substantially reduces the person's ability to function in a residential setting.
First-Time Homebuyer	A Borrower who meets the requirements as stated in Section 4.05 of this Procedural Manual.
First- Generation Homebuyer	A Borrower who meets the requirements as stated in Section 7.15 of this Procedural Manual.
<a href="#">Legal Guardian</a>	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.
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 gap 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

Term	Definition
	year during every year of the loan term. Non-occupancy is allowed for situations of verified military deployment.
<a href="#">Parent</a>	<p>For the purposes of this definition, a Parent is a lawful father, mother, or non-binary term for a parent established either through birth or court order showing custody or responsibility. Parent includes a biological Parent, adoptive Parent, or a person that the State has determined to be a Parent.</p> <p>A person who had their parental rights to a child modified through a state, district, or Tribal court proceeding, such as a voluntary or involuntary termination or suspension of parental rights, is still considered a Parent for purposes of this definition.</p> <p>For the purposes of this definition, a Parent does not include standby custodians, temporary guardians, grandparents, siblings, or stepparents who act as caregivers to a child without a permanent legal responsibility to the child.</p>
Participation Agreement	The Participation Agreement for Minnesota Housing Single Family Programs executed between the Lender and Minnesota Housing that allows the Lender to participate and offer Minnesota Housing's Start Up and Step Up mortgage loan programs.
Personal Property	Property such as an appliance, a piece of furniture, a radio etc., which under applicable law is not a fixture.
Primary Residence / Principal Residence	<p>A dwelling the Borrower and their household occupy as their permanent place of abode.</p> <p>A person may have only one Primary Residence at any one time.</p> <p>Residences used as second homes or temporary residences do not qualify as Primary Residences.</p>
Program Eligibility Income	See Section 4.09. Any of several different types of earned or unearned income claimed by the Borrower (see <a href="#">Program Eligibility Income Worksheet</a> 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.

Term	Definition
Qualified Homebuyer Education	Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in Section 4.07 of this Procedural Manual.
Sole head of household with at least one Eligible Dependent	<ul style="list-style-type: none"> <li>• Sole head of household with at least one Eligible Dependent residing in the household.</li> <li>• An Eligible Dependents is: <ul style="list-style-type: none"> <li>○ A minor household member (under 18 years of age on the closing date);</li> <li>○ A Household Member with a Disability or</li> <li>○ A senior (age 62 or older on the closing date).</li> <li>○ Limitation: The household must include only one adult that is not an Eligible Dependent.</li> </ul> </li> </ul>
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.

### 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.

### 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 i.e.,~~ interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

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

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

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

## **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.

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.

## **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 e.g.,~~ administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);

Any member Minnesota Housing’s [Servant Leadership Team](#), as denoted on Minnesota Housing’s current organizational chart (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or

[Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to [mnhousing.gov](http://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~~[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 Mortgage Loans Step Up Program

Procedural Manual

July 7~~March 3~~, 2025

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

*An equal opportunity employer.*

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

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## 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

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

We will:

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

### 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:

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

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



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

## **1.04 Procedural Manual**

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

## **1.05 Step Up Program**

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

## **1.06 Monthly Payment Loan Program**

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

## **1.07 The Master Servicer**

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

## Chapter 2 – Responsible Lending

### 2.01 Procedural Manual

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

Minnesota Housing reserves the right to:

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

### 2.02 Single Family Responsible Lending Policy

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

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

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
  - Lenders must evaluate a Borrower's repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
  - Lenders are prohibited from steering
  - ~~Lenders must comply with all [high-cost and higher-priced home loan rules and regulations](#)~~ [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 may not contain prepayment penalties~~
  - [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 Referred to Attorney General**

- Minnesota Housing will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of these programs to the Minnesota Attorney General's office for appropriate legal action.
- If, after a loan is made, a Lender discovers any material misstatements or misuse of the proceeds of the loan by the Borrower 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. 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 to Minnesota Housing.

This collection remedy is in addition to and not in substitution for any other remedy available by law.

## **2.05 Unauthorized Compensation**

The Lender may receive fees approved in this Procedural Manual. However, the Lender may not receive or demand from the realtor, builder, property seller, or Borrower:

- Kickbacks
- Commissions
- Other compensation

## 2.06 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by U.S. Bank – HFA Division. A loan file may be requested to be forwarded to Minnesota Housing for review. Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased by U.S. Bank – HFA Division.

Audited loans are reviewed for:

- 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

## 2.07 Termination of Lender Participation

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

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

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division will 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.
- 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 agrees to follow all applicable federal, state, and local laws, ordinances, regulations, and orders, including but not limited to the following as then in effect (and any applicable rules, regulations, and orders):

- Ability-to-Repay /Qualified Mortgage (QM) Rule
- Americans with Disabilities Act

- Anti Predatory Lending Act
- Anti-Money Laundering and Office of Foreign Assets Control Policy
- Bank Secrecy Act
- Consumer Financial Protection Bureau's Unfair, Deceptive, or Abusive Acts or Practices Rules
- State Data Privacy - Minnesota Statutes Chapter 13 and Section 462A.065
- Dodd-Frank Wall Street Reform and Consumer Protection Act
- Equal Credit Opportunity Act
- Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on 11/20/62
- Fair and Accurate Credit Transactions Act
- Fair Credit Reporting Act
- Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968)
- Home Mortgage Disclosure Act
- Home Ownership and Equity Protection Act (HOEPA)
- Department of Housing and Urban Development's Discriminatory Effects Regulation/Disparate Impact Regulation
- Internal Revenue Code of 1986, Section 6050H
- Loan Officer Compensation
- Minnesota Human Rights Act – Minnesota Statutes Chapter 363A
- Minnesota S.A.F.E. Mortgage Licensing Act of 2010 – Minnesota Statutes Chapters 58 and 58A
- Mortgage Disclosure Improvement Act (MDIA)
- National Flood Insurance Act
- Real Estate Settlement Procedures Act of 1974
- Section 527 of the National Housing Act
- Title VI of the Civil Rights Act of 1964
- Title VII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974
- Truth In Lending Act
- Uniform Electronic Transactions Act (UETA), Minn. Stat. ch. 325L
- USA Patriot Act

In addition to the above-listed representations and warrants, the Lender 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
- Minnesota Housing program requirements
- Underlying loan product and insurer/guarantor requirements

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

## 2.09 Lender Compensation

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

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

## 2.10 Annual Renewal Requirements and Fees

- All Lenders must meet the minimum loan volume requirements as specified by Minnesota Housing or by U.S. Bank – HFA Division, whichever is greater.
- The Lender must be approved by both Minnesota Housing and U.S. Bank – HFA Division to originate and deliver Minnesota Housing Step Up Program loans.

## 2.11 Marketing Materials Terms of Use

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

## Chapter 3 – Master Servicer

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

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

## Chapter 4 – Borrower Eligibility

### 4.01 Borrower

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

### 4.02 Borrower Age

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

### 4.03 Co-Signers

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

### 4.04 Unauthorized Compensation

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

### 4.05 Principal Residence/Occupancy Requirement

At a minimum, one Borrower must intend to occupy the financed dwelling as a Principal Residence.

### 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 our website.

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

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

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



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

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

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

Refer to Minnesota Housing’s [Credit and DTI Matrix](#) for Minimum Credit Score/Maximum Debt to Income Ratio

*Table 1/Credit Score Guides*

Number of Scores	Guidance
3 scores	Use middle of the scores
2 scores	Use lower of the two scores
1 score	Use the available score
Multiple Borrowers: all with credit scores	Use 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 underlying product guidelines

## 4.08 Program Income Limits

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

## Chapter 5 – Property Eligibility

### 5.01 Eligible Properties

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

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

Additionally, eligible properties must meet the following:

- Underlying eligible 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.
- U.S. Bank – HFA Division requirements
- Refer to [AllRegs](#)

### 5.02 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

### 5.03 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](#).

### 5.04 New Construction Property Requirements

Newly constructed properties 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 proves a house is safe to inhabit must be issued for the property before loan closing
- The Borrower(s) may not act as the general contractor

## 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)
- 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 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
- The loan must be originated and closed in, or assigned to, the Lender that is a party to the Participation Agreement. That Lender must have locked the loan(s) on the Minnesota Housing loan commitment system

## 6.02 Interest Rate/Amortization Requirements

Minnesota Housing requires that all loans:

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

The interest rates for Minnesota Housing loan programs are listed [in the Lender Portal](#).

## 6.03 Mortgage Term

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

## 6.04 Private Mortgage Insurance Coverage Requirements

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

## 6.05 Private Mortgage Insurance Companies – Minimum Requirements

Minimum requirements for private mortgage insurance companies must meet underlying loan product guidelines.

## 6.06 Settlement/Closing Costs

[The](#) ~~Settlement~~ and closing costs, fees, or charges the Lender collects from any party in connection with any loan must:

- Comply with Minnesota law
- Meet all requirements of the insurer/guarantor
- ~~Not exceed an amount deemed usual or reasonable for the type of transaction (e.g. FHA, VA, Conventional)~~
- [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 info on servicer fees that may be charged at loan closing.](#)
- [The Lender may not charge a “Minnesota Housing fee” \(or similar\) for processing/originating a Minnesota Housing first or subordinate loan.](#)

## 6.07 Gifts

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

## 6.08 Non-Minnesota Housing Secondary Financing

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

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

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

## Chapter 7 – Downpayment and Closing Cost Loans

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

### 7.01 Monthly Payment Loan Requirements

The Monthly Payment Loan provides funds to pay for eligible expenses, including downpayment and customary buyer closing costs. Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan purchased by U.S. Bank—HFA Division.
- Are available in whole dollar amounts up to \$14,000
- Must occupy a second lien position when combined with a non-Minnesota Housing Community Second Mortgage
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year loan term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- 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 from another institution into a Step Up Program loan
- Must be paid in full when, among other things 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 Monthly Payment Loan Borrower Eligibility

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

**Income Limits.** Refer to the Step Up Monthly Payment Loan Program [income limits](#) 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.

#### **Cash to the Borrower at Closing.**

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 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

### **7.03 Monthly Payment Loan Lender Warranties**

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

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

### **7.04 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.

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

### **7.05 Subordination**

Minnesota Housing permits the subordination or replacement of a Homeownership Assistance Fund (HAF) Loan, a Deferred Payment Loan (DPL) or a Monthly Payment Loan (MPL) only in cases where the Minnesota Housing first mortgage is refinanced to a Step Up Program Loan. The Borrower is not



eligible for more than one Minnesota Housing downpayment and closing cost loan. For more details see the Minnesota Housing [Subordination Options Guide](#).

## Chapter 8 – Commitment/Disbursement

See Minnesota Housing's website for:

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

## Chapter 9 – Document Requirements

### 9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

- The loan must be closed and disbursed before completing the True and Certify process in the Minnesota Housing loan commitment system.
- The Lender must follow all mortgage industry regulatory and compliance provisions throughout the processing of the loan. All loan documents other than Minnesota Housing Forms must be industry standard and meet the requirements of U.S. Bank – HFA Division, the underlying loan product, and the insurer/guarantor, as applicable. See the Minnesota Housing website for more details on required forms.
- All loan documents must be complete, accurate, and reviewed by the Lender at the various and appropriate stages of the loan.
- Purchase and Non-Streamline Refinance loans underwritten utilizing industry standard automated underwriting systems require full documentation when verifying income and assets to confirm Minnesota Housing eligibility. (Streamline Refinance transactions should follow underlying product guidelines pertaining to income and asset documentation requirements.) However, Minnesota Housing does require 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.
- The first mortgage loan and the second mortgage loan (if applicable) must be originated and closed in, or assigned to, the name of the Lender that is a party to the Participation Agreement and that locked the loan (s) on the Minnesota Housing loan commitment system.
- All first mortgage assignments must run directly from the Lender to U.S. Bank – HFA Division.
- All second mortgage assignments must run directly from the Lender to the Minnesota Housing Finance Agency.
- The Lender must submit final documents to U.S. Bank – HFA Division within 120 days of U.S. Bank – HFA Division's loan purchase.
- Product specific requirements must be met: for Conventional HFA product requirements – refer to the [Fannie Mae HFA Preferred™ Product Description](#) and [Freddie Mac HFA Advantage®](#) product descriptions on [Minnesota Housing's website](#).

## 9.02 Minnesota Housing Documentation/Delivery Requirements

- U.S. Bank – HFA Division provides the Delivery Checklist form detailing specific documentation and delivery requirements in [Allregs](#). The Lender must fully execute and deliver documents within the designated timeframes.
- The Lender must review any and all contracts in connection with the residence sale transaction to ensure compliance with this Procedural Manual.

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, at their sole discretion, may extend the timeframes identified in the Delivery Checklist.

## 9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically. Under no circumstances may a Borrower or 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 US Bank

## 9.04 Records Retention

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

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

## Chapter 10 – Servicing

### 10.01 Servicing

Minnesota Housing may, at its discretion and subject to any contractual provisions between Minnesota Housing and U.S. Bank – HFA Division, 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 Step Up Program loan monthly principal and interest
- The Monthly Payment Loan monthly principal and interest, if applicable
- 1/12th of annual property tax
- The Mortgage insurance, if applicable
- Flood insurance, if applicable
- Hazard insurance (escrows)
- Assessments, if applicable

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

- Maintain payment history indicating:
  - The breakdown of 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 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
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. 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 mortgage loan programs.
Principal Residence	A property used as the primary domicile of the owner-occupant Borrower and their household.
Qualified Homebuyer Education	Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in 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](#).



## 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 [C1.07](#).

### 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 [C1.07](#).

### 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 i.e.~~, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

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

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section [C1.07](#).

## 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 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section [C1.04](#).

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section [C1.07](#).

## 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](#)—e.g., administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);

Any member Minnesota Housing’s [Servant Leadership Team](#), as denoted on Minnesota Housing’s current organizational chart (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or

[Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to [mnhousing.gov](http://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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## Item: Approval, Homeownership Investment Grants Program Request for Proposals (RFP) Selections

**Action Item:** 7.C  
**Date:** 6/26/2025  
**Staff Contacts:** Laurie Zabel, 651.227.2003, Laurie.Zabel@state.mn.us  
Tal Anderson, 651.296.2198, Tal.Anderson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval of funding recommendations for proposals submitted to the Homeownership Investment Grants (HIG) Program Request for Proposal (RFP).

### Fiscal Impact

Homeownership Investment Grants Program is a state-appropriated resource provided in the form of grants that do not earn interest for the Agency. Minnesota Housing will retain \$3 million of HIG funding for the Agency's administrative costs.

### Agency Priorities

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

### Attachments

- Background
- Request Details
- Recommended Applications Summary
- Non-Recommended Applications

## Background

The Homeownership Investment Grants Program (the “Program”) was created in 2023, when the state legislature allocated a one-time \$40 million state appropriation to provide Community Development Financial Institutions (CDFIs) with funds to support projects that encourage affordable homeownership.

Eligible applicants include organizations that have tax exempt status under United States Code, title 26, section 501(c)(3), have primary operations located in Minnesota, are certified as a Community Development Financial Institution by the United States Treasury Department and provide affordable housing lending or financing programs.

The board approved the Program Guide on December 19, 2024, and Minnesota Housing accepted proposals for the Homeownership Investment Grants Program through an RFP, with applications due March 12, 2025. Minnesota Housing received ten proposals totaling \$77,120,785.

### Homeownership Investment Grants Eligible Activities

Program funds may be awarded as grants to eligible applicants for:

- (1) housing development to increase the supply of affordable owner-occupied homes;
- (2) financing programs for affordable owner-occupied new home construction;
- (3) acquisition, rehabilitation and resale of affordable owner-occupied homes or homes to be converted to owner-occupied homes; or
- (4) establishing revolving loan accounts at community development financial institutions.

### Proposal Review and Selection Process

Once applications were received, staff first assessed whether each application met the minimum threshold criteria for eligibility, completeness and timely submission.

Applicants that met the minimum threshold were then considered under the Pre-Award Risk Assessment required under Minn. Stat. § 16B.981. All applicants passed the Pre-Award Risk Assessment.

Proposals that met threshold criteria were also scored based on the competitive selection criteria published as part of the RFP.

Competitive selection standards criteria include:

- Overall Proposal and Strategy to Maximize Impact
- Organizational Capacity
- Equity and Diversity
- Population and Homebuyers to be Served
- Service and Target Area



- Budget

Proposals were evaluated to the extent in which activities:

- Result in regional or statewide coverage, including addressing the homeownership gap by including historically excluded communities, rural and Tribal communities, and communities of color.
- Support owner-occupied housing in a range of communities so that low- and moderate-income Minnesotans have greater choice in where they can buy a home.
- Create maximum impact on affordable homeownership supply, through efficiencies of scale and delivery, leverage, provision of low-cost capital and/or revolving of funds to leverage state investment.
- Demonstrate experience in financing affordable homeownership through loans or grants to individuals and other nonprofit organizations, including direct lending as well as those in an intermediary role.
- Address homeownership gap by including outreach and service to Black, Indigenous, and people of color (BIPOC) and historically excluded communities in the service area proposed.
- Demonstrate reaching low- and moderate-income households to achieve affordable homeownership.
- Demonstrate capacity and feasibility of the financing program(s) proposed.

An organizational and financial capacity assessment was also conducted to review the applicant's ability to implement the project. Scored proposals were then reviewed and prioritized by program staff and final recommendations were evaluated and approved by an Agency-wide selections committee.

### **Funding Recommendations**

Staff recommends partial funding for seven proposals, totaling \$37 million, to five organizations across the state. Three proposals were not recommended for funding: one of which did not meet minimum threshold requirements and two that are not being recommended.

### **Next Steps**

Final funding selection letters will be sent to all organizations recommended for funding if approved by the Agency board. Selections are subject to the program requirements as outlined in the Grant Contract Agreements.

Applicants not selected for funding will receive a letter notifying them that they have not been selected.

## Request Details

Greater Minnesota Housing Fund (GMHF)	
<b>Activity Type:</b>	Revolving Loan Fund
<b>Target Area:</b>	Statewide
<b>Area Median Income (AMI):</b>	Under 115%

Requested Amount		Recommended Amount	
<b>Total</b>	<b>\$20,000,000</b>	<b>Total</b>	<b>\$16,000,000</b>

Project Description
<p>The funds are being requested for the creation of a revolving loan fund which will be restricted to owner-occupied affordable housing projects. Funding will support Tribal communities, emerging developers and Greater Minnesota projects.</p> <p>GMHF will increase supply with construction and predevelopment loans for new homes and acquisition/rehab of tax forfeited, vacant or boarded homes. GMHF will provide funding for rehabilitation for existing homes, including conversion from Low Income Housing Tax Credit to owner-occupied, and will provide targeted downpayment assistance to address the homeownership gap. This assistance will be available statewide.</p> <p>The short term, low-cost construction and predevelopment loans will have an average term of 18-24 months. Downpayment assistance (DPA) loans will revolve in approximately 10 years. DPA loans will only be approved if needed for affordability gap assistance after exhausting all other forms of DPA. GMHF will continue to use the HIG funds for their initial purpose after the grant period. GMHF has estimated adding 485 homes within the first three years and 920 homes in the first 10 years of this Revolving Loan Program.</p> <p>The applicant plans to work with community partners in its Revolving Loan Program. The applicant included a list of 16 community partners in its application.</p>

### Habitat For Humanity of Minnesota

<b>Activity Type:</b>	Revolving Loan Fund
<b>Target Area:</b>	Statewide
<b>Area Median Income (AMI):</b>	60-80%

Requested Amount		Recommended Amount	
<b>Total</b>	<b>\$22,000,000.00</b>	<b>Total</b>	<b>\$12,325,000.00</b>

### Project Description

Habitat for Humanity of Minnesota requested a revolving loan fund to increase supply of affordable owner-occupied homes throughout the state. Habitat has proposed the following potential uses for the funding:

- Bridge construction loans which will have a three-year term at a below market interest rate (currently 3-5%) which will be used by Habitat affiliates for short-term capital needs.
- Long-term patient capital. This capital will be the longest loan term offered, currently up to 30 years. It will offer the lowest available rate, currently 0%.
- Predevelopment, which will be a new loan product offering, with an anticipated term of up to 10 years. It will be offered at a below-market interest rate and will be used by Habitat affiliates for predevelopment and feasibility assessment activities, including but not limited to land and building acquisition, infrastructure and planning.
- Greater Minnesota affordability gap. This will be a new loan product offering with an anticipated term of 20-30 years, structured as interest-free deferred loans. This will be used by Habitat affiliates to fill financing gaps needed for low-income homeowners to access affordable first-mortgage financing. This loan product will only be offered when other affordability gap programs are unable to serve the borrower.

Over 86% of Habitat for Humanity of Minnesota's current downpayment assistance borrowers are at 60% AMI or less with nearly 70% of households comprised of single heads of household.

Habitat can address service gaps by keeping the costs of construction low through partnerships and in-kind services, leveraging financial and other in-kind investments for the construction and financing of affordable homeownership, raising private and philanthropic funds, and leveraging other financial support through partner organizations.

Habitat for Humanity of Minnesota has been successfully managing a Revolving Loan Fund for 25 years.

<b>NeDA Centro de Finanzas LLC (NeDA)</b>	
<b>Activity Type:</b>	Financing Program
<b>Target Area:</b>	Statewide with a focus on Twin Cities Metro: Ramsey, Hennepin, and Dakota counties.
<b>Area Median Income (AMI):</b>	80%

<b>Requested Amount</b>		<b>Recommended Amount</b>	
<b>Total</b>	<b>\$3,600,000.00</b>	<b>Total</b>	<b>\$1,800,000.00</b>

<b>Project Description</b>
<p>The funds are requested for the creation of a revolving loan fund. The revolving loan fund will broaden access to affordable homeownership and support sustainable housing for low- and moderate-income families. Funds will be used for downpayment assistance (DPA) and home improvement loans. The funds will continue to be used for their original purpose after the grant period. The applicant will serve households at or below 80% AMI. Approximately 80% of NeDA's current loan recipients are Latino, and 70% are female-headed households.</p> <p>NeDA's primary target area is the Twin Cities metro with a focus on St Paul's West Side. NeDA's lending programs do not have geographic restrictions, which allows for statewide outreach. A portion of their borrowers are also non-traditional borrowers. NeDA is committed to equitable access by designing their lending programs with culturally competent outreach, flexible underwriting standards, and targeted financial education tailored to the needs of low- to moderate-income Latino and BIPOC households who face barriers to homeownership.</p>

## Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) – DPA

<b>Activity Type:</b>	Revolving Loan Program – Down Payment Assistance
<b>Target Area:</b>	Statewide
<b>Area Median Income (AMI):</b>	80%

Requested Amount		Recommended Amount	
<b>Total</b>	<b>\$2,750,000.00</b>	<b>Total</b>	<b>\$1,375,000.00</b>

### Project Description

NeighborWorks Home Partners (NWHP) seeks to create a revolving loan account to fund downpayment assistance loans that are not typically offered or have very limited offerings in Minnesota such as purchase of manufactured homes and non-traditional mortgages with fee-based lending. This program will target low- to moderate-income families under 80% AMI.

NWHP will be the sole organization implementing and administering the downpayment assistance products. The loans provided through this program are deferred, forgivable loans with a 10–20-year forgiveness period, with repayment required upon refinance or sale, with proceeds revolved at that time.

This program is intentionally designed to support those potential homebuyers who are underserved within Minnesota's home purchase financing ecosystem.

### **Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) – First Mortgage**

<b>Activity Type:</b>	Revolving Loan Fund – First Mortgage
<b>Target Area:</b>	Statewide
<b>Area Median Income (AMI):</b>	80%

<b>Requested Amount</b>		<b>Recommended Amount</b>	
<b>Total</b>	<b>\$7,000,000.00</b>	<b>Total</b>	<b>\$3,500,000.00</b>

### **Project Description**

The funds are requested to establish a revolving loan fund for a first mortgage program that offers a below-market, fixed-interest rate with a 30-year term. Repayments (both principal and interest) will be revolved in the form of additional first mortgage loans and will continue to be used for the initial purpose. NWHP will be the sole administrator of this program.

This program will support the purchase of land trust properties, manufactured homes, homes that need significant renovations, and will offer loan products with more flexible underwriting to help borrowers who have barriers to obtaining traditional first mortgage financing. This program will serve low- to moderate-income households at or below 80% AMI with a focus on families at 60% AMI; Black, Indigenous, and People of Color-led households, those affected by exclusionary practices, and those who have unique cultural needs.

### Neighborhood Housing Services of Duluth, Inc. (One Roof)

<b>Activity Type:</b>	Financing Program
<b>Target Area:</b>	Northeastern Minnesota
<b>Area Median Income (AMI):</b>	80%

Requested Amount		Recommended Amount	
<b>Total</b>	<b>\$2,000,000.00</b>	<b>Total</b>	<b>\$1,000,000.00</b>

### Project Description

One Roof will establish a revolving loan financing program that would provide purchase assistance loans (PAL) to eliminate private mortgage insurance (PMI) and to help those in a community land trust homes move to traditional homeownership. This would open income-restricted community land trust properties to be repurchased by another family, increasing homeownership for underserved communities including rural, Tribal, and Black, Indigenous, people of color (BIPOC) households earning 80% AMI and below. This program would provide a cost savings to the borrower over the period of the loan with the elimination of PMI.

One Roof's relationships with other housing non-profit organizations, which serve diverse populations along the housing continuum, enable a holistic approach to supporting low- to moderate-income residents. Collaboration with local community lenders will streamline the process by ensuring PAL integrates seamlessly with their first mortgage offerings. One Roof maintains strong partnerships with BIPOC-led groups, allowing for the delivery of tailored homebuyer education courses within trusted community spaces, thus promoting accessibility for underrepresented homebuyers.

PAL is a 20-year, fully amortizing loan, with an interest rate 0.5% below fixed-rate first mortgages. By eliminating PMI, PAL allows for a household to begin building equity upon initiation of first mortgage payments. Additionally, this loan allows low- to moderate-income households to be more competitive and creates greater mobility where homebuyers can make an offer on a home.

<b>Neighborhood Housing Services of Duluth, Inc. (One Roof)</b>	
<b>Activity Type:</b>	Revolving Loan Fund
<b>Target Area:</b>	Northeastern Minnesota
<b>Area Median Income (AMI):</b>	80%

<b>Requested Amount</b>		<b>Recommended Amount</b>	
<b>Total</b>	<b>\$2,000,000.00</b>	<b>Total</b>	<b>\$1,000,000.00</b>

<b>Project Description</b>
<p>The funds are requested to establish a revolving loan fund to provide pre-development and construction financing specifically for Community Land Trust (CLT) homes in Duluth and Northeastern Minnesota. One Roof's CLT is the 2nd largest in the state of Minnesota and the largest CLT in greater Minnesota. CLT homes are designed for purchase by households earning at or below 80% of the Area Median Income (AMI). Should excess funds remain from the first deployment, One Roof would connect with the MN Community Land Trust Coalition to deploy the remainder of funds. One Roof currently has a service region from Hinckley to Grand Marais and as far west as Grand Rapids. Its current relationships and partnerships allows for One Roof to serve this region.</p> <p>The revolving loan fund will offer low-interest loans, ranging from 1% to 3% which will ensure stable and predictable financing that is insulated from fluctuating interest rate markets, allowing One Roof to maintain consistent development schedules and mitigate cost increases. By reducing the financial burden associated with pre-development and construction, this program directly lowers the overall cost of CLT homes, thereby increasing the supply of affordable owner-occupied housing within the community. These loans are expected to revolve on an almost annual basis. By decreasing the cost of development, the cost savings can be passed along as permanent savings to the homeowner as a lower sale price or a price that does not need to increase due to high interest rate market.</p>



## Recommended Applications Summary

<b>Homeownership Investment Grants Program Request for Proposals Funding Recommendations</b>				
<b><u>CDFI</u></b>	<b><u>Proposal Activity</u></b>	<b><u>Targeted Area</u></b>	<b><u>Funding Request</u></b>	<b><u>Recommendation</u></b>
Greater Minnesota Housing Fund (GMHF)	Revolving loan fund for pre-development, development and DPA	Statewide	\$ 20,000,000	\$ 16,000,000
Habitat for Humanity of Minnesota	Revolving loan fund- bridge loan, patient capital, predevelopment loan, affordability gap loan	Statewide	\$ 22,000,000	\$ 12,325,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP)	Revolving loan fund for first mortgage	Statewide	\$ 7,000,000	\$ 3,500,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP)	Revolving loan fund for DPA	Statewide	\$ 2,750,000	\$ 1,375,000
NeDA Centro de Finanzas LLC (NeDA)	revolving loan fund for DPA and home improvement	Metro with the possibility to be statewide	\$ 3,600,000	\$ 1,800,000
Neighborhood Housing Services of Duluth, Inc. (One Roof)	Financing program- PAL loans	Northeastern Minnesota	\$ 2,000,000	\$ 1,000,000
Neighborhood Housing Services of Duluth, Inc. (One Roof)	Revolving loan funds for CLT development	Northeastern Minnesota	\$ 2,000,000	\$ 1,000,000
<b>Total</b>			<b>\$ 59,350,000</b>	<b>\$ 37,000,000</b>

## Non-Recommended Applications

Homeownership Investment Grants Program RFP Non-Recommended Applications	
Applicant- Reason	Funding Requested
Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) - Feasibility	\$ 2,770,785
Neighborhood Housing Services of Duluth, Inc. (One Roof)- Feasibility	\$ 4,000,000
Local Initiatives Support Corporation (LISC)- Threshold	\$ 11,000,000
Total	\$ 17,770,785

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

**RESOLUTION NO. 25-XXX**

**RESOLUTION APPROVING SELECTIONS OF HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM (HIG)**

WHEREAS, the state legislature created the Homeownership Investment Grants Program with a one-time appropriation of \$40 million; and

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds for Community Development Financial Institutions (CDFIs) to support projects that encourage affordable homeownership; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such grants 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 Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED:**

The board hereby authorizes Agency staff to enter into grant contracts, for the recommended applicants and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant contract agreements:

Applicant Name	HIG funds Awarded
Greater Minnesota Housing Fund	\$ 16,000,000
Habitat for Humanity of Minnesota	\$ 12,325,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) – First Mortgage	\$ 3,500,000
Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) – DPA	\$ 1,375,000
NeDA Centro de Finanzas LLC (NeDA)	\$ 1,800,000
Neighborhood Housing Services of Duluth, Inc. (One Roof) - Financing Program	\$ 1,000,000
Neighborhood Housing Services of Duluth, Inc. (One Roof) – Revolving Loan Fund	\$ 1,000,000
<b>Total Awarded:</b>	<b>\$ 37,000,000</b>

1. The execution of the grant contract agreement for all funds awarded by the Agency in form and substance acceptable to the Agency shall occur no later than nine months from the adoption date of this Resolution; and all funds must be expended and all reporting of the use of funds shall be completed within 36 months from the effective date of the grant contract agreement or loan agreement; and
2. The Commissioner is authorized to approve non-material changes in the selections; and

3. The applicant and any other parties shall execute all such documents relating to the grant contract agreement, terms and conditions, as Agency staff, in its sole discretion, deems necessary.

Adopted this 26th day of June 2025

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CHAIR

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## **Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Modification and Extension, Housing Infrastructure Bond Loan (HIB) - Rogers Main Street Senior Housing, D8248, Rogers**

**Action Item:** 7.D  
**Date:** 06/26/2025  
**Staff Contacts:** Sarah Foley, 651.297.5145, sarah.foley@state.mn.us  
**Request Type:** Approval, Resolution

### **Request Summary:**

At the January 27, 2022, meeting, the Minnesota Housing board approved Rogers Main Street Senior Housing for financing under the LMIR program in the amount of up to \$1,978,000 and LMIR Bridge Loan in the amount of \$2,397,000 in Resolution No. MHFA 22-011. At that same meeting, the development was selected for deferred funding up to \$4,988,000 long-term and \$1,434,000 short-term under the HIB program under Resolution No. MHFA 22-009. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$2,142,000;
2. Adoption of a resolution modifying the loan under the HIB program, from \$6,422,000 (\$4,988,000 long-term and \$1,434,000 short-term) to a maximum of \$8,386,000 (\$6,155,000 long-term and \$2,231,000 short-term); and,
3. Adoption of a resolution extending the HIB loan commitment expiration date from September 25, 2025, to November 30, 2025.

All commitments are subject to the terms and conditions of the Agency term letter.

### **Fiscal Impact:**

The LMIR loan will be funded from Housing Investment Fund (Pool 2) resources, and as such, Minnesota Housing will earn interest income on the loan without incurring financing expenses.

Minnesota Housing will not earn interest revenue on the HIB loan. As the debt service on the HIBs to be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency.

Minnesota Housing will earn additional fee income from originating the loans for this project.

**Agency Priorities:**

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

**Attachments:**

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



## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	Rogers Main Street Senior Housing	<b>D#8248</b>	<b>M#18864</b>
<b>Address</b>	13001 Main Street		
<b>City</b>	Rogers	<b>County</b>	Hennepin
<b>Date of Selection</b>	January 27, 2022	<b>Region</b>	7-County Metro

#### A. Project Description and Population Served

- The development is the new construction of 40 units of mixed-income housing in the City of Rogers. It is a four-story elevator building.
- The development will provide senior housing, and four units will serve single adults experiencing High Priority Homelessness.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP).
- Six units will be affordable to households at 30% of MTSP without rental assistance.
- Four units will benefit from Housing Support income supplement and will be deeply affordable to households at 30% MTSP.
- Residents will benefit from access to engagement and activities offered by the on-site Senior Center which will be space leased by the City of Rogers on the first floor of the building for use by the Rogers-Hassan Senior Friendship Group, a 501(c)(3) organization that is wholly owned and operated by the City of Rogers.
- The project is anticipated to begin construction in late summer 2025 and is anticipated to open for residents in late summer 2026.
- The financing will include 4% Housing Tax Credits (HTCs) from Minnesota Housing.

The development was also selected for a Bridge Loan of up to \$2,397,000 in Resolution No. MHFA 22-011. With the recommended changes to the proposed HIB loan, the BL is no longer needed and has been removed from the proposed financing. No action is required on the Bridge Loan.

#### B. Mortgagor Information

<b>Ownership Entity:</b>	Rogers Senior of Rogers Limited Partnership
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<b>Sponsor:</b>	Duffy Development Company, Inc.
<b>General Partners:</b>	DDC Rogers Senior LLC JVF Rogers Senior LLC CHC Rogers Senior LLC
<b>Guarantors:</b>	John M. Duffy and Jeffrey J. Von Feldt

### C. Development Team Capacity Review

Duffy Development Company, Inc. has sufficient capacity and experience.

Essence Property Management, Inc. has sufficient capacity and experience to manage this development.

The service provider, The Salvation Army Harbor Lights, has sufficient capacity and experience to provide services to four High Priority Homeless households at the property.

Cole Group Architects LLC, the project architect, and Miller Architects & Builders, LLC, the general contractor, both have experience with multifamily design and construction.

Essence Property Management, Inc. is a Women-owned Business Enterprise on the development team.

### D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing	LMIR	Pool 2	\$2,142,000	6.875%	NA	24 months construction + 40 years	40 years	Construction to Permanent
Deferred	HIB	HIB Senior & HIB Repay ments	\$8,368,000	0%	NA	24 months construction + 40 years	NA	Construction to Permanent

- The interest rate on the LMIR loan is subject to being reset at the then market rates if the loan does not close by November 30, 2025.
- Agency LMIR mortgage includes \$180,000 which is supported by tax increment financing (TIF) from the City of Rogers.
- The deferred loan is anticipated to carry an 0% interest rate, but if requested by borrower, up to 1% may be allowed.
- The HIB loan will be comprised of tax-exempt volume limited bonds sized to qualify the development for 4% HTC's currently estimated at \$8,010,000. It is anticipated that

approximately \$376,000 will be funded from HIB Repayments which will not help qualify for 4% HTC's.

- \$2,231,000 of the HIB loan will be short-term, repayable no later than 24 months from construction closing. When the short-term HIB loan is repaid, the Agency will reuse those funds for other HIB eligible uses.
- \$6,155,000 of the HIB loan will be repayable no later than 42 years from closing.

On September 20, 2023, the Mortgage Credit Committee approved extending HIB loan commitment from September 27, 2023, to September 25, 2024, under Board Delegation No. 009. A second loan commitment was approved by Mortgage Credit Committee on September 18, 2024, to extend the loan commitment to September 25, 2025.

**Amortizing Mortgage Loan to Cost: 13%**

**Amortizing Mortgage Loan to Value: TDB**

### E. Significant Changes Since Date of Selection

- **Management Company Change:** The management company changed from Perennial Management to Essence Property Management, Inc. The change in management company did not impact Black, Indigenous, People of Color/Women-Owned Business Enterprise points received as the new management company is also a Women-Owned Business Enterprise.
- **Organizational Structure Change:** A third general partner, CHC Rogers Senior LLC, a limited liability company wholly owned by the non-profit Community Housing Coalition, was added to the organizational structure. The non-profit general partner was added to Rogers Senior of Rogers Limited Partnership and, as managing general partner, qualifies the project for sales tax rebates which helped contain need for volume limited bonds.
- **Unit Type Change:** Three studio apartments were changed to one-bedroom unit types since selection. The sponsor applied with 6 studios, 24 one-bedroom and 10 two-bedroom units and now the project will have 3 studios, 27 one-bedroom, and 10 two-bedroom units. The increased unit sizes are anticipated to enhance unit marketability.
- **Parking Lot Arrangement:** At selection, the site for the project was much larger. The site was larger than the senior housing needed for parking, however given the downtown location, more parking is a desirable use. As a result, a portion of the site will be deeded back to the city post construction to reduce risk for the owner.

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

### A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	\$ 805,000	\$ 20,125
Construction Costs	\$ 11,801,241	\$ 295,031

Description	Amount	Per Unit
Environmental Abatement	\$ 93,760	\$ 2,344
Professional Fees	\$ 1,330,452	\$ 33,261
Developer Fee	\$ 1,250,000	\$ 31,250
Financing Costs	\$ 604,058	\$ 15,101
Total Mortgageable Costs	\$ 15,884,511	\$ 397,113
Reserves	\$ 230,407	\$ 5,760
<b>Total Development Cost</b>	<b>\$ 16,114,918</b>	<b>\$ 402,873</b>

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

## B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 2,142,000	\$ 53,550
General Partner Cash	\$ 1,500,000	\$ 37,500
HTC Equity Proceeds (Cinnaire)	\$ 4,325,231	\$ 108,131
Agency Deferred Funding (HIB)	\$ 6,155,000	\$ 153,875
Hennepin County	\$ 300,000	\$ 7,500
Rebates	\$ 268,000	\$ 6,700
General Partner Loan	\$ 1,284,660	\$ 32,117
Deferred Developer Fee	\$ 140,027	\$ 3,501
<b>Total Permanent Financing</b>	<b>\$ 16,114,918</b>	<b>\$ 402,873</b>

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

## C. Financing Structure

The development will qualify for approximately \$542,335 of annual 4% HTCs, which will result in equity proceeds from Cinnaire. The term of the Land Use Restrictive Agreement will be 50 years.

## D. Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and

is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 56% to 73% of the variation in historical costs, it cannot capture all components of every proposed project.

- In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.
  - Currently, the TDC per unit is \$402,873, which is below the predictive cost model estimate of \$434,380 by 7%.
  - Since the TDC does not exceed predicted costs by 25%, no further board action is required.

### SECTION III: UNDERWRITING

#### A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (% of MTSP or AMI)	Rental Assistance Source
0 BR	1	\$ 1,045	60%	60%	
0 BR	1	\$ 610	60%	60%	
0 BR	1	\$ 734	50%	30%	Housing Support
1 BR	21	\$ 1,111	50%	60%	
1 BR	3	\$ 645	60%	60%	
1 BR	3	\$ 988	50%	30%	Housing Support
2 BR	8	\$ 1,326	60%	60%	
2 BR	2	\$ 765	60%	30%	

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

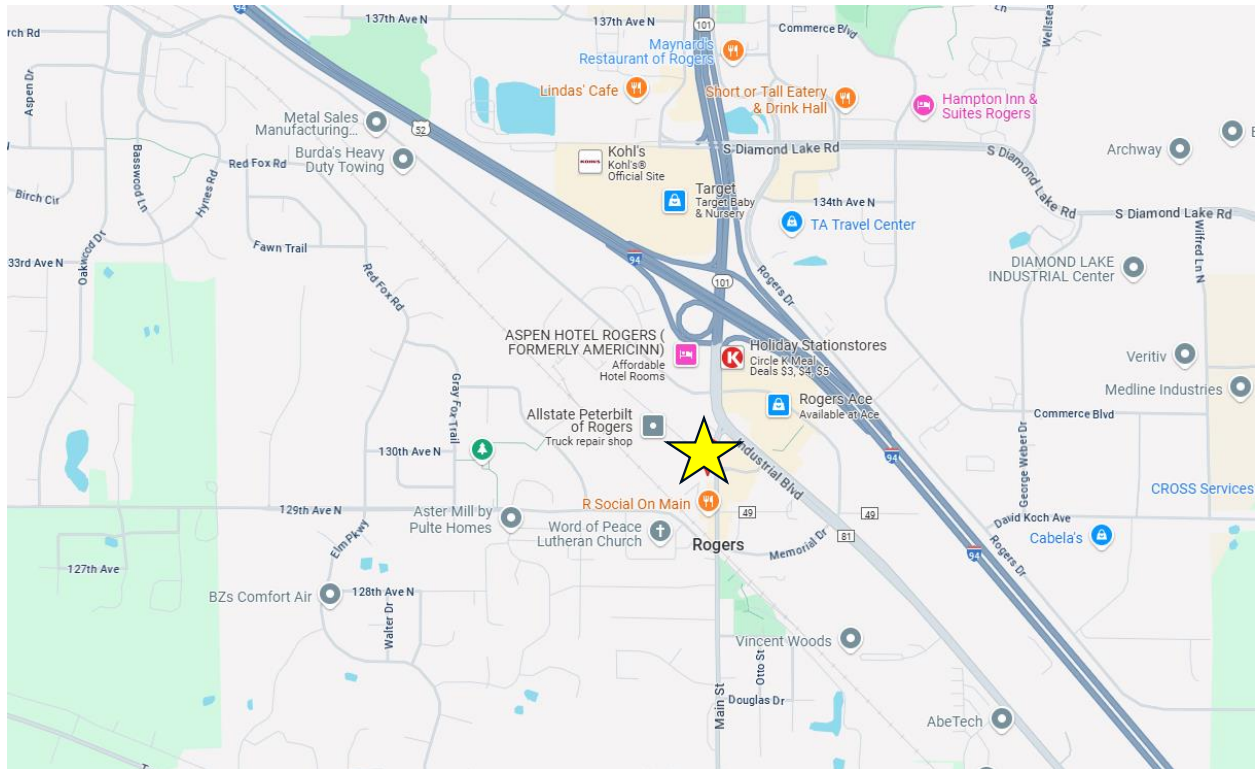
#### B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines, unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve

contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.19.
- The project was underwritten at 5% vacancy, with 2% income and 3% expense inflators.
- The project has four units with Housing Support income supplement. The Housing Support contract is expected to be renewed annually.
- The project includes a six-month capitalized operating reserve, and a TIF reserve required by the syndicator.

## Map of 13001 Main Street, Rogers



## Picture of 13001 Main Street, Rogers



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

**RESOLUTION NO. MHFA 25-xxx**

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

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

Name of Development: Rogers Main Street Senior Housing

Sponsors: Duffy Development Company, Inc.

Guarantors: John M. Duffy and Jeffrey J. Von Feldt

Location of Development: Rogers

Number of Units: 40

Amount of LMIR Mortgage: \$2,142,000  
(not to exceed)

WHEREAS, the Minnesota Housing board approved the proposed development for financing under the Low and Moderate Income Rental loan in the amount of up to \$1,978,000 and Bridge Loan in the amount of \$2,397,000 in Resolution No. MHFA 22-011; and

WHEREAS, Agency staff has determined the modified loan size is reasonable and justified; and

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. This authorization shall expire on November 30, 2025; and



2. The amount of the LMIR amortizing loan shall not exceed \$2,142,000; and
3. The interest rate on the LMIR loan shall be 6.875% per annum (subject to change, as set forth in the attached Agency term letter dated June 11, 2025), with monthly payments based on a 40-year amortization and the interest during the construction period shall be interest-only at 6.875% per annum; and
4. The term of the permanent LMIR loan shall be 40 years and the construction period shall not exceed 24 months; and
5. 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
6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
7. The Guarantors shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
8. The Guarantors shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
9. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR

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

**RESOLUTION NO. MHFA 25-xxx  
Modifying Resolution No. MHFA 22-009**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION AND EXTENSION  
HOUSING INFRASTRUCTURE BONDS (HIB) PROGRAM**

WHEREAS, the board has previously authorized deferred funding up to \$4,988,000 long-term and \$1,434,000 short-term under the HIB program for the Rogers Main Street Senior Housing development by its Resolution No. MHFA 22-009; and

WHEREAS, Agency staff has determined that there are increased development costs; and

WHEREAS, the commitment originally was set to expire on September 27, 2023; and

WHEREAS, under Board Delegation No. 009, the Mortgage Credit Committee extended the commitment by twelve months on September 15, 2023, and by twelve additional months on September 18, 2024, and now expires September 25, 2025; and

WHEREAS, the loan commitment extension is in conjunction with the construction of this project; and

WHEREAS, the project requires more time to close on the financing; and

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. The HIB long-term loan shall not exceed \$6,155,000 and the HIB short-term loan shall not exceed \$2,231,000; and
2. The HIB loan commitment shall be extended to November 30, 2025; and
3. All other terms and conditions of Resolution No. MHFA 22-009 remain in effect.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR



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

P: 800.657.3769

F: 651.296.8139 | TTY: 651.297.2361

[www.mnhousing.gov](http://www.mnhousing.gov)

June 11, 2025

Jeffrey J. Von Feldt  
Rogers Senior of Rogers Limited Partnership  
C/O Duffy Development Company, Inc.  
12708 Wayzata Boulevard, Suite 400  
Minnetonka, MN 55305

RE: Term Letter  
Rogers Main Street Senior Housing, Rogers  
Development #D8248, Project #M18864

Dear Jeffrey J. Von Feldt:

Minnesota Housing Finance Agency (“Minnesota Housing”) staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the “Terms”). The Terms are subject to Minnesota Housing’s Board of Directors’ approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

<b>Borrower:</b>	A single asset entity: Rogers Senior of Rogers Limited Partnership
<b>General Partner(s)</b>	DDC Rogers Senior LLC JVF Rogers Senior LLC CHC Rogers Senior LLC
<b>Development Description/Purpose:</b>	New construction of a 40-unit affordable housing development located in Rogers, Minnesota

June 11, 2025

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<b>Program</b>	<b>Low and Moderate Income Rental Program (LMIR)</b>	<b>Housing Infrastructure (HI)</b>
<b>Loan Amount</b>	\$2,142,000	\$8,386,000
<b>Interest Rate</b>	6.875%*	0%
<b>Mortgage Insurance Premium (%)</b>	Not Applicable	Not Applicable
<b>Term</b>	Approx. 24 months (construction) + 40 years	Approx. 24 months (construction) + 40 years
<b>Amortization / Repayment</b>	Interest only during construction based on the outstanding principal balance of the loan; 40 years amortization	Deferred lump sum payment due in approx. 24 months (construction) + 40 years.
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	A partial repayment of \$2,231,000 shall be made no later than 24 months from construction closing.  Prepay at any time with prior written approval.
<b>Nonrecourse or Recourse</b>	Nonrecourse	Nonrecourse
<b>Construction to Permanent Loan, Construction Bridge Loan or End Loan</b>	Construction to Permanent Loan	Construction to Permanent Loan
<b>Lien Priority</b>	First	Second

\* The rate is subject to being reset at the then market rates if the loan does not close by November 30, 2025.

<b>Origination Fees:</b>	<ul style="list-style-type: none"><li>• LMIR Loan: \$42,840 (payable at the earlier of loan commitment or loan closing)</li><li>• HIB Loan: \$65,050 (payable at loan closing)</li></ul>
<b>Bond Issuance Fee</b>	Not applicable.
<b>LMIR Interest Rate Extension Fee</b>	Not applicable.
<b>Construction Oversight Fee:</b>	\$28,368 (payable at loan closing)
<b>End Loan Commitment:</b>	Not applicable.
<b>Guarantee / Guarantor(s):</b>	<ul style="list-style-type: none"><li>• Deferred Loan: Completion Guarantee from John M. Duffy and Jeffrey J. Von Feldt.</li><li>• LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from John M. Duffy and Jeffrey J. Von Feldt.</li></ul>
<b>Operating Deficit Escrow Reserve Account:</b>	\$64,260 to be funded on the day of closing of the LMIR loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
<b>Operating Reserve Account:</b>	Capitalized operating reserve in the amount of \$216,208 funded at after construction completion anticipated from the second equity installment. The operating reserve will not be held by Minnesota Housing.
<b>Replacement Reserve Account:</b>	Monthly replacement reserve deposits will be required in the amount of \$1,000. In addition, monthly senior center replacement reserve deposits will be required in the amount of \$642. Deposits will begin upon construction completion. These two replacement reserves will be held by Minnesota Housing.
<b>Escrows:</b>	Real estate tax escrow and property insurance escrow to be established after completion of construction (outside of the development budget) and will be held by Minnesota Housing.

June 11, 2025

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<b>Collateral/Security:</b>	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
<b>Rent and Income Requirements:</b>	<p><u>Low Moderate Income Rental Loan:</u></p> <ul style="list-style-type: none"> <li>• 16 units with rents and incomes not exceeding 60% MTSP;</li> <li>• 10 units may have unrestricted incomes; and</li> <li>• 14 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.</li> </ul> <p>Commitment to affordability in effect while the loan is outstanding.</p> <p><u>Housing Infrastructure Bond Loan:</u></p> <ul style="list-style-type: none"> <li>• 19 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.</li> <li>• 21 units with incomes not exceeding 60% MTSP and rents at 50% MTSP.</li> </ul> <p>Commitment to construction period plus 50 years of affordability from the date of loan closing.</p>
<b>HAP or Other Subsidy Agreement:</b>	Commitment to construction period plus 10 years of affordability from the date of loan closing under the Housing Support Program for 4 units.
<b>Other Occupancy Requirements:</b>	The Development must qualify as Senior Housing for the term of HIB loan.
<b>Other Requirements:</b>	The HIB loan is subject to the terms in the attached Selection Criteria.
<b>Closing Costs:</b>	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
<b>Expiration Date:</b>	This term letter will expire on the earlier of November 30, 2025 from the date of this letter or loan closing/end loan commitment.
<b>Additional Terms:</b>	Not applicable.
<b>Other Conditions:</b>	Contingent upon a maximum loan to value of 90%. Based on the LMIR loan size, the appraised value must be at least \$2,380,000.

The use of the senior community space shall not be changed without prior written approval from Minnesota Housing for the duration of the Housing Infrastructure loan term.

**Board Approval:** Commitment of the loans under the LMIR and HIB loan programs are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.

**Not a Binding Contract:** This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Kang Her at [kang.her@state.mn.us](mailto:kang.her@state.mn.us) on or before 10 business days from date of this letter.

If you have any questions related to this letter, please contact Sarah Foley at [sarah.foley@state.mn.us](mailto:sarah.foley@state.mn.us).

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

Sincerely,



James Lehnhoff  
Assistant Commissioner, Multifamily

June 11, 2025

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**AGREED AND ACCEPTED BY:**

ROGERS SENIOR OF ROGERS LIMITED  
PARTNERSHIP

By:

\_\_\_\_\_  
Jeffrey J. Von Feldt, President of JVF Rogers Senior  
LLC  
Its General Partner

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



**Selection Criteria Related to 2021 RFP/2022 HTC Round 1**

**Project Name:** Rogers Main Street Senior Housing

**Project City:** Rogers

**Property Number (D#):** D8248

**Project Number:** M18864

**Deeper Rent Targeting A**

<b>Developer Claimed Criteria</b>	<b>Agency Confirmed Criteria</b>	<b>Number of Units (Agency Validated)</b>	
At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit. Projects that are 100% federally assisted are excluded.	At least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit. Projects that are 100% federally assisted are excluded.	Number of Units	<u>2</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the loan/Declaration of Land Use Restrictive Covenants Agreement (LURA).

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

**Deeper Rent Targeting B**

<b>Developer Claimed Criteria</b>	<b>Agency Confirmed Criteria</b>	<b>Number of Units (Agency Validated)</b>	
At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard. The units must be evenly distributed by bedroom type. Projects that are 100% federally assisted are excluded.	At least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard. The units must be evenly distributed by bedroom type. Projects that are 100% federally assisted are excluded.	Number of Units	<u>2</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the loan/Declaration of Land Use Restrictive Covenants Agreement (LURA).

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
100% of the total assisted units restricted to seniors age 55 or older.	<u>3</u>	100% of the total assisted units restricted to seniors age 55 or older.	<u>3</u>	Number of Units	<u>40</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the loan/Declaration of Land Use Restrictive Covenants Agreement (LURA).

The Owner agrees units will be restricted to persons 55 years or older.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

**Senior Housing - 30% Income Units**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
10% to 19.99% of the restricted units	<u>2</u>		<u>0</u>		

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and HTC document(s) may include the number of units required to meet this criterion for the term of the loan and/or LURA.

The Owner agrees units will be restricted to persons 55 years or older with an income limit at 30% MTSP.

Projects awarded Housing Infrastructure Bonds also agree units will be restricted to the HIB Senior household income limit.

Senior Housing – 30% income units and Rental Assistance Further Restricting units must be distinct and cannot be layered.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/ or LURA.

**Permanent Supportive Housing for High Priority Homeless**

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

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and may be incorporated into the loan and HTC documents.

The Owner agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and HTC documents.

The Owner agrees units will be set aside and rented to High Priority Homeless who are a household prioritized for permanent supportive housing by Coordinated Entry System (HPH units) and targeted to the populations indicated.

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units (Tier 1 or Tier 2) must be distinct and cannot be layered.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

### Permanent Supportive Housing for High Priority Homeless – CoC Priority 1

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Continuum of Care Household Type Priority One	<u>2</u>	Continuum of Care Household Type Priority One	<u>2</u>	Number of Units Priority Type: Single Adults

#### Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units that the Owner agrees the project will target to Continuum of Care Household Type Priority One.

### Rental Assistance

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
5% to 10% of the total units, but no fewer than 4 units	<u>7</u>	5% to 10% of the total units, but no fewer than 4 units	<u>7</u>	Number of Units

#### Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and/or HTC documents.

The owner will be required to continue renewals of project-based housing subsidy payments for a minimum of 10 years. The owner must continue renewals of existing project-based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 10-year period if rental assistance is not available for the full period. The 10-year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

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

Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as

proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs.

Rental Assistance units cannot be used as Preservation or Serves Lowest Income Units.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

**Rental Assistance – Further Restricted Rental Assisted Units (FRR)**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
5% to 15%, of the total units but no fewer than four units	<u>3</u>	5% to 15%, of the total units but no fewer than four units	<u>3</u>	Number of Units	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and/or HTC documents.

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

The owner will be required to certify on an annual basis that the development complies with this criterion for the 10 year period.

**Serves Lowest Income Tenants/Rent Reduction**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	Number of Units	<u>21</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion.

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

Units that have rental assistance cannot be used as a Serves Lowest Income Units. The owner will be required to certify on an annual basis that the rent restrictions comply.

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
10% to 19.99% of the restricted units	<u>5</u>	10% to 19.99% of the restricted units	<u>5</u>	Number of Units	<u>6</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion.

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

The owner will be required to certify on an annual basis that the rent restrictions comply.

### Long Term Affordability

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

### Loan/HTC Commitment and Compliance Monitoring

Owner agrees to extend the term of the LURA and waive their right to Qualified Contract for the applicable term and/or the deferred loan project will extend the term of the deferred loan declaration beyond 30 years.

### Need for More Affordable Housing Options

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 2 Tracts or Cities	<u>8</u>	Tier 2 Tracts or Cities	<u>8</u>

### Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

### Workforce Housing Communities

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Top Job Center or Net Five Year Job Growth Community	<u>6</u>	Top Job Center or Net Five Year Job Growth Community	<u>6</u>

### Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

### Transit and Walkability

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
One quarter mile of a high service public transportation fixed stop	<u>4</u>	One quarter mile of a high service public transportation fixed stop	<u>4</u>

### Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Contributes to active implementation of a Community Development Initiative	<u>3</u>	Contributes to active implementation of a Community Development Initiative	<u>3</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Multifamily Award History**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Communities that have not received an award or allocation for the last five years	<u>4</u>	Communities that have not received an award or allocation for the last five years	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Black, Indigenous and People of Color-owned/Women-owned Business Enterprise**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
<b>Ownership:</b> One entity is a BIPOCBE/WBE	<u>4</u>	<b>Ownership:</b> One entity is a BIPOCBE/WBE	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the deferred loan closing and/or 8609.

**Financial Readiness to Proceed/Leveraged Funds**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
6.01% to 7.5% of funding secured	<u>10</u>	6.01% to 7.5% of funding secured	<u>10</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection based on submitted permanent funding commitments indicated in the project's application. The Funding commitments, or an equivalent commitment, must be maintained and will be monitored through the loan closing and/or 8609.

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
6.1 to 8.0%	<u>6</u>	6.1 to 8.0%	<u>6</u>

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection based on submitted commitments indicated in the project's application. The commitments, or an equivalent commitment, must be maintained and will be monitored through the loan closing and/or 8609.

Intermediary Costs

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

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through the loan closing and/or 8609.

Universal Design

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with an elevator	<u>3</u>	Buildings with an elevator	<u>3</u>	Elevator Building Units <u>40</u>

Loan/HTC Commitment and Compliance Monitoring

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

Smoke Free Building

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

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include that the owner must maintain a smoke free policy and include a non-smoking clause in the lease for every household for the term of the loan/LURA.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan and/or LURA.

Enhanced Sustainability

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 3: Project meets at least Agenda Item: 7.D	<u>3</u>	Tier 3: Project meets at least	<u>3</u>

Attachment: Term Letter

**Loan/HTC Commitment and Compliance Monitoring**

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

**Total Developer Claimed:**            101        **Total Agency Awarded:**            99





## Item: Commitment, Low and Moderate Income Rental (LMIR) Loan - Sandgrass Pointe, D8561, Brooklyn Park

**Action Item:** 7.E  
**Date:** 06/26/2025  
**Staff Contacts:** Susan Thompson, 651.296.9838, susan.thompson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 14, 2023, board meeting, Sandgrass Pointe was selected for financing under the LMIR program in the amount of up to \$1,250,000 in Resolution No. MHFA 23-078. Agency staff completed the underwriting and technical review of the proposed development and recommends adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$1,245,000.

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 LMIR loan as well as additional fee income.

### Agency Priorities:

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

### Attachments:

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

## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	Sandgrass Pointe	<b>D#8561</b>	<b>M# 19260</b>
<b>Address</b>	5800 69th Avenue North		
<b>City</b>	Brooklyn Park	<b>County</b>	Hennepin
<b>Date of Selection</b>	12/14/2023	<b>Region</b>	Metro

#### A. Project Description and Population Served

- Sandgrass Pointe is a new construction development in Brooklyn Park being proposed in partnership by Woda Cooper Companies, Inc. (WCC) and Project for Pride in Living, Inc. (PPL).
- The project will provide family general occupancy, workforce and supportive housing units with a mix of one- to four- bedroom units. Its 44 units will be contained in four buildings: a three-story apartment building with 33 units (one and two bedrooms) and three two-story townhome buildings with 11 units (three and four bedrooms).
- Seven units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support assistance.
- Five units will serve households with a person with a disability and will also benefit from Housing Support assistance.
- Twenty-two units will have rents restricted to 50% Multifamily Tax Subsidy Project (MTSP) income limits. Of the 22 units, five will be deeply affordable to households at 30% of MTSP.
- The development will serve households with incomes that range from 30% to 80% MTSP.
- The project is anticipated to begin construction in mid-summer 2025 and is anticipated to open for residents in fall 2026.

The development was also selected for deferred funding up to \$5,943,000 under the Economic Housing and Development Challenge (EDHC) program under Resolution No. MHFA 23-077. There are no changes to the EDHC loan amount. On June 4, 2025, the Mortgage Credit Committee approved extending the EDHC commitment from August 14, 2025 date to November 28, 2025, under Board Delegation No. 009.

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

## B. Mortgagor Information

<b>Ownership Entity:</b>	Sandgrass Pointe Limited Partnership
<b>Sponsor:</b>	Woda Cooper Companies, Inc.
<b>General Partner:</b>	Sandgrass Pointe GP, LLC; and PPL Sandgrass LLC
<b>Guarantors:</b>	Woda Cooper Companies, Inc.; and Project for Pride in Living, Inc.

## C. Development Team Capacity Review

The co-developers are Woda Cooper Companies, Inc. and Project for Pride in Living, Inc. They both have experience developing similar projects and are expected to have sufficient capacity to developing this as well.

Woda Management & Real Estate, LLC will serve as management company. They have experience managing similar properties and are expected to have sufficient capacity to manage this as well.

Project for Pride in Living, Inc. will also serve as service provider. They have experience providing services to the subject population.

CRW Architecture & Design Group, Inc. and Weis Builders, Inc. as architect and contractor have sufficient capacity to complete this project.

PPL as co-sponsor and service provider and CRW Architecture & Design Group, Inc. are both People of Color-Owned Business Enterprises.

## D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Permanent Amortizing	LMIR	Pool 2	\$1,245,000	7.50%	N/A	40 Yrs	40 Yrs	End

- The interest rate is subject to being reset at the then market rates if the End Loan Commitment is not executed by November 28, 2025.
- The End Loan Commitment shall have a 24-month term.

**Amortizing Mortgage Loan to Cost: 48%**

**Amortizing Mortgage Loan to Value: 22.7%**

## E. Significant Changes Since Date of Selection

There are no significant changes since selection.

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

### A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	\$ 2,000,000	\$ 45,455
Construction Costs	\$ 16,840,797	\$ 382,745
Professional Fees	\$ 1,480,583	\$ 33,650
Developer Fee	\$ 3,275,425	\$ 74,441
Financing Costs	\$ 2,164,690	\$ 49,198
Total Mortgageable Costs	\$ 25,761,495	\$ 585,489
Reserves	\$ 413,484	\$ 9,397
<b>Total Development Cost (TDC)</b>	<b>\$ 26,174,979</b>	<b>\$ 594,886</b>

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

### B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 1,245,000	\$ 28,295
General Partner Cash	\$ 100	\$ 2
HTC Equity Proceeds (US Bank)	\$ 16,232,127	\$ 368,912
Agency Deferred Funding (EDHC)	\$ 5,943,000	\$ 135,068
Hennepin Co. Affordable Housing Incentive Fund	\$ 500,000	\$ 11,364
45L Energy Credit Equity	\$ 189,181	\$ 4,300
Sales Tax Rebate	\$ 394,273	\$ 8,961
Energy Rebates	\$ 3,300	\$ 75
Deferred Developer Fee	\$ 1,667,998	\$ 37,909
<b>Total Permanent Financing</b>	<b>\$ 26,174,979</b>	<b>\$ 594,886</b>

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

### C. Financing Structure

- \$1,850,000 annual 9% HTC allocation. The term of the Land Use Restrictive Agreement (LURA) will be 50 years.
- HTC Equity will be bridged by a construction loan of approximately \$13,500,000, provided by US Bancorp Impact Finance.

## D. Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 56% to 73% of the variation in historical costs, it cannot capture all components of every proposed project.

- In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.
  - Currently, the TDC per unit is \$594,866, which exceeds the predictive cost model estimate of \$491,199 by 21%.
  - Since the TDC does not exceed predicted costs by 25%, no further board action is required.

## SECTION III: UNDERWRITING

### A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (MTSP)	Income Limit (MTSP)	Rental Assistance Source
1 BR	2	\$ 554	30%	30%	Housing Support
1BR	6	\$ 790	30%	30%	Housing Support
1BR	2	\$ 1,001	50%	50%	
1BR	1	\$ 1,236	80%	80%	
2BR	4	\$ 752	30%	30%	Housing Support
2BR	2	\$ 639	30%	30%	
2BR	10	\$ 1,194	50%	50%	
2BR	6	\$ 1,469	80%	80%	
3BR	2	\$ 700	30%	30%	
3BR	3	\$ 1,350	50%	50%	
3BR	2	\$ 1,665	80%	80%	

Unit Type	Number	Net Rent*	Rent Limit (MTSP)	Income Limit (MTSP)	Rental Assistance Source
4BR	1	\$ 760	30%	30%	
4BR	2	\$ 1,480	50%	50%	
4BR	1	\$ 1,830	80%	80%	

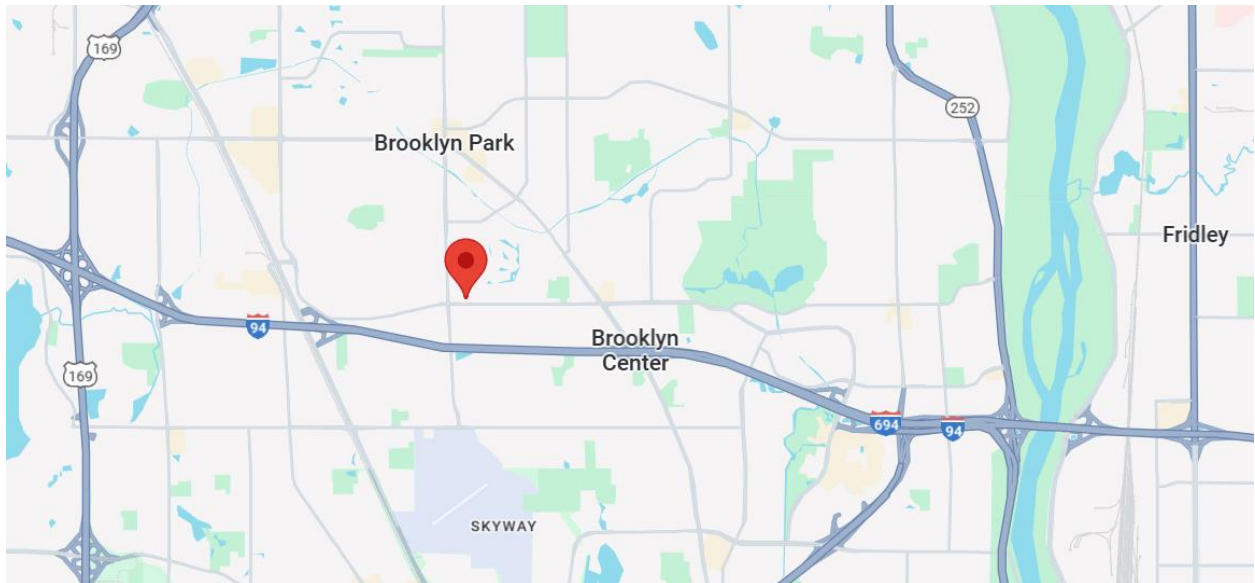
\*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

## B. Feasibility Summary

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

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.0.
- The project was underwritten at 5% vacancy, with 2% income and 3% expense inflators.
- The project has four units with Housing Support income supplement. The Housing Support contract is expected to be renewed annually.
- The project includes a six-month capitalized operating reserve and a lease-up reserve required by the syndicator.

### Map of 5800 69th Avenue North, Brooklyn Park, MN 55429



### Rendering of proposed 5800 69th Avenue North, Brooklyn Park, MN 55429



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

**RESOLUTION NO. MHFA 25-xxx**

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

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

Name of Development:	Sandgrass Pointe
Sponsors:	Woda Cooper Companies, Inc.
Guarantors:	Woda Cooper Companies, Inc. and Project for Pride in Living, Inc.
Location of Development:	Brooklyn Center
Number of Units:	44
Amount of LMIR Mortgage: (not to exceed)	\$1,245,000

WHEREAS, the Minnesota Housing board approved the proposed development for financing under the Low and Moderate Income Rental loan in the amount of up to \$1,250,000 in Resolution No. MHFA 23-078; and

WHEREAS, Agency staff has determined the modified loan sizes are reasonable and justified; and

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. This authorization shall expire on November 28, 2025; and
2. The amount of the LMIR amortizing loan shall not exceed \$1,245,000; and



3. The interest rate on the LMIR loan shall be 7.50% per annum (subject to change, as set forth in the attached Agency term letter dated June, 2025); and
4. The term of the LMIR loan shall be 40 years, with monthly principal and interest payments based on a 40-year amortization; and
5. The LMIR End Loan Commitment shall be entered into on or before November 28, 2025, and shall have a 24-month term); 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 Guarantors shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
9. The Guarantors shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
10. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR



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

P: 800.657.3769

F: 651.296.8139 | TTY: 651.297.2361

[www.mnhousing.gov](http://www.mnhousing.gov)

June 2025

Sandgrass Pointe Limited Partnership  
C/O David Cooper Jr.  
Woda Cooper Companies, Inc.  
500 Front St S 10th Fl  
Columbus, OH 43215

RE: Term Letter  
Sandgrass Pointe, Brooklyn Park  
Development #D8561, Project #M19260

Dear David Cooper Jr:

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: Sandgrass Pointe Limited Partnership

**General Partner(s):** Sandgrass Pointe GP, LLC and  
PPL Sandgrass LLC

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

<b>Program</b>	<b>Low and Moderate Income Rental Program (LMIR)</b>	<b>Economic Development and Housing Challenge (EDHC)</b>
<b>Loan Amount</b>	\$ 1,245,000	\$ 5,943,000
<b>Interest Rate</b>	7.50%**	0%
<b>Mortgage Insurance Premium</b>	Not Applicable	Not Applicable
<b>Term</b>	40 years	24 months (construction) + 40 years
<b>Amortization / Repayment</b>	40 years	Deferred lump sum payment due in approx. 40 years.
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	Prepay at any time without penalty.
<b>Nonrecourse or Recourse</b>	Nonrecourse	Nonrecourse
<b>Construction to Permanent Loan, Construction Bridge Loan or End Loan</b>	End Loan	Construction to Permanent Loan
<b>Lien Priority</b>	First	Second

\*\* The interest rate on the LMIR loan has been established in consultation with the Finance Division. The rate is subject to being reset at the then market rates if the loan does not close by November 28, 2025.

June 2025

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<b>Origination Fees:</b>	<ul style="list-style-type: none"> <li>LMIR Loan: \$25,000 (payable at the earlier of loan commitment or loan closing)</li> </ul>
<b>Construction Oversight Fee:</b>	<ul style="list-style-type: none"> <li>\$75,000 (payable at loan closing)</li> </ul>
<b>End Loan Commitment:</b>	The LMIR permanent mortgage will be structured as an End Loan. The term of the End Loan Commitment shall be 24 months.
<b>Guarantee / Guarantor(s):</b>	<ul style="list-style-type: none"> <li>LMIR Permanent Loan: Repayment and Operations Guarantee from:             <ul style="list-style-type: none"> <li>Woda Cooper Companies, Inc.</li> <li>Project for Pride in Living, Inc.</li> </ul> </li> </ul>
<b>Operating Deficit Escrow Reserve Account:</b>	\$37,350 to be funded on the day of closing of the LMIR loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
<b>Operating Reserve Account:</b>	<p>Capitalized operating reserve in the amount of \$255,364 on the day of closing of the LMIR loan and will be held by Minnesota Housing.</p> <p>A capitalized lease-up reserve in the amount of \$158,120 will be funded after construction completion and be controlled by the general partner. The lease up reserve is expected to be funded with the second equity installment.</p>
<b>Replacement Reserve Account:</b>	Monthly replacement reserve deposits will be required in the amount of \$1,650. The replacement reserve will be held by Minnesota Housing.
<b>Escrows:</b>	Real estate tax escrow and property insurance escrow to be established on the day of closing of the LMIR loan (outside of the development budget) and will be held by Minnesota Housing.
<b>Collateral/Security:</b>	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

**Rent and Income Requirements:**

**LMIR 1st Mortgage**

- 44 units restricted as follows:
  - 18 units with rents and incomes not exceeding 60% Multifamily Tax Subsidy Program (MTSP)
  - 11 units may have unrestricted incomes and
  - 15 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.
- Commitment to affordability in effect while the loan is outstanding.

**EDHC MF**

- 44 units restricted as follows:
  - 34 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
  - 10 units with incomes not exceeding 80% MTSP and rents at 80% MTSP.
- Commitment to 50 years of affordability from the date of loan closing.

**HAP or Other Subsidy Agreement:**

Commitment to 15 years of affordability from the date of loan closing under the Housing Support Program for 12 units.

**Other Occupancy Requirements**

Not Applicable

**Other Requirements:**

The EDHC loan is subject to the terms in the attached Selection Criteria.

**Closing Costs:**

Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

**Expiration Date:**

This term letter will expire on the earlier of November 28, 2025 from the date of this letter or loan closing/end loan commitment.

**Additional Terms:**

Not Applicable

**Other Conditions:**

None

**Board Approval:**

Commitment of the loans under the LMIR program re subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.

June 2025

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**Not a Binding  
Contract:**

This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Kang Her at kang.her@state.mn.us on or before 10 business days from date of this letter.

If you have any questions related to this letter, please contact Susan Thompson at Susan.Thompson@state.mn.us.

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

Sincerely,

James Lehnhoff  
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

SANDGRASS POINTE LIMITED PARTNERSHIP

By:

\_\_\_\_\_  
David Cooper Jr., Sandgrass Pointe GP, LLC

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

**Project Name:** Sandgrass Pointe

**Project City:** Brooklyn Park

**Property Number (D#):** D8561

**Project Number:** M19260

**Deeper Rent Targeting A**

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

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or Declaration of Land Use Restrictive Covenants Agreement (LURA).

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

**Deeper Rent Targeting B**

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

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

Large Family Housing

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

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA.

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

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

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

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

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA.

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

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.



Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10% to 49.99% of the total units, but no fewer than 7 units	<u>10</u>	10% to 49.99% of the total units, but no fewer than 7 units	<u>10</u>	<u>7</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required and performance requirements to meet this criterion for the term of the deferred loan Declaration/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and may be incorporated into the loan and HTC documents.

The Owner agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and HTC documents.

The Owner agrees units will be set aside and rented to High Priority Homeless who are a household prioritized for permanent supportive housing by Coordinated Entry System (HPH units). Minnesota Housing, at its sole discretion, in consultation with the owner and the local community, will consider requests for an alternative referral and prioritization process for populations that have a need for supportive housing but are not included in the Coordinated Entry System. Final approval must be in writing by Minnesota Housing.

The Owner agrees to pursue and continue renewal of rental assistance, operating subsidy, or service funding contracts for as long as the funding is available.

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units (Tier 1 or Tier 2) must be distinct and cannot be layered.

The Owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

**People with Disabilities – Tier 1**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	<u>5</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and may be incorporated into the loan and/or HTC documents.

The Owner agrees units will be set aside and rented to households with a disability with income limits at 30% MTSP. The Owner also agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the

required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and/or HTC documents.

Units cannot be restricted to persons of a particular age group and must be provided in an integrated setting for the term of declaration

The units must be set aside and rented to persons with at least one of the following disabilities in a manner consistent with Minnesota Statutes, Section 462A.222, subdivision 3, subparagraph (d)(3):

- a. A serious and persistent mental illness as defined in MN Statutes Section 245.462, Subdivision 20, Paragraph C; or
- b. A developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended; or
- c. Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.02, Subdivision 2; or
- d. A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, Paragraph (a); or
- e. Permanent physical disabilities that substantially limit major life activities, if at least 50 percent of the units in the Project are accessible as provided under Minnesota Rules, Chapter 1341.

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Rental Assistance

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
20.1% but under 51% of the total units	13	20.1% but under 51% of the total units	13	12

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

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

For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be

no greater than 30% of household income except as approved by Minnesota Housing. The project must comply with the requirements in the Self-Scoring Worksheet.

Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs.

Rental Assistance units cannot be used to satisfy Preservation or Serves Lowest Income Unit criteria; units must be separate and distinct.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of deferred loan Declaration and/or LURA.

Rental Assistance – Further Restricted Rental Assisted Units (FRRU)

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
25.1% to 50% of the total units	<u>5</u>	25.1% to 50% of the total units	<u>5</u>	<u>12</u>

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the deferred loan Declaration and/or LURA.

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

The owner will be required to certify on an annual basis that the development complies with this criterion for the 10-year period.

Serves Lowest Income Tenants/Rent Reduction

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

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion.

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

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

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

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>
10% to 19.99% of the total units	<u>5</u>	10% to 19.99% of the total units	<u>5</u>	<u>5</u>

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion.

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

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

**Long Term Affordability**

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

**Loan/HTC Commitment and Compliance Monitoring**

Owner agrees to extend the term of the LURA and the Qualified Contract provision in Section 42 does not apply to the project for the applicable term, and/or the deferred loan project will extend the term of the deferred loan declaration beyond 30 years.

**Need for More Affordable Housing Options**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>
Tier 1 Tracts or Cities, and Reservations	<u>10</u>	Tier 1 Tracts or Cities, and Reservations	<u>10</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Workforce Housing Communities**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>
Top Job Center or Net Five Year Job Growth Community	<u>6</u>	Top Job Center or Net Five Year Job Growth Community	<u>6</u>

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**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Transit and Walkability**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
One quarter mile of a high service public transportation fixed stop	<u>4</u>	One quarter mile of a high service public transportation fixed stop	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Community Development Initiative**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Contributes to active implementation of a Community Development Initiative	<u>3</u>	Contributes to active implementation of a Community Development Initiative	<u>3</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**QCT/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
QCT Community Revitalization Area, Tribal Equivalent Area, or Opportunity Zone	<u>3</u>	QCT Community Revitalization Area, Tribal Equivalent Area, or Opportunity Zone	<u>3</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

**Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Development Team**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Two or more entities are Black-, Indigenous-, People of Color-owned Business Enterprise	<u>2</u>	Two or more entities are Black-, Indigenous-, People of Color-owned Business Enterprise	<u>2</u>

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the deferred loan construction completion and/or 8609.

Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Partnership

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with at least 30% ownership stake with the goal of building the entity's capacity	<u>2</u>	Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with at least 30% ownership stake with the goal of building the entity's capacity	<u>2</u>

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through the deferred loan construction completion and/or 8609.

Financial Readiness to Proceed/Leveraged Funds

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
10.51% or more of funding secured	<u>16</u>	10.51% or more of funding secured	<u>16</u>

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection based on submitted permanent funding commitments indicated in the project's application. The Funding commitments, or an equivalent commitment, must be maintained and will be monitored through the loan closing and/or 8609.

Intermediary Costs

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
20.1 to 25%	<u>2</u>	20.1 to 25%	<u>2</u>

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection and will be monitored through the loan closing and/or 8609.

Universal Design

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with and without and elevator	<u>3</u>	Buildings with and without and elevator	<u>3</u>	<u>33</u> Elevator Building Units

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

Smoke Free Building

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

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include that the owner must maintain a smoke free policy and include a non-smoking clause in the lease for every household for the term of the deferred loan Declaration and/or LURA. The written policy will be validated during the due diligence process and must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Enhanced Sustainability - Optional Criteria Points

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	<u>2</u>	Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods	<u>2</u>

Loan/HTC Commitment and Compliance Monitoring

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

Enhanced Sustainability - Performance Pathways

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 3: Project meets at least one alternative building performance pathways	<u>3</u>	Tier 3: Project meets at least one alternative building performance pathways	<u>3</u>

Loan/HTC Commitment and Compliance Monitoring

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

**Total Developer Claimed:**     **136**     **Total Agency Awarded:**     **136**

Draft





## Item: Modification, Housing Opportunities for Persons With AIDS (HOPWA) - Clare Housing

**Action Item:** 7.F  
**Date:** 06/26/2025  
**Staff Contacts:** Deran Cadotte, 651.297.5230, [deran.cadotte@state.mn.us](mailto:deran.cadotte@state.mn.us)  
Lauren Stelter, 651.296.3600, [lauren.stelter@state.mn.us](mailto:lauren.stelter@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval of the resolution to amend Clare Housing's Housing Opportunities for Persons With AIDS (HOPWA) grant contract with a funding modification of \$111,336. The program provides direct financial assistance for continued housing stability to eligible populations in Greater Minnesota.

### Fiscal Impact

HOWPA is funded by a formula grant from the U.S. Department of Housing and Urban Development (HUD) which earns a nominal amount of interest for the Agency. Additionally, the Agency is allowed up to 3% of the grant amount for its administrative costs.

### Agency Priorities

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

### Attachments

- Background
- Resolution

## Background

On January 25, 2024, Rainbow Health Minnesota and Clare Housing were selected for HOPWA grants by the Minnesota Housing's board through Resolution No. MHFA 24-006. Rainbow Health Minnesota and Clare Housing administer these HOPWA funds in the form of Short-Term Rent, Mortgage, and Utilities (STRMU) assistance. The grant contracts were effective from March 1, 2024 through February 28, 2025, with a reporting period through May 31, 2025.

### Rainbow Health Minnesota dissolution

On July 18, 2024, Minnesota Housing program staff received notice from the board chair of Rainbow Health Minnesota that, effective immediately, the organization was dissolved. At that time, Rainbow Health Minnesota was a HOPWA grantee and provided STRMU assistance for 52 Greater Minnesota households and had \$111,366 remaining of their HOPWA grant. The board approved Resolution No. MHFA 24-067 (modifying Resolution No. MHFA 24-006) at the September 26, 2024 board meeting, assigning the remaining funds to Clare Housing.

Staff was unable to secure the appropriate signature from the defunct Rainbow Health Minnesota to assign the remaining grant funds. The contract with Rainbow Health Minnesota naturally expired on May 31, 2025. Their remaining unspent funds in the amount of \$111,336 therefore have been decommitted and are available for a new commitment. Clare Housing is the only remaining HOPWA grantee and can administer these funds.

### Clare Housing contract modifications

At its January 23, 2025 meeting with Resolution No. MHFA 25-006, the board approved a one-year extension of Clare Housing's grant contract from February 28, 2025 to February 28, 2026 and a funding modification to increase the grant award by \$146,224 (note: Resolution No. MHFA 25-006 included the unsuccessful \$111,336 assignment from Rainbow Health Minnesota so the then-approved total was \$597,560).

A summary of Clare Housing's contract extension and funding modifications are in Table 1, below.

**Table 1: Clare Housing's Contract Award History**

Date	Activity	Starting Amount	Modification	New Amount
1/25/2024	Original Commitment	\$ 340,000	\$ --	\$ 340,000
1/23/2025	Amendment #1: extension and funding modification	\$ 340,000	\$ 146,224	\$ 486,224
6/26/2025	Proposed Amendment #2: funding modification	\$ 486,224	\$ 111,336	\$ 597,560

## **Conclusion**

Minnesota Housing staff recommend the board approve the amendment to increase HOPWA funding to Clare Housing to \$597,560, an increase of \$111,336.

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

**RESOLUTION NO. MHFA 25-XXXX  
Superceding Resolution No. MHFA 24-067**

**RESOLUTION MODIFYING HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) GRANT**

WHEREAS, on January 24, 2024, the Minnesota Housing Finance Agency (Agency) selected Rainbow Health Minnesota and Clare Housing as Housing Opportunities for Persons With AIDS (HOPWA) grantees from March 1, 2024 through February 28, 2025 through Resolution No. MHFA 24-006; and

WHEREAS, the Agency awarded Clare Housing a HOPWA grant of \$340,000 in Resolution No. MHFA 24-006;

WHEREAS, on September 26, 2024, the Agency approved the assignment of Rainbow Health Minnesota's remaining HOPWA Grant Contract Agreement in the amount of \$111,336.09 to Clare Housing through Resolution No. MHFA 24-067 but the parties were unable to execute the assignment; and

WHEREAS, on January 23, 2025, the Agency provided (1) a funding modification to Clare Housing of \$597,560.44 – which included a funding increase of \$146,224 and the ultimately unexecuted \$111,336.09 assignment from Rainbow Health Minnesota – and (2) a one-year extension to Clare Housing's grant contract agreement from February 28, 2025 to February 28, 2026 through Resolution No. MHFA 25-006; and

WHEREAS, Rainbow Health Minnesota's grant contract agreement has expired, and the Agency has \$111,336.09 in decommitted HOWPA funds; and

WHEREAS, Agency staff have determined that Clare Housing is the only eligible grantee able to receive these HOWPA funds.

**NOW THEREFORE, BE IT RESOLVED:**

- 1) THAT, the board hereby authorizes Agency staff to provide a funding increase of \$111,336.09 in decommitted HOPWA funds to Clare Housing, for a total funding modification of \$597,560.44; and
- 2) The issuance of an amendment to the grant contract agreement is in form and substance acceptable to Agency staff, and the execution of the Assignment shall occur no later than 120 days from the adoption date of this Resolution; and
- 3) The grantee and such other parties shall execute all such documents relating to said amendment as Agency staff, in its sole discretion, deems necessary.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR

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## Item: Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program (FHPAP)

**Action Item:** 7.G  
**Date:** 06/26/25  
**Staff Contacts:** Diane Elias, 651.284.3176, [diane.elias@state.mn.us](mailto:diane.elias@state.mn.us)  
Nancy Urbanski, 651-296-3683, [nancy.urbanski@state.mn.us](mailto:nancy.urbanski@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests adoption of the attached resolution authorizing up to \$27,143,000 in Family Homeless Prevention and Assistance Program (FHPAP) funds. These funds will allow Minnesota Housing to sign Grant Contract Agreements with 19 grantees to provide supportive services and direct financial assistance to populations throughout the state of Minnesota.

### Fiscal Impact

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

### Agency Priorities

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

### Attachments

- Background
- Resolution

## Background

### Overview of the FHPAP Request for Proposals

In 1993, the Minnesota Legislature established the Family Homeless Prevention and Assistance Program (FHPAP) to assist families who are experiencing homelessness or at imminent risk of homelessness.

In the metro area, counties are eligible to apply for funding. In Greater Minnesota, eligible applicants include Tribal Nations, counties, a group of contiguous counties and nonprofit organizations. FHPAP funds can be used for supportive services and direct financial assistance to prevent homelessness or re-house households experiencing homelessness as quickly as possible. Services include housing navigation and case management to find and keep housing. Direct financial assistance includes payments for rental assistance, security deposits, mortgage assistance and utility assistance.

The FHPAP program has demonstrated consistent outcomes. Ninety-four percent of household who received prevention assistance maintain their housing and 74% who received rapid re-housing assistance secured stable housing for households exiting from 10/1/2023 to 9/30/2024.

For the FY 2026-27 biennium, \$20,538,000 is available as a base appropriation from the legislature. In May 2025, the legislature added an additional, one-time increase of \$8.35 million of FHPAP funding for a total of \$28,888,000 for the FY 2026-27 biennium.

Minnesota Housing issued a Request for Proposals (RFP) on November 4, 2024, with a due date of January 17, 2025. The contract term begins October 1, 2025 and ends September 30, 2027. The language in the RFP instructions indicated that funding is contingent upon legislative approval of program appropriations and may increase or decrease. This allowed the Agency to add additional funding approved by the legislature in May. Potential applicants were encouraged to submit applications based on community need and their own capacity to deliver the program.

### Overview of Selection Framework

#### Threshold, Financial and Pre-Award Risk Assessment Review

Twenty-eight applications were received. Minn. Stat. 462A.204 only allows counties to serve as FHPAP administrators in the metro area. The following were not eligible to proceed to the review process because they applied to operate within the metro area and are not counties:

- Ain Dah Yung Center
- Milestone Community Development
- Quality of Life Home Care Services
- Roadway LLC
- Vail Place



The 23 eligible applicants included 21 current grantees in addition to Southwest Opportunity Council and Northwest Indian Community Development Center. The 23 eligible applicants that passed the initial threshold and financial review process requested a total of \$89,527,147.78.

Per [Minn. Stat. 16B.981](#), Minnesota Housing conducts a pre-award risk assessment of potential grantees requesting grant awards of \$50,000 or more. Each of the eligible applicants requested more than \$50,000, so a pre-award risk assessment was required for all 23. All applicants subject to the pre-award risk assessment passed with one exception. Dakota County has not yet provided a certification necessary for the pre-award risk assessment, which has been communicated to Dakota County as the reason for postponing/forgoing the grant. Minnesota Housing is providing the statutorily required period of 15 business days to Dakota County if they want to contest the postponement/forgoing and provide additional written information. Staff is recommending that funds be withheld until the certification issue is addressed or the 15 business days have passed. This pre-award risk assessment is a separate process from the application scoring process.

### **Application Scoring**

A total of 31 reviewers participated in the review process, including seven community reviewers, eight state staff from other agencies and 16 Minnesota Housing staff.

A total of 100 points were possible which included the following sections:

- Project Summary (25 points)
- Equity (35 points)
- Capacity and Performance (30 points)
- Budget (10 points)

*Table 1: Scoring Criteria*

Category	Criteria	Maximum Score
Project Summary	Applicant provides clear description of services and assistance linked to the community need identified.  Evident that feedback from people with lived expertise, traditionally underserved households, stakeholders, advisory committee members and/or partners have informed the project design. Applicant identified data sources and provided an analysis that clearly describes a significant need in geographic area.	25 points

Category	Criteria	Maximum Score
Equity	<p>Tribal Nation/group of Tribal Nations will automatically receive points for this section.</p> <p>Applicant has specific strategies to reach the populations identified as experiencing housing instability at disproportionate levels (such as cultural, racial, and ethnic communities, LGBTQIA2S+ communities, people experiencing domestic violence, people with disabilities, veterans, and others who are identified by the applicant).</p> <p>Applicant has plan to include people with lived expertise.</p> <p>Applicant demonstrates ability to serve households with patience and empathy.</p>	35 points
Capacity and Performance	<p>Applicant describes concrete examples that demonstrate their ability to successfully perform project duties.</p> <p>Applicant demonstrates a commitment to create a culture of learning, sharing, and growing for individual staff members, within teams and as an organization.</p> <p>Applicant actively uses Homeless Management Information System (HMIS) or has a defined plan for timely implementation.</p> <p>Applicant provides clear plan to address barriers to communication that are culturally and linguistically appropriate.</p>	30 points
Budget	<p>The budget appears reasonable and administrative costs are reasonable.</p> <p>The narrative clearly justifies the applicant's budget including rationale and calculations.</p>	10 points

The applicants were scored in one of three competitive pools:

- Tribal Nations
- Greater Minnesota
- Twin Cities metro area

### **Funding determinations**

Applicants were ranked according to their score. In addition, Minnesota Housing considers the Share of Relative Need, which is the region's share of need against the entire state, to determine the distribution of available resources. The Share of Relative Need is determined by assessing the regions number of:

- People in poverty
- Renter households
- Workers who are unemployed
- Low-income renter households that spend 50% or more of their income on housing
- Severely overcrowded renter households

- Black, Indigenous and people of color populations
- Renter households whose income does not exceed 30% of the area median income
- Households receiving public assistance
- People born outside of the U.S.

This method is an adaptation of an index developed by the Urban Institute<sup>1</sup>. The index considers households that are disproportionately represented among people experiencing homelessness<sup>2</sup>.

As an example, Washington County's Share of Relative Need is about 2.82%. Therefore, their Share of Relative Need based on funds available would be \$814,416 (\$28,880,000 x 2.82%). The actual award amount would vary based on whether their score was high, medium or low.

### Recommendations

Staff recommend awarding \$27,143,000 in FHPAP resources according to the table below.

<b>Tribal Nations Applicant</b>	<b>Proposed Counties or Tribal Nations in Applicant Service Area</b>	<b>Total Request</b>	<b>2026-27 Selection</b>
White Earth Reservation Business Committee	Bois Forte Band of Chippewa, Fond Du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Red Lake Nation, Upper Sioux Community, Prairie Island Indian Community, and White Earth Nation	\$ 3,479,500	\$ 2,588,000
<b>Subtotal</b>		\$ 3,479,500	\$ 2,588,000

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<sup>1</sup> The Urban Institute, Where to Prioritize Emergency Rental Assistance to Keep Renters in Their Homes (2021).

<sup>2</sup> It is estimated that Indigenous Minnesotans are 28 times more likely to be homeless than white, non-Latino Minnesotans. Black Minnesotans are an estimated 13 times more likely. Latino Minnesotans are five times more likely to be homeless. This information is derived from Minnesota Housing's analysis of the American Community Survey 2021 five-year sample and the 2023 Point-in-Time count.

<b>Greater Minnesota Applicant</b>	<b>Proposed Counties or Tribal Nations in Applicant Service Area</b>	<b>Total Request</b>	<b>2026-27 Selection</b>
BI-COUNTY COMMUNITY ACTION PROGRAMS, INC.	Beltrami and Cass	\$ 929,528	\$ 364,000
Center for African Immigrants & Refugees Organization (CAIRO)	Stearns, Benton, Sherburne, Kandiyohi, Clay and Rice	\$ 2,346,000	\$ 481,000
Family Rise Together	St. Louis	\$ 242,489	\$ 0
KOOTASCA Community Action, Inc.	Cook, Itasca, Koochiching, and Lake	\$ 670,000	\$ 250,500
Lakes and Pines Community Action Council, Inc.	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine	\$ 3,000,000	\$ 635,000
Lakes & Prairies Community Action Partnership, Inc.	Clay and Wilkin	\$ 2,457,796	\$ 365,000
Lutheran Social Service of Minnesota - Brainerd	Todd, Crow Wing, and Morrison	\$ 2,164,610	\$ 395,000
Lutheran Social Service of Minnesota - Central	Benton, Sherburne, Stearns, and Wright	\$ 3,053,962	\$ 1,205,000
MAHUBE-OTWA Community Action Partnership, Inc.	Becker, Mahnommen, Hubbard, Otter Tail, and Wadena	\$ 1,671,481	\$ 541,000
Northwest Indian Community Development Center (NWICDC)	Beltrami county and portions of Cass, Clearwater, Hubbard and Itasca counties.	\$ 226,715	\$ 0
Southwestern Minnesota Opportunity Council, Inc.	Murray, Nobles, Rock, and Pipestone counties	\$ 726,182	\$ 0
St. Louis County	St. Louis	\$ 3,899,649	\$ 814,500
THREE RIVERS COMMUNITY ACTION, INC.	Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted,	\$ 3,817,870	\$ 2,880,000

<b>Greater Minnesota Applicant</b>	<b>Proposed Counties or Tribal Nations in Applicant Service Area</b>	<b>Total Request</b>	<b>2026-27 Selection</b>
	Pierce, Rice, Steele, Wabasha, Waseca, Watonwan and Winona		
Tri-Valley Opportunity Council, Inc.	Polk, Marshall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau, and Lake of the Woods	\$ 760,824	\$ 340,000
United Community Action Partnership, Inc.	Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiyohi, McLeod, Meeker, Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Park, and Big Stone	\$ 5,207,294	\$ 1,015,000
West Central Minnesota Communities Action, Inc.	Grant, Pope, Stevens, Traverse, and Douglas	\$ 790,000	\$ 211,500
<b>Subtotal</b>		<b>\$31,964,400</b>	<b>\$ 9,497,500</b>

<b>Metro Applicant</b>	<b>Proposed Counties or Tribal Nations in Applicant's Service Area</b>	<b>Total Request</b>	<b>2026-27 Selection</b>
Anoka County	Anoka County	\$ 3,500,000	\$ 1,395,000
Carver County Health and Human Services	Carver, Scott counties	\$ 2,000,000	\$ 758,500
Dakota County Community Services*	Dakota County	\$ 4,195,167	\$ 0
Hennepin County	Hennepin County	\$18,854,263	\$ 8,075,000
Ramsey County	Ramsey County	\$23,856,194	\$ 4,015,000
Washington County	Washington County	\$ 1,677,624	\$ 814,000
<b>TOTAL</b>		<b>\$54,083,248</b>	<b>\$16,802,500</b>

*\* Pursuant to pre-award risk assessment requirements, staff recommend not funding to Dakota County at this time.*

Staff recommends approval of the resolution to approve selection and commitment of the FHPAP funds which will provide about 7,300 households with services and direct assistance to prevent and end homelessness.

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

**RESOLUTION NO. MHFA 25-XXXX**

**RESOLUTION APPROVING SELECTION AND COMMITMENT FOR FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications for the Family and Homeless Prevention and Assistance Program to provide supportive services and direct assistance across the state to prevent and end homelessness; and

WHEREAS, Agency, other State staff and community members have reviewed the applications and recommend this selection of the grantees; and

WHEREAS, Agency staff have determined the applications are in compliance with the Agency's rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minnesota Statute Chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to enter into Grant Contract Agreements using state resources outlined in this resolution, subject to changes allowable under Agency and board policies and the legislative allocation:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period of October 1, 2025, through September 30, 2027; and

<b>Applicant</b>	<b>Counties or Tribal Nations in Applicant Service Area</b>	<b>2026-27 Award</b>
Anoka County	Anoka County	\$ 1,395,000
BI-COUNTY COMMUNITY ACTION PROGRAMS, INC.	Beltrami and Cass Counties	\$ 364,000
Carver County Health and Human Services	Carver and Scott Counties	\$ 758,500

<b>Applicant</b>	<b>Counties or Tribal Nations in Applicant Service Area</b>	<b>2026-27 Award</b>
Center for African Immigrants & Refugees Organization (CAIRO)	Stearns County	\$ 481,000
Hennepin County	Hennepin County	\$ 8,075,000
KOOTASCA Community Action, Inc.	Cook, Itasca, Koochiching, and Lake Counties	\$ 250,500
Lakes and Pines Community Action Council, Inc.	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine	\$ 635,000
Lakes and Prairies Community Action Partnership, Inc.	Clay and Wilkin Counties	\$ 365,000
Lutheran Social Service of Minnesota - Brainerd	Todd, Crow Wing, and Morrison Counties	\$ 395,000
Lutheran Social Service of Minnesota - Central	Benton, Sherburne, Stearns, and Wright Counties	\$ 1,205,000
MAHUBE-OTWA Community Action Partnership, Inc.	Becker, Mahnommen, Hubbard, Otter Tail, and Wadena Counties	\$ 541,000
Ramsey County	Ramsey County	\$ 4,015,000
St. Louis County	St. Louis County	\$ 814,500
THREE RIVERS COMMUNITY ACTION, INC	Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Pierce, Rice, Steele, Wabasha, Waseca, Watonwan and Winona	\$ 2,880,000
Tri-Valley Opportunity Council, Inc.	Polk, Marshall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau, and Lake of the Woods Counties	\$ 340,000
United Community Action Partnership, Inc.	Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiyohi, McLeod, Meeker, Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Parle, and Big Stone Counties	\$ 1,015,000
Washington County	Washington County	\$ 814,000
West Central Minnesota Communities Action, Inc.	Grant, Pope, Stevens, Traverse, and Douglas Counties	\$ 211,500



Applicant	Counties or Tribal Nations in Applicant Service Area	2026-27 Award
White Earth Reservation Business Committee	Bois Forte Band of Chippewa, Fond Du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Red Lake Nation, Upper Sioux Community, Prairie Island Indian Community, and White Earth Nation	\$ 2,588,000
<b>Total</b>		\$ 27,143,000

2. This approval is contingent on legislative approval of Family Homeless Prevention and Assistance Program appropriations in sufficient amounts to fund the awards; and
3. The issuance of Grant Contract Agreements in form and substance acceptable to Agency staff, and the execution of Grant Contract Agreements shall occur no later than six months from the adoption date of this Resolution; and
4. The grantees and such other parties shall execute all such documents related to said grants as Agency staff, in its sole discretion, deems necessary.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR

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## Item: Approval, Selection and Commitment, FY2026-2029 Homework Starts with Home (HSWH)

**Action Item:** 7.H  
**Date:** 06/26/2025  
**Staff Contacts:** Nancy Urbanski, 651.296.3683, [nancy.urbanski@state.mn.us](mailto:nancy.urbanski@state.mn.us)  
Diane Elias, 651.284.3176, [diane.elias@state.mn.us](mailto:diane.elias@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests adoption of the attached resolution authorizing the selection of nine grantees and commitment of \$4,272,017 in Family Homeless Prevention and Assistance Program (FHPAP) funds and \$1,559,560 in Housing Trust Fund (HTF) funds for Homework Starts with Home (HSWH), for a total of \$5,831,577.

### Fiscal Impact

The FHPAP and HTF funds are state appropriations and individual awards are structured as grants, which do not earn interest for the Agency.

### Agency Priorities

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

### Attachments

- Background
- Resolution

## Background

### Program Overview

Homework Starts with Home (HSWH) is an initiative comprising multiple community-based partners to help students succeed academically by obtaining and/or maintaining stable housing. In 2019, the legislature established HSWH as an ongoing program with a base appropriation of \$3.5 million each biennium. The base appropriation was increased to \$5.5 million in 2023.

HSWH is its own program with its own appropriation, however HWSH program rules derive from Family Homeless Prevention and Assistance Program (FHPAP) in [Minn. Stat. 462A.204](#) and Housing Trust Fund (HTF) in [Minn. Stat. 462A.201](#), as both FHPAP and HTF funds may both be used to secure stable housing for eligible households that include families with school-age children. HSWH brings both programs' eligible grantees, uses and other key features under one umbrella to focus on that shared program activity with additional funds for families with young children.

HWSH applicants have the flexibility to request funds from one or both sources. While historically most HSWH applicants have requested both FHPAP and HTF resources, this can vary depending on applicant need and the eligible uses of the funding source. HSWH funds can be used for direct assistance including rental assistance, rental deposit and utility assistance, as well as supportive services, to assist households who are experiencing homelessness secure housing and assist households who are at risk of homelessness to remain housed.

The HSWH program centers itself in collaborative partnerships from multiple organizations or entities, each operating within the same geographic area. Required partners include a FHPAP and/or HTF administrator, schools and county or Tribal governments as applicable based on funding. Examples of other possible partners include housing agencies, philanthropic or community-based organizations, and faith-based organizations.

In FY 2024, HSWH served 238 households and 71% were Indigenous, Black and/or persons of color.

### Available Funding

Available funding for the HSWH requests for proposals (RFP) includes \$5,500,000 in legislative funds for the FY2026-2027 biennium, in addition to \$331,577 in unexpended funds from previous funding rounds, for a total of up to \$5,831,577 in available funding. Minnesota Housing issued a competitive Request for Proposals (RFP) on November 4, 2024, with a due date of January 17, 2025. The grant term is anticipated to start October 1, 2025, and end either September 30, 2027, or September 30, 2029, as applicants were given a choice of a two- or four-year grant period.

### Eligible Applicants

Only current HTF Administrators could apply for the HTF funding, and only entities that met the eligibility criteria listed below could apply for the FHPAP funding:

- Tribal Nations
- Twin Cities metropolitan counties, which include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties
- Non-metropolitan areas, which include a county, a group of contiguous counties jointly acting together or a community-based nonprofit organization

## Overview of Selection Framework

### Application Review Process

Eight eligible applications were submitted requesting a total of \$15,395,688, far exceeding the funds available. Two additional applicants applied but were not eligible. One of the eight eligible applicants requested both FHPAP and HTF funding; however, only the eligible FHPAP portion of their request was considered as their partnership group did not include a current HTF Administrator and thus ineligible for HTF funding.

Per [Minn. Stat. 16B.981](#), Minnesota Housing conducts a pre-award risk assessment of potential grantees requesting grant awards of \$50,000 or more. All eligible applicants, as well as any named partners whose proposed role included administering FHPAP and/or HTF funds, passed the pre-award risk assessment.

**Table 1: Applicants and Requests**

Applicant	HWSH Funding Request			
	FHPAP	HTF	Total Request	2- or 4-Year Term
<b>Anoka County*</b>	\$ 1,018,610	\$ 627,024	\$ 1,645,634	4-Year
<b>Center for African Immigrants &amp; Refugees Organization (CAIRO)</b>	\$ 1,038,000	--	\$ 1,038,000	4-Year
<b>Family Rise Together</b>	\$ 376,220	\$ 241,360	\$ 617,580	2-Year
<b>Hennepin County**</b>	\$ 1,500,000	--	\$ 1,500,000	2-Year

Applicant	HWSH Funding Request			
	FHPAP	HTF	Total Request	2- or 4-Year Term
<b>Housing and Redevelopment Authority of Clay County*</b>	\$ 1,334,470	\$ 953,312	\$ 2,287,782	2-Year
<b>Lakes and Pines Community Action Council, Inc.</b>	\$ 1,000,000	--	\$ 1,000,000	2-Year
<b>Neighborhood House</b>	\$ 4,592,000	\$ 958,000	\$ 5,550,000	4-Year
<b>THREE RIVERS COMMUNITY ACTION, INC.*</b>	\$ 1,315,260	\$ 441,432	\$ 1,756,692	2-Year
<b>TOTAL</b>	<b>\$ 12,174,560</b>	<b>\$ 3,221,128</b>	<b>\$ 15,395,688</b>	

\* Current HSWH Grantee

\*\*Previous HSWH Grantee

The application was worth a total of 100 possible points which included the following categories:

- Project Design (30 points)
- Equity (30 points)
- Capacity (30 points)
- Budget (10 points)

A total of 11 reviewers, including ten state staff representing Minnesota Housing, Department of Public Safety and Department of Human Services, and one community reviewer representing a nonprofit organization, participated in the review process. Funding recommendation considerations include:

- Applicant score,
- Geographic distribution of funds to Tribal Nations, greater Minnesota and the metro area, and
- Sufficient funding for viable program operations and staffing.

The recommendation includes the top five scoring applicants, including three from greater Minnesota (56% of funding) and two from the metro (44% of funding). The remaining three applicants, Center for African Immigrants & Refugees Organization (CAIRO), Neighborhood House and Lakes and Pines Community Action Council, Inc. are not being recommended for funding primarily because there isn't sufficient funding.

### **Recommendations:**

Staff recommends authorizing selection and commitment of \$5,831,577 in HSWH funds, including \$4,272,017 in FHPAP uses and \$1,559,560 in HTF uses, to the following grant administrators. HSWH funds will serve an estimated 423 households.

**Table 2: HSWH Funding Recommendations**

<b>Applicant</b>	<b>FHPAP</b>	<b>HTF</b>	<b>TOTAL</b>	<b>% of Request</b>	<b>Projected # HHs</b>
<b>Anoka County</b>	\$ 667,000	\$ 410,000	\$ 1,077,000	65%	24
Description: Anoka County's "Hope to Home" program will be an expansion of their current HSWH program operating in the Anoka-Hennepin school district. They will provide prevention and homeless assistance to households including those that reside in concentrated areas of poverty, students who are chronically absent from school, and those involved in the Child Protection system. Metropolitan Council's Housing and Redevelopment Authority, also known as Metro HRA, will be the HTF Administrator.					
<b>Applicant</b>	<b>FHPAP</b>	<b>HTF</b>	<b>TOTAL</b>	<b>% of Request</b>	<b>Projected # HHs</b>
<b>Family Rise Together</b>	\$ 376,220	\$ 241,360	\$ 617,580	100%	70
Description: Family Rise Together is a Black-led agency, the highest ranked applicant from Greater Minnesota and second ranked overall. They are a new HSWH grantee that will expand HSWH's coverage to St. Louis County. In partnership with Justice North, Duluth Public Schools (Independent School District 709), and St. Louis County, they will assist households experiencing homelessness as well as provide prevention assistance to households at risk of housing loss, including legal advocacy, support, and eviction court representation. Family Rise Together will administer program funds for both FHPAP and HTF uses.					

<b>Applicant</b>	<b>FHPAP</b>	<b>HTF</b>	<b>TOTAL</b>	<b>% of Request</b>	<b>Projected # HHs</b>
<b>Hennepin County</b>	\$ 1,500,000	--	\$ 1,500,000	100%	133
Description: The highest ranked applicant, Hennepin County is combining two former, separately funded HSWH initiatives: Stable Home Stable Schools (SHSS) and Northwest Homework Starts with Home Collaborative (NW). SHSS is a partnership between Hennepin County, the City of Minneapolis, Minneapolis Public Housing Authority (MPHA), Minneapolis Public Schools (MPS), and the YMCA of the North. NW Collaborative is a partnership between Hennepin County, Brooklyn Center Community School District 286, Osseo Area School District 279, and the YMCA of the North. HSWH funds will be utilized for homeless prevention for eligible households and will be administered by Hennepin County.					
<b>Applicant</b>	<b>FHPAP</b>	<b>HTF</b>	<b>TOTAL</b>	<b>% of Request</b>	<b>Projected # HHs</b>
<b>Housing and Redevelopment Authority of Clay County</b>	\$ 867,425	\$ 619,100	\$ 1,486,525	65%	96
Description: Housing and Redevelopment Authority of Clay County, along with their FHPAP Administrator, Lakes and Prairies Community Action Partnership, Inc. will serve over 20 public school districts and one charter school in the west central region. A recipient of three prior funding rounds (including the pilot), they report that HSWH is now a critical part of the systems infrastructure as they continue their unified work to end child homelessness.					
<b>Applicant</b>	<b>FHPAP</b>	<b>HTF</b>	<b>TOTAL</b>	<b>% of Request</b>	<b>Projected # HHs</b>
<b>THREE RIVERS COMMUNITY ACTION, INC.</b>	\$ 861,372	\$ 289,100	\$ 1,150,472	65%	100
Description: Located in southeastern Minnesota, Three Rivers Community Action, Inc. continue to serve their existing service area of Rochester and Mankato. In addition to HSWH funds, they will leverage Olmsted County's Local Homeless Prevention Aid funds to support this initiative. Olmsted County Housing and Redevelopment Authority will be the HTF administrator for the					



Rochester area. Three Rivers Community Action, Inc. is a current grantee and this will be their third HSWH funding award.

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

**RESOLUTION NO. MHFA 25-XXXX**

**RESOLUTION APPROVING SELECTION/COMMITMENT**  
**HOMEWORK STARTS WITH HOME PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) received applications to provide direct financial assistance including rental assistance, supportive services and other housing related direct assistance to prevent and end homelessness among students and their families through the Homework Starts with Home program; and

WHEREAS, Agency, other State staff and a community member have reviewed the applications and recommend the selection of the grantees; and

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

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to enter into Grant Contract Agreements using state resources as set forth below, subject to changes allowable under Agency, board policies and applicable legislative allocations:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period of October 1, 2025, through September 30, 2027 or October 1, 2025 through September 30, 2029:

<b>Applicant</b>	<b>FHPAP Grant Administrator</b>	<b>FHPAP Award Amount</b>	<b>HTF Grant Administrator</b>	<b>HTF Award Amount</b>	<b>Contract Period</b>
<b>Anoka County</b>	Anoka County	\$ 667,000	Metropolitan Council – Housing and Redevelopment Authority	\$ 410,000	10/1/2025 – 9/30/2029
<b>Family Rise Together</b>	Family Rise Together	\$ 376,220	Family Rise Together	\$ 241,360	10/1/2025 – 9/30/2027
<b>Hennepin County</b>	Hennepin County	\$ 1,500,000	N/A	N/A	10/1/2025 – 9/30/2027

<b>Housing and Redevelopment Authority of Clay County</b>	Lakes and Prairies Community Action, Inc.	\$ 867,425	Housing and Redevelopment Authority of Clay County	\$ 619,100	10/1/2025 – 9/30/2027
<b>THREE RIVERS COMMUNITY ACTION, INC.</b>	Three Rivers Community Action, Inc.	\$ 861,372	Housing and Redevelopment Authority of Olmsted County	\$ 289,100	10/1/2025 – 9/30/2027
<p style="text-align: center;"><b>Total FHPAP: \$ 4,272,017      Total HTF: \$ 1,559,560</b></p> <p style="text-align: center;"><b>Total HSWH: \$5,831,577</b></p>					

2. This approval is contingent on legislative approval of Homework Starts with Home appropriations in sufficient amounts to fund the awards; and
3. The issuance of Grant Contract Agreements in form and substance acceptable to Agency staff, and the execution of Grant Contract Agreements shall occur no later than nine months from the adoption date of this Resolution; and
4. The grantees and such other parties shall provide all such documents relating to said Grant Contract Agreements as Agency staff, in its sole discretion, deems necessary.

Adopted this 26<sup>th</sup> day of June 2025

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CHAIR

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## Item: Approval, Federal Home Loan Bank Grant

**Action Item:** 7.I  
**Date:** 06/26/2025  
**Staff Contacts:** Laura Bolstad Grafstrom, 651.296.6346, laura.bolstad.grafstrom@state.mn.us  
Kim Stuart, 651.296.9959, kim.stuart@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Requesting approval to accept a \$60,000 joint grant from the Federal Home Loan Bank of Des Moines (\$45,000) and Luminate Bank (\$15,000).

### Fiscal Impact

Makes \$60,000 in additional resources available for eligible activities. No broader impact.

### Agency Priorities

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

### Attachments

- Request Details

## Request Details

Luminate Bank applied for a Member Impact Fund matching grant from the Federal Home Loan Bank of Des Moines, to support Minnesota Housing's affordable housing work. The purpose of the program is to leverage funds to strengthen communities. The Federal Home Loan Bank of Des Moines approved Luminate Bank's application and has awarded them \$45,000 as a 3:1 match to support Minnesota Housing's affordable housing work. With the Federal Home Loan Bank's \$45,000, plus \$15,000 from Luminate, Minnesota Housing is being offered a \$60,000 grant that can be used towards one of the following eligible activities:

1. Pre-Development: Land banking, feasibility studies, architecture/engineering, market studies, environmental review, legal fees, permitting/approvals, site preparation costs, etc.
2. New Construction or Acquisition: Hard/soft construction costs such as site acquisition, appraisals, infrastructure, construction materials and labor, permitting and fees, etc.
3. Rehabilitation/Preservation/Climate Resiliency/Adaptive Reuse of a Commercial Property: Hard/soft rehabilitation costs such as site acquisition, appraisals, materials, and labor, permitting and fees, energy efficiency enhancements, seismic upgrades, expansion of broadband, etc.
4. Housing Financial Assistance: Such as rental assistance, down payment and closing costs, mortgage assistance, utility payments, etc.
5. Housing Services: Emergency shelters, resident support services, financial literacy, first-time homebuyer education, etc.
6. Other: Hiring/training staff, technology upgrades, strategic planning, partnership building, etc.

Luminate Bank is a Minnesota Housing lending partner with our home mortgage programs. Minn. Stat. 462A.05, subd. 6, provides that the Agency "may accept appropriations, gifts, grants, bequests and devises, and utilize or dispose of the same to carry out its corporate purpose." Staff propose that the Agency accept the \$60,000 grant funds to use towards eligible activities under the grant, for uses that are unrelated to Luminate Bank's work as a Minnesota Housing participating lender.

Accepting these grant funds for a purpose unrelated to our Single Family home mortgage programs will further advance Minnesota Housing's mission and/or operations and will not impact the relationship with or preference the granting entities. If the board decides Minnesota Housing should accept the funds, Luminate Bank must transfer the funds to Minnesota Housing by June 29, 2025 (per Federal Home Loan Bank requirements). After accepting the funds, Minnesota Housing would be obligated to 1) spend the funds on eligible uses, 2) complete the Federal Home Loan Bank's award verification form, and 3) cooperate with Luminate Bank to showcase in the media the community impact of the grant funds.



## Item: Third Quarter FY25 Update

**Discussion Item:** 8.A  
**Date:** 06/26/2025  
**Staff Contacts:** Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
Kayla Vang, 651.296.3598, kayla.vang@state.mn.us  
**Request Type:** No Action, Discussion

### Request Summary

Staff will review financial results for the 3<sup>rd</sup> quarter of the 2025 fiscal year.

### Fiscal Impact

None.

### Agency Priorities

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

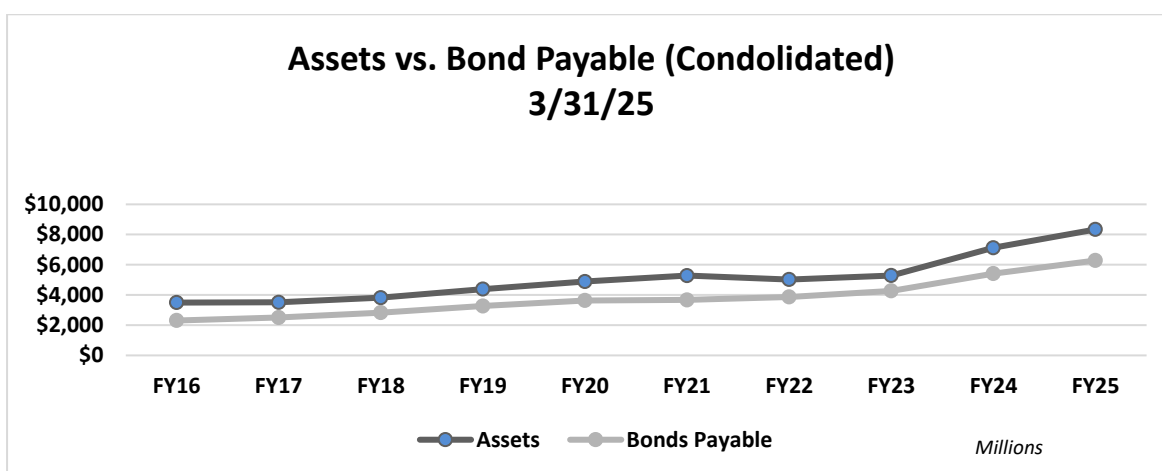
### Attachments

- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements - 3<sup>rd</sup> Quarter FY 2025

**Minnesota Housing Finance Agency  
FY 2025 3rd Quarter Financial Results  
Noteworthy Items**

**Balance Sheet**

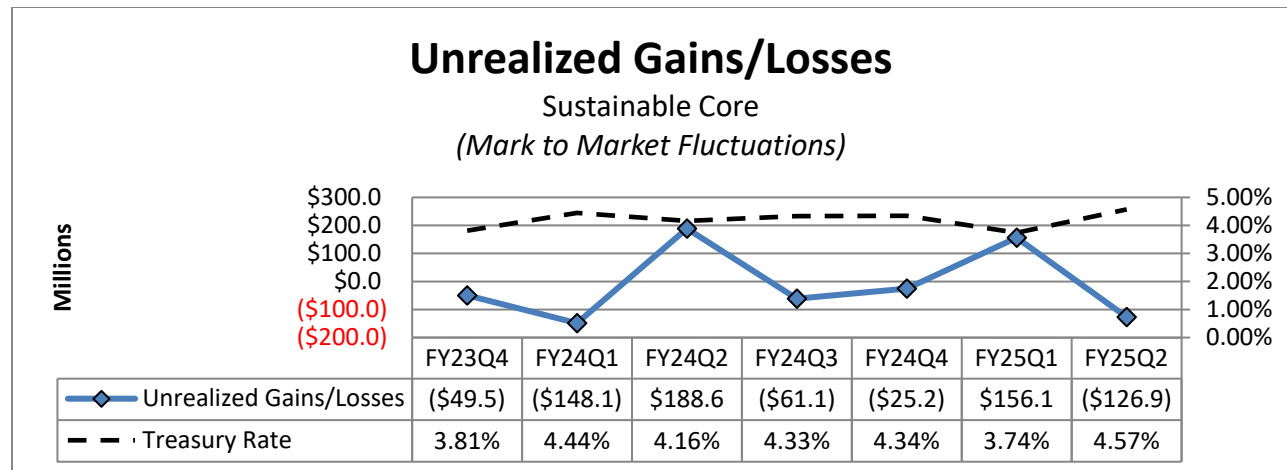
Total assets increased in the consolidated financials from the previous quarter by \$193.5 million and prior year by \$1.3 billion. \$1.26 billion of this increase compared to FY24 was within the sustainable core. In terms of the Mortgage-Backed Securities (MBS) portfolio, program securities have increased \$312.2 million compared to previous quarter and have increased \$989.8 million compared to FY24.



Overall, in FY25, non-securitized loan assets had a \$140.3 million increase over FY24. Multiple drivers for the increase including an increase in State Appropriated, Pool 2 and Rental Housing loans.

The chart below shows the changes in market interest rates and the impact on the market value of the securities in the sustainable core. While increases in interest rates reduce the market value of investments, the Agency buys and holds investments to maturity thereby not realizing the losses recorded on the balance sheet. Additionally, increased interest rates provide additional interest revenue for the Agency.



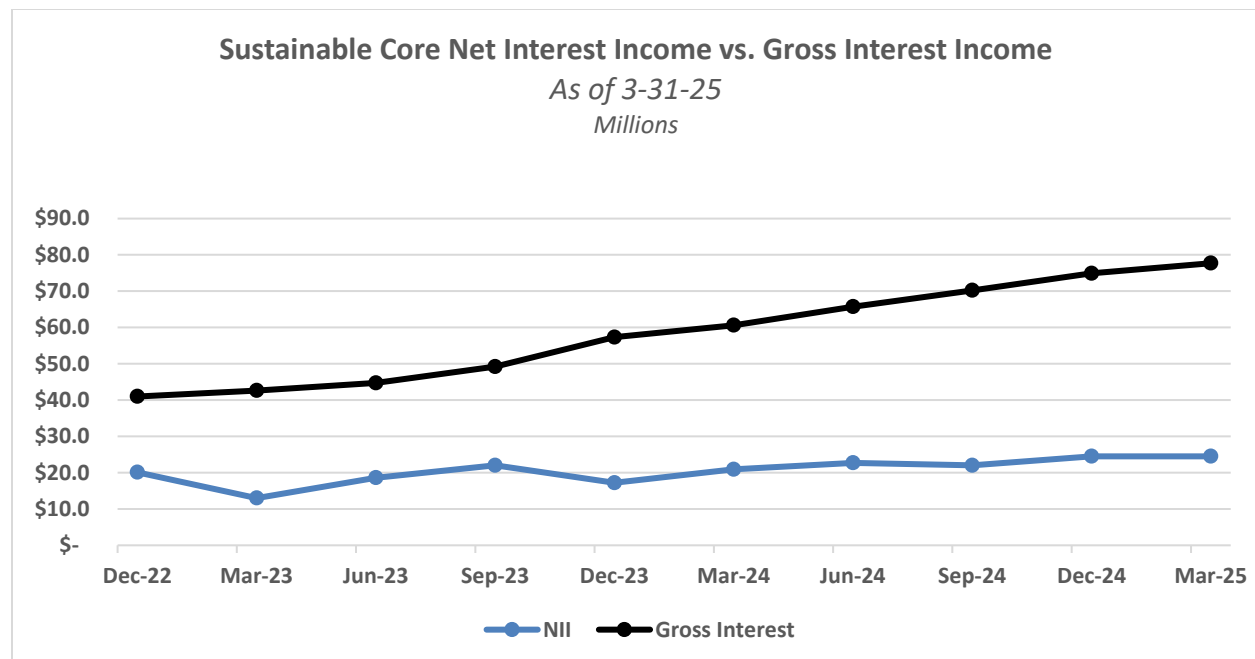


### Operating Results

In the Sustainable Core, Q3 FY25 net interest income was \$24.5 million, YTD FY25 net interest income was \$71.0 million, compared to \$59.6 million YTD FY24.

Gross Interest revenue for the Sustainable Core, YTD FY25, was \$222.8 million, compared to \$167.1 million in FY24. As shown on the graph below the spread between gross and net interest earnings has grown, primarily as the Agency's cost of capital has increased in line with market interest rates.

Along with the changing interest rate environment, interest bearing assets in the sustainable core have increased 22.0% over FY24 both contributed to the increase of gross interest revenue.



YTD other revenue increased 17.2% over prior year and operating expenses (salaries and general operating expenses) were slightly lower when compared to the prior year.

**BALANCE SHEET\***  
**Quarterly Financial Dashboard - Selected Reporting**  
**As of March 31, 2025 - (\$ million)**

	Quarter End	Prior Quarter End	Change from Prior Quarter	Year Ago	Change From Year Ago
<b>CONSOLIDATED</b>					
<b>Total Assets</b>	<b>8,333.7</b>	<b>8,140.2</b>	<b>193.5</b>	<b>7,019.7</b>	<b>1,314.0</b>
<i>Program Securities</i>	4,983.9	4,671.7	312.2	3,994.1	989.8
<i>Loans, net</i>	1,263.7	1,227.8	35.9	1,123.4	140.3
<i>Other investments and cash</i>	1,988.3	2,135.6	(147.3)	1,819.2	169.1
<b>Total Liabilities</b>	<b>6,599.8</b>	<b>6,437.7</b>	<b>162.1</b>	<b>5,493.0</b>	<b>1,106.8</b>
<b>Net Position</b>					
<i>restricted by Resolution</i>	480.1	448.7	31.4	463.1	17.0
<i>restricted by Covenant</i>	649.4	630.0	19.4	555.9	93.5
<i>restricted by Law</i>	1,250.2	1,288.8	(38.6)	1,103.7	146.5
<i>unrestricted - State Appr-Backed Debt</i>	(370.9)	(363.3)	(7.6)	(325.0)	(45.9)
<i>unrestricted by bond resolution</i>	(313.6)	(360.9)	47.3	(346.4)	32.8
<i>unrestricted by law</i>	(15.1)	(14.0)	(1.1)	18.8	(33.9)
<i>net investment in capital assets</i>	0.8	0.6	0.2	0.2	0.6
<b>Total Net Position</b>	<b>1,680.9</b>	<b>1,629.9</b>	<b>51.0</b>	<b>1,470.3</b>	<b>210.6</b>
<b>CONSOLIDATED EXCLUDING APPROPRIATED</b>					
<b>Total Assets</b>	<b>6,974.7</b>	<b>6,727.8</b>	<b>246.9</b>	<b>5,716.4</b>	<b>1,258.3</b>
<b>Net Position</b>	<b>816.7</b>	<b>718.4</b>	<b>98.3</b>	<b>672.8</b>	<b>143.9</b>
<b>SUSTAINABLE CORE</b>					
<b>Total Assets</b>	<b>6,829.7</b>	<b>6,585.1</b>	<b>244.6</b>	<b>5,573.1</b>	<b>1,256.6</b>
<i>Program Securities</i>	4,983.9	4,671.7	312.2	3,994.1	989.8
<i>Loans, net</i>	985.5	956.7	28.8	903.4	82.1
<i>Other investments &amp; cash</i>	774.7	863.6	(88.9)	598.3	176.4
<b>Total Liabilities</b>	<b>6,127.4</b>	<b>5,961.0</b>	<b>166.4</b>	<b>5,001.3</b>	<b>1,126.1</b>
<i>Bonds payable, net</i>	5,798.6	5,624.8	173.8	4,773.7	1,024.9
<b>Net Position</b>	<b>649.5</b>	<b>551.4</b>	<b>98.1</b>	<b>515.4</b>	<b>134.1</b>

\* Assets and liabilities do not include deferred inflows/outflows

**STATEMENT OF OPERATIONS**  
**Quarterly Financial Dashboard - Selected Reporting**  
**As of March 31, 2025 - (\$ million)**

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
<b>CONSOLIDATED</b>						
Operating Revenue	198.5	181.3	17.2	830.5	1,289.7	(459.2)
Operating Expenses	184.7	207.9	(23.2)	582.3	491.3	91.0
Non-Operating Revenue/(Expenses)	37.3	(157.4)	194.7	40.8	(47.8)	88.6
<b>Net</b>	<b>51.1</b>	<b>(184.0)</b>	<b>235.1</b>	<b>289.0</b>	<b>750.6</b>	<b>(461.6)</b>
<b>SUSTAINABLE CORE</b>						
Interest revenue	77.7	74.9	2.8	222.8	167.1	55.7
Other revenue	22.9	22.9	0.0	65.3	55.7	9.6
Unrealized gain (loss)	77.6	(125.5)	203.1	106.4	(20.2)	126.6
<b>TOTAL REVENUE</b>	<b>178.2</b>	<b>(27.7)</b>	<b>205.9</b>	<b>394.5</b>	<b>202.6</b>	<b>191.9</b>
Interest Expense	53.2	50.4	2.8	151.8	107.5	44.3
Operating Expenses(1)	14.4	14.4	0.0	40.6	34.4	6.2
Other Expenses	12.5	13.4	(0.9)	45.9	37.5	8.4
<b>TOTAL EXPENSE</b>	<b>80.1</b>	<b>78.2</b>	<b>1.9</b>	<b>238.3</b>	<b>179.4</b>	<b>58.9</b>
<b>Revenue over Expense</b>	<b>98.1</b>	<b>(105.9)</b>	<b>204.0</b>	<b>156.2</b>	<b>23.2</b>	<b>133.0</b>
<b>Net Interest Income</b>	<b>24.5</b>	<b>24.5</b>	<b>(0.0)</b>	<b>71.0</b>	<b>59.6</b>	<b>11.4</b>
<i>Annualized Net Interest Margin (2)</i>	<i>1.46%</i>	<i>1.51%</i>		<i>1.51%</i>	<i>1.57%</i>	
<i>Annualized Gross Interest Margin (3)</i>	<i>4.63%</i>	<i>4.61%</i>		<i>4.73%</i>	<i>4.39%</i>	

(1) Salaries, benefits and other general operating; includes Year End Pension Adjustment

(2) Annualized Net Interest Income/Average assets for period

(3) Annualized Gross Interest/Average assets for period

Minnesota Housing Finance Agency  
Fund Financial Statements  
Statement of Net Position (in thousands) - UNAUDITED  
Page 213 of 268  
Proprietary Funds  
As of March 31, 2025 (with comparative totals as of March 31, 2024)

	Bond Funds						Appropriated Funds			
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES <sup>SM</sup>	State Appropriated	Federal Appropriated	Total as of March 31, 2025	Total as of March 31, 2024
<b>Assets</b>										
Cash and cash equivalents	\$ 98,224	\$ 66,226	\$ 488,025	\$ 42,428	\$ 2,286	\$ -	\$ 474,989	\$ 47,807	\$ 1,219,985	\$ 934,072
Investments-program mortgage-backed securities	-	-	4,168,592	815,344	-	-	-	-	4,983,936	3,994,108
Investment securities-other	12,518	17,180	60,562	-	-	3,453	674,591	-	768,304	885,060
Loans receivable, net	-	265,913	835,863	-	12,468	-	146,334	3,133	1,263,711	1,123,351
Interest receivable on loans and program mortgage-backed securities	-	1,068	21,348	2,716	46	-	41	4	25,223	19,448
Interest receivable on investments	354	294	1,718	138	8	10	5,019	13	7,554	7,189
Interest rate swap agreements	-	-	41,929	-	-	-	-	-	41,929	43,949
FHA/VA insurance claims, net	-	-	108	-	-	-	-	-	108	122
Real estate owned, net	-	-	568	-	-	-	(13)	-	555	559
Capital assets, net	4,704	-	1,556	-	-	-	-	-	6,260	7,398
Other assets	2,936	26	6,122	5	-	-	6,720	298	16,107	4,464
Total assets	118,736	350,707	5,626,391	860,631	14,808	3,463	1,307,681	51,255	8,333,672	7,019,720
<b>Deferred Outflows of Resources</b>										
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	6,875	-	-	-	-	-	6,875	844
Deferred pension expense	8,421	-	-	-	-	-	-	-	8,421	10,792
Total deferred outflows of resources	8,421	-	6,875	-	-	-	-	-	15,296	11,636
Total assets and deferred outflows of resources	\$ 127,157	\$ 350,707	\$ 5,633,266	\$ 860,631	\$ 14,808	\$ 3,463	\$ 1,307,681	\$ 51,255	\$ 8,348,968	\$ 7,031,356
<b>Liabilities</b>										
Bonds payable, net	\$ -	\$ 178,455	\$ 4,715,371	\$ 888,783	\$ 12,100	\$ 3,854	\$ 484,927	\$ -	\$ 6,283,490	\$ 5,268,114
Interest payable	-	1,539	48,752	1,996	31	10	3,249	-	55,577	40,380
Interest rate swap agreements	-	-	6,875	-	-	-	-	-	6,875	844
Net pension liability and OPEB	8,963	-	-	-	-	-	-	-	8,963	13,428
Accounts payable and other liabilities	7,623	48,636	94,920	42	-	-	4,512	-	155,733	82,318
Interfund payable (receivable)	5,146	-	(7,167)	-	-	-	1,607	414	-	-
Funds held for others	84,102	-	-	-	-	(401)	-	15	83,716	80,307
Lease Liability	3,858	-	-	-	-	-	-	-	3,858	5,268
Subscription Liability	18	-	1,579	-	-	-	-	-	1,597	2,361
Total liabilities	109,710	228,630	4,860,330	890,821	12,131	3,463	494,295	429	6,599,809	5,493,020
<b>Deferred Inflows of Resources</b>										
Deferred gain on interest rate swap agreements	-	-	41,929	-	-	-	-	-	41,929	43,949
Deferred revenue-service release fee	-	-	16,214	3,327	-	-	-	-	19,541	19,403
Deferred discount loan interest	-	-	126	-	-	-	-	-	126	-
Deferred pension credit	6,623	-	-	-	-	-	-	-	6,623	4,634
Total deferred inflows of resources	6,623	-	58,269	3,327	-	-	-	-	68,219	67,986
Total liabilities and deferred inflows of resources	\$ 116,333	\$ 228,630	\$ 4,918,599	\$ 894,148	\$ 12,131	\$ 3,463	\$ 494,295	\$ 429	\$ 6,668,028	\$ 5,561,006
<b>Commitments and contingencies</b>										
<b>Net Position</b>										
Restricted by bond resolution	-	122,380	337,827	17,215	2,677	-	-	-	480,099	463,122
Restricted by covenant	9,996	-	639,403	-	-	-	-	-	649,399	555,913
Restricted by law	-	-	-	-	-	-	1,198,970	51,208	1,250,178	1,103,729
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	(370,903)	-	(370,903)	(325,021)
Unrestricted by bond resolution	-	(303)	(262,540)	(50,732)	-	-	-	-	(313,575)	(346,402)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	(14,681)	(382)	(15,063)	18,845
Net Investment in Capital Assets	828	-	(23)	-	-	-	-	-	805	164
Total net position	10,824	122,077	714,667	(33,517)	2,677	-	813,386	50,826	1,680,940	1,470,350
Total liabilities, deferred inflows of resources, and net position	\$ 127,157	\$ 350,707	\$ 5,633,266	\$ 860,631	\$ 14,808	\$ 3,463	\$ 1,307,681	\$ 51,255	\$ 8,348,968	\$ 7,031,356

This information on the funds of the Agency for the nine-month period ended March 31 2025 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

Statement of Revenues, Expenses and Changes in Net Position (in thousands)

Proprietary Funds	Bond Funds						Appropriated Funds		Total for the Nine Months Ended March 31, 2025	Total for the Nine Months Ended March 31, 2024
Nine Months Ended March 31, 2025 (with comparative totals for Nine Months Ended March 31, 2024)	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES <sup>SM</sup>	State Appropriated	Federal Appropriated		
Operating Revenue										
Interest earned on loans	\$ -	\$ 9,591	\$ 22,200	\$ -	\$ 413	\$ -	\$ 630	\$ 18	\$ 32,852	\$ 30,970
Interest earned on investments-program mortgage-backed securities	-	-	144,751	23,838	-	-	-	-	168,589	117,296
Appropriations received	-	-	-	-	-	-	318,372	230,914	549,286	1,076,759
Administrative reimbursement	45,063	-	-	-	-	-	-	-	45,063	37,450
Fees earned and other income	14,553	561	4,430	802	-	-	14,380	-	34,726	27,225
Total operating revenues	59,616	10,152	171,381	24,640	413	-	333,382	230,932	830,516	1,289,700
Operating Expenses										
Loan administration and trustee fees	-	135	2,788	264	4	-	95	-	3,286	2,937
Administrative reimbursement	-	1,335	23,640	4,493	67	-	13,970	1,558	45,063	33,678
Salaries and benefits	32,096	-	-	-	-	-	-	-	32,096	30,083
Other general operating	7,486	5	2,469	18	-	-	593	138	10,709	6,148
Appropriations disbursed	-	-	-	-	-	-	161,484	230,219	391,703	322,451
Reduction in carrying value of certain low interest rate deferred loans	-	1,069	(113)	-	-	-	65,807	27,210	93,973	92,608
Provision for loan losses	-	2,031	1,581	-	(1)	-	1,878	(58)	5,431	3,359
Total operating expenses	39,582	4,575	30,365	4,775	70	-	243,827	259,067	582,261	491,264
Operating income (loss)	20,034	5,577	141,016	19,865	343	-	89,555	(28,135)	248,255	798,436
Nonoperating Revenues (Expenses)										
Interest earned on investments-other	892	1,704	18,555	1,431	77	94	44,394	2,243	69,390	66,402
Appropriations received	-	-	-	-	-	-	37,053	-	37,053	35,204
Net appreciation/depreciation in fair value on investments	-	530	86,006	19,939	-	-	417	-	106,892	(20,063)
Interest	(175)	(5,494)	(127,276)	(18,455)	(275)	(94)	(10,188)	-	(161,957)	(118,559)
Financing, net	-	(832)	(9,584)	-	-	-	(173)	-	(10,589)	(10,827)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	717	(4,092)	(32,299)	2,915	(198)	-	71,503	2,243	40,789	(47,843)
Income (Loss) Before Transfers and Contributions	20,751	1,485	108,717	22,780	145	-	161,058	(25,892)	289,044	750,593
Other changes										
Non-operating transfer of assets and program contributions between funds	(20,259)	(48,053)	74,976	(6,664)	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-
Change in net position	492	(46,568)	183,693	16,116	145	-	161,058	(25,892)	289,044	750,593
Net Position										
Total net position, beginning of period	10,332	168,645	530,974	(49,633)	2,532	-	652,328	76,718	1,391,896	719,757
Total net position, end of period	\$ 10,824	\$ 122,077	\$ 714,667	\$ (33,517)	\$ 2,677	\$ -	\$ 813,386	\$ 50,826	\$ 1,680,940	\$ 1,470,350

This information on the funds of the Agency for the nine-month period ended March 31, 2025 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

As of March 31, 2025 (with comparative totals for  
March 31, 2024)

	Bond Funds							General Reserve &	General Reserve &	Residential Housing	General Reserve &	General Reserve &
								Bond Funds	Bond Funds	Finance	General Reserve &	General Reserve &
	General	Rental	Residential Housing Finance		Homeownership	Multifamily		Excluding Pool 3	Excluding Pool 3	Pool 3	Bond Funds	Bond Funds
	Reserve	Housing	Bonds	Pool 2	Finance	Housing	HOMES <sup>SM</sup>	Total As Of	Total As Of	Total As Of	Total As Of	Total As Of
					Bonds	Bonds		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2025	March 31, 2024
Assets												
Cash and cash equivalents	\$ 98,224	\$ 66,226	\$ 379,356	\$ 93,878	\$ 42,428	\$ 2,286	\$ -	\$ 682,398	\$ 505,440	\$ 14,791	\$ 697,189	\$ 507,640
Investments-program mortgage-backed securities	-	-	4,168,592	-	815,344	-	-	4,983,936	3,994,108	-	4,983,936	3,994,108
Investment securities-other	12,518	17,180	2,678	56,529	-	-	3,453	92,358	92,947	1,355	93,713	101,189
Loans receivable, net	-	265,913	221,228	485,866	-	12,468	-	985,475	903,400	128,769	1,114,244	1,036,225
Interest receivable on loans and program mortgage-backed securities	-	1,068	19,529	1,791	2,716	46	-	25,150	19,380	28	25,178	19,410
Interest receivable on investments	354	294	1,004	653	138	8	10	2,461	2,389	61	2,522	2,422
Interest rate swap agreements	-	-	41,929	-	-	-	-	41,929	43,949	-	41,929	43,949
FHA/VA insurance claims, net	-	-	108	-	-	-	-	108	122	-	108	122
Real estate owned, net	-	-	377	191	-	-	-	568	559	-	568	559
Capital assets, net	4,704	-	-	1,556	-	-	-	6,260	7,398	-	6,260	7,398
Other assets	2,936	26	199	5,922	5	-	-	9,088	3,369	1	9,089	3,370
Total assets	118,736	350,707	4,835,000	646,386	860,631	14,808	3,463	6,829,731	5,573,061	145,005	6,974,736	5,716,392
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	6,875	-	-	-	-	6,875	844	-	6,875	844
Deferred pension expense	8,421	-	-	-	-	-	-	8,421	10,792	-	8,421	10,792
Total deferred outflows of resources	8,421	-	6,875	-	-	-	-	15,296	11,636	-	15,296	11,636
Total assets and deferred outflows of resources	\$ 127,157	\$ 350,707	\$ 4,841,875	\$ 646,386	\$ 860,631	\$ 14,808	\$ 3,463	\$ 6,845,027	\$ 5,584,697	\$ 145,005	\$ 6,990,032	\$ 5,728,028
Liabilities												
Bonds payable, net	\$ -	\$ 178,455	\$ 4,654,098	\$ 61,273	\$ 888,783	\$ 12,100	\$ 3,854	\$ 5,798,563	\$ 4,773,686	\$ -	\$ 5,798,563	\$ 4,773,686
Interest payable	-	1,539	47,913	839	1,996	31	10	52,328	37,111	-	52,328	37,111
Interest rate swap agreements	-	-	6,875	-	-	-	-	6,875	844	-	6,875	844
Net pension liability and OPEB	8,963	-	-	-	-	-	-	8,963	13,428	-	8,963	13,428
Accounts payable and other liabilities	7,623	48,636	1,175	93,678	42	-	-	151,154	78,620	67	151,221	78,621
Interfund payable (receivable)	5,146	-	(187)	15,355	-	-	-	20,314	10,219	(22,335)	(2,021)	(3,886)
Funds held for others	84,102	-	-	-	-	-	(401)	83,701	80,193	-	83,701	80,193
Lease Liability	3,858	-	-	-	-	-	-	3,858	5,268	-	3,858	5,268
Subscription Liability	18	-	-	1,579	-	-	-	1,597	1,980	-	1,597	1,980
Total liabilities	109,710	228,630	4,709,874	172,724	890,821	12,131	3,463	6,127,353	5,001,349	(22,268)	6,105,085	4,987,245
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	41,929	-	-	-	-	41,929	43,949	-	41,929	43,949
Deferred revenue-service release fee	-	-	14,785	1,429	3,327	-	-	19,541	19,403	-	19,541	19,403
Deferred discount loan interest	-	-	-	126	-	-	-	126	-	-	126	-
Deferred pension credit	6,623	-	-	-	-	-	-	6,623	4,634	-	6,623	4,634
Total deferred inflows of resources	6,623	-	56,714	1,555	3,327	-	-	68,219	67,986	-	68,219	67,986
Total liabilities and deferred inflows of resources	\$ 116,333	\$ 228,630	\$ 4,766,588	\$ 174,279	\$ 894,148	\$ 12,131	\$ 3,463	\$ 6,195,572	\$ 5,069,335	\$ (22,268)	\$ 6,173,304	\$ 5,055,231
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	122,380	337,827	-	17,215	2,677	-	480,099	463,122	-	480,099	463,122
Restricted by covenant	9,996	-	-	472,130	-	-	-	482,126	398,478	167,273	649,399	555,913
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by bond resolution	-	(303)	(262,540)	-	(50,732)	-	-	(313,575)	(346,402)	-	(313,575)	(346,402)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	828	-	-	(23)	-	-	-	805	164	-	805	164
Total net position	10,824	122,077	75,287	472,107	(33,517)	2,677	-	649,455	515,362	167,273	816,728	672,797
Total liabilities, deferred inflows, and net position	\$ 127,157	\$ 350,707	\$ 4,841,875	\$ 646,386	\$ 860,631	\$ 14,808	\$ 3,463	\$ 6,845,027	\$ 5,584,697	\$ 145,005	\$ 6,990,032	\$ 5,728,028
	-	-	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the nine-month period ended March 31, 2025 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2025, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

Minnesota Housing Finance Agency  
Supplementary Information (Unaudited)

Statement of Revenues, Expenses and Changes in Net Position (in thousands)  
General Reserve & Bond Funds  
Nine Months Ended March 31, 2025 (with comparative totals for the nine months ended March 31, 2024)

	Bond Funds						General Reserve & Bond Funds Excluding Pool 3 Total for Nine Months Ended March 31, 2025	General Reserve & Bond Funds Excluding Pool 3 Total for Nine Months Ended March 31, 2024	Residential Housing Finance Pool 3 Total for Nine Months Ended March 31, 2025	General Reserve & Bond Funds Total for Nine Months Ended March 31, 2025	General Reserve & Bond Funds Total for Nine Months Ended March 31, 2024
	General Reserve	Rental Housing	Residential Housing Finance		Homeownership Finance	Multifamily Housing	HOMES <sup>SM</sup>				
			Bonds	Pool 2	Bonds	Bonds					
Operating revenues											
Interest earned on loans	\$ -	9,591	\$ 6,688	\$ 15,373	\$ -	\$ 413	\$ -	\$ 32,065	\$ 30,248	\$ 139	\$ 30,385
Interest earned on investments-program mortgage-backed securities	-	-	144,751	-	23,838	-	-	168,589	117,296	-	117,296
Appropriations received	-	-	-	-	-	-	-	-	-	-	-
Administrative reimbursement	45,063	-	-	-	-	-	-	45,063	37,450	-	37,450
Fees earned and other income	14,553	561	2,687	1,693	802	-	-	20,296	18,180	50	18,194
Total operating revenues	59,616	10,152	154,126	17,066	24,640	413	-	266,013	203,174	189	203,325
Operating expenses											
Loan administration and trustee fees	-	135	1,534	1,229	264	4	-	3,166	2,837	25	2,847
Administrative reimbursement	-	1,335	19,439	2,901	4,493	67	-	28,235	23,000	1,300	24,305
Salaries and benefits	32,096	-	-	-	-	-	-	32,096	30,083	-	30,083
Other general operating	7,486	5	76	962	18	-	-	8,547	4,267	1,431	5,472
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-
Reduction in carrying value of certain low interest rate deferred loans	-	1,069	(82)	(230)	-	-	-	757	(386)	199	7,947
Provision for loan losses	-	2,031	1,793	(380)	-	(1)	-	3,443	1,535	168	1,761
Total operating expenses	39,582	4,575	22,760	4,482	4,775	70	-	76,244	61,336	3,123	72,415
Operating income (loss)	20,034	5,577	131,366	12,584	19,865	343	-	189,769	141,838	(2,934)	130,910
Nonoperating Revenues (Expenses)											
Interest earned on investments-other	892	1,704	12,216	5,727	1,431	77	94	22,141	19,638	612	20,247
Appropriations received	-	-	-	-	-	-	-	-	-	-	-
Net appreciation/depreciation in fair value on investments	-	530	84,052	1,925	19,939	-	-	106,446	(20,236)	29	(20,246)
Interest	(175)	(5,494)	(123,057)	(4,219)	(18,455)	(275)	(94)	(151,769)	(107,519)	-	(107,519)
Financing, net	-	(832)	(9,563)	(21)	-	-	-	(10,416)	(10,555)	-	(10,555)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	717	(4,092)	(36,352)	3,412	2,915	(198)	-	(33,598)	(118,672)	641	(118,073)
Income (Loss) Before Transfers and Contributions	20,751	1,485	95,014	15,996	22,780	145	-	156,171	23,166	(2,293)	12,837
Other changes											
Non-operating transfer of assets and program contributions between funds	(20,259)	(48,053)	658	74,318	(6,664)	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-
Change in net position	492	(46,568)	95,672	90,314	16,116	145	-	156,171	23,166	(2,293)	12,837
Net Position											
Total net position, beginning of period	10,332	168,645	(20,385)	381,793	(49,633)	2,532	-	493,284	492,196	169,566	662,850
Total net position, end of period	\$ 10,824	\$ 122,077	\$ 75,287	\$ 472,107	\$ (33,517)	\$ 2,677	\$ -	\$ 649,455	\$ 515,362	\$ 167,273	\$ 816,728

This information on the funds of the Agency for the nine-month period ended March 31, 2025 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the nine-month period ended March 31, 2025 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.





## Item: Administrative Budget for Fiscal Year 2026

**Discussion Item:** 8.B  
**Date:** 06/25/2025  
**Staff Contacts:** Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
Rachel Robinson, 651.297.3125, Rachel.robinson@state.mn.us  
Don McCabe, 651.296.8142, don.mccabe@state.mn.us  
**Request Type:** No Action, Discussion

### Request Summary

The Agency's administrative budget was developed by staff and is annually presented to the board. Presentation of the administrative budget is informational and no action by the board is required.

### Fiscal Impact

The administrative budget represents the projected expenditures necessary to support the level of program delivery and other activities which the Agency anticipates for Fiscal Year 2026, July 1, 2025 – June 30, 2026. Since the budget is largely funded by the Agency's earnings, balancing budgeted expenditures with the sustainability of the Agency's financial position remains a focus.

### Agency Priorities

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

### Attachments

- Background
- FY 2026 Administrative Budget Summary
- Administrative Budget History

## Background

The overall Agency administrative budget for Fiscal Year 2026 (July 1, 2025 – June 30, 2026) is \$64.597 million. This budget covers all Agency administrative and operational expenses. The 2026 budget is 2.7% greater than the current 2025 administrative budget, which was 9.7% greater than the 2024 administrative budget. Over the past 5 years the Agency administrative budget has grown by 42.4%.

Many significant budget line-item costs are expected to increase from FY2025. The cost of salaries and benefits represent approximately 76% of the Agency's expenses and this budget incorporates an estimated 2.5% cost of living adjustment for contract increases in FY2026. The Agency continues to make investments in technology with key drivers including website redesign, a new grants management system and updates to the Housing Development System (HDS). Furthermore, the Agency will begin to migrate its IT infrastructure to the cloud in FY2026. This strategic investment will offset the need for expensive hardware replacements going forward and positions us for long-term cost savings in operations and disaster recovery. As internal promotions, a tight labor market and other factors resulted in some vacant positions throughout FY2025 the 2026 budget is approximately 15% greater than forecasted actual forecasted expenditures for 2025.

In the FY2024 budget the Agency planned to add 56 new FTEs, primarily to address the needs of the significant increase in appropriations and new programs resulting from the 2023 legislative session. The FY2025 budget maintained the same level of staffing, while the FY2026 budget will reduce staffing by 1.5 FTEs. The Agency remains confident that this staffing level will support the ongoing work to program, deploy and monitor the increase in Minnesota Housing's state appropriated resources and programs.

External sources, such as state appropriations eligible for administrative costs and other federal programs, support portions of the administrative budget while the majority is funded by Agency interest earnings in bond and state-appropriated programs, fee revenues and other sources. Management is incorporating the sustainability work being done with its financial advisor into the near-term forecasting for future Agency administrative budget sources and uses.

## MINNESOTA HOUSING

## Administrative Budget

**Fiscal Year 2026 with Prior Year Comparables**

EXPENSE CATEGORY	Total Agency		Total Agency		Prior Year Comparable		Prior Year Comparable
	2026 Budget	2026 Budget to 2025 Forecast	2025 Budget	2026 Budget to 2025 Budget	2025 Forecast	2025 Budget to 2025 Forecast	2024 Actual
Full Time Salaries	49,473,000	4,799,000	47,384,000	(2,089,000)	44,674,000	(2,710,000)	39,849,880
Part Time & Temp Salaries	64,000	18,000	80,000	16,000	45,000	(35,000)	123,435
Overtime	178,000	(7,000)	215,000	37,000	185,000	(30,000)	200,476
Separation Expenses	338,000	79,000	337,000	(1,000)	259,000	(78,000)	227,869
Space Rental	2,013,000	288,000	1,770,000	(243,000)	1,726,000	(44,000)	1,685,864
Printing /Advertising	201,000	120,000	149,000	(52,000)	82,000	(67,000)	65,350
Postage/Telephone	117,000	30,000	113,000	(4,000)	87,000	(26,000)	91,875
Travel-In State	242,000	81,000	277,000	35,000	161,000	(116,000)	142,902
Travel-Out State	326,000	117,000	389,000	63,000	209,000	(180,000)	185,561
Employee Development	502,000	150,000	565,000	63,000	352,000	(213,000)	314,200
Other Benefits	168,000	129,000	149,000	(19,000)	38,000	(111,000)	10,181
Repairs & Maintenance	150,000	47,000	141,000	(9,000)	103,000	(38,000)	68,958
Computer & Systems Services	2,276,000	224,000	2,214,000	(62,000)	2,051,000	(163,000)	1,456,397
Supplies	181,000	91,000	204,000	23,000	90,000	(114,000)	375,497
Equipment Rentals	18,000	4,000	19,000	1,000	14,000	(5,000)	8,985
Equipment Purchases	342,000	260,000	493,000	151,000	82,000	(411,000)	110,231
Other Operating Expenses	748,000	232,000	640,000	(108,000)	517,000	(123,000)	293,122
Pool 2 Contracts	1,087,000	(53,000)	1,337,000	250,000	1,140,000	(197,000)	861,776
Prof & Tech w/Outside Vendors	2,805,000	157,000	4,192,000	1,387,000	2,648,000	(1,544,000)	550,563
Prof & Tech Computer System Dev.	1,355,000	532,000	1,022,000	(333,000)	824,000	(198,000)	13,379
Prof & Tech w/State Agencies	1,035,000	984,000	154,000	(881,000)	51,000	(103,000)	76,648
State Indirect Costs	642,000	(98,000)	740,000	98,000	740,000	0	306,344
State Board of Investments	72,000	(40,000)	107,000	35,000	112,000	5,000	70,289
Attorney General Costs	264,000	124,000	225,000	(39,000)	140,000	(85,000)	141,988
TOTALS	64,597,000	8,268,000	62,916,000	(1,681,000)	56,330,000	(6,586,000)	47,231,770



**MINNESOTA HOUSING FINANCE AGENCY  
ADMINISTRATIVE BUDGET HISTORY  
(\$000's)**

	<u>FY</u> <u>2017</u>	<u>FY</u> <u>2018</u>	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2020</u>	<u>FY</u> <u>2021</u>	<u>FY</u> <u>2022</u>	<u>FY</u> <u>2023</u>	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2025</u>	<u>FY</u> <u>2026</u>
Budgeted*	36,657	37,852	39,298	40,481	41,501	45,377	47,437	57,344	62,915	64,597
Actual**	35,649	35,938	34,860	37,117	38,124	39,081	42,813	47,232	56,329	N/A
Variance	1,008	1,914	4,438	3,364	3,377	6,296	4,624	10,112	6,586	N/A
<i>Budget FTE Count*</i>	<i>249.6</i>	<i>253.6</i>	<i>258.9</i>	<i>266.0</i>	<i>268.0</i>	<i>293.4</i>	<i>307.42</i>	<i>363.42</i>	<i>363.42</i>	<i>361.92</i>
Expense actual change % year/year**		0.81%	-3.00%	6.47%	2.71%	2.51%	9.55%	10.32%	19.26%	N/A
Expense actual change \$\$ year/year**		289	(1,078)	2,257	1,007	957	3,732	4,419	9,097	N/A

Notes:

\* FY2022 budget includes 9 FTEs, and approximately \$1 million, planned to be paid for via the administrative component of emergency federal programs

\* FY2023 budget includes 13 FTEs, and approximately \$1.4 million, planned to be paid for via the administrative component of emergency federal programs

\* FY2024 budget includes 9 FTEs, and approximately \$1 million, planned to be paid for via the administrative component of emergency federal programs

\* FY2025 budget includes 5 FTEs, and approximately \$0.74 million, planned to be paid for via the administrative component of emergency federal programs

\*\* FY2025 is forecasted amount



## Item: Single Family Homeownership Program Update

**Information Item:** 9.A  
**Date:** 06/26/2025  
**Staff Contacts:** Elsa Hildebrandt, 651-296-1250, elsa.hildebrandt@state.mn.us  
Laura Bolstad Grafstrom, 651-296-6346, Laura.Bolstad.Grafstrom@state.mn.us  
**Request Type:** No Action, Information

### Item Summary

Minnesota Housing implemented changes to our Single Family home mortgage programs in March 2025 to align program parameters to available resources, the mortgage market and borrower needs. We made the changes to reduce the Agency's downpayment assistance spending, while offering continuous programming and focusing resources on the Agency's highest mission priorities. The following information serves to provide the board an update as to how the program changes have been successful in meeting these objectives.

### Fiscal Impact

We estimated the proposed changes would reduce the number and dollar amount of first mortgages by 10-18% which would reduce annual lending to between \$0.94 billion and \$1.03 billion – consistent with 2019/2020 levels. The changes will reduce Agency revenue and earnings from mortgage lending; however, the changes will support our ability to operate downpayment and closing cost loan programs within the supply of available resources.

### Agency Priorities

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

### Attachments:

- Background
- Item Details

## Background

Following board approval on January 23, 2025, the Agency implemented the following changes on March 3, 2025 to align our programs with available resources and to target funds to maximize our ability to reach our mission and strategic goals:

1) Changes to the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) loans:

- Established a minimum housing ratio of 28%, when it could previously be less
- Reduced the income limit from 90% AMI to 80% AMI
- Maintained the DPL+ maximum loan amount of \$18,000
- Revised the targeting criteria for DPL+ to include first-generation homebuyers
- Reduced the DPL maximum loan amount from \$16,500 to \$14,000
- Revised the post-closing liquid asset limit from the greater of \$12,000 or eight months of principal, interest, taxes, insurance and homeowners' association dues to \$13,000
- Revised the index to adjust for inflation and revised the asset spend-down guidance

2) Changes to Monthly Payment Loan (MPL):

- a. Reduced the income limit for MPL with Step Up from 130% AMI to 105% AMI by household size, using the same methodology as Start Up
- b. Reduced the Monthly Payment Loan (MPL) limit from \$18,000 to \$14,000

Upon board approval of the program changes in January, Agency staff committed to providing a mid-year progress report on the initial results of the changes, and the impact the changes have had on our budget and mission goals. The information contained within this document serves as that report. We have also assessed external factors currently impacting our programs.

## Item Details

### Positive Lender Reception to the Changes

Agency staff met with lenders from our Lender Advisory Committee in February to notify them of the impending program changes. Overall, the program changes were well received by the committee, and the broader reaction within the lender network has been positive as well. Lenders understood that the changes were necessary to support the uninterrupted availability of our programs and appreciated our effort to make proactive changes to avoid suspension of funding.

Some lenders have raised concerns that lowering the income limits at the same time as homes prices continue to increase negatively impacts the affordability of homes through the state.

### Mission Alignment

The program changes were intended to align our program parameters with our strategic goal to make homeownership more accessible. We can achieve this by addressing homeownership barriers, reducing disparities, and providing access to our most generous downpayment loan option to families with generational barriers to homeownership.

Since program changes were implemented, our Start Up Program's lending to Black, Indigenous, and people of color (BIPOC) households has increased back above our goal of 40%. Historical loan production shows lending to BIPOC homebuyers went from below our 40% goal in 2023 to above the goal in 2024 because the First-Generation Homebuyer Loan Program was so effective in reaching and serving BIPOC households. After the First-Generation Homebuyer Loan Program funds were exhausted in December of 2024, lending to BIPOC homebuyers plummeted in the first quarter of 2025. However, initial data suggests the program changes implemented in March have turned that around, with new commitments to BIPOC first-time homebuyers representing 40-41% of Start Up production in April-May.

Start Up production BIPOC households	
Production timeframe	Share BIPOC
2023 program year	36.7%
2024 program year	41.5%
May - Dec. 2024 (First-Generation Homebuyer Loan program active)	50%
January - March 2025 commitments	30%
April - May commitments	40-41%

## Lagging Production

Current production levels in the Agency's home mortgage and downpayment assistance programs have significantly decreased, and staff is monitoring several potential factors that could be contributing.

Based on current projections, the downpayment and closing cost loan projected budget need for the 2025 AHP is \$48 million, well below previous expectations. While market headwinds may push 2026 production below expectations, current projections are in line with the budget target for our downpayment assistance programs of \$64 million.

First mortgage production follows a similar pattern, with a projected \$810 million volume during the 2025 AHP year, down from the \$895 million originally anticipated. First mortgage volume for 2026 is projected at roughly \$1.03 billion, though challenging housing market conditions, economic factors and market competition could drive 2026 production below expectations.

Since the Agency's First-Generation Homebuyer Loan program ended in December 2024, monthly production has been consistently 35-50% lower than last year at the same time. During the First-Generation Homebuyer Loan program's run, we had been able to enhance affordability and expand who could qualify for a mortgage because we offered up to \$53,000 in downpayment and closing cost loans, which covered not just closing costs and standard downpayment but helped reduce the borrower's monthly payment. Absent this program, we only have our standard downpayment and closing cost loans that offer up to \$18,000, which helps cover closing costs and minimum downpayment, but has no impact on monthly affordability for borrowers. So, part of our production loss may be that we are no longer able to effectively serve borrowers with deeper affordability needs.

The year-over-year monthly production decreases did not change after the program changes were implemented in March. Minnesota Housing appears to be seeing a larger decrease in production than other HFAs in calendar year 2025. Minnesota Housing has been U.S. Bank's top producing HFA lender since 2022, and in 2020 and 2021 we ranked third. To date in 2025, the Agency ranks fifth.

## External Factors

Agency staff continue to monitor external factors impacting usage of our loan programs, including market factors and the availability of first-generation homebuyer program funds.

### 1) MMCDC First Generation Homebuyer Program

While Minnesota Housing's First Generation Homebuyer Loan program ended in December, the Midwest Minnesota Community Development Corporation (MMCDC) continued to operate the First Generation Homebuyer's Community Down Payment Assistance Fund, which offers loan amounts up to \$32,000. This option serves homebuyers who may previously have had the option of



either first-generation program. Minnesota Housing's First-Generation Homebuyer Loan Program required use of a Minnesota Housing first mortgage, while MMCDC's program can be paired with any first-mortgage product, which may be impacting production within Minnesota Housing's first-mortgage programs.

## 2) Market Conditions

Data from the Minnesota Realtors® Association shows home sales in Minnesota are down slightly from April 2024 to April 2025, despite a 13% increase in the supply of available homes on the market during this same time. Interest rates and home prices have remained relatively high over the last year—suggesting that lack of affordability, perhaps combined with broader economic uncertainties, may be keeping more borrowers out of the market. While our production is down, it's unclear whether this is proportionate to the rest of the overall industry. As data becomes available, we will explore any trends in sales for homes priced under \$300K and monitor broader home sale trends to assess the need for programmatic changes so we can adjust to market conditions.

## Next Steps

We will continue to monitor the impact of the program changes on our overall first mortgage production and downpayment and closing cost loan volume. Staff plans to prepare the next program analysis once MMCDC's First Generation Homebuyer's Community Down Payment Assistance Fund has ended and we have sufficient production data that is not affected by MMCDC's program. Depending on timing of this, staff anticipates potentially bringing any recommendations resulting from the annual program analysis to the board in spring 2026.

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## Item: Post Sale Report, Rental Housing Bonds, Series 2025 C (Hillside Gardens)

**Information Item:** 9.B  
**Date:** 6/26/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$7,600,000 of its Series 2025 C Rental Housing Bonds on April 9, 2025. These short-term bonds will mature in 2027. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report

## POST-SALE REPORT

**\$7,600,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2025 Series C (Hillside Gardens)

Minnesota Housing issued its \$7,600,000 2025 Series C Rental Housing Bonds to provide funding for the 45-unit Hillside Gardens development in Proctor. RBC Capital Markets, acting as sole manager, priced the bonds on April 9, 2025. The transaction closed on April 17, 2025.

The issue was structured as a short-term tax-exempt bridge bond, making the development eligible for 4% low income housing tax credits. The bonds are expected to be repaid from the proceeds of zero percent deferred payment loans from the Agency and low income housing tax credit equity contributions. The short-term borrowing rate to the development is 5.00%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively. The bonds mature on February 1, 2027, which is a weighted average life of 1.789 years (or 1.289 years if optionally redeemed at their earliest par call date of August 1, 2026).

Pricing was originally planned for Monday, April 7. But just one small order was received on Monday as equity and debt markets experienced extraordinary levels of volatility triggered by tariff announcements. The pricing was postponed, like nearly all other municipal bond offerings nationally, and the relevant MMD index level jumped by 0.30% Monday and another 0.25% Tuesday. RBC continued informally marketing the bonds on Tuesday and Wednesday, looking for investors willing to commit capital despite the great uncertainties in the market. On Wednesday, RBC identified a potential investor and re-opened a formal order period. The bonds were sold at a 4% coupon, which was much higher than expected a few days prior but represented a comparatively low spread of +58 basis points to the MMD index set at the end of the day. This allowed the closing to remain on schedule for the benefit of the development and still provided positive yield spread to Minnesota Housing.

As shown in the table below, the +58 basis points spread is on the lower end of the +52 to +79 range achieved on all but one of MHFA's Rental transactions since 2022. (The outlier is 24B Edge at +40bps). The 2025 Series C 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.

#### MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 1/1/22 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted Average Life (yrs) First Call / Maturity	Yield	Spread to iMMD (bps)	
						Prior Day	Pricing Day
6/14/22	22B	WOTW Theodore	8.200	1.606 / 2.106	2.85%	+83	+77
8/2/22	22A	Spring Creek II	7.190	1.472 / 1.972	2.30%	+69	+69
10/4/22	22C	Lumin at Highland Br.	10.495	1.800 / 2.300	3.80%	+73	+78
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
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

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**NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS**

Pricing Date	4/9/25			4/3/25			3/31/25			3/26/25			3/24/25			3/24/25			3/20/25			
Amount	\$7,600,000			\$34,190,000			\$21,520,000			\$28,000,000			\$10,200,000			\$16,305,000			\$49,300,000			
Issuer	Minnesota HFA			Colorado HFA			Maryland DHCD			Rhode Island HMFC			Rhode Island HMFC			Rhode Island HMFC			New Jersey HMFA			
Series	2025 S. C (Hillside Gardens)			2025 S. G-1,2 (Harvest Hill)			Series 2025A			S. 2025A,B (Rock Ridge)			2025 Series 1-A			2025 Series 1-B,C			S. 2025A (Montgomery)			
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			
Rating(s)	Aa1 / AAA / -			Aaa / AAA / -			Aa2 / - / AA+			Aaa/VMIG-1 / - / -			Aa2 / - / -			Aa2 / - / -			Aaa / - / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
Yr ('25 pricings)	2/1/27	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	4/29,6/43	(if diff.)	to iMMD	10/1/55	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	5/1/41	(if diff.)	to iMMD	
0 2025																						
1 2026																3.00	-	+38				
2 2027	4.00	-	+58						3.15	-	+47				3.35	-	+70	3.05 / 3.10	-	+40 / +45		
3 2028									3.25 / 3.30	-	+53 / +58	3.35	-	+56				3.15,3.30* / 3.20	-	+46,+61* / +50		
4 2029				3.40	-	+76			3.35 / 3.35	-	+57 / +57							3.25 / 3.30	-	+51 / +55		
5 2030				3.50 / 3.55	-	+81 / +85			3.50 / 3.55	-	+64 / +69							3.35 / 3.40	-	+53 / +57		
6 2031				3.60 / 3.65	-	+83 / +88			3.60 / 3.65	-	+66 / +71							3.45 / 3.50	-	+59 / +64		
7 2032				3.70 / 3.75	-	+86 / +87			3.70 / 3.75	-	+69 / +72							3.55 / 3.60	-	+64 / +65		
8 2033				3.85 / 3.90	-	+93 / +96			3.80 / 3.85	-	+71 / +75							3.65 / 3.75	-	+67 / +75		
9 2034				3.95 / 4.00	-	+95 / +97			3.95 / 3.95	-	+79 / +76							3.80 / 3.85	-	+72 / +74		
10 2035				4.00 / 4.00	-	+91 / +89			4.05 / 4.05	-	+80 / +78							3.90 / 3.95	-	+75 / +78		
11 2036				4.05 / 4.10	-	+90 / +92			4.10 / 4.15	-	+78 / +81							4.00 / 4.05	-	+80 / +82		
12 2037				4.15 / 4.15	-	+94 / +91			4.15 / 4.15	-	+77 / +75							4.10 / 4.10	-	+84 / +81		
13 2038																						
14 2039																						
15 2040				4.35	-	+91			4.35	-	+74							4.25	-	+76		
16 2041																				4.55	-	+97
17 2042																						
18 2043												4.80	-	+84								
19 2044																						
20 2045				4.75	-	+86			4.75	-	+69							4.70	-	+73		
21 2046																						
22 2047																						
23 2048																						
24 2049																						
25 2050				4.85	-	+85			4.85	-	+68											
26 2051																						
27 2052																						
28 2053																						
29 2054																						
30 2055				4.90	-	+83			4.90	-	+66											
31 2056																						
32 2057																						
33 2058																						
34 2059																						
35 2060																						
36 2061																						
37 2062																						
38 2063																						
39 2064																						
40 2065																						
41 2066																						
42 2067									5.00	-	+76											
43 2068				4.95	-	+88																
44 2069																						
Notes				G-2 is \$5,900,000 maturing 10/1/29						A is \$23,800,000 6/43 Fannie MBS-secured, B is \$4,200,000 4/29 mat & 4/28 mand tender						* 4/1/28 includes all of 1-B at \$10,840,000 3.30% w/ 4/1/27 call and portion of 1-C at \$105,000 3.15% w/ 4/1/33 call				Fanne Mae Stand-By Credit Enhancement		
Par Call	8/1/26			10/1/32			1/1/33			A: None; B: 4/1/28			10/1/26			1B: 4/1/27, 1C: 4/1/33			None			
Mandatory Tender	N/A			N/A			N/A			B: 4/1/28 (used for spread)			10/1/27 (used for spread)			N/A			N/A			
Sr Manager	RBC Capital Markets			Jefferies			BofA			Morgan Stanley			Morgan Stanley			Morgan Stanley			Stifel			

## NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	3/20/25			3/13/25			3/12/25			3/11/25			3/11/25			3/7/25			3/6/25		
Amount	\$113,695,000			\$16,725,000			\$7,195,000			\$135,095,000			\$107,725,000			\$30,000,000			\$231,000,000		
Issuer	New York State HFA			South Carolina SHFDA			Minnesota HFA			New York City HDC			New York City HDC			California SCDA			New York SHFA		
Series	2025 Series A-1,2			S. 2025A,B (Settlement Manor)			2025 S. B (Welch Place)			2025 Series A-1			2025 Series A-2			2025 S. A (Heritage Park)			2011 S. A (160 W. 62nd) Rmkt		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aa2 / - / -			Aaa/VMIG-1 / - / -			Aa1 / AAA / -			Aa2 / AA+ / -			Aa2 / AA+ / -			Aaa / - / -			Aaa / - / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	May1 / Nov1	(if diff.)	to iMMD	11/28,5/43	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	11/1/64	(if diff.)	to iMMD	4/1/35	(if diff.)	to iMMD	11/1/44	(if diff.)	to iMMD
0 2025																					
1 2026																					
2 2027				5.00	3.20	+58	3.10	-	+52												
3 2028	3.10 / 3.15	-	+43 / +46																		
4 2029	3.25,3.40* / 3.30	-	+53,+68* / +56										3.25	-	+63						
5 2030	3.35,3.50* / 3.35	-	+55,+70* / +54							3.30	-	+60									
6 2031	3.45 / 3.50	-	+61 / +66							3.40 / 3.40	-	+67 / +67									
7 2032	3.55 / 3.60	-	+65 / +67							3.50 / 3.55	-	+73 / +75							3.60	-	+82
8 2033	3.65 / 3.75	-	+68 / +77							3.625 / 3.625	-	+80.5 / +79.5									
9 2034	3.80 / 3.85	-	+73 / +75							3.65 / 3.70	-	+75 / +77									
10 2035	3.90 / 3.90	-	+76 / +75							3.75 / 3.80	-	+78 / +82				3.70	-	+74			
11 2036	3.95 / 4.00	-	+76 / +78							3.90 / 3.95	-	+88 / +90									
12 2037	4.00 / 4.05	-	+75 / +77							3.95 / 4.00	-	+87 / +89									
13 2038																					
14 2039																					
15 2040	4.20	-	+73							4.15	-	+84									
16 2041																					
17 2042																					
18 2043				4.80	-	+100															
19 2044																					
20 2045	4.60	-	+65							4.60	-	+78									
21 2046																					
22 2047																					
23 2048																					
24 2049																					
25 2050	4.75	-	+66							4.75	-	+75									
26 2051																					
27 2052																					
28 2053																					
29 2054																					
30 2055	4.80	-	+64							4.80	-	+73									
31 2056																					
32 2057																					
33 2058																					
34 2059																					
35 2060	4.85	-	+69							4.85	-	+78									
36 2061																					
37 2062																					
38 2063																					
39 2064										4.85	-	+78									
40 2065																					
41 2066																					
42 2067																					
43 2068	4.90	-	+74																		
44 2069																					
Notes	* 5/29 includes part of A-2: \$26,280,000 3.40% 9/27 call; 5/30 includes other part of A-2: \$63,930,000 3.50% 5/28 call			A is \$10,545,000 5/43 Fannie MBS-secured, B is \$6,180,000 11/28 mat & 11/27 mand tender																	
Par Call	A1: 11/1/30; A2: 9/1/27,5/1/28			A: None; B: 11/1/27			8/1/26			5/1/33			7/1/28			10/1/34			4/1/31		
Mandatory Tender	A2: 5/1/29,5/1/30 (used for spread)			B: 11/1/27 (used for spread)			N/A			N/A			7/2/29 (used for spread)			N/A			4/1/32 (used for spread)		
Sr Manager	BofA			Stifel			RBC Capital Markets			Loop Capital Markets			Loop Capital Markets			Stifel			Wells Fargo		

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**NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS**

Pricing Date	3/6/25			3/4/25			2/27/25			2/26/25			2/20/25			2/18/25			2/13/25			2/11/25		
Amount	\$15,000,000			\$172,520,000			\$9,455,000			\$41,253,000			\$13,675,000			\$7,800,000			\$23,500,000			\$24,910,000		
Issuer	Oklahoma HFA			Virginia HDA			South Carolina SHFDA			California MFA			Ohio HFA			Michigan SHDA			Ohio HFA			Colorado HFA		
Series	S. 2025 (Trinity Trails)			2025 Series A			S. 2025 (Poplar Square)			S. 2024A,B (Bell Ranch) Rmkt			2025 (Franklin)			S. 2025 (4401 Rosa Parks)			S. 2025 (Beechwood Apts)			2025 S. C-1,2 (Gateway Vill)		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa / - / -			Aa1 / AA+ / -			Aaa/VMIG-1 / - / -			Aaa / - / -			Aaa / - / -			Aaa/VMIG-1 / - / -			Aaa/VMIG-1 / - / -			Aaa / AAA / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ("25 pricings)	10/1/42	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	4/1/28	(if diff.)	to iMMD	Jun1	(if diff.)	to iMMD	4/1/41	(if diff.)	to iMMD	2/1/28	(if diff.)	to iMMD	3/1/28	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD
0 2025																								
1 2026																								
2 2027				3.00	-	+46	5.00	3.16	+62							5.00	3.35	+67	3.37	-	+67			
3 2028	3.20	-	+60	3.05 / 3.10	-	+47 / +51				3.05	-	+47										3.35* , 3.15	-	+70* , +49
4 2029				3.25 / 3.25	-	+64 / +64																3.20 / 3.25	-	+52 / +56
5 2030				3.25 / 3.30	-	+62 / +66																3.30 / 3.35	-	+59 / +63
6 2031				3.35 / 3.40	-	+69 / +74																3.40 / 3.45	-	+67 / +72
7 2032				3.45 / 3.50	-	+76 / +78																3.50 / 3.55	-	+72 / +74
8 2033				3.55 / 3.60	-	+81 / +84																3.60 / 3.65	-	+75 / +79
9 2034				3.625 / 3.65	-	+80.5 / +80																3.70 / 3.75	-	+80 / +82
10 2035				3.70 / 3.75	-	+83 / +86																3.80 / 3.80	-	+84 / +82
11 2036				3.80 / 3.85	-	+90 / +92																3.85 / 3.875	-	+84 / +84.5
12 2037				3.90 / 3.95	-	+94 / +96																3.90 / 3.90	-	+85 / +83
13 2038																								
14 2039																								
15 2040				4.10	-	+90																4.10	-	+83
16 2041													4.55	-	+112									
17 2042																								
18 2043																								
19 2044										4.48	-	+85												
20 2045				4.45	-	+74																4.50	-	+74
21 2046																								
22 2047																								
23 2048																								
24 2049																								
25 2050				4.60	-	+73																4.60	-	+70
26 2051																								
27 2052																								
28 2053																								
29 2054																								
30 2055				4.65	-	+72																4.65	-	+68
31 2056																								
32 2057																								
33 2058																								
34 2059																								
35 2060				4.75	-	+82																		
36 2061																								
37 2062																								
38 2063																								
39 2064																								
40 2065																						4.70	-	+73
41 2066																								
42 2067																								
43 2068				4.85	-	+92																		
44 2069																								
Notes				3/29 optionally callable at par 3/1/26; 9/29 optionally callable at par 9/1/26						Fannie Mae MBS-secured; A: \$25.12MM 6/44; B: \$16.13MM 12/64 w 6/28 mand tndr			Fannie Mae MBS-secured									* C-2 is \$15,300,000 maturing 7/1/28		
Par Call	8/1/26			3/1/34 except 3/29 & 9/29			4/1/27			B: 6/1/28			None			None			None			4/1/33		
Mandatory Tender	4/1/28 (used for spread)			N/A			4/1/27 (used for spread)			B: 6/1/28 (used for spread)			N/A			2/1/27 (used for spread)			3/1/27 (used for spread)			N/A		
Sr Manager	Raymond James			Raymond James			Stifel			Lument			Stifel			Sturges			Lument			Jefferies		

## NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	2/11/25			2/11/25			2/11/25			2/10/25		
Amount	\$3,651,000			\$2,420,000			\$61,000,000			\$47,105,000		
Issuer	Michigan SHDA			Michigan SHDA			Mississippi HC			Connecticut HFA		
Series	S. 2025 (Old Mill Pond)			S. 2025 (Westbury Apts)			S. 2025-1 (Jackson Portf)			2025 Series B-1,2		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa/VMIG-1 / - / -			Aaa/VMIG-1 / - / -			Aaa / - / -			Aaa / AAA / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	9/1/27	(if diff.)	to iMMD	9/1/27	(if diff.)	to iMMD	4/1/42	(if diff.)	to iMMD	May15 / Nov15	(if diff.)	to iMMD
0 2025										2.85	-	
1 2026	3.35	-	+75	3.35	-	+75				2.90 / 2.90	-	+32 / +32
2 2027										2.95 / 3.00	-	+35 / +40
3 2028										3.05, 3.30* / 3.10	-	+42, +67* / +45
4 2029										3.125 / 3.20	-	+46.5 / +52
5 2030										3.20 / 3.20	-	+51 / +50
6 2031										3.30 / 3.35	-	+60 / +65
7 2032										3.45 / 3.45	-	+71 / +68
8 2033										3.55 / 3.60	-	+74 / +78
9 2034										3.65 / 3.70	-	+78 / +80
10 2035										3.70 / 3.75	-	+77 / +81
11 2036										3.85 / 3.875	-	+88 / +87.5
12 2037										3.875 / 3.875	-	+86.5 / +83.5
13 2038												
14 2039												
15 2040										4.05	-	+82
16 2041												
17 2042							4.55	-	+105			
18 2043												
19 2044												
20 2045										4.45	-	+73
21 2046												
22 2047												
23 2048												
24 2049												
25 2050										4.55	-	+69
26 2051												
27 2052												
28 2053												
29 2054												
30 2055										4.60	-	+67
31 2056												
32 2057												
33 2058												
34 2059												
35 2060										4.65	-	+72
36 2061												
37 2062												
38 2063												
39 2064												
40 2065												
41 2066												
42 2067												
43 2068												
44 2069												
Notes							Fannie Mae MBS-secured			* 5/15/28 includes \$190,000 3.05% B-1 & \$13,550,000 3.30% B-2 w/ 5/15/60 mat., 5/15/28 mand. tender, 5/15/27 par call		
Par Call	9/1/26			9/1/26			None			B1: 5/15/2033, B2: 5/15/27		
Mandatory Tender	9/1/26 (used for spread)			9/1/26 (used for spread)			N/A			B2: 5/15/28		
Sr Manager	Stifel			Stifel			Stifel			Morgan Stanley		





## Item: Post Sale Report, Rental Housing Bonds, Series 2025 D (Vue Pointe)

**Information Item:** 9.C  
**Date:** 6/26/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$9,865,000 of its Series 2025 D Rental Housing Bonds on April 28, 2025. The short-term bonds will mature in 2027. The long-term bonds will mature between 2035 and 2067. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report

## POST-SALE REPORT

**\$9,865,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2025 Series D-1 and D-2 (Vue Pointe)

Minnesota Housing issued its \$9,865,000 2025 Series D-1 and D-2 tax-exempt Rental Housing Bonds to provide funding for the 48-unit Vue Pointe development in Waite Park. The bonds make the development eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on April 28, 2025. The transaction closed on May 8, 2025.

The issue was structured with two components – \$1,020,000 Series D-1 with maturities in 2035, 2045, 2055, and 2067 to provide long-term financing and \$8,845,000 Series D-2 maturing 8/1/27 to provide short-term bridge financing. The D-1 long-term bonds are not insured and are expected to be repaid from project net operating income. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 6.50% to the development. The D-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to the development is 4.70%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated \$1,220,000 of orders, with subscription levels ranging from 0x to 2.0x depending on the maturity (0.1x overall). For Series D-1, the 8/1/45 term bond had no orders and the other three term bonds had subscription levels ranging from 1.2x to 2.0x. RBC kept the coupons as-is and underwrote the unsold balance in 8/1/45. The Series D-2 \$8,845,000 bridge bond received no orders, and RBC increased the coupon by 0.05% and underwrote the full balance. The final spread on the D-2 bonds was +70 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +70 basis points spread on the D-2 short-term bonds is within the +52 to +79 range achieved on all but one of MHFA's Rental transactions since 2022. (The outlier is 24B Edge at +40bps). The 2025 Series D pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 1/1/22 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted Average Life (yrs) First Call / Maturity	Yield	Spread to iMMD (bps)	
						Prior Day	Pricing Day
6/14/22	22B	WOTW Theodore	8.200	1.606 / 2.106	2.85%	+83	+77
8/2/22	22A	Spring Creek II	7.190	1.472 / 1.972	2.30%	+69	+69
10/4/22	22C	Lumin at Highland Br.	10.495	1.800 / 2.300	3.80%	+73	+78
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
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

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**NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS**

Pricing Date	4/28/25	4/24/25	4/24/25	4/24/25	4/24/25	4/22/25	4/21/25	4/21/25	4/21/25
Amount	\$9,865,000	\$100,000,000	\$15,000,000	\$35,750,000	\$67,700,000	\$30,000,000	\$7,715,000	\$70,000,000	
Issuer	Minnesota HFA	New Mexico MFA	Ohio HFA	Pennsylvania HFA	Washington SHFC	Michigan SHDA	Minnesota HFA	Virginia HDA	
Series	2025 S. D-1,2 (Vue Pointe)	2025 Series C	S. 2025 (At Main)	S. 2025 (Darby Townhouses)	2025 Series 1N	S. 2025 (Lee Plaza)	2025 S. E-1,2 (Carver Oaks)	2024 Series F-1 (remkt)	
Program	Multifamily / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Single Family / Negotiated	
Rating(s)	Aa1 / AAA / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aaa / - / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aa1 / AAA / -	Aaa / AAA / -	
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	Aug1	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD
0 2025									
1 2026				3.55 - +59					3.50 - +47
2 2027	3.70 - +70			3.60 / 3.65 - +60 / +65			5.00 4.00 +95	3.75 - +70	3.55 / 3.60 - +50 / +55
3 2028				3.70 / 3.75 - +68 / +72	3.70 - +68				3.65 / 3.70 - +58 / +63
4 2029				3.80 / 3.85 - +73 / +77					3.75 / 3.80 - +62 / +67
5 2030				3.95 / 4.00 - +83 / +87					3.90 / 3.95 - +72 / +77
6 2031				4.05 / 4.10 - +89 / +94					4.00 / 4.05 - +78 / +83
7 2032				4.15 / 4.20 - +94 / +96					4.10 / 4.15 - +83 / +86
8 2033				4.25 / 4.25 - +98 / +96					4.20 / 4.25 - +87 / +91
9 2034				4.30 / 4.35 - +94 / +96		4.30 - +77			4.30 / 4.35 - +91 / +93
10 2035	4.45 - +100			4.40 / 4.45 - +96 / +99		4.35 / 4.40 - +77 / +81	4.35 - +86		4.40 / 4.45 - +93 / +96
11 2036				4.50 / 4.50 - +99 / +96		4.50 - +82			4.50 / 4.50 - +96 / +94
12 2037				4.50 / 4.50 - +93 / +90		4.55 - +81			
13 2038									
14 2039									
15 2040				4.65 - +83		4.70 - +75			4.65 - +80
16 2041					4.90 - +97				
17 2042									
18 2043									
19 2044									
20 2045	4.95 - +72			4.95 - +70		5.00 - +62		5.05 - +77	4.95 - +67
21 2046									
22 2047									
23 2048									
24 2049									
25 2050				5.05 - +64		5.10 - +55			5.05 - +61
26 2051									
27 2052									
28 2053									
29 2054									
30 2055	5.10 - +64			5.10 - +62		5.15 - +53		5.15 - +64	5.10 - +59
31 2056									
32 2057									
33 2058									
34 2059									
35 2060									
36 2061									
37 2062									
38 2063									
39 2064									
40 2065									
41 2066									
42 2067	5.15 - +69						5.25 - +74		
43 2068									
44 2069									
Notes	D1 is \$1,020,000 8/35, 8/45, 8/55, & 8/67 maturities & 8/33 call; D2 is \$8,845,000 8/27 maturity & 2/27 call				Fannie Mae MBS-secured			E1 is \$1,730,000 8/35, 8/45, 8/55, & 8/67 maturities & 8/33 call; E2 is \$5,985,000 8/27 maturity & 2/27 call	
Par Call	D1: 8/1/33; D2: 2/1/27	9/1/33		5/1/28	None	12/1/33	None	E1: 8/1/33; E2: 2/1/27	7/1/34
Mandatory Tender	N/A	N/A		5/1/28	N/A	N/A	6/1/27	N/A	N/A
Sr Manager	RBC Capital Markets	RBC Capital Markets	KeyBanc Capital Markets		Jefferies	RBC Capital Markets	Sturges	RBC Capital Markets	BofA

## NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	4/16/25			4/15/25			4/15/25			4/14/25			4/9/25			4/3/25			3/31/25		
Amount	\$22,810,000			\$42,205,000			\$17,750,000			\$160,160,000			\$7,600,000			\$34,190,000			\$21,520,000		
Issuer	Colorado HFA			California MFA			Pinellas Co HFA (FL)			New York City HDC			Minnesota HFA			Colorado HFA			Maryland DHCD		
Series	2025 S. F-1,2 (Homewood Pt. II)			S. 2025A (Witmer Manor)			S. 2025 (Flats on 4th)			2025 Series B-1			2025 S. C (Hillside Gardens)			2025 S. G-1,2 (Harvest Hill)			Series 2025A		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa / AAA / -			Aaa / - / -			Aaa / - / -			Aa2 / AA+ / -			Aa1 / AAA / -			Aaa / AAA / -			Aa2 / - / AA+		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Apr1 / Oct1	(if diff.)	to iMMD	11/1/43	(if diff.)	to iMMD	4/1/44	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD
0 2025																					
1 2026																					
2 2027	3.65	-	+60																3.15	-	+47
3 2028	3.70,3.80* / 3.75	-	+63,+73* / +67				3.75	-	+65				4.00	-	+58				3.25 / 3.30	-	+53 / +58
4 2029	3.80 / 3.85	-	+67 / +71							3.95*	-	+76*				3.40	-	+76	3.35 / 3.35	-	+57 / +57
5 2030	3.90 / 3.95	-	+72 / +76							3.95	-	+69				3.50 / 3.55	-	+81 / +85	3.50 / 3.55	-	+64 / +69
6 2031	4.00 / 4.05	-	+77 / +82							4.00 / 4.05	-	+70 / +75				3.60 / 3.65	-	+83 / +88	3.60 / 3.65	-	+66 / +71
7 2032	4.15 / 4.20	-	+87 / +88							4.20 / 4.25	-	+84 / +86				3.70 / 3.75	-	+86 / +87	3.70 / 3.75	-	+69 / +72
8 2033	4.25 / 4.30	-	+91 / +94							4.30 / 4.35	-	+88 / +92				3.85 / 3.90	-	+93 / +96	3.80 / 3.85	-	+71 / +75
9 2034	4.35 / 4.40	-	+94 / +96							4.375 / 4.40	-	+88.5 / +88				3.95 / 4.00	-	+95 / +97	3.95 / 3.95	-	+79 / +76
10 2035	4.45 / 4.50	-	+96 / +99							4.45 / 4.45	-	+88 / +87				4.00 / 4.00	-	+91 / +89	4.05 / 4.05	-	+80 / +78
11 2036	4.50 / 4.50	-	+95 / +92							4.55 / 4.55	-	+92 / +89				4.05 / 4.10	-	+90 / +92	4.10 / 4.15	-	+78 / +81
12 2037	4.55 / 4.55	-	+94 / +91							4.60 / 4.60	-	+91 / +88				4.15 / 4.15	-	+94 / +91	4.15 / 4.15	-	+77 / +75
13 2038																					
14 2039																					
15 2040	4.70	-	+85							4.75	-	+84				4.35	-	+91	4.35	-	+74
16 2041																					
17 2042																					
18 2043				4.875	-	+72.5															
19 2044																					
20 2045	5.00	-	+73							5.05	-	+72				4.75	-	+86	4.75	-	+69
21 2046																					
22 2047																					
23 2048																					
24 2049																					
25 2050										5.20	-	+73				4.85	-	+85	4.85	-	+68
26 2051																					
27 2052																					
28 2053																					
29 2054																					
30 2055										5.25	-	+71				4.90	-	+83	4.90	-	+66
31 2056																					
32 2057																					
33 2058																					
34 2059																					
35 2060										5.30	-	+76									
36 2061																					
37 2062																					
38 2063																					
39 2064										5.35	-	+81									
40 2065																					
41 2066																					
42 2067																					
43 2068																4.95	-	+88			
44 2069																					
Notes	* F-2 is \$15,550,000 3.80% maturing 4/1/28									* B-2 is \$98,220,000 3.95% maturing 11/1/64 with 7/2/29 mandatory tender						G-2 is \$5,900,000 maturing 10/1/29					
Par Call	10/1/32			5/1/35			4/1/27			5/1/33			8/1/26			10/1/32			1/1/33		
Mandatory Tender	N/A			N/A			4/1/28 (used for spread)			B2: 7/2/29 (used for spread)			N/A			N/A			N/A		
Sr Manager	Jefferies			Stifel			RBC Capital Markets			Barclays			RBC Capital Markets			Jefferies			BoFA		

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NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	3/26/25			3/24/25			3/24/25			3/20/25			3/20/25			3/13/25			3/12/25			
Amount	\$28,000,000			\$10,200,000			\$16,305,000			\$49,300,000			\$113,695,000			\$16,725,000			\$7,195,000			
Issuer	Rhode Island HMFC			Rhode Island HMFC			Rhode Island HMFC			New Jersey HMFA			New York State HFA			South Carolina SHFDA			Minnesota HFA			
Series	S. 2025A,B (Rock Ridge)			2025 Series 1-A			2025 Series 1-B,C			S. 2025A (Montgomery)			2025 Series A-1,2			S. 2025A,B (Settlement Manor)			2025 S. B (Welch Place)			
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			
Rating(s)	Aaa/VMIG-1 / - / -			Aa2 / - / -			Aa2 / - / -			Aaa / - / -			Aa2 / - / -			Aaa/VMIG-1 / - / -			Aa1 / AAA / -			
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	
Yr	(25 pricings)	4/29,6/43	(if diff.)	to iMMD	10/1/55	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	5/1/41	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	11/28,5/43	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD
0	2025							3.00	-	+38												
1	2026							3.05 / 3.10	-	+40 / +45							5.00	3.20	+58	3.10	-	+52
2	2027				3.35	-	+70	3.15,3.30* / 3.20	-	+46,+61* / +50				3.10 / 3.15	-	+43 / +46						
3	2028	3.35	-	+56				3.25 / 3.30	-	+51 / +55				3.25,3.40* / 3.30	-	+53,+68* / +56						
4	2029							3.35 / 3.40	-	+53 / +57				3.35,3.50* / 3.35	-	+55,+70* / +54						
5	2030							3.45 / 3.50	-	+59 / +64				3.45 / 3.50	-	+61 / +66						
6	2031							3.55 / 3.60	-	+64 / +65				3.55 / 3.60	-	+65 / +67						
7	2032							3.65 / 3.75	-	+67 / +75				3.65 / 3.75	-	+68 / +77						
8	2033							3.80 / 3.85	-	+72 / +74				3.80 / 3.85	-	+73 / +75						
9	2034							3.90 / 3.95	-	+75 / +78				3.90 / 3.90	-	+76 / +75						
10	2035							4.00 / 4.05	-	+80 / +82				3.95 / 4.00	-	+76 / +78						
11	2036							4.10 / 4.10	-	+84 / +81				4.00 / 4.05	-	+75 / +77						
12	2037																					
13	2038																					
14	2039																					
15	2040							4.25	-	+76				4.20	-	+73						
16	2041										4.55	-	+97									
17	2042																					
18	2043	4.80	-	+84													4.80	-	+100			
19	2044																					
20	2045							4.70	-	+73				4.60	-	+65						
21	2046																					
22	2047																					
23	2048																					
24	2049																					
25	2050													4.75	-	+66						
26	2051																					
27	2052																					
28	2053																					
29	2054																					
30	2055													4.80	-	+64						
31	2056																					
32	2057																					
33	2058																					
34	2059																					
35	2060													4.85	-	+69						
36	2061																					
37	2062																					
38	2063																					
39	2064																					
40	2065																					
41	2066																					
42	2067																					
43	2068													4.90	-	+74						
44	2069																					
Notes	A is \$23,800,000 6/43 Fannie MBS-secured, B is \$4,200,000 4/29 mat & 4/28 mand tender						* 4/1/28 includes all of 1-B at \$10,840,000 3.30% w/ 4/1/27 call and portion of 1-C at \$105,000 3.15% w/ 4/1/33 call			Fanne Mae Stand-By Credit Enhancement			* 5/29 includes part of A-2: \$26,280,000 3.40% 9/27 call; 5/30 includes other part of A-2: \$63,930,000 3.50% 5/28 call			A is \$10,545,000 5/43 Fannie MBS-secured, B is \$6,180,000 11/28 mat & 11/27 mand tender						
Par Call	A: None; B: 4/1/28			10/1/26			1B: 4/1/27, 1C: 4/1/33			None			A1: 11/1/30; A2: 9/1/27, 5/1/28			A: None; B: 11/1/27			8/1/26			
Mandatory Tender	B: 4/1/28 (used for spread)			10/1/27 (used for spread)			N/A			N/A			A2: 5/1/29, 5/1/30 (used for spread)			B: 11/1/27 (used for spread)			N/A			
Sr Manager	Morgan Stanley			Morgan Stanley			Morgan Stanley			Stifel			BofA			Stifel			RBC Capital Markets			

## NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	3/11/25			3/11/25			3/7/25			3/6/25			3/6/25			3/4/25		
Amount	\$135,095,000			\$107,725,000			\$30,000,000			\$231,000,000			\$15,000,000			\$172,520,000		
Issuer	New York City HDC			New York City HDC			California SCDA			New York SHFA			Oklahoma HFA			Virginia HDA		
Series	2025 Series A-1			2025 Series A-2			2025 S. A (Heritage Park)			2011 S. A (160 W. 62nd) Rmkt			S. 2025 (Trinity Trails)			2025 Series A		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aa2 / AA+ / -			Aa2 / AA+ / -			Aaa / - / -			Aaa / - / -			Aaa / - / -			Aa1 / AA+ / -		
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 ('25 pricings)	May1 / Nov1	(if diff.)	to iMMD	11/1/64	(if diff.)	to iMMD	4/1/35	(if diff.)	to iMMD	11/1/44	(if diff.)	to iMMD	10/1/42	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD
0 2025																		
1 2026																		
2 2027																		
3 2028																		
4 2029				3.25	-	+63							3.20	-	+60	3.00	-	+46
5 2030	3.30	-	+60													3.05 / 3.10	-	+47 / +51
6 2031	3.40 / 3.40	-	+67 / +67													3.25 / 3.25	-	+64 / +64
7 2032	3.50 / 3.55	-	+73 / +75													3.25 / 3.30	-	+62 / +66
8 2033	3.625 / 3.625	-	+80.5 / +79.5							3.60	-	+82				3.35 / 3.40	-	+69 / +74
9 2034	3.65 / 3.70	-	+75 / +77													3.45 / 3.50	-	+76 / +78
10 2035	3.75 / 3.80	-	+78 / +82				3.70	-	+74							3.55 / 3.60	-	+81 / +84
11 2036	3.90 / 3.95	-	+88 / +90													3.625 / 3.65	-	+80.5 / +80
12 2037	3.95 / 4.00	-	+87 / +89													3.70 / 3.75	-	+83 / +86
13 2038																3.80 / 3.85	-	+90 / +92
14 2039																3.90 / 3.95	-	+94 / +96
15 2040	4.15	-	+84															
16 2041																4.10	-	+90
17 2042																		
18 2043																		
19 2044																		
20 2045	4.60	-	+78													4.45	-	+74
21 2046																		
22 2047																		
23 2048																		
24 2049																		
25 2050	4.75	-	+75													4.60	-	+73
26 2051																		
27 2052																		
28 2053																		
29 2054																		
30 2055	4.80	-	+73													4.65	-	+72
31 2056																		
32 2057																		
33 2058																		
34 2059																		
35 2060	4.85	-	+78													4.75	-	+82
36 2061																		
37 2062																		
38 2063																		
39 2064	4.85	-	+78															
40 2065																		
41 2066																		
42 2067																		
43 2068																4.85	-	+92
44 2069																		
Notes																3/29 optionally callable at par 3/1/26; 9/29 optionally callable at par 9/1/26		
Par Call	5/1/33			7/1/28			10/1/34			4/1/31			8/1/26			3/1/34 except 3/29 & 9/29		
Mandatory Tender	N/A			7/2/29 (used for spread)			N/A			4/1/32 (used for spread)			4/1/28 (used for spread)			N/A		
Sr Manager	Loop Capital Markets			Loop Capital Markets			Stifel			Wells Fargo			Raymond James			Raymond James		



## Item: Post Sale Report, Rental Housing Bonds, Series 2025 E (Carver Oaks)

**Information Item:** 9.D  
**Date:** 6/26/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$7,715,000 of its Series 2025 E Rental Housing Bonds on April 21, 2025. The short-term bonds will mature in 2027. The long-term bonds will mature between 2035 and 2067. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report

## POST-SALE REPORT

**\$7,715,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2025 Series E-1 and E-2 (Carver Oaks)

Minnesota Housing issued its \$7,715,000 2025 Series E-1 and E-2 tax-exempt Rental Housing Bonds to provide funding for the 43-unit Carver Oaks Senior Residence development in Carver. The bonds make the development eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on April 21, 2025. The transaction closed on April 30, 2025.

The issue was structured with two components – \$1,730,000 Series E-1 with maturities in 2035, 2045, 2055, and 2067 to provide long-term financing and \$5,985,000 Series E-2 maturing 8/1/27 to provide short-term bridge financing. The E-1 long-term bonds are not insured and are expected to be repaid from project net operating income. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 6.50% to the development. The E-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to the development is 4.75%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated just \$870,000 in orders, with subscription levels ranging from 0x to 1.0x depending on the maturity (0.1x overall). Only one of the five maturities – 8/1/35 – was fully subscribed, and the rest ranged from no orders to 0.4x subscription. Based on this weak order flow, RBC increased the coupons on all maturities except 8/1/35 by 0.05%. The final spread on the E-2 bonds was +70 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +70 basis points spread on the E-2 short-term bonds is within the +52 to +79 range achieved on all but one of MHFA's Rental transactions since 2022. (The outlier is 24B Edge at +40bps). The 2025 Series E pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 1/1/22 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted Average Life (yrs) First Call / Maturity	Yield	Spread to iMMD (bps)	
						Prior Day	Pricing Day
6/14/22	22B	WOTW Theodore	8.200	1.606 / 2.106	2.85%	+83	+77
8/2/22	22A	Spring Creek II	7.190	1.472 / 1.972	2.30%	+69	+69
10/4/22	22C	Lumin at Highland Br.	10.495	1.800 / 2.300	3.80%	+73	+78
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
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



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**NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS**

Pricing Date	4/21/25				4/21/25				4/16/25				4/15/25				4/15/25				4/14/25				4/9/25			
Amount	\$7,715,000				\$30,000,000				\$22,810,000				\$42,205,000				\$17,750,000				\$160,160,000				\$7,600,000			
Issuer	Minnesota HFA				Michigan SHDA				Colorado HFA				California MFA				Pinellas Co HFA (FL)				New York City HDC				Minnesota HFA			
Series	2025 S. E-1,2 (Carver Oaks)				S. 2025 (Lee Plaza)				2025 S. F-1,2 (Homewood Pt. II)				S. 2025A (Witmer Manor)				S. 2025 (Flats on 4th)				2025 Series B-1				2025 S. C (Hillside Gardens)			
Program	Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated			
Rating(s)	Aa1 / AAA / -				Aaa/VMIG-1 / - / -				Aaa / AAA / -				Aaa / - / -				Aaa / - / -				Aa2 / AA+ / -				Aa1 / AAA / -			
Tax Status	Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT			
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread				
Yr (25 pricings)	Aug1	(if diff.)	to iMMD	6/1/28	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	11/1/43	(if diff.)	to iMMD	4/1/44	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD							
0 2025																												
1 2026																												
2 2027	3.75	-	+70	5.00	4.00	+95	3.65	-	+60													4.00	-	+58				
3 2028							3.70,3.80* / 3.75	-	+63,+73* / +67				3.75	-	+65													
4 2029							3.80 / 3.85	-	+67 / +71							3.95*	-	+76*										
5 2030							3.90 / 3.95	-	+72 / +76							3.95	-	+69										
6 2031							4.00 / 4.05	-	+77 / +82							4.00 / 4.05	-	+70 / +75										
7 2032							4.15 / 4.20	-	+87 / +88							4.20 / 4.25	-	+84 / +86										
8 2033							4.25 / 4.30	-	+91 / +94							4.30 / 4.35	-	+88 / +92										
9 2034							4.35 / 4.40	-	+94 / +96							4.375 / 4.40	-	+88.5 / +88										
10 2035	4.35	-	+86				4.45 / 4.50	-	+96 / +99							4.45 / 4.45	-	+88 / +87										
11 2036							4.50 / 4.50	-	+95 / +92							4.55 / 4.55	-	+92 / +89										
12 2037							4.55 / 4.55	-	+94 / +91							4.60 / 4.60	-	+91 / +88										
13 2038																												
14 2039																												
15 2040							4.70	-	+85							4.75	-	+84										
16 2041																												
17 2042																												
18 2043										4.875	-	+72.5																
19 2044																												
20 2045	5.05	-	+77				5.00	-	+73							5.05	-	+72										
21 2046																												
22 2047																												
23 2048																												
24 2049																												
25 2050																5.20	-	+73										
26 2051																												
27 2052																												
28 2053																												
29 2054																												
30 2055	5.15	-	+64													5.25	-	+71										
31 2056																												
32 2057																												
33 2058																												
34 2059																												
35 2060																5.30	-	+76										
36 2061																												
37 2062																												
38 2063																												
39 2064																5.35	-	+81										
40 2065																												
41 2066																												
42 2067	5.25	-	+74																									
43 2068																												
44 2069																												
Notes	E1 is \$1,730,000 8/35, 8/45, 8/55, & 8/67 maturities & 8/33 call; E2 is \$5,985,000 8/27 maturity & 2/27 call								* F-2 is \$15,550,000 3.80% maturing 4/1/28								* B-2 is \$98,220,000 3.95% maturing 11/1/64 with 7/2/29 mandatory tender											
Par Call	E1: 8/1/33; E2: 2/1/27				None				10/1/32				5/1/35				4/1/27				5/1/33				8/1/26			
Mandatory Tender	N/A				6/1/27				N/A				N/A				4/1/28 (used for spread)				B2: 7/2/29 (used for spread)				N/A			
Sr Manager	RBC Capital Markets				Sturges				Jefferies				Stifel				RBC Capital Markets				Barclays				RBC Capital Markets			

## NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	4/3/25				3/31/25				3/26/25				3/24/25				3/24/25				3/20/25				3/20/25			
Amount	\$34,190,000				\$21,520,000				\$28,000,000				\$10,200,000				\$16,305,000				\$49,300,000				\$113,695,000			
Issuer	Colorado HFA				Maryland DHCD				Rhode Island HMFC				Rhode Island HMFC				Rhode Island HMFC				New Jersey HMFA				New York State HFA			
Series	2025 S, G-1,2 (Harvest Hill)				Series 2025A				S, 2025A,B (Rock Ridge)				2025 Series 1-A				2025 Series 1-B,C				S, 2025A (Montgomery)				2025 Series A-1,2			
Program	Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated				Multifamily / Negotiated			
Rating(s)	Aaa / AAA / -				Aa2 / - / AA+				Aaa/VMIG-1 / - / -				Aa2 / - / -				Aa2 / - / -				Aaa / - / -				Aa2 / - / -			
Tax Status	Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT				Non-AMT			
Maturity	Coupon	Yield	Spread		Coupon	Yield	Spread		Coupon	Yield	Spread		Coupon	Yield	Spread		Coupon	Yield	Spread		Coupon	Yield	Spread					
Yr (25 pricings)	Apr1 / Oct1	(if diff.)	to iMMD		Jan1 / Jul1	(if diff.)	to iMMD		4/29,6/43	(if diff.)	to iMMD		10/1/55	(if diff.)	to iMMD		Apr1 / Oct1	(if diff.)	to iMMD		5/1/41	(if diff.)	to iMMD					
0 2025																												
1 2026																	3.00	-	+38									
2 2027					3.15	-	+47						3.35	-	+70		3.05 / 3.10	-	+40 / +45									
3 2028					3.25 / 3.30	-	+53 / +58		3.35	-	+56						3.15,3.30* / 3.20	-	+46,+61* / +50					3.10 / 3.15	-	+43 / +46		
4 2029	3.40	-	+76		3.35 / 3.35	-	+57 / +57										3.25 / 3.30	-	+51 / +55					3.25,3.40* / 3.30	-	+53,+68* / +56		
5 2030	3.50 / 3.55	-	+81 / +85		3.50 / 3.55	-	+64 / +69										3.35 / 3.40	-	+53 / +57					3.35,3.50* / 3.35	-	+55,+70* / +54		
6 2031	3.60 / 3.65	-	+83 / +88		3.60 / 3.65	-	+66 / +71										3.45 / 3.50	-	+59 / +64					3.45 / 3.50	-	+61 / +66		
7 2032	3.70 / 3.75	-	+86 / +87		3.70 / 3.75	-	+69 / +72										3.55 / 3.60	-	+64 / +65					3.55 / 3.60	-	+65 / +67		
8 2033	3.85 / 3.90	-	+93 / +96		3.80 / 3.85	-	+71 / +75										3.65 / 3.75	-	+67 / +75					3.65 / 3.75	-	+68 / +77		
9 2034	3.95 / 4.00	-	+95 / +97		3.95 / 3.95	-	+79 / +76										3.80 / 3.85	-	+72 / +74					3.80 / 3.85	-	+73 / +75		
10 2035	4.00 / 4.00	-	+91 / +89		4.05 / 4.05	-	+80 / +78										3.90 / 3.95	-	+75 / +78					3.90 / 3.90	-	+76 / +75		
11 2036	4.05 / 4.10	-	+90 / +92		4.10 / 4.15	-	+78 / +81										4.00 / 4.05	-	+80 / +82					3.95 / 4.00	-	+76 / +78		
12 2037	4.15 / 4.15	-	+94 / +91		4.15 / 4.15	-	+77 / +75										4.10 / 4.10	-	+84 / +81					4.00 / 4.05	-	+75 / +77		
13 2038																												
14 2039																												
15 2040	4.35	-	+91		4.35	-	+74										4.25	-	+76					4.20	-	+73		
16 2041																					4.55	-	+97					
17 2042																												
18 2043									4.80	-	+84																	
19 2044																												
20 2045	4.75	-	+86		4.75	-	+69										4.70	-	+73					4.60	-	+65		
21 2046																												
22 2047																												
23 2048																												
24 2049																												
25 2050	4.85	-	+85		4.85	-	+68																	4.75	-	+66		
26 2051																												
27 2052																												
28 2053																												
29 2054																												
30 2055	4.90	-	+83		4.90	-	+66																	4.80	-	+64		
31 2056																												
32 2057																												
33 2058																												
34 2059																												
35 2060																								4.85	-	+69		
36 2061																												
37 2062																												
38 2063																												
39 2064																												
40 2065																												
41 2066																												
42 2067					5.00	-	+76																					
43 2068	4.95	-	+88																					4.90	-	+74		
44 2069																												
Notes	G-2 is \$5,900,000 maturing 10/1/29								A is \$23,800,000 6/43 Fannie MBS-secured, B is \$4,200,000 4/29 mat & 4/28 mand tender								* 4/1/28 includes all of 1-B at \$10,840,000 3.30% w/ 4/1/27 call and portion of 1-C at \$105,000 3.15% w/ 4/1/33 call				Fanne Mae Stand-By Credit Enhancement				* 5/29 includes part of A-2: \$26,280,000 3.40% 9/27 call; 5/30 includes other part of A-2: \$63,930,000 3.50% 5/28 call			
Par Call	10/1/32				1/1/33				A: None; B: 4/1/28				10/1/26				1B: 4/1/27, 1C: 4/1/33				None				A1: 11/1/30; A2: 9/1/27,5/1/28			
Mandatory Tender	N/A				N/A				B: 4/1/28 (used for spread)				10/1/27 (used for spread)				N/A				N/A				A2: 5/1/29,5/1/30 (used for spread)			
Sr Manager	Jefferies				BofA				Morgan Stanley				Morgan Stanley				Morgan Stanley				Stifel				BofA			

## NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	3/13/25			3/12/25			3/11/25			3/11/25			3/7/25			3/6/25			3/6/25		
Amount	\$16,725,000			\$7,195,000			\$135,095,000			\$107,725,000			\$30,000,000			\$231,000,000			\$15,000,000		
Issuer	South Carolina SHFDA			Minnesota HFA			New York City HDC			New York City HDC			California SCDA			New York SHFA			Oklahoma HFA		
Series	S. 2025A,B (Settlement Manor)			2025 S. B (Welch Place)			2025 Series A-1			2025 Series A-2			2025 S. A (Heritage Park)			2011 S. A (160 W. 62nd) Rmkt			S. 2025 (Trinity Trails)		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa/VMIG-1 / - / -			Aa1 / AAA / -			Aa2 / AA+ / -			Aa2 / AA+ / -			Aaa / - / -			Aaa / - / -			Aaa / - / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	11/28,5/43	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	11/1/64	(if diff.)	to iMMD	4/1/35	(if diff.)	to iMMD	11/1/44	(if diff.)	to iMMD	10/1/42	(if diff.)	to iMMD
0	2025																				
1	2026																				
2	2027	5.00	3.20	+58	3.10	-	+52														
3	2028																		3.20	-	+60
4	2029									3.25	-	+63									
5	2030						3.30	-	+60												
6	2031						3.40 / 3.40	-	+67 / +67												
7	2032						3.50 / 3.55	-	+73 / +75							3.60	-	+82			
8	2033						3.625 / 3.625	-	+80.5 / +79.5												
9	2034						3.65 / 3.70	-	+75 / +77												
10	2035						3.75 / 3.80	-	+78 / +82				3.70	-	+74						
11	2036						3.90 / 3.95	-	+88 / +90												
12	2037						3.95 / 4.00	-	+87 / +89												
13	2038																				
14	2039																				
15	2040						4.15	-	+84												
16	2041																				
17	2042																				
18	2043	4.80	-	+100																	
19	2044																				
20	2045						4.60	-	+78												
21	2046																				
22	2047																				
23	2048																				
24	2049																				
25	2050						4.75	-	+75												
26	2051																				
27	2052																				
28	2053																				
29	2054																				
30	2055						4.80	-	+73												
31	2056																				
32	2057																				
33	2058																				
34	2059																				
35	2060						4.85	-	+78												
36	2061																				
37	2062																				
38	2063																				
39	2064						4.85	-	+78												
40	2065																				
41	2066																				
42	2067																				
43	2068																				
44	2069																				
Notes	A is \$10,545,000 5/43 Fannie MBS-secured, B is \$6,180,000 11/28 mat & 11/27 mand tender																				
Par Call	A: None; B: 11/1/27			8/1/26			5/1/33			7/1/28			10/1/34			4/1/31			8/1/26		
Mandatory Tender	B: 11/1/27 (used for spread)			N/A			N/A			7/2/29 (used for spread)			N/A			4/1/32 (used for spread)			4/1/28 (used for spread)		
Sr Manager	Stifel			RBC Capital Markets			Loop Capital Markets			Loop Capital Markets			Stifel			Wells Fargo			Raymond James		

## NON-AMT MULTIFAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	3/4/25			2/27/25			2/26/25		
Amount	\$172,520,000			\$9,455,000			\$41,253,000		
Issuer	Virginia HDA			South Carolina SHFDA			California MFA		
Series	2025 Series A			S. 2025 (Poplar Square)			S. 2024A,B (Bell Ranch) Rmkt		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aaa/VMIG-1 / - / -			Aaa / - / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	Mar1 / Sep1	(if diff.)	to iMMD	4/1/28	(if diff.)	to iMMD	Jun1	(if diff.)	to iMMD
0 2025									
1 2026									
2 2027	3.00	-	+46	5.00	3.16	+62			
3 2028	3.05 / 3.10	-	+47 / +51				3.05	-	+47
4 2029	3.25 / 3.25	-	+64 / +64						
5 2030	3.25 / 3.30	-	+62 / +66						
6 2031	3.35 / 3.40	-	+69 / +74						
7 2032	3.45 / 3.50	-	+76 / +78						
8 2033	3.55 / 3.60	-	+81 / +84						
9 2034	3.625 / 3.65	-	+80.5 / +80						
10 2035	3.70 / 3.75	-	+83 / +86						
11 2036	3.80 / 3.85	-	+90 / +92						
12 2037	3.90 / 3.95	-	+94 / +96						
13 2038									
14 2039									
15 2040	4.10	-	+90						
16 2041									
17 2042									
18 2043									
19 2044							4.48	-	+85
20 2045	4.45	-	+74						
21 2046									
22 2047									
23 2048									
24 2049									
25 2050	4.60	-	+73						
26 2051									
27 2052									
28 2053									
29 2054									
30 2055	4.65	-	+72						
31 2056									
32 2057									
33 2058									
34 2059									
35 2060	4.75	-	+82						
36 2061									
37 2062									
38 2063									
39 2064									
40 2065									
41 2066									
42 2067									
43 2068	4.85	-	+92						
44 2069									
Notes	3/29 optionally callable at par 3/1/26; 9/29 optionally callable at par 9/1/26						Fannie Mae MBS-secured; A: \$25.12MM 6/44; B: \$16.13MM 12/64 w 6/28 mand tndr		
Par Call	3/1/34 except 3/29 & 9/29			4/1/27			B: 6/1/28		
Mandatory Tender	N/A			4/1/27 (used for spread)			B: 6/1/28 (used for spread)		
Sr Manager	Raymond James			Stifel			Lument		



## Item: Post Sale Report, Rental Housing Bonds, Series 2025 F (Trailside Apartments)

**Information Item:** 9.E  
**Date:** 6/26/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$6,375,000 of its Series 2025 F Rental Housing Bonds on May 7, 2025. The short-term bonds will mature in 2026. The long-term bonds will mature between 2035 and 2066. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report

## POST-SALE REPORT

**\$6,375,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2025 Series F-1 and F-2 (Trailside)

Minnesota Housing issued its \$6,375,000 2025 Series F-1 and F-2 tax-exempt Rental Housing Bonds to provide funding for the 36-unit Trailside Apartments development in Rochester. The bonds make the development eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on May 7, 2025. The transaction closed on May 15, 2025.

The issue was structured with two components – \$1,710,000 Series F-1 with maturities in 2035, 2045, 2055, and 2066 to provide long-term financing and \$4,665,000 Series F-2 maturing 8/1/26 to provide short-term bridge financing. The F-1 long-term bonds are not insured and are expected to be repaid from project net operating income. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 6.375% to the development. The F-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to the development is 4.70%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated \$1,065,000 of orders, with subscription levels ranging from 0.04x to 1.10x depending on the maturity (0.17x overall). For Series F-1, only the 8/1/45 maturity achieved full subscription, while the 8/1/35, 8/1/55, and 8/1/66 maturities had subscriptions ranging from 0.04x to 0.17x. Despite the lack of orders, RBC kept the F-1 coupons as-is and underwrote the unsold balances. The Series F-2 \$4,665,000 bridge bond received just \$700,000 of orders, and RBC increased the coupon by 0.05% and underwrote the remaining balance. The final spread on the F-2 bonds was +81 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +81 basis points spread on the F-2 short-term bonds is 11 basis points higher than the +70 achieved on D-2 priced the prior week (although with the same 3.70% coupon). It is also higher than all other recent Minnesota Rental issues. RBC indicated that the small F-2 par amount and heavy supply of housing bonds were contributing factors. Overall, the 2025 Series F pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 1/1/23 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted Average Life (yrs) First Call / Maturity	Yield	Spread to iMMD (bps)	
						Prior Day	Pricing Day
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
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

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NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	5/7/25			5/7/25			5/7/25			5/6/25			5/6/25			5/6/25			5/5/25		
Amount	\$6,375,000			\$20,000,000			\$9,000,000			\$60,000,000			\$60,000,000			\$187,500,000			\$88,830,000		
Issuer	Minnesota HFA			Michigan SHDA			Mississippi HC			Kentucky HC			New Hampshire HFA			Texas DHCA			Indiana HCDA		
Series	2025 S. F-1,2 (Trailside)			S. 2025 (Plymouth Square)			S. 2025-2 (Community Park)			2025 Series C			2025 Series C			Series 2025B			2025 Series B-1		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AAA / -			Aaa/VMIG-1 / - / -			Aaa/VMIG-1 / - / -			Aaa / - / -			Aaa / - / -			Aaa / AA+ / -			Aaa / - / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	Aug1	(if diff.)	to iMMD	12/1/27	(if diff.)	to iMMD	6/1/27	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD
0 2025																					
1 2026	3.70	-	+81	5.00	3.67	+77				3.45	-	+54				3.50	-	+59			
2 2027							3.625	-	+72.5	3.55 / 3.60	-	+63 / +68				3.55 / 3.60	-	+63 / +68			
3 2028										3.65 / 3.70	-	+73 / +78				3.65 / 3.70	-	+73 / +78	3.70	-	+78
4 2029										3.80 / 3.85	-	+85 / +90				3.80 / 3.85	-	+85 / +90	3.75 / 3.80	-	+80 / +85
5 2030										3.875 / 3.90	-	+87.5 / +90				3.875 / 3.95	-	+87.5 / +95	3.85 / 3.90	-	+85 / +90
6 2031										3.95 / 4.00	-	+91 / +96				4.00 / 4.05	-	+96 / +101	3.95 / 4.00	-	+91 / +96
7 2032										4.10 / 4.10	-	+102 / +100				4.10 / 4.15	-	+102 / +105	4.05 / 4.10	-	+97 / +100
8 2033										4.20 / 4.20	-	+106 / +105				4.20 / 4.25	-	+106 / +110	4.15 / 4.20	-	+101 / +105
9 2034										4.30 / 4.35	-	+108 / +110				4.30 / 4.35	-	+108 / +110	4.25 / 4.30	-	+103 / +105
10 2035	4.375	-	+106.5							4.40 / 4.40	-	+109 / +107				4.35 / 4.375	-	+104 / +104.5	4.35 / 4.40	-	+104 / +107
11 2036										4.45 / 4.50	-	+104 / +107				4.45 / 4.45	-	+104 / +102	4.45 / 4.45	-	+104 / +102
12 2037										4.50 / 4.50	-	+101 / +99				4.50 / 4.50	-	+101 / +99	4.50 / 4.50	-	+101 / +99
13 2038																					
14 2039																					
15 2040										4.65	-	+90				4.65	-	+90	4.65	-	+90
16 2041																					
17 2042																					
18 2043																					
19 2044																					
20 2045	4.90	-	+75							4.90	-	+73				4.90	-	+73	4.90	-	+73
21 2046																					
22 2047																					
23 2048																					
24 2049																					
25 2050										5.00	-	+67				5.00	-	+67	5.00	-	+67
26 2051																					
27 2052																					
28 2053																					
29 2054																					
30 2055	5.05	-	+67													5.05	-	+65	5.05	-	+65
31 2056																					
32 2057													5.00	-	+60						
33 2058																					
34 2059																					
35 2060																					
36 2061																					
37 2062																					
38 2063																					
39 2064																					
40 2065																					
41 2066	5.10	-	+72																		
42 2067																					
43 2068																					
44 2069																					
Notes	F1 is \$1,710,000 8/35, 8/45, 8/55, & 8/66 maturities & 8/33 call; F2 is \$4,665,000 8/26 maturity & 2/26 call																				
Par Call	F1: 8/1/33; F2: 2/1/26			None			None			7/1/33 (+adj PAC)			7/1/33			7/1/33			7/1/33 (+adj PAC)		
Mandatory Tender	N/A			12/1/26 (used for spread)			6/1/27 (used for spread)			N/A			N/A			N/A			N/A		
Sr Manager	RBC Capital Markets			Sturges			Stifel			BofA			BofA			RBC Capital Markets			J.P. Morgan		

## NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS

Pricing Date	5/5/25			5/1/25			4/30/25			4/29/25			4/28/25			4/24/25			4/24/25		
Amount	\$60,000,000			\$87,560,000			\$4,600,000			\$20,000,000			\$9,865,000			\$15,000,000			\$35,750,000		
Issuer	Iowa FA			Minnesota HFA			Oklahoma HFA			Florida HFC			Minnesota HFA			Ohio HFA			Pennsylvania HFA		
Series	2025 Series C			2025 Series F			S. 2025 (Crimson Flats W)			2025 S. F-1,2 (Palms Landing)			2025 S. D-1,2 (Vue Pointe)			S. 2025 (At Main)			S. 2025 (Darby Townhouses)		
Program	Single Family / Negotiated			Single Family / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa / AAA / -			Aa1 / AA+ / -			Aaa/VMIG-1 / - / -			Aaa/VMIG-1 / - / -			Aa1 / AAA / -			Aaa/VMIG-1 / - / -			Aaa / - / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Jan1 / Jul1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	5/1/28	(if diff.)	to iMMD	5/28,11/42	(if diff.)	to iMMD	Aug1	(if diff.)	to iMMD	11/1/47	(if diff.)	to iMMD	6/1/41	(if diff.)	to iMMD
0 2025				3.50	-	+64															
2 2027				3.55 / 3.60	-	+66 / +71	3.625	-	+70.5	3.65	-	+73	3.70	-	+70						
3 2028				3.65 / 3.70	-	+76 / +81										3.70	-	+68			
4 2029				3.80 / 3.85	-	+88 / +93															
5 2030	3.80 / 3.85	-	+80 / +85	3.875 / 3.90	-	+90.5 / +93															
6 2031	3.95 / 3.95	-	+91 / +91	4.00 / 4.00	-	+99 / +99															
7 2032	4.10 / 4.125	-	+102 / +102.5	4.10 / 4.10	-	+105 / +103															
8 2033	4.20 / 4.20	-	+106 / +105	4.20 / 4.20	-	+109 / +108															
9 2034	4.30 / 4.35	-	+108 / +110	4.30 / 4.35	-	+111 / +113															
10 2035	4.375 / 4.375	-	+106.5 / +104.5	4.40 / 4.40	-	+113 / +111							4.45	-	+100						
11 2036	4.45 / 4.45	-	+104 / +102	4.50 / 4.50	-	+113 / +111															
12 2037	4.50 / 4.50	-	+101 / +99	4.50 / 4.50	-	+105 / +103															
13 2038																					
14 2039																					
15 2040	4.60	-	+85	4.60	-	+89															
16 2041																			4.90	-	+97
17 2042										4.90	-	+93									
18 2043																					
19 2044																					
20 2045	4.85	-	+68	4.85	-	+72							4.95	-	+72						
21 2046																					
22 2047																					
23 2048				4.90	-	+67															
24 2049																					
25 2050	5.00	-	+67																		
26 2051																					
27 2052																					
28 2053																					
29 2054																					
30 2055	5.05	-	+65										5.10	-	+64						
31 2056																					
32 2057																					
33 2058																					
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35 2060																					
36 2061																					
37 2062																					
38 2063																					
39 2064																					
40 2065																					
41 2066																					
42 2067													5.15	-	+69						
43 2068																					
44 2069																					
Notes										F1 is Freddie-secured \$11,165,000 11/42 mat. & 11/37 call; F2 is \$8,835,000 5/28 mat. & 5/27 mand tender			D1 is \$1,020,000 8/35, 8/45, 8/55, & 8/67 maturities & 8/33 call; D2 is \$8,845,000 8/27 maturity & 2/27 call			Fannie Mae MBS-secured					
Par Call	7/1/33			7/1/33			None			F1: 11/1/37; F2: 5/1/27			D1: 8/1/33; D2: 2/1/27			5/1/28			None		
Mandatory Tender	N/A			N/A			5/1/27 (used for spread)			F2: 5/1/27 (used for spread)			N/A			5/1/28			N/A		
Sr Manager	Morgan Stanley			RBC Capital Markets			Raymond James			Stifel			RBC Capital Markets			KeyBanc Capital Markets			Jefferies		



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**NON-AMT HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS**

Pricing Date	4/21/25			4/21/25			4/16/25			4/15/25			4/15/25			4/14/25			4/9/25		
Amount	\$30,000,000			\$7,715,000			\$22,810,000			\$42,205,000			\$17,750,000			\$160,160,000			\$7,600,000		
Issuer	Michigan SHDA			Minnesota HFA			Colorado HFA			California MFA			Pinellas Co HFA (FL)			New York City HDC			Minnesota HFA		
Series	S. 2025 (Lee Plaza)			2025 S. E-1,2 (Carver Oaks)			2025 S. F-1,2 (Homewood Pt. II)			S. 2025A (Witmer Manor)			S. 2025 (Flats on 4th)			2025 Series B-1			2025 S. C (Hillside Gardens)		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa/VMIG-1 / - / -			Aa1 / AAA / -			Aaa / AAA / -			Aaa / - / -			Aaa / - / -			Aa2 / AA+ / -			Aa1 / AAA / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	6/1/28	(if diff.)	to iMMD	Aug1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	11/1/43	(if diff.)	to iMMD	4/1/44	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD
0 2025																					
1 2026																					
2 2027	5.00	4.00	+95	3.75	-	+70	3.65	-	+60										4.00	-	+58
3 2028							3.70,3.80* / 3.75	-	+63,+73* / +67				3.75	-	+65						
4 2029							3.80 / 3.85	-	+67 / +71							3.95*	-	+76*			
5 2030							3.90 / 3.95	-	+72 / +76							3.95	-	+69			
6 2031							4.00 / 4.05	-	+77 / +82							4.00 / 4.05	-	+70 / +75			
7 2032							4.15 / 4.20	-	+87 / +88							4.20 / 4.25	-	+84 / +86			
8 2033							4.25 / 4.30	-	+91 / +94							4.30 / 4.35	-	+88 / +92			
9 2034							4.35 / 4.40	-	+94 / +96							4.375 / 4.40	-	+88.5 / +88			
10 2035				4.35	-	+86	4.45 / 4.50	-	+96 / +99							4.45 / 4.45	-	+88 / +87			
11 2036							4.50 / 4.50	-	+95 / +92							4.55 / 4.55	-	+92 / +89			
12 2037							4.55 / 4.55	-	+94 / +91							4.60 / 4.60	-	+91 / +88			
13 2038																					
14 2039																					
15 2040							4.70	-	+85							4.75	-	+84			
16 2041																					
17 2042																					
18 2043										4.875	-	+72.5									
19 2044																					
20 2045				5.05	-	+77	5.00	-	+73							5.05	-	+72			
21 2046																					
22 2047																					
23 2048																					
24 2049																					
25 2050																5.20	-	+73			
26 2051																					
27 2052																					
28 2053																					
29 2054																					
30 2055				5.15	-	+64										5.25	-	+71			
31 2056																					
32 2057																					
33 2058																					
34 2059																					
35 2060																5.30	-	+76			
36 2061																					
37 2062																					
38 2063																					
39 2064																5.35	-	+81			
40 2065																					
41 2066																					
42 2067				5.25	-	+74															
43 2068																					
44 2069																					
Notes				E1 is \$1,730,000 8/35, 8/45, 8/55, & 8/67 maturities & 8/33 call; E2 is \$5,985,000 8/27 maturity & 2/27 call			* F-2 is \$15,550,000 3.80% maturing 4/1/28									* B-2 is \$98,220,000 3.95% maturing 11/1/64 with 7/2/29 mandatory tender					
Par Call	None			E1: 8/1/33; E2: 2/1/27			10/1/32			5/1/35			4/1/27			5/1/33			8/1/26		
Mandatory Tender	6/1/27			N/A			N/A			N/A			4/1/28 (used for spread)			B2: 7/2/29 (used for spread)			N/A		
Sr Manager	Sturges			RBC Capital Markets			Jefferies			Stifel			RBC Capital Markets			Barclays			RBC Capital Markets		

Printed 5/14/25

Pricing Date	3/13/25			3/12/25			3/11/25			3/11/25		
Amount	\$16,725,000			\$7,195,000			\$135,095,000			\$107,725,000		
Issuer	South Carolina SHFDA			Minnesota HFA			New York City HDC			New York City HDC		
Series	S. 2025A,B (Settlement Manor)			2025 S. B (Welch Place)			2025 Series A-1			2025 Series A-2		
Program	Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated			Multifamily / Negotiated		
Rating(s)	Aaa/VMIG-1 / - / -			Aa1 / AAA / -			Aa2 / AA+ / -			Aa2 / AA+ / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	11/28, 5/43	(if diff.)	to iMMD	2/1/27	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	11/1/64	(if diff.)	to iMMD
0 2025												
1 2026												
2 2027	5.00	3.20	+58	3.10	-	+52						
3 2028												
4 2029										3.25	-	+63
5 2030							3.30	-	+60			
6 2031							3.40 / 3.40	-	+67 / +67			
7 2032							3.50 / 3.55	-	+73 / +75			
8 2033							3.625 / 3.625	-	+80.5 / +79.5			
9 2034							3.65 / 3.70	-	+75 / +77			
10 2035							3.75 / 3.80	-	+78 / +82			
11 2036							3.90 / 3.95	-	+88 / +90			
12 2037							3.95 / 4.00	-	+87 / +89			
13 2038												
14 2039												
15 2040							4.15	-	+84			
16 2041												
17 2042												
18 2043	4.80	-	+100									
19 2044												
20 2045							4.60	-	+78			
21 2046												
22 2047												
23 2048												
24 2049												
25 2050							4.75	-	+75			
26 2051												
27 2052												
28 2053												
29 2054												
30 2055							4.80	-	+73			
31 2056												
32 2057												
33 2058												
34 2059												
35 2060							4.85	-	+78			
36 2061												
37 2062												
38 2063												
39 2064							4.85	-	+78			
40 2065												
41 2066												
42 2067												
43 2068												
44 2069												
Notes	A is \$10,545,000 5/43 Fannie MBS-secured, B is \$6,180,000 11/28 mat & 11/27 mand tender											
Par Call	A: None; B: 11/1/27			8/1/26			5/1/33			7/1/28		
Mandatory Tender	B: 11/1/27 (used for spread)			N/A			N/A			7/2/29 (used for spread)		
Sr Manager	Stifel			RBC Capital Markets			Loop Capital Markets			Loop Capital Markets		

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## Item: Post Sale Report, Residential Housing Finance Bonds, Series 2025 FGH

**Information Item:** 9.F  
**Date:** 6/26/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

The Agency priced \$175,000,000 of its Series 2025 FGH Residential Housing Finance Bonds on May 1, 2025. Series F is a fixed-rate, tax-exempt issue. Series G is a fixed-rate, taxable issue. Series H is a variable-rate, taxable issue. All series closed May 21, 2025. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report



**\$175,000,000**  
**Minnesota Housing Finance Agency**  
**Residential Housing Finance Bonds**  
**\$87,560,000 2025 Series F (Non-AMT)**  
**\$52,440,000 2025 Series G (Taxable)**  
**\$35,000,000 2025 Series H (Taxable)**

### **KEY RESULTS FOR MINNESOTA HOUSING**

**Purpose.** 2025 Series FGH accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Start Up first mortgages on its balance sheet and earn net income over future years.
2. Issued 50% of the debt as taxable, in conjunction with recycled cap from replacement refundings, carry-over volume cap from 2022 and 2023, and \$12.057 mil. in new volume cap.
3. Achieved a direct spread on the bond issue of 1.79%. There was a hedge loss of \$30,156.25 associated with the issue.

**Key Measurable Objectives and Accomplishments.** This issue was very successful despite a volatile market environment.

<i><b>Objective</b></i>	<i><b>Result</b></i>
Finance new production on balance sheet	\$175 million of new Start Up first-mortgage loans in MBS securities.
Leverage private activity bond volume cap by efficiently incorporating taxable debt	Issued 50% of the debt as taxable Used \$12.06 mil. in new volume cap, \$11 million of recycled cap and \$68.76 million of carry-forward cap from 2022 and 2023.
Maximize spread on the overall transaction	Achieved a direct spread of 1.79% on the bond issue. There was a hedge loss of \$30,156.25 associated with the issue.
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	No zeros were created as a result of this issuance. <i>There are no zeros left in the Agency's indenture as the remaining balance was absorbed into the 2024 LMN transaction.</i>
Achieve cost-effective bond yield	Overall bond yield is projected to be approximately 4.99%
Create future income streams that will support Pool 3	Increased indenture's expected net present value by approximately \$13.7 million at 150% PSA prepayment speed, after accounting for net service release premiums
Maintain high bond ratings	RHFB bonds are rated Aa1/AA+

## ***TIMING AND STRUCTURE***

**Timing.** The bonds were priced on Thursday, May 1<sup>st</sup>.

**Sizing.** The issue was sized to fund pipeline lending.

### ***Major Design Decisions***

1. **Deferred Payment Loans.** Over the last year, Minnesota Housing has been so successful in funding significant amounts of Deferred Payment Loans (DPLs) in Start Up issues, to reduce liquidity pressures on Pool 2, that it had reached this fiscal year's target for adding such 0% non-amortizing loans to the indenture. The Agency therefore did not include DPLs in this issue, but such funding will resume on a limited annual basis in future issues.
2. **Issue variable-rate debt.** In order to finance these loans at or above full spread, the Agency issued Series H (20% of the entire issue) as variable-rate demand bonds. For RHFB as a whole, the total amount of variable-rate debt remains about 19.7%, 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 \$35 million of variable-rate Series H bonds, the Agency entered into an interest rate swap with Bank of New York Mellon (Aa2/AA-) at a rate of 4.6725%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on July 1, 2032.
4. **Time and size the issue to address volatile interest rates.** To deal with fluctuations in the bond and mortgage markets, Minnesota Housing has been: (a) actively adjusting interest rates for new loan reservations to help keep pace with the market, and (b) issuing bonds frequently and quickly, in relationship to the amount of loans reserved, to help reduce interest rate risk.

### ***Bond Structure***

1. **Series F.** The \$87.56 million of non-AMT fixed-rate bonds included serial maturities due between 2026 and 2037 (\$15.97 million), term bonds due between 2040 and 2048 (\$30.215 million), and \$41.375 million of planned amortization class (PAC) bonds due in 2056.
2. **Series G.** The \$52.44 million of taxable fixed-rate bonds included serial maturities due between 2034 and 2035 (\$4.945 million), and term bonds due between 2033 and 2050 (\$47.495 million).
3. **Series H.** The \$35 million of taxable variable-rate demand bonds are covered by an initial 5-year standby bond purchase agreement from Federal Home Loan Bank of Des Moines (effective May 21, 2025), assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 28 basis points (bps) per year.

## ***SOCIAL BONDS***

The Series FGH bonds are designated as Social Bonds. Minnesota Housing continued its practice since 2021 of designating its RHFB bonds as meeting an important social purpose. This confirms to investors that the bonds meet specific environmental, social and governance standards. Single-family housing bonds generally meet the social purpose standards because of the level of affordability in serving low- and moderate-income households. Like many housing finance agencies, Minnesota Housing contracts with an independent party to evaluate and confirm that the bonds specifically meet the criteria for social bonds. Kestrel Verifiers, widely recognized across

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the industry, provided this certification based on detailed information from Minnesota Housing on the income mix of borrowers.

## **BOND SALE RESULTS**

- 1. Market Environment.** The yield on 10-year Treasury bonds has been somewhat volatile but within a relatively small range in 2025 compared to the large swings seen in the last quarter of 2024. Starting the year on Jan. 2 at 4.57%, the yield curve reached a high of 4.79% on Jan. 13 and then began a bumpy decline to a low of 4.01% on April 4. On the day of pricing, May 1, the 10-year Treasury yield was 4.25%.

Continued uncertainty surrounding economic impacts of new and proposed tariffs on goods from around the world, and specifically from Canada, Mexico, and China continue to result in daily volatility. Despite the turbulence of the market, the 10-year Treasury yield at 4.25% on May 1 when 2025FGH priced was 25 basis points below the 4.5% yield on Feb. 20 when Series CDE priced.

In the municipal market, issuance has been strong, with \$500 billion expected for the year, and strong fundamentals supporting investor confidence. Single family bond issuance continues apace, matching the \$10.4 billion for the same period in 2024, and far exceeding supply for the same period in 2021, 2022, and 2023 which ranged between \$3.8 and \$5.7 billion.

- 2. Institutional Interest.** Investor interest in the non-AMT Series F bonds was very strong as reflected by a 5.2x oversubscription. The earlier maturities for the serial bonds (2026 through 2028) as well as the 2031 maturity were undersubscribed, with a modest unsold balance of \$1.6 million for the series. The longer-term serials generally performed well with oversubscription between 1.3x and 4.4x resulting in spreads being tightened by 2.5 bps on the Jan. 2030 maturity and 5 bps on the July 2030, 2032 and 2033 maturities. The 2040, 2045, and 2048 term bonds were all oversubscribed between 2.7x and 3.5x resulting in spreads being tightened by 2.5 bps on the 2040 and 2045 and by 5bps on the 2048. Most importantly, the \$41 million 2056 PAC bond performed remarkably well, with 7.7x oversubscription and a 7bps reduction in yield.

Investor interest was similarly strong for the taxable Series G which was 2.1x oversubscribed resulting in several spread reductions. The January 2034 serial was adjusted down by 2bps due to strong investor demand. The longer-term serial maturities performed best with oversubscription between 2.6x and 5x leading to spread reductions between 2 and 5bps across the 2035 and 2036 maturities. The term bonds were oversubscribed between 1.4x and 1.6x resulting in slight spread adjustments. The 2045 spread was increased by 3bps and the 2050 maturity reduced by 1 bps. There was no unsold balance for the series, as none of the serial or term maturities were undersubscribed.

- 3. Comparable Transactions.** The most comparable non-AMT offerings were Oklahoma (Aaa) and Tennessee (Aa1/AA+) on April 29<sup>th</sup>. Minnesota's Series F Non-AMT spreads on early maturities were 2 to 8 bps wider than Oklahoma and Tennessee. Minnesota's spreads on the Series F 2040 term maturity (\$6.45 million) were the same as Oklahoma, and 3 bps wider than Tennessee. The 2045 term maturity (\$14.21 million) was 1.5bps wider than Oklahoma, and 1bps tighter than Tennessee. There were no comparable transactions for the 2048 term maturity.

On the PAC bond, however, Minnesota was 8 basis points tighter than Oklahoma and 4 basis points tighter than Tennessee.

The most comparable taxable offering was Tennessee's on April 29<sup>th</sup>. Minnesota's spreads to treasuries on Series G term maturities were slightly wider than Tennessee's on the serial maturities, the same as Tennessee in 2040 maturity, 3 bp wider in 2045, and 1 bp point tighter in 2050.



## **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 Van, D.A. Davidson, Huntington Securities, J.P. Morgan Securities, Mesirow Financial, Raymond James, and TD Securities.

**Sales by Underwriter.** As is customary for senior managers, RBC brought in most institutional orders. For the Series F bonds, excluding stock orders, RBC brought in \$438.4 million of total orders. For the Series G bonds, RBC brought in \$106.05 million of total orders, Northland Securities brought in \$4.2 million of total orders, and Morgan Stanley brought in \$325 thousand 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, May 1, 2025, the fed funds rate had remained unchanged since December 2024, when it was cut by 25 bps. In the meeting a few days following pricing, announced on May 7<sup>th</sup>, the Federal Reserve unanimously voted to maintain the federal funds rate at 4.25%-4.50%, making it the third consecutive meeting without a rate change. The decision continues to reflect a cautious “wait-and-see” approach due to increased uncertainty in the economic outlook. Economic conditions produce mixed signals as evidenced by a still-robust labor market with unemployment at 4.2% and average monthly job gains of 155,000 over the past three months, combined with a 0.3% contraction in first quarter gross domestic product.

While short-term inflation expectations have risen, longer-term expectations remain anchored near the Fed’s 2% target. According to Chair Powell in his press conference remarks, maintaining these expectations is crucial to prevent a one-time increase in the price level from becoming an ongoing inflation problem. Its current policy stance reflects heightened economic uncertainty, particularly concerning the impacts of recent tariff increases.

Instead of expecting up to six Fed interest rate cuts in 2025, market expectations now reflect a less-than-50% probability of a cut in September. The timing and extent of any rate cuts will depend on forthcoming economic data, particularly concerning inflation and labor market trends.

**Treasuries.** At market close on May 1, the 10-year Treasury yield was 4.25%, 5bps lower than when the 2025CDE bonds priced on Feb. 20<sup>th</sup>.

The yield curve has continued to normalize in 2025 with the 2-year treasury at 3.7% on May 1<sup>st</sup>, 55 bp below the 10-year. This has been a significant change since early 2023, when the curve was inverted with the 2-year Treasury as high as 100 basis points *above* the 10-year Treasury.

**Municipals.** In 2024, the supply of new issue municipal bonds was the highest of the last five years at \$534 billion, 43% more than in 2023. In the week before pricing, Bloomberg’s 30-day visible supply stood at \$10.9 billion, slightly higher than the \$9.8 billion weekly average year-to-date. Demand in the municipal market has also been strong. Throughout 2024, while outflows continued from bond funds, municipal exchange traded funds (“ETFs”) grew, helping to keep a more positive tone to investor demand in the muni market.

A favorable market for municipal issuers has continued, evidenced by attractive MMD/Treasury ratios. The recently imposed tariffs shocked the market and sapped liquidity from the muni market during the week of April 7<sup>th</sup>, resulting in significantly higher MMD levels than in prior weeks. In the weeks since, investor demand returned, in part due to elevated yield levels and more favorable MMD to US Treasury ratios.

On the date of pricing, the 10-year MMD/Treasury ratio was 77.4%, up from 66.7% for 2025CDE. The

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higher MMD ratio indicates that while tax-exempt issuance still offers a lower borrowing rate, the benefit compared to taxable issuance is not as strong.

**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%
2022 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%
<b>Change from RHFB 2025 CDE</b>		<b>-25 bps</b>	<b>+29 bps</b>	<b>+10.7%</b>	<b>+ 0 bps</b>	<b>+ 35 bps</b>	<b>+7.4%</b>

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	5/1/2025			4/29/25			4/24/25			4/22/25			4/21/25		
Amount	\$87,560,000			\$200,000,000			\$100,000,000			\$67,700,000			\$70,000,000		
Issuer	Minnesota HFA			Tennessee HDA			New Mexico MFA			Washington SHFC			Virginia HDA		
Series	2025 Series F			Issue 2025-1A			2025 Series C			2025 Series 1N			2024 Series F-1 (remkt)		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aaa / - / -			Aaa / - / -			Aaa / AAA / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	4/29 iMMD	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (‘25 pricings)	Jan1 / Jul1	Jan / Jul	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Mar1 / Sep1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD
0 2025															
1 2026		2.89 / 2.89		3.45 / 3.50	-	+56 / +61	3.55	-	+59				3.50	-	+47
2 2027		2.92 / 2.92		3.55 / 3.60	-	+63 / +68	3.60 / 3.65	-	+60 / +65				3.55 / 3.60	-	+50 / +55
3 2028		2.94 / 2.94		3.65 / 3.70	-	+71 / +76	3.70 / 3.75	-	+68 / +72				3.65 / 3.70	-	+58 / +63
4 2029		2.99 / 2.99		3.80 / 3.85	-	+81 / +86	3.80 / 3.85	-	+73 / +77				3.75 / 3.80	-	+62 / +67
5 2030		3.04 / 3.04		3.90 / 3.95	-	+86 / +91	3.95 / 4.00	-	+83 / +87				3.90 / 3.95	-	+72 / +77
6 2031		3.08 / 3.08		4.00 / 4.00	-	+92 / +92	4.05 / 4.10	-	+89 / +94				4.00 / 4.05	-	+78 / +83
7 2032		3.13 / 3.15		4.10 / 4.15	-	+97 / +100	4.15 / 4.20	-	+94 / +96				4.10 / 4.15	-	+83 / +86
8 2033		3.19 / 3.20		4.20 / 4.25	-	+101 / +105	4.25 / 4.25	-	+98 / +96				4.20 / 4.25	-	+87 / +91
9 2034		3.27 / 3.30		4.30 / 4.35	-	+103 / +105	4.30 / 4.35	-	+94 / +96	4.30	-	+77	4.30 / 4.35	-	+91 / +93
10 2035		3.35 / 3.37		4.40 / 4.40	-	+105 / +103	4.40 / 4.45	-	+96 / +99	4.35 / 4.40	-	+77 / +81	4.40 / 4.45	-	+93 / +96
11 2036		3.43 / 3.45		4.50 / 4.50	-	+107 / +105	4.50 / 4.50	-	+99 / +96	4.50	-	+82	4.50 / 4.50	-	+96 / +94
12 2037		3.50 / 3.52		4.50 / 4.50	-	+100 / +98	4.50 / 4.50	-	+93 / +90	4.55	-	+81			
13 2038		3.57 / 3.58													
14 2039		3.65													
15 2040		3.76		4.625	-	+86.5	4.65	-	+83	4.70	-	+75	4.65	-	+80
16 2041		3.87													
17 2042		3.97													
18 2043		4.05													
19 2044		4.11													
20 2045		4.17		4.90	-	+73	4.95	-	+70	5.00	-	+62	4.95	-	+67
21 2046		4.21													
22 2047		4.24													
23 2048		4.27													
24 2049		4.31													
25 2050		4.33		5.00	-	+67	5.05	-	+64	5.10	-	+55	5.05	-	+61
26 2051		4.35													
27 2052		4.37													
28 2053		4.38													
29 2054		4.39													
30 2055		4.40		5.05	-	+65	5.10	-	+62	5.15	-	+53	5.10	-	+59
31 2056															
32 2057															
PAC				6.00	4.07	+103	6.00	4.18	+105						
PAC AvgLf, Price				5yrs 100-500% PSA, \$108.496			5.5yrs 75-450% PSA, \$108.675								
Notes															
Par Call	7/1/33			7/1/33			9/1/33			12/1/33			7/1/34		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			BofA		

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/16/25			4/15/25			4/1/25			3/26/25			3/25/25		
Amount	\$89,250,000			\$45,500,000			\$337,245,000			\$250,000,000			\$100,000,000		
Issuer	Arizona IDA			Colorado HFA			Michigan SHDA			Missouri HDC			Mississippi HC		
Series	2025 Series A			2025 Series F			2025 Series A			2025 Series C			Series 2025A		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / - / -			Aaa / AAA / -			Aa2 / AA+ / -			- / AA+ / -			Aaa / - / -		
Tax Status	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
Yr ('25 pricings)	Oct1	(if diff.)	to iMMD	5/1/55	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD
0 2025															
1 2026	3.50	-	+46				3.05 / 3.05	-	+44 / +42	3.15	-	+49			
2 2027	3.60	-	+55				3.15 / 3.25	-	+52 / +62	3.20 / 3.25	-	+45 / +50			
3 2028	3.70	-	+62				3.30 / 3.35	-	+63 / +66	3.30 / 3.35	-	+51 / +54			
4 2029	3.80	-	+66				3.40 / 3.45	-	+67 / +70	3.40 / 3.45	-	+55 / +58			
5 2030	3.95	-	+76				3.55 / 3.60	-	+74 / +78	3.55 / 3.60	-	+62 / +66			
6 2031	4.05	-	+82				3.65 / 3.70	-	+76 / +81	3.65 / 3.70	-	+67 / +72	3.65	-	+75
7 2032	4.15	-	+83				3.75 / 3.80	-	+78 / +79	3.75 / 3.80	-	+69 / +71	3.70 / 3.75	-	+74 / +75
8 2033	4.25	-	+89				3.90 / 3.95	-	+85 / +89	3.85 / 3.95	-	+72 / +81	3.80 / 3.85	-	+77 / +81
9 2034	4.35	-	+91				4.00 / 4.00	-	+87 / +84	4.00 / 4.05	-	+76 / +78	3.90 / 4.00	-	+76 / +83
10 2035	4.45	-	+94				4.10 / 4.125	-	+88 / +89.5	4.10 / 4.15	-	+79 / +83	4.00 / 4.05	-	+79 / +83
11 2036	4.50	-	+92							4.20 / 4.25	-	+84 / +86	4.10 / 4.15	-	+84 / +86
12 2037	4.55	-	+91				4.25	-	+88	4.25 / 4.25	-	+83 / +80	4.15 / 4.20	-	+83 / +85
13 2038															
14 2039															
15 2040	4.70	-	+85				4.50	-	+94	4.50	-	+86	4.40	-	+86
16 2041															
17 2042															
18 2043															
19 2044															
20 2045	5.00	-	+73				4.85	-	+84	4.85	-	+75	4.80	-	+80
21 2046															
22 2047															
23 2048															
24 2049															
25 2050	5.10	-	+68				4.95	-	+83	4.95	-	+73	4.90	-	+78
26 2051															
27 2052															
28 2053	5.15	-	+68										4.95	-	+78
29 2054															
30 2055							5.00	4.97	+78	5.00	-	+71			
31 2056															
32 2057															
PAC	6.25	4.20	+102	6.50	4.34	+108	6.25	3.91	+110	5.75	4.00	+107			
PAC AvgLf, Price	5yrs 50-700% PSA, \$109.025			5.7yrs 100-700% PSA, \$110.543			5yrs 75-500% PSA, \$110.34			5yrs 75-400% PSA, \$107.688					
Notes															
Par Call	10/1/33			5/1/33 (+adj PAC)			12/1/33			5/1/33 (+adj PAC)			12/1/33		
Sr Manager	Barclays			BofA			RBC Capital Markets			Stifel			Raymond James		

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	3/18/25			3/18/25			3/18/25			3/17/25			3/13/25		
Amount	\$75,000,000			\$75,000,000			\$137,670,000			\$45,000,000			\$75,000,000		
Issuer	Alabama HFA			Arkansas DFA			Illinois HDA			West Virginia HDF			Montana BOH		
Series	2025 Series A			2025 Series A			2025 Series A			2025 Series A			2025 Series A		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aaa / - / -			- / AA+ / -			Aaa / - / -			Aaa / AAA / -			Aa1 / AA+ / -		
Tax Status	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
Yr (25 pricings)	Apr1 / Oct1	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	Apr1 / Oct1	(if diff.)	to iMMD	May1 / Nov1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD
0 2025															
1 2026	3.05	-	+44	3.00	-	+39				5.00 / 5.00	2.76 / 2.79	+15 / +18	3.00 / 3.00	-	+39 / +39
2 2027	3.10 / 3.15	-	+48 / +53	3.05 / 3.10	-	+43 / +48				5.00 / 5.00	2.82 / 2.87	+20 / +25	3.05 / 3.10	-	+43 / +48
3 2028	3.15 / 3.20	-	+49 / +53	3.15 / 3.15	-	+49 / +49				5.00 / 5.00	2.91 / 2.96	+25 / +28	3.15 / 3.15	-	+49 / +47
4 2029	3.30 / 3.35	-	+59 / +63	3.15 / 3.20	-	+44 / +49				5.00 / 5.00	3.01 / 3.06	+30 / +33	3.20 / 3.25	-	+49 / +52
5 2030	3.40 / 3.45	-	+60 / +64	3.30 / 3.35	-	+50 / +55				5.00 / 5.00	3.15 / 3.18	+35 / +37	3.30 / 3.35	-	+50 / +54
6 2031	3.50 / 3.55	-	+66 / +71	3.40 / 3.45	-	+56 / +61				5.00 / 5.00	3.25 / 3.27	+41 / +43	3.40 / 3.45	-	+56 / +61
7 2032	3.60 / 3.65	-	+72 / +73	3.50 / 3.55	-	+62 / +65				5.00 / 5.00	3.34 / 3.42	+45 / +50	3.50 / 3.55	-	+61 / +62
8 2033	3.70 / 3.80	-	+75 / +83	3.625 / 3.70	-	+67.5 / +74				5.00 / 5.00	3.46 / 3.52	+50 / +55	3.625 / 3.70	-	+66.5 / +73
9 2034	3.85 / 3.875	-	+80 / +79.5	3.75 / 3.80	-	+71 / +73				3.80 / 3.85	-	+74 / +76	3.75 / 3.80	-	+69 / +71
10 2035	3.90 / 3.95	-	+78 / +81	3.85 / 3.90	-	+74 / +77				3.90 / 3.95	-	+77 / +81	3.85 / 3.90	-	+72 / +76
11 2036	4.00 / 4.05	-	+83 / +85	3.95 / 4.00	-	+78 / +81	3.95	-	+78	4.00 / 4.05	-	+82 / +84	3.95 / 4.00	-	+77 / +79
12 2037	4.10 / 4.10	-	+87 / +84	4.05 / 4.10	-	+82 / +85				4.10 / 4.10	-	+86 / +83	4.05 / 4.05	-	+81 / +78
13 2038															
14 2039															
15 2040	4.35	-	+88	4.15	-	+68				4.35	-	+88	4.25	-	+78
16 2041															
17 2042															
18 2043															
19 2044															
20 2045	4.75	-	+79	4.60	-	+64	4.75	-	+79	4.75	-	+79	4.75	-	+78
21 2046															
22 2047															
23 2048															
24 2049															
25 2050	4.85	-	+72	4.65	-	+52	4.875	-	+74.5	4.875	-	+74.5	4.85	-	+70
26 2051															
27 2052															
28 2053															
29 2054													4.875	-	+66.5
30 2055	4.875	-	+67.5	4.70	-	+50				4.90	-	+70			
31 2056															
32 2057															
PAC	5.75	3.94	+113	5.50	3.81	+100	6.25	3.89	+105				5.75	3.74	+94
PAC AvgLf, Price	5.4yrs 75-400% PSA, \$108.64			5.7yrs 75-500% PSA, \$108.381			6yrs 75-600% PSA, \$112.205						5yrs 75-700% PSA, \$108.95		
Notes															
Par Call	4/1/33 (+adj PAC)			7/1/33 (+adj PAC)			4/1/33 (+adj PAC)			11/1/33			6/1/33		
Sr Manager	Raymond James			Raymond James			Barclays			Raymond James			RBC Capital Markets		

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	3/11/25	3/11/25	3/11/25	3/6/25	3/5/25	3/5/25
Amount	\$25,000,000	\$67,965,000	\$60,000,000	\$25,525,000	\$30,000,000	\$262,940,000
Issuer	El Paso HFC (TX)	Massachusetts HFA	Utah HC	Pima & Tucson (AZ) IDA's	Nevada HD	Pennsylvania HFA
Series	Series 2025A	Series 242	2025 Series C	Series 2025A-1	Series 2025A	Series 2025-148A
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aa1 / - / -	Aa1 / AA+ / -	Aa2 / - / -	Aa1 / - / -	- / AA+ / -	Aa1 / AA+ / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Mar1 / Sep1	(if diff.)	to iMMD	Jun1 / Dec1	(if diff.)	to iMMD
0 2025						
1 2026	2.90	-	+38	2.95 / 2.95	-	+43 / +43
2 2027	2.95 / 3.00	-	+42 / +47	2.95	-	+42
3 2028	3.15 / 3.20	-	+58 / +62			
4 2029	3.30 / 3.35	-	+68 / +73			
5 2030	3.40 / 3.45	-	+71 / +75			
6 2031	3.50 / 3.55	-	+77 / +82			
7 2032	3.60 / 3.65	-	+84 / +86			
8 2033	3.70 / 3.75	-	+89 / +92			
9 2034	3.80 / 3.85	-	+91 / +93			
10 2035	3.90 / 3.95	-	+94 / +97	3.75 / 3.80	-	+78 / +82
11 2036	4.00 / 4.05	-	+99 / +101	3.90 / 4.00	-	+88 / +95
12 2037	4.10	-	+103	4.05 / 4.05	-	+97 / +94
13 2038						
14 2039						
15 2040	4.25	-	+94	4.20	-	+89
16 2041						
17 2042						
18 2043						
19 2044						
20 2045	4.875	4.70	+88	4.60	-	+78
21 2046						
22 2047						
23 2048						
24 2049						
25 2050	5.15	4.90	+90	4.75	-	+75
26 2051						
27 2052						
28 2053						
29 2054						
30 2055	5.20	4.95	+88	4.80	-	+73
31 2056						
32 2057						
PAC	5.875	3.90	+117	6.50	3.76	+103
PAC AvgLf, Price	5.9yrs 75-500% PSA, \$110.039			6yrs 90-400% PSA, \$114.205	6yrs 75-400% PSA, \$108.557	
Notes						
Par Call	3/1/35	6/1/33	7/1/33 (+adj PAC)	7/1/34 (+adj PAC)	4/1/34	4/1/33
Sr Manager	Raymond James	Raymond James	Jefferies	Stifel	J.P. Morgan	Wells Fargo

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	2/20/25			11/12/24			7/30/24			6/11/24		
Amount	\$69,565,000			\$78,350,000			\$75,000,000			\$80,000,000		
Issuer	Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series	2025 Series C			2024 Series U			2024 Series O			2024 Series L		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status	Non-AMT			Non-AMT			Non-AMT			Non-AMT		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr ('25 pricings)	56796	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD	1/1/55	(if diff.)	to iMMD	Jan1 / Jul1	(if diff.)	to iMMD
0 2025												
1 2026				3.25	-	+22				3.4	-	+20
2 2027				3.20 / 3.20	-	+39 / +45				3.45 / 3.45	-	+27 / +30
3 2028				3.25 / 3.25	-	+67 / +67				3.50 / 3.50	-	+41 / +47
4 2029				3.30 / 3.35	-	+70 / +75				3.55 / 3.60	-	+54 / +60
5 2030				3.40 / 3.45	-	+77 / +81				3.625 / 3.65	-	+66 / +68
6 2031				3.50 / 3.50	-	+82 / +80				3.75 / 3.80	-	+80 / +85
7 2032				3.55	-	+80				3.85 / 3.90	-	+91 / +96
8 2033										3.95 / 3.95	-	+102 / +102
9 2034										4.00 / 4.00	-	+108 / +108
10 2035										4.05 / 4.05	-	+113 / +113
11 2036										4.10 / 4.10	-	+118 / +117
12 2037												
13 2038												
14 2039										4.15	-	+105
15 2040												
16 2041												
17 2042												
18 2043												
19 2044												
20 2045												
21 2046												
22 2047												
23 2048												
24 2049												
25 2050												
26 2051												
27 2052												
28 2053												
29 2054												
30 2055												
31 2056												
32 2057												
PAC	6.25	3.77	+100	6.25	3.78	+106	6.25	3.9	+113	6.50	4.09	+114
PAC AvgLf, Price	yrs 75-400% PSA, \$112.913			6yrs 75-500% PSA, \$112.83			6yrs 75-500% PSA			6yrs 75-500% PSA		
Notes												
Par Call	7/1/33			1/1/33			1/1/33			1/1/33		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		

## TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	5/1/2025			4/29/25			4/24/25			4/23/25		
Amount	\$52,440,000			\$50,000,000			\$40,000,000			\$158,240,000		
Issuer	Minnesota HFA			Tennessee HDA			New Mexico MFA			Colorado HFA		
Series	2025 Series G			Issue 2025-1B			2025 Series D			2025 Series H-1		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aaa / - / -			Aaa / AAA / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	4/29	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Jan1 / Jul1	CMT	to UST	Jan1 / Jul1	(if diff.)	to UST	Mar1 / Sep1	(if diff.)	to UST	May1 / Nov1	(if diff.)	to UST
0 2025												
1 2026		3.89		4.202	-	+55 to 2yr				4.398	-	+52 to 2yr
2 2027		3.65		4.202 / 4.252	-	+55 / +60 to 2yr	4.419 / 4.469	-	+60 / +65 to 2yr	4.448	-	+57 to 2yr
3 2028		3.65		4.263 / 4.313	-	+62 / +67 to 3yr	4.445 / 4.495	-	+65 / +70 to 3yr	4.515	-	+65 to 3yr
4 2029				4.39 / 4.39	-	+62 / +62 to 5yr	4.579 / 4.579	-	+65 / +65 to 5yr	4.633	-	+63 to 5yr
5 2030		3.77		4.47 / 4.52	-	+70 / +75 to 5yr	4.629 / 4.679	-	+70 / +75 to 5yr	4.753	-	+75 to 5yr
6 2031				4.691 / 4.731	-	+73 / +77 to 7yr	4.864 / 4.914	-	+75 / +80 to 7yr	4.967	-	+78 to 7yr
7 2032		3.96		4.791 / 4.841	-	+83 / +88 to 7yr	4.964 / 5.014	-	+85 / +90 to 7yr	6.00	4.553	+55 to 5yr
8 2033				5.088 / 5.138	-	+92 / +97 to 10yr	5.289 / 5.349	-	+98 / +104 to 10yr	5.381 / 5.337	5.381 / 5.431	+100 / +105 to 10yr
9 2034				5.198 / 5.248	-	+103 / +108 to 10yr	5.399 / 5.449	-	+109 / +114 to 10yr	5.391 / 5.444	5.481 / 5.531	+110 / +115 to 10yr
10 2035		4.19		5.298 / 5.348	-	+113 / +118 to 10yr	5.489 / 5.529	-	+118 / +122 to 10yr	5.498 / 5.55	5.581 / 5.631	+120 / +125 to 10yr
11 2036				5.398 / 5.428	-	+123 / +126 to 10yr	5.559 / 5.589	-	+125 / +128 to 10yr	5.583 / 5.605	5.661 / 5.681	+128 / +130 to 10yr
12 2037										5.627 / 5.649	5.701 / 5.721	+132 / +134 to 10yr
13 2038												
14 2039												
15 2040				5.638	-	+147 to 10yr	5.809	-	+150 to 10yr	5.881	-	+150 to 10yr
16 2041												
17 2042										5.931	-	+155 to 10yr
18 2043												
19 2044												
20 2045				5.893	-	+124 to 30yr	6.044	-	+127 to 30yr			
21 2046												
22 2047												
23 2048												
24 2049												
25 2050				5.953	-	+130 to 30yr	6.104	-	+133 to 30yr			
26 2051												
27 2052												
28 2053												
29 2054												
30 2055		4.64		5.993	-	+134 to 30yr	6.164	-	+139 to 30yr			
31 2056												
32 2057												
PAC				6.50	4.94	+117 to 5yr	6.25	5.324	+121 to 7yr	6.25	5.407	+122 to 7yr
PAC AvgLf, Price				5yrs 100-500% PSA, \$106.688			5.5yrs 75-450% PSA, \$104.245			6yrs 100-700% PSA, \$104.139		
Notes										11/32 is 6% lockout priced to 5yr average life		
Par Call	7/1/33			7/1/33			9/1/33			5/1/33		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		



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**TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA**

Pricing Date	4/22/25			4/21/25			4/15/25			4/3/25		
Amount	\$39,160,000			\$140,000,000			\$57,190,000			\$95,665,000		
Issuer	Washington SHFC			Virginia HDA			Colorado HFA			Illinois HDA		
Series	2025 Series 1T			2025 Series B			2025 Series G-1			2025 Series C		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aaa / - / -			Aaa / AAA / -			Aaa / AAA / -			Aaa / - / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Jun1 / Dec1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST	May1 / Nov1	(if diff.)	to UST	Oct1	(if diff.)	to UST
0 2025												
1 2026				4.302	-	+55 to 2yr	4.366 / 4.366	-	+55 / +55 to 2yr			
2 2027	4.456	-	+65 to 2yr	4.352 / 4.382	-	+60 / +63 to 2yr	4.416 / 4.446	-	+60 / +63 to 2yr			
3 2028	4.444 / 4.494	-	+63 / +68 to 3yr	4.415 / 4.445	-	+64 / +67 to 3yr	4.49 / 4.52	-	+67 / +70 to 3yr			
4 2029	4.628 / 4.678	-	+65 / +70 to 5yr	4.586 / 4.636	-	+62 / +67 to 5yr	4.597 / 4.647	-	+65 / +70 to 5yr			
5 2030	4.708 / 4.748	-	+73 / +77 to 5yr	4.716 / 4.766	-	+75 / +80 to 5yr	4.697 / 4.747	-	+75 / +80 to 5yr			
6 2031	4.98 / 5.03	-	+80 / +85 to 7yr	4.982 / 5.002	-	+80 / +82 to 7yr	6.00	4.842	+72.5 to 7yr			
7 2032	5.08 / 5.13	-	+90 / +95 to 7yr	5.052 / 5.102	-	+87 / +92 to 7yr	6.00	4.942	+82.5 to 7yr			
8 2033	5.373 / 5.423	-	+98 / +103 to 10yr	5.369 / 5.429	-	+96 / +102 to 10yr	6.00	5.235	+92.5 to 10yr			
9 2034	5.473 / 5.523	-	+108 / +113 to 10yr	5.479 / 5.529	-	+107 / +112 to 10yr	6.00	5.335	+102.5 to 10yr			
10 2035	5.573 / 5.643	-	+118 / +125 to 10yr	5.629 / 5.689	-	+122 / +128 to 10yr	5.56 / 5.59	-	+125 / +128 to 10yr			
11 2036	5.673 / 5.693	-	+128 / +130 to 10yr	5.709 / 5.729	-	+130 / +132 to 10yr	5.61 / 5.63	-	+130 / +132 to 10yr			
12 2037				5.759 / 5.809	-	+135 / +140 to 10yr	5.66 / 5.71	-	+135 / +140 to 10yr			
13 2038												
14 2039												
15 2040	5.893	-	+150 to 10yr	5.869	-	+146 to 10yr	5.81	-	+150 to 10yr			
16 2041												
17 2042												
18 2043							5.86	-	+155 to 10yr			
19 2044												
20 2045				6.189	-	+127 to 30yr				5.879	-	+140 to 30yr
21 2046												
22 2047												
23 2048												
24 2049												
25 2050				6.249	-	+133 to 30yr				5.929	-	+145 to 30yr
26 2051												
27 2052												
28 2053												
29 2054												
30 2055				6.279	-	+136 to 30yr						
31 2056												
32 2057												
PAC	6.50	5.228	+125 to 5yr				6.50	5.367	+125 to 7yr	6.25	4.791	+105 to 5yr
PAC AvgLf, Price	5yrs 50-700% PSA, \$105.415						6yrs 100-700% PSA, \$105.598			5yrs 75-500% PSA, \$106.292		
Notes												
Par Call	12/1/33			7/1/33			5/1/33 (+adj PAC)			4/1/33		
Sr Manager	RBC Capital Markets			BofA			BofA			Loop Capital Markets		

## TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	4/1/25			3/24/25			3/18/25			3/17/25		
Amount	\$52,755,000			\$33,795,000			\$116,665,000			\$45,000,000		
Issuer	Michigan SHDA			Mississippi HC			Illinois HDA			West Virginia HDF		
Series	2025 Series B			Series 2025B			2025 Series B			2025 Series B		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa2 / AA+ / -			Aaa / - / -			Aaa / - / -			Aaa / AAA / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Jun1 / Dec1	(if diff.)	to UST	Jun1 / Dec1	(if diff.)	to UST	Apr1 / Oct1	(if diff.)	to UST	May1 / Nov1	(if diff.)	to UST
0 2025				4.287	-	+25 to 2yr						
1 2026	4.126 / 4.126	-	+27 / +27 to 2yr	4.287 / 4.317	-	+25 / +28 to 2yr	4.34 / 4.34	-	+30 / +30 to 2yr	6.00 / 6.00	4.298 / 4.298	+25 / +25 to 2yr
2 2027	4.156 / 4.166	-	+30 / +31 to 2yr	4.367 / 4.387	-	+33 / +35 to 2yr	4.37 / 4.37	-	+33 / +33 to 2yr	6.00 / 6.00	4.348 / 4.348	+30 / +30 to 2yr
3 2028	4.168 / 4.168	-	+33 / +33 to 3yr	4.415 / 4.445	-	+40 / +43 to 3yr	4.364 / 4.364	-	+35 / +35 to 3yr	6.00 / 6.00	4.373 / 4.398	+35 / +37.5 to 3yr
4 2029	4.224 / 4.274	-	+32 / +37 to 5yr	4.495 / 4.525	-	+40 / +43 to 5yr	4.452 / 4.452	-	+38 / +38 to 5yr	6.00 / 6.00	4.441 / 4.491	+35 / +40 to 5yr
5 2030	4.354 / 4.404	-	+45 / +50 to 5yr	4.545 / 4.595	-	+45 / +50 to 5yr	4.522 / 4.522	-	+45 / +45 to 5yr	6.00 / 6.00	4.541 / 4.591	+45 / +50 to 5yr
6 2031	4.524 / 4.574	-	+50 / +55 to 7yr	4.689	-	+47 to 7yr	4.73 / 4.78	-	+55 / +60 to 7yr	6.00 / 6.00	4.701 / 4.751	+50 / +55 to 7yr
7 2032	4.624 / 4.674	-	+60 / +65 to 7yr				4.83 / 4.88	-	+65 / +70 to 7yr	6.00 / 6.00	4.801 / 4.851	+60 / +65 to 7yr
8 2033	4.827 / 4.877	-	+67 / +72 to 10yr				5.079 / 5.129	-	+80 / +85 to 10yr	6.00 / 6.00	4.999 / 5.049	+70 / +75 to 10yr
9 2034	4.957 / 5.007	-	+80 / +85 to 10yr				5.179 / 5.229	-	+90 / +95 to 10yr	5.099 / 5.149	-	+80 / +85 to 10yr
10 2035	5.107 / 5.137	-	+95 / +98 to 10yr				5.279 / 5.329	-	+100 / +105 to 10yr	5.199 / 5.249	-	+90 / +95 to 10yr
11 2036	5.157 / 5.177	-	+100 / +102 to 10yr				5.359 / 5.379	-	+108 / +110 to 10yr	5.279 / 5.299	-	+98 / +100 to 10yr
12 2037							5.409 / 5.429	-	+113 / +115 to 10yr			
13 2038												
14 2039												
15 2040	5.357	-	+120 to 10yr							5.449	-	+115 to 10yr
16 2041							5.629	-	+135 to 10yr			
17 2042												
18 2043	5.731	-	+120 to 30yr									
19 2044												
20 2045										5.75	-	+115 to 30yr
21 2046												
22 2047												
23 2048												
24 2049												
25 2050										5.79	-	+119 to 30yr
26 2051												
27 2052												
28 2053												
29 2054												
30 2055										5.84	-	+124 to 30yr
31 2056												
32 2057												
PAC				6.25	4.995	+90 to 5yr						
PAC AvgLf, Price				5yrs 50-700% PSA, \$105.378								
Notes												
Par Call	12/1/33			12/1/33			4/1/33			11/1/33		
Sr Manager	RBC Capital Markets			Raymond James			Loop Capital Markets			Raymond James		

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**TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA**

Pricing Date	3/11/25			3/11/25			3/11/25			3/6/25		
Amount	\$50,000,000			\$65,000,000			\$140,000,000			\$2,475,000		
Issuer	California HFA			Massachusetts HFA			Utah HC			Pima & Tucson (AZ) IDA's		
Series	2025 Series A			Series 243			2025 Series D			Series 2025A-2		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aaa / AA+ / -			Aa1 / AA+ / -			Aa2 / - / -			Aa1 / - / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Feb1 / Aug1	(if diff.)	to UST	Jun1 / Dec1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST
0 2025												
1 2026	4.191 / 4.191	-	+25 / +25 to 2yr				4.187	-	+25 to 2yr	4.30	-	+34 to 2yr
2 2027	4.191 / 4.191	-	+25 / +25 to 2yr				4.237	-	+30 to 2yr	4.35 / 4.38	-	+39 / +42 to 2yr
3 2028	4.227 / 4.247	-	+28 / +30 to 3yr	4.263 / 4.283	-	+33 / +35 to 3yr	4.259	-	+32 to 3yr	4.40 / 4.45	-	+42 / +47 to 3yr
4 2029	4.338 / 4.388	-	+30 / +35 to 5yr	4.374 / 4.424	-	+35 / +40 to 5yr	4.389	-	+36 to 5yr	4.50 / 4.55	-	+44 / +49 to 5yr
5 2030	4.438 / 4.488	-	+40 / +45 to 5yr	4.474 / 4.524	-	+45 / +50 to 5yr	4.479	-	+45 to 5yr	4.65	-	+59 to 5yr
6 2031	4.619 / 4.669	-	+45 / +50 to 7yr	4.653 / 4.703	-	+50 / +55 to 7yr	4.656	-	+50 to 7yr	4.75	-	+57 to 7yr
7 2032	4.719 / 4.769	-	+55 / +60 to 7yr	4.753 / 4.803	-	+60 / +65 to 7yr	4.756	-	+60 to 7yr	4.90	-	+72 to 7yr
8 2033	4.938 / 4.988	-	+65 / +70 to 10yr	4.974 / 5.024	-	+70 / +75 to 10yr	6.00 / 4.976	4.409 / 4.976	+38 to 5 / +70 to 10			
9 2034				5.074 / 5.124	-	+80 / +85 to 10yr	5.076 / 5.126	-	+80 / +85 to 10yr	5.10	-	+81 to 10yr
10 2035	5.088 / 5.188	-	+80 / +90 to 10yr	5.174 / 5.224	-	+90 / +95 to 10yr	5.176 / 5.246	-	+90 / +97 to 10yr	5.25	-	+96 to 10yr
11 2036	5.218	-	+93 to 10yr	5.254 / 5.274	-	+98 / +100 to 10yr	5.296 / 5.316	-	+102 / +104 to 10yr			
12 2037	5.268	-	+98 to 10yr	5.304 / 5.324	-	+103 / +105 to 10yr	5.346 / 5.366	-	+107 / +109 to 10yr			
13 2038												
14 2039												
15 2040	5.388	-	+110 to 10yr	5.424	-	+115 to 10yr	5.426	-	+115 to 10yr			
16 2041												
17 2042												
18 2043												
19 2044												
20 2045	5.712	-	+110 to 30yr	5.757	-	+115 to 30yr						
21 2046												
22 2047												
23 2048												
24 2049												
25 2050	5.762	-	+115 to 30yr				5.803	-	+120 to 30yr			
26 2051												
27 2052												
28 2053												
29 2054												
30 2055	5.812	-	+120 to 30yr				5.823	-	+122 to 30yr			
31 2056												
32 2057												
PAC	6.25	4.998	+96 to 5yr				6.50	5.009	+98 to 5yr			
PAC AvgLf, Price	5yrs 100-500% PSA, \$105.379						5yrs 100-500% PSA, \$106.355					
Notes							1/33 is 6% lockout priced to 5yr average life					
Par Call	2/1/2033 (+adj PAC)			6/1/33			7/1/33 (+adj PAC)			None		
Sr Manager	RBC Capital Markets			Raymond James			Jefferies			Stifel		

## TAXABLE HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	3/5/25			3/5/25			2/20/25			2/4/25		
Amount	\$107,705,000			\$63,870,000			\$90,435,000			\$70,000,000		
Issuer	Nevada HD			Pennsylvania HFA			Minnesota HFA			Minnesota HFA		
Series	Series 2025B			Series 2025-148B			2025 Series D			2025 Series A		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	- / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread	Coupon	Yield	Spread
Yr (25 pricings)	Apr1 / Oct1	(if diff.)	to UST	Apr1 / Oct1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST	Jan1 / Jul1	(if diff.)	to UST
0 2025												
1 2026				4.176 / 4.176	-	+20 / +20 to 2yr				4.438 / 4.438	-	+22 / +22 to 2yr
2 2027				4.226 / 4.226	-	+25 / +25 to 2yr				4.478 / 4.548	-	+26 / +33 to 2yr
3 2028				4.264 / 4.284	-	+28 / +30 to 3yr				4.585 / 4.585	-	+33 / +33 to 3yr
4 2029				4.358 / 4.408	-	+30 / +35 to 5yr				4.624 / 4.624	-	+30 / +30 to 5yr
5 2030				4.458 / 4.508	-	+40 / +45 to 5yr				4.684 / 4.754	-	+36 / +43 to 5yr
6 2031				4.621 / 4.671	-	+45 / +50 to 7yr				4.887 / 4.947	-	+46 / +52 to 7yr
7 2032				4.721 / 4.771	-	+55 / +60 to 7yr				4.977 / 4.997	-	+55 / +57 to 7yr
8 2033				4.927 / 4.977	-	+65 / +70 to 10yr	6.00	4.692	+35 to 5yr	5.155 / 5.195	-	+63 / +67 to 10yr
9 2034	6*,5.019 / 5.069	4.518*,5.019 / 5.069	+45 5yr*,+75 / +80 10yr	5.027 / 5.077	-	+75 / +80 to 10yr	5.249 / 5.299	-	+75 / +80 to 10yr	5.255 / 5.325	-	+73 / +80 to 10yr
10 2035	5.119 / 5.149	-	+85 / +88 to 10yr	5.127 / 5.177	-	+85 / +90 to 10yr	5.349 / 5.379	-	+85 / +88 to 10yr	5.355 / 5.405	-	+83 / +88 to 10yr
11 2036	5.189 / 5.219	-	+92 / +95 to 10yr	5.207 / 5.227	-	+93 / +95 to 10yr	5.409 / 5.439	-	+91 / +94 to 10yr	5.445 / 5.445	-	+92 / +92 to 10yr
12 2037	5.249 / 5.269	-	+98 / +100 to 10yr	5.257 / 5.277	-	+98 / +100 to 10yr	5.459 / 5.499	-	+96 / +100 to 10yr	5.485 / 5.505	-	+96 / +98 to 10yr
13 2038												
14 2039												
15 2040	5.369	-	+110 to 10yr	5.377	-	+110 to 10yr	5.599	-	+110 to 10yr	5.595	-	+107 to 10yr
16 2041												
17 2042										5.774	-	+100 to 30yr
18 2043												
19 2044												
20 2045	5.675	-	+110 to 30yr				5.846	-	+110 to 30yr			
21 2046										5.824	-	+105 to 30yr
22 2047												
23 2048												
24 2049												
25 2050	5.725	-	+115 to 30yr	5.734	-	+115 to 30yr						
26 2051							5.896	-	+115 to 30yr			
27 2052												
28 2053												
29 2054				5.784	-	+120 to 30yr						
30 2055												
31 2056												
32 2057												
PAC	6.25	5.038	+97 to 5yr	6.25	5.038	+98 to 5yr				6.125	5.427	+100 to 7yr
PAC AvgLf, Price	5yrs 50-600% PSA, \$105.182			5yrs 50-500% PSA, \$105.189			6yrs 75-400% PSA, \$103.411					
Notes	4/34 has \$15MM portion that is term bond with 6% coupon (lockout) priced to 5 year average life						7/1/33 is 6% lockout priced to 5yr average life					
Par Call	4/1/34			4/1/33			1/1/34			7/1/33		
Sr Manager	J.P. Morgan			Wells Fargo			RBC Capital Markets			RBC Capital Markets		