MINNESOTA HOUSING

# MEETINGS SCHEDULED FOR OCTOBER

Date: 10/24/24, 1 p.m.

## HYBRID OPTION AVAILABLE:

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

*Conference Call:* Toll Free: 1.877.309.2071 Access Code: 527-884-137

## 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, October 24, 2024.

**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: 10/24/2024, 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 September 26, 2024

## 5. Reports

- Chair
- Commissioner
- Committee

## 6. Consent Agenda

None.

## 7. Action Items

A. (page 13) Approval, Family Homeless Prevention and Assistance Program Fiscal Year (FY) 2026-27 Program Guide
B. (page 85) Commitment, Low and Moderate Income Rental (LMIR) Loan, Bridge Loan (BL) - The Views on 7th, D8580, Little Falls
C. (page 103) Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 H-1 and 2024 H-2 (The Views on 7th)
D. (page 193) Commitment Bridge Loan (BL) and Funding Modification, Housing Infrastructure Bonds (HIB) - Mary Hall, D8341, St. Paul

## 8. Discussion Items

A. (page 222) Housing Support Changes and Supportive Housing

## 9. Information Items

A. (page 229) Post Sale Report, Residential Housing Finance Bonds, Series 2024 OPQ
B. (page 243) Post Sale Report, Residential Housing Finance Bonds, Series 2024 RS
C. (page 255) Post Sale Report, Rental Housing Bonds, Series 2024 C (Carver Place Apartments)
D. (page 261) Post Sale Report, State Appropriated (Housing Infrastructure), Series 2024 A

## 10. Other Business

None.

## 11. Adjournment

None.

# Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, September 26, 2024, at 1 p.m.

## 1. Call Attendance

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:01 p.m.

## 2. Roll Call

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

**Minnesota Housing staff present in person:** Tom Anderson, Tal Anderson, Ryan Baumtrog, Scott Beutel, Sondra Breneman, Sara Bunn, Deran Cadotte, Erin Coons, Matt Dieveney, Michelle Doyal, Ben Eggersdorfer, Kathy Engstrom, Jennifer Finnesgard, Sarah Foley, Jessica Fowler, Rachel Franco, Emily Fulton-Foley, Darryl Henchen, Kang Her, Elsa Hildebrandt, Adam Himmel, Jennifer Ho, Jon Holmseth, John Hudson, Kinzy Janssen, Will Jensen-Kowski, Summer Jefferson, Millicent Kasal, Dan Kitzberger, Sue Ladehoff, Janine Langsjoen, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Rachel Lochner, Gail Lowthorp, Eric Mattson, Jill Mazullo, Don McCabe, Colleen Meier, Amy Melmer, Krissi Mills, Ellie Miller, Jonathan Moler, Jennifer Nelson, Michael Nguyen, Andrew Orth, John Patterson, Caryn Polito, Rinal Ray, Anne Redmond, Paula Rindels, Rachel Robinson, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, Kim Stuart, Tim Sullivan, Jodell Swenson, Susan Thompson, Mike Thone, Nancy Urbanski, Que Vang, Adam VanNuck, Teresa Vaplon, Manire Vaughn, Nicola Viana, Amanda Welliver, Lakisha Whitson, Beverly Wilharm, Kelly Winter, Carole Wohlk, and Kristy Zack.

**Others present via hybrid:** Ramona Advani, Office of the Minnesota State Auditor.

## 3. Agenda Review

None.

## 4. Approval

### Regular Meeting Minutes of August 22, 2024

**Motion:** Eric Cooperstein moved to approve the August 22, 2024, Regular Meeting Minutes. Seconded by Melanie Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. 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. Approval, Housing Trust Fund 2025 – 2027 Program Guide Changes

**Motion:** Eric Cooperstein moved the Consent Agenda. Seconded by Terri Thao. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## 7. Action Items

### A. Commitment, Low and Moderate Income Rental (LMIR) Loan, Bridge Loan (BL) – CB Ford Site II, D8517, St. Paul

Tom Sullivan presented to the board a request for adoption of a resolution: 1. Authorizing the issuance of a LMIR program commitment in the amount of up to $3,120,000, and
2. Authorizing the issuance of a BL commitment not to exceed $7,930,000. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Terri Thao moved Commitment, Low and Moderate Income Rental Loan, Bridge Loan – CB Ford Site II, D8517, St. Paul. Seconded by Eric Cooperstein. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## B. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 E-1 and 2024 E-2 (CB Ford Site II)

Matt Dieveney presented to the board a request for authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 E-1 and 2024 E-2. Seconded by Melanie Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## C. Forgiveness, Ending Long-Term Homelessness Initiative Fund (ELHIF) and HOME Investment Partnerships Program (HOME) Loans - Maple Hills Apartments, D3434, Red Wing

Erin Coons presented to the board a request for adoption of a resolution authorizing forgiveness of the Agency's $652,375 ELHIF and partial forgiveness of $224,000 on the $448,000 HOME loan as part of the new financing structure for Maple Hills Apartments. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Forgiveness, Ending Long-Term Homelessness Initiative Fund and HOME Investment Partnerships Program Loans - Maple Hills Apartments, D3434, Red Wing. Seconded by Terri Thao. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## D. Commitment, Low and Moderate Income Rental (LMIR) Loan, Bridge Loan (BL)– Maple Hills, D3434, St. Paul

Erin Coons presented to the board a request for the following: 1. adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $1,550,000; and 2. adoption of a resolution authorizing the issuance of a BL commitment not to exceed $9,350,000. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Commitment, Low and Moderate Income Rental Loan, Bridge Loan– Maple Hills, D3434, St. Paul. Seconded by Terri Thao. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## E. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series F-1 and F-2 (Maple Hills)

Matt Dieveney presented to the board a request for authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series F-1 and F-2. Seconded by Melanie Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## F. Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) and Modification, Housing Infrastructure Appropriation Loan (HIA) - Gladstone Village II, D8569, Maplewood

Jennifer Finnesgard presented to the board a request for the following: 1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $5,120,000; 2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed $8,350,000; and 3. Adoption of a resolution modifying the loan under the HIA program, from $4,988,000 to a maximum of $5,638,000. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Commitment, Low and Moderate Income Rental Loan and Bridge Loan, Housing Infrastructure Appropriation Loan - Gladstone Village II, D8569, Maplewood. Seconded by Auditor Blaha. Motion carries 6-0. All were in favor.

## G. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 G-1 and G-2 (Gladstone Village II)

Matt Dieveney presented to the board a request for authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. Michelle Adams, Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 G-1 and G-2. Seconded by Eric Cooperstein. Motion carries 6-0. All were in favor.

## H. Approval, Bridges and Bridges Regional Treatment Center (RTC) Program Guide Update

Ellie Miller presented to the board a request for approval to update the Bridges and Bridges Regional Treatment Center (RTC) Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Bridges and Bridges Regional Treatment Center Program Guide Update. Seconded by Eric Cooperstein. Motion carries 6-0. All were in favor.

## I. Approval, Housing Opportunities for Persons With AIDS (HOPWA), D8674, Rainbow Health Minnesota Assignment to Clare Housing

Deran Cadotte presented to the board a request for approval of the resolution to assign the remaining grant funds from the Housing Opportunities for Persons With AIDS (HOPWA) grant from Rainbow Health Minnesota to Clare Housing. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Housing Opportunities for Persons With AIDS (HOPWA), D8674, Rainbow Health Minnesota Assignment to Clare Housing. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

## J. Approval, Waiver to Extend the 2023 Housing Tax Credit Carryover 10% Test and Certified Public Accountant Certification Deadline - Minnesota Indian Women's Resource Center, D0860, Minneapolis

Tim Sullivan presented to the board a request for a waiver of the 2022-2023 Housing Tax Credit Qualified Allocation Plan to complete the 10% test and submit the certified public accountant certification from October 1, 2024, to December 16, 2024, for Minnesota Indian Women's Resource Center. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Waiver to Extend the 2023 Housing Tax Credit Carryover 10% Test and Certified Public Accountant Certification Deadline - Minnesota Indian Women's Resource Center, D0860, Minneapolis. Seconded by Melanie Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## K. Approval, Waiver to Extend the 2023 Housing Tax Credit Carryover 10% Test and Certified Public Accountant Certification Deadline - Prairie Pointe, D8328, Shakopee

Tim Sullivan presented to the board a request for a waiver of the 2022-2023 Housing Tax Credit Qualified Allocation Plan deadline to complete the 10% test and submit the certified public accountant certification from October 1, 2024, to December 16, 2024, for Prairie Pointe. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Melanie Benjamin moved Approval, Waiver to Extend the 2023 Housing Tax Credit Carryover 10% Test and Certified Public Accountant Certification Deadline - Prairie Pointe, D8328, Shakopee. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

## L. Forgiveness, Preservation Affordable Rental Investment Fund (PARIF), Housing Trust Fund (HTF), Economic Development and Housing Challenge (EDHC), and Ending Long-Term Homelessness Initiative Fund (ELHIF) Program Loans—Kimball Court, D2475, Saint Paul

Sarah Foley presented to the board a request for the adoption of a resolution authorizing forgiveness of the Agency's deferred PARIF, HTF, EDHC and ELHIF loans as part of the rehabilitation and expansion of Kimball Court. The loans are as follows: $780,818 PARIF loan, $665,00 HTF loan, $400,000 EDHC loan, and $305,000 ELHIF loan. If approved, the total forgiveness would be $2,150,818. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Terri Thao moved Forgiveness, Preservation Affordable Rental Investment Fund, Housing Trust Fund, Economic Development and Housing Challenge, and Ending Long-Term Homelessness Initiative Fund Program Loans—Kimball Court, D2475, Saint Paul. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

### M. Commitment Extension, Housing Infrastructure Bond (HIB), Flexible Financing for Capital Cost (FFCC) Program Loans—Kimball Court, D2475, Saint Paul

Sarah Foley presented to the board a request to adopt a resolution extending the commitment through May 25, 2025. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Commitment Extension, Housing Infrastructure Bond, Flexible Financing for Capital Cost Program Loans—Kimball Court, D2475, Saint Paul. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

### N. Approval, State Housing Tax Credit and Contribution Fund Program Guide

Krissi Mills presented to the board a request for approval of the State Housing Tax Credit and Contribution Fund Program Guide. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Approval, State Housing Tax Credit and Contribution Fund Program Guide. Seconded by Melanie Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

### O. Approval, 2024 Workforce Housing Development Program (WHDP) Selection

Sara Bunn presented to the board a request for approval and adoption of a resolution authorizing the selection for the 2024 Workforce Housing Development Program. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, 2024 Workforce Housing Development Program Selection. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

## 8. Discussion Items

None.

# 9. Information Items

## A. 2023 Conflict of Interest Disclosure Report

# 10. Other Business

None.

# 11. Adjournment

The meeting was adjourned at 2:53 p.m.

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John DeCramer, Chair

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# Item: Approval, Family Homeless Prevention and Assistance Program Fiscal Year (FY) 2026-27 Program Guide

**Action Item:** 7.A
**Date:** 10/24/2024
**Staff Contacts:** Diane Elias, 651.284.3176, Diane.Elias@state.mn.us
Nancy Urbanski, 651.296.3683, Nancy.Urbanski@state.mn.us
**Request Type:** Approval, Motion

## Request Summary

Staff requests approval of the amended Family Homeless Prevention and Assistance (FHPAP) FY 2026-27 Program Guide. This program guide will assist grant administrators to achieve program goals as well as comply with program requirements for the grant term of October 1, 2025 to September 30, 2027.

## Fiscal Impact

None

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background and Request Details
- Program Guide with Tracked Changes

## Background:

The Family Homeless Prevention and Assistance Program (FHPAP) provides supportive services and direct assistance to households who are experiencing homelessness or at imminent risk of homelessness. The program serves all household types, including families, singles, and youth. The program is administered statewide by more than 35 counties, Tribal Nations and organizations and currently includes almost 100 service providers.

The board approved the most recent amendment for the FHPAP Program Guide for 2024-25 biennium on August 24, 2023. Staff have revised the guide for the next grant term which begins October 1, 2025 and ends September 30, 2027. The main purpose of the changes is to improve the experience for households accessing FHPAP assistance, to provide clarification of program requirements for service providers, and to reflect recommendations from the Workgroup to Expedited Rental Assistance (WERA) that were passed in the 2024 legislative session. Below are highlights of the key changes to the FHPAP Program Guide:

Inclusion of Minnesota Housing Values Statement

Chapter 3, Eligibility Criteria

- Clarifies the process for assessing households for eligibility and allows for more flexible assessment options, while still complying with all program statute and requirements.
- Adds a section regarding household enrollment that includes an expectation outlined by the WERA legislation to track the following:
    - Issue a determination on the application within two weeks of receiving a completed application.
    - Issue payment on an approved rental application to the property owner/manager within 30 days.
- Adds a requirement for an appeal process for household applications.

Chapter 4, Eligible Activities

- Added detail on the types of services and financial assistance that could be provided to households under the four categories of assistance (Street Outreach, Coordinated Entry, Prevention and Rapid Rehousing),

Chapter 6, Eligible Expenses

- Households experiencing short term hospitalization, in-patient treatment, or incarceration with a plan to return to their housing unit within 90 days, or longer with Minnesota Housing approval.

- Financial assistance, such as rent payment, for persons needing to break a lease due to experiencing domestic violence or needing a long-term care facility even if the household will not immediately achieve permanent housing as a result.
- Condemnation mitigation services, if housing conditions create a risk of losing housing due to potential unit condemnation, such as due to sanitation, as approved by Minnesota Housing.
- Technology specific for household or program participant use onsite or remotely to assist with the application process such as tablets, hotspots, etc.
- Hiring or staff retention bonuses.

Chapter 8, Budget Modifications

- The program guide allows administrators to make some budget modifications with support from their Advisory Committee and notification to Minnesota Housing, such as moving funds from Administration to Direct Assistance. The budget template has been updated to align with the new language.

Chapter 11, Grantee Requirements

- Adds a requirement from WERA recommendations for Grant Administrators to offer digital or electronic signature options.
- Adds Income documentation changes or exclusions to better align with other state and federal programs and to align with expectations of the WERA legislation:
    - Income documentation simplifications
    - Income exclusions
    - Language to align with WERA expectations
- Clarifies self-attestation allowance and requirements.

Chapter 12, Legal Addendum

- Added Legal Addendum to Program Guide

Other

- Removed references to the FHPAP Fast Track Program which was funding provided by the legislature during the 2023-2025 biennium.
- Removed language related to temporary legislation from the prior biennium. For example, removed nonprofits as eligible grant applicants in the metro area.

Staff recommends approval of the amended FHPAP guide.

# Family Homeless Prevention and Assistance Program

Program Guide

Contract Term: October 1, 202~~3~~5 – September 30, 2027

## Table of Contents

## Minnesota Housing 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.

# Chapter 1 – Introduction and Commitment to Equity

The Family Homeless Prevention and Assistance Program (FHPAP) was established in 1993 by the Minnesota Legislature to assist families with children, single adults and youth who are homeless or at imminent risk of homelessness. Minnesota Housing is the agency administrator of FHPAP funds, and funding is contingent upon approval by the Minnesota Legislature.~~For the 2024-25 biennium, Minnesota Housing received a one-time increase to base funding. A portion of the additional resources, referred to as "Fast Track" were allocated under 2023 Minnesota Session Laws, chapter 20, section 1. There are additional requirements for the Fast Track portion of funding that are outlined throughout this guide. Funds are awarded through a competitive Request for Proposals (RFP) process and are available statewide.~~

Minnesota Housing created this guide, which outlines FHPAP requirements and steps on how to implement FHPAP funded projects. Minnesota Housing program staff are available to provide information needed to operate the program. For questions and/or to offer feedback, contact us at mhfa.grants@state.mn.us. We reserve the right to correct technical errors or clarifications as well as to incorporate any new legislative requirements to this program guide as needed and with approval of the Assistant Commissioner of Housing Stability. Any significant changes to the program guide will be approved by the Minnesota Housing board.

## 1.01 Commitment to Equity

One of Minnesota Housing's values is to be inclusive, equitable, and just in its actions, as stated on ~~its~~ our ~~website~~About Us webpage and in our ~~s~~Strategic ~~p~~Plan. This not only includes supporting a new state plan that focuses on racial, housing, and health justice, but it also extends to Minnesota Housing's funding commitments, including FHPAP.

To further address the racial disparities that exist among Minnesotans experiencing homelessness, Minnesota Housing prioritizes working with grant administrators who will be successful at improving housing stability for communities disproportionately impacted by homelessness, including those who can provide culturally specific services.

Minnesota Housing staff addresses equity when awarding funds and strives to maintain transparent and clear communication.~~Contact Minnesota Housing at the email listed above with suggestions, comments, program related questions, and any preferences regarding communication.~~

# Chapter 2 – Purpose

## 2.01 Preventing and Ending Homelessness

Effectively ending homelessness means preventing homelessness whenever possible, and if homelessness does occur, that it is rare, brief, and nonrecurring (one-time). The outcomes of FHPAP, which align with the State Plan to Prevent and End Homelessness, are to:

- Reduce the number of people who become homeless for the first time *(Prevent)*.
- Reduce the number of people who experience homelessness *(Rare)*.
- Reduce the length of time people experience homelessness *(Brief)*.
- Reduce the number of people who return to homelessness *(One-T~~t~~ime)*.
- Increase equitable outcomes for households who are disparately impacted by homelessness *(Equity)*.

FHPAP resources are intended to complement the existing network of services in the community's Continuum of Care (CoC) region ~~or~~ and within Tribal Nations and provides funding for four activities designed to address or prevent homelessness. The four activities are: 1) Coordinated Entry~~;~~, 2) Street Outreach,~~;~~ 3) Prevention,~~;~~ and 4) Rapid Rehousing. Refer to Chapter 4 (Eligible Activities) of this document for a more detailed description of these activities.

Funds can only be used for eligible ~~activities~~ expenses, which are defined in Chapter 6~~.01~~ (Eligible Expenses and Supportive Services Activities) of this document.~~and include direct financial assistance or services. Eligible households are at or below 200% of federal poverty guidelines and who are experiencing homelessness or are at imminent risk of homelessness. Funds may also be used for eligible administrative expenses, not to exceed 15% of the total grant amount. Refer to Chapter 4 which outlines the allowable eligible activities.~~

## 2.02 Statute

Minnesota Statute ~~Section~~ 462A.204 provides legislative requirements as they pertain to selection criteria, project design, authorized uses of grant funds, and the requirements for an advisory committee.

Minn. Stat. 462A.204, ~~S~~subdivision 8 ~~of the statute also~~ outlines requirements for school stability projects, which are relevant to the Homework Starts with Home (HSWH) ~~p~~Program. The HSWH ~~p~~Program serves families with children eligible for a pre-~~K~~kindergarten through grade 12 academic program and youth (with or without children of their own) who are eligible for an academic program through grade 12 and who are without their parent or guardian. All G~~g~~rantees should be familiar with the statute that authorizes FHPAP.

For more information on HSWH refer to Chapter 7~~,~~ (School Stability) of this document.

# Chapter 3 – Eligibility Criteria

## 3.01 Eligible Grantees

Eligible G~~g~~rantees are as follows:

- 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.

The state of Minnesota and the federal government recognize the existence of the following Tribal Nations: Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Prairie Island Indian Community, Red Lake Nation, Shakopee Mdewakanton Sioux Community, Upper Sioux Community, and the White Earth Nation. Collaborative applications, including those from CoC regions or Tribal Nations, are encouraged.

~~*If Minnesota Housing determines that the metropolitan counties need additional support to serve households that are homeless or at risk of homelessness, Minnesota Housing may grant, at its own discretion, funds to entities other than the metropolitan counties, including but not limited to nonprofit organizations.~~

## 3.02 Eligible Households

Eligible households of FHPAP assistance must meet the following criteria:

- Eligible household income must be at or below 200~~ ~~% of federal poverty guidelines.
- Eligible households must be Minnesota residents, or a household otherwise approved in writing by Minnesota Housing, approval of which is at Minnesota Housing's sole discretion.
- Eligible households must be homeless or at imminent risk of homelessness and in need of services and/or financial assistance due to a housing crisis.

Grantees may add additional criteria in some circumstances, such as:

1) Grantees may choose to further restrict household income below 200% of federal poverty guidelines ~~in order to~~to target households with the greatest need.
2) Grantees may choose to further target their Rapid Rehousing resources toward households prioritized by their CoC, such as chronically homeless or literally homeless.

3) Grantees or S~~s~~ubgrantees that specialize in serving a specific population, such as youth or families, may target those households; however, G~~g~~rantees are obligated to describe in their application how they intend to serve all populations (families, youth, singles). This can be accomplished by describing complementary funding sources or programs that are being used to meet the needs of some of these populations.
4) A G~~g~~rantee or S~~s~~ubgrantee may dually assess a household for FHPAP eligibility at the same time as assessing the household for Emergency Assistance/Emergency General Assistance (EA/EGA) if the assessment process does not provide an additional burden to the household. For example, if a household is applying for assistance on a common application, such as FHPAP, EA, EGA, etc., and the county and/or G~~g~~rantee makes the determination regarding the funding source to be used, the process for the ~~particular~~ funding source should not be an additional burden on the household to complete.

Outside of the four exceptions noted above, G~~g~~rantees and S~~s~~ubgrantees should not add additional eligibility criteria without the prior written approval of Minnesota Housing, as additional criteria could act as a barrier to households who are trying to access FHPAP.

## 3.03 Household Assessment

At current funding levels, not all eligible households seeking assistance will be able to be served through FHPAP. Grantees should not select completed applications on a 'first come, first served' basis, rather they should prioritize households based upon need and budget their direct financial assistance expenditures throughout each quarter and entire biennium.

**Assessment for Households at Risk of Homelessness (Prevention)**

Grantees and Subgrantees are required to assess households at risk of homelessness. They may use the Minnesota Homelessness Prevention Assessment (M-PAT) or another assessment process approved in writing by Minnesota Housing. Households that are experiencing homelessness or doubled up that are not eligible to be assessed or prioritized for homeless assistance through coordinated entry may be assessed utilizing the M-PAT or another assessment process. The score of the M-PAT or other assessment tool should anticipate those households who will most likely experience homelessness if they do not receive assistance.

The M-PAT is designed to assist FHPAP staff with two functions: 1) verify eligibility for homelessness prevention assistance~~,~~ and 2) identify the most vulnerable households most likely to experience homelessness if they do not receive assistance. This process supports Minnesota's goal of reducing the number of people who become homeless. Note that the M-PAT is designed to be administered by staff and should not be completed by the household. The M-PAT is translated in Hmong, Somali and Spanish and can be found on Minnesota Housing's Family Homeless Prevention and Assistance Program (FHPAP) webpage.

Refer to Section 4.03 (Prevention) of this document for Prevention Service Set.

**Assessment for Households Experiencing Homelessness**

Grantees who, along with their advisory committees, have determined that they will utilize FHPAP resources for households experiencing homelessness must connect with their community's Continuum of Care (CoC) region(s) and their Coordinated Entry Systems to coordinate intake assessment and referral.

Refer to Section 4.01 (Coordinated Entry) and 4.04 (Rapid Rehousing) of this document for more information and Service Sets.

**Household Enrollment**

In designing household enrollment procedures, FHPAP expects Grantees and Subgrantees to provide Culturally Responsive and Trauma-Informed services, including assisting families and individuals with patience and empathy.

Household data is required to be entered into the Homeless Management Information System (HMIS). This data is gathered during assessment, program enrollment, at 12 months (if applicable), and at program exit; refer to section 11.09 (Homeless Management Information System) of this document for more information. Trauma-Informed care should begin at initial contact including during intake/assessment.

**Timeliness**

Resolving a housing crisis requires timely intervention. Grantees are expected to:

- Make and issue a determination on the application within two weeks of receiving a completed application for assistance.
    - If a household is not enrolled, we encourage referral or friendly hand-off to other in-house or community resources and services,
    - The Grantee's program policies must include an appeal process.
- Issue payment on an approved rental application to the property owner/manager within 30 days of receiving a completed application for rental assistance.

## ~~3.03 .Commitment to Equity~~

~~An underlying strategy in Minnesota's Plan to Prevent and End Homelessness is to address racial disparities that exist within Minnesota's homeless population. In partnership with culturally specific communities, including Tribal Nations, Minnesota Housing will prioritize funding for efforts most successful at improving housing stability for communities disproportionately impacted by homelessness.~~

~~Applicants are strongly encouraged to plan efforts to serve those populations most disparately impacted and to help ensure services are culturally specific to better reflect the needs of those being served.~~

# Chapter 4 – Eligible Activities

~~Applicants can apply for funding for up to~~ There are four eligible activities: 1) Coordinated Entry, 2) Street Outreach, 3) Prevention, and 4) Rapid Rehousing. The tables below include a description of each category as well as types of services and assistance that can be provided.

## 4.01 Coordinated Entry

Coordinated Entry is a centralized process to coordinate household intake assessment and provision of referrals and is an eligible category to carry out necessary FHPAP ~~homeless~~ assessments for people experiencing homelessness.

A centralized or coordinated assessment system covers the geographic area such as a CoC region or a Tribe/group of Tribes, ~~and,~~ is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool.

**Table 1: ~~Add Table Name~~Coordinated Entry**

| Activity | Coordinated Entry |
|---|---|
| Description of Model | Provide assessments and information to connect FHPAP-eligible households to applicable resources. |
| Household Target~~Eligibility~~ | People who are experiencing homelessness or at imminent risk of homelessness. This may include doubled up households. |
| Program Strategies: Service Set | • Homeless Assessment<br>• Diversion<br>• Referrals |
| Program Strategies: Assistance Set | • ~~Homeless Assessment~~<br>• ~~Diversion~~<br>• ~~Referrals~~<br>• Basic needs (food, clothing, work boots, phone minutes, safety items, etc.)<br>•<br>• One-time financial assistance to resolve the crisis (such as D~~d~~iversion assistance)<br>• Transportation assistance such as gas cards or bus tokens[1] |

[1] Must ~~result in a household achieving permanent~~ be needed due to a housing crisis and assistance provided results in a housing stability outcome~~housing~~. For example, a gas card is needed to secure P~~p~~ermanent housing by driving to live with family.

## 4.02 Street Outreach

Street O~~o~~utreach is ~~an activity that is intended~~intentional engagement to provide emergency services and ~~engagement intended to~~ link households who are homeless or at imminent risk of homelessness with available shelter, housing, and/or critical health and supportive services. Street O~~o~~utreach ~~and engagement~~ activities actively ~~reach out to~~engage those experiencing or who are at risk of homelessness and include households that would not otherwise be connected to the homeless response system.

Examples of FHPAP S~~s~~treet O~~o~~utreach may include responding to requests from police or other referral sources to connect with a household living outside or in their car, visiting known locations where homeless people may live, such as vacant structures or encampments, or connecting with households at youth drop-in sites, free meal sites, food shelves, etc.

**Table 2: Street Outreach**

| Activity | Street Outreach |
|---|---|
| Description of Model | Emergency services and engagement intended to link households ~~who are homeless or at imminent risk of homelessness~~ with available shelter, housing, and/or supportive services. |
| Household ~~Eligibility~~ Target | People experiencing homelessness and ~~are~~ not connected to the homeless response system. This ~~can~~ may include doubled up households. |
| Program Strategies: Service Set | • Assessment and referrals to other programs and services<br>• On-site medical screening and assessment<br>• Population specific information/services, such as:<br>o Vets: MACV (Minnesota Assistance Council for Veterans)<br>o Domestic Violence/Sexual Violence/Trafficking<br>o Youth |
| Program Strategies: Assistance Set | • Basic needs (food, clothing, work boots, phone minutes, safety items, etc.)[1]<br>• Transportation assistance such as gas cards or bus tokens[1] |

## 4.03 Prevention

Prevention is intended to reduce the number of people who become homeless and includes a set of strategies to assist people in maintaining P~~p~~ermanent housing or divert them from entering the homeless system. Service strategies are focused on addressing the immediate housing crisis and can be integrated with other mainstream resources to address more long-term needs. FHPAP is designed to prevent homelessness by assisting people at imminent risk of homelessness (or doubled up), and assistance is targeted toward those who will most likely experience homelessness ~~within 30 days~~ if they do not receive assistance. ~~Permanent housing includes a number of living situations such as home~~

~~ownership, household renting with their own lease, renting in a roommate situation, living in a host home or other permanent tenure.~~ Grantees should choose activities that target FHPAP resources to best meet community needs and assist those households most likely to experience homelessness if assistance were not provided.

**Table 3: ~~Add Table Name~~Prevention**

| Activity | Prevention ~~(this can include doubled up households)~~ |
|---|---|
| Description of Model | Temporary financial assistance and/or supportive services to assist people in maintaining existing P~~p~~ermanent housing, relocation to more appropriate P~~p~~ermanent housing, and/or diverting them from entering the homeless system. ~~Households must meet FHPAP eligibility criteria.~~ |
| Household ~~Eligibility~~ Target | Households based on the Minnesota Homelessness Prevention Assessment (M-PAT) score, or other assessment tool approved in writing by Minnesota Housing program staff. The score of the M-PAT or other assessment tool should anticipate those households who will most likely experience homelessness ~~within 30 days~~ if they do not receive assistance. This can include doubled up households. |
| Program Strategies: Service Set | • Referral to resources, including but not limited to, cash and non-cash benefits, legal aid, childcare, mental health/chemical health, employment, and financial ~~assistance~~assistance.<br>• Budgeting assistance<br>• Tenant-property owner/manager mediation |
| Program Strategies: Assistance Set | • Rental assistance<br>• Mortgage assistance<br>• Utility assistance (including past due)<br>• Transportation assistance, such as a gas card, bus tokens or vehicle repairs[1]<br>• Rental application fees<br>• Vital documents such as a social security card or ID[1]<br>• Furniture/household supplies |

Grantees and S~~s~~ubgrantees are required to assess households at risk of homelessness using the M-PAT or another assessment tool or process approved by Minnesota Housing. Households that are homeless or doubled up ~~and are also~~ that not eligible to be assessed or prioritized for homeless assistance through coordinated entry must be assessed utilizing the M-PAT or another assessment tool or process, as approved in writing by Minnesota Housing program staff.

~~The M-PAT is designed to assist FHPAP program staff with two functions: 1) verify eligibility for homelessness prevention assistance, and 2) identify the most vulnerable households most likely to experience homelessness if they do not receive assistance. In assisting with these two activities (verifying eligibility and targeting the most vulnerable households), the tool will support Minnesota's goal of reducing the number of people who become homeless. Note that this tool is designed to be~~

~~administered by staff and should not be completed by the household. This tool is translated in Hmong, Somali and Spanish and can be found on Minnesota Housing's FHPAP webpage. Effective April 28, 2023, with the exception of school stability projects, grantees are not required to utilize the M-PAT.~~

~~Households assessed will score in one of four categories:~~

- ~~Light touch~~
- ~~One-time direct financial assistance~~
- ~~Short-term service and direct financial assistance (up to six months)~~
- ~~Medium term service and direct financial assistance (seven to 24 months)~~

### 4.04 Rapid Rehousing

Rapid Rehousing's fundamental goal is to reduce the amount of time people spend homeless and is designed for households to quickly exit homelessness and return to P~~p~~ermanent housing.~~Permanent housing includes a number of~~several ~~living situations such as home ownership, household renting with their own lease, renting in a roommate situation, living in a host home or other permanent tenure. Rapid rehousing assistance is typically tailored to the unique needs of the household.~~

In general, Rapid Rehousing can provide short- to medium-term (up to 24 months) ~~of~~ rental assistance and services and should be offered without preconditions (such as employment, income, absence of a criminal record or poor credit, sobriety, etc.). FHPAP Rapid Rehousing is more aligned with serving households short-term (one to six months of assistance); however, it is possible assistance can be provided for a longer period (up to 24 months) if assessment or program staff determines the household needs continued assistance. An example may be if G~~g~~rantees choose to utilize Rapid Rehousing as a bridge program for persons who score for more intensive activities or services but for whom those more intensive programs are not available at the time of referral. It is also possible that a community does not have other Rapid Rehousing programs, which makes FHPAP attractive for both short- and medium-terms.

While Rapid Rehousing can be highly successful for many households, it is not designed to address all household needs or necessarily end their situation of poverty, especially households who need S~~s~~upportive H~~h~~ousing or longer-term case management. Households, however, should not be denied Rapid Rehousing assistance strictly based upon their ability to cover housing costs with current household income.

The three components of Rapid Rehousing include:

- Case management and services~~.~~
  - ~~Provide~~ Offer appropriate and time-limited services and supports, including services such as assessing barriers to housing stability, housing search assistance, advocacy on

behalf of the household, making referrals and connections to community resources, follow-up with households, and monitoring housing stability. ~~(r~~Refer to ~~Chapter 6: Eligible Expenses and Supportive Services Activities, S~~section 6.04~~2:~~ (Supportive Services Activities)~~Supportive Services Activities: Case Management)~~ of this document for more information on case management.

- Housing navigation assistance.
  - Provide housing search assistance, engage and recruit ~~landlord~~property owner/managers, ~~landlord~~property owner/manager-tenant mediation, assist household with completing applications, etc. ~~(r~~Refer to ~~Chapter 6 Eligible Expenses and Supportive Services Activities, S~~section 6.04~~2:~~ (Supportive Services Activities)~~:~~ of this document for more information on ~~H~~housing ~~N~~navigation~~)~~.
- Rent payment and move-in assistance.
  - Provide financial assistance such as rent, security deposit, and~~or~~ application fees to move into P~~p~~ermanent housing as rapidly as possible. ~~(r~~Refer to ~~Chapter 6: Eligible Expenses and Supportive Services Activities S~~section 6.01~~:~~ (Eligible Expenses: Direct Financial Assistance) of this document for more information on rent payment and move-in assistance.

**Table 4: ~~Add Table Name~~Rapid Rehousing**

| Activity | Rapid Rehousing |
|---|---|
| Description of Model | Services and/or financial assistance to help quickly rehouse households experiencing homelessness~~; households must meet FHPAP eligibility criteria~~ |
| Household ~~Eligibility~~Target | • Currently experiencing homelessness and in need of services and/or financial assistance due to a housing crisis.<br>See also section 3.0~~2~~3 (Household Assessment) of this document.<br>~~• Households at or below 200% of federal poverty guidelines~~<br>~~• Minnesota resident or otherwise approved by Minnesota Housing~~<br>• ~~No other means to resolve crisis, likely to remain homeless unless assistance is provided~~ |
| Program Strategies: Service Set | Minimum service expectation:<br>• Housing navigation assistance<br>o Property owner/manager engagement and recruitment<br>• Assisting households with housing search<br>• Case management including:<br>o Financial management<br>o Life skills<br>o Employment training and support or connections to such services<br>o Mental h~~H~~ealth/c~~C~~hemical d~~D~~ependency services and referral<br>o Connections to mainstream resources<br>o Tenant education |

| Activity | Rapid Rehousing |
|---|---|
| | Additional services:<br>• Property owner/manager mediation, education, and engagement<br>• Family reunification<br>• Legal assistance<br>• Established services/partnerships for immigrant populations |
| Program Strategies: Assistance Set | • Rental Assistance ~~(~~including:~~)~~<br>  o Monthly rent<br>  o First/last month's rent<br>• Deposit (up to three times the amount of monthly rent)<br>• Housing application fees<br>• Utility assistance, including past due<br>• Transportation assistance such as a gas card, bus tokens, vehicle repair[1]<br>• Eviction filing fees[1]<br>• Vital documents such as a social security card or ID[1]<br>• Furniture/household supplies<br>• Property owner/manager risk mitigation funds or fees that provide property owner/managers with a time limited financial reimbursement for unpaid rent or damages beyond the rental deposit, with a cap on the amount of reimbursement available.<br>  o ~~(~~(Property owner/manager risk mitigation funds committed on behalf of a household cannot be carried over into the next biennium; that is~~, i.e.~~, if funds not accessed by the property owner/manager within the grant ~~term~~period must be returned or reallocated.~~)~~ Consult with Minnesota Housing for more information. |

Some G~~g~~rantees offering Prevention and/or short-term Rapid Rehousing assistance (one to six months of financial assistance) may choose to require a tenant portion of rent based upon their income. Grantees are encouraged to consult with their CoC, the Minnesota Tribal Collaborative, or other Tribal Nations to make determinations about whether to implement required tenant rent portions based upon household income.

## Chapter 5 – Ineligible Activities and Expenses

Activities that are not eligible under this grant include:

- ~~To a~~Acquiring~~e~~, rehabilitating~~e~~, or constructing E~~e~~mergency S~~s~~helters, ~~transitional~~Transitional or P~~p~~ermanent housing.
- Payment for more than 24 months of rental assistance or supportive services, except if utilizing FHPAP funds allocated under ~~2023~~ Minnesota ~~Session~~ Laws 2023, C~~c~~hapter 20, S~~s~~ection 1 or being served by Homework Starts with Home.
- Payment for operating costs of T~~t~~ransitional H~~h~~ousing or E~~e~~mergency S~~s~~helter, including hotel/motel expenses; note that payment for staff ~~working at an emergency shelter who~~to provide housing search assistance or housing navigation services to secure P~~p~~ermanent H~~h~~ousing is allowable.
- Payment for operating ~~-~~P~~p~~ermanent S~~s~~upportive H~~h~~ousing and supportive services expenses related to that housing.

# Chapter 6 – Eligible Expenses and Supportive Services Activities

There are three eligible FHPAP expense categories: ~~Supportive Services,~~ 1) Direct Financial Assistance, ~~and~~ 2) Administration, and 3) Supportive Services.

## 6.01 Eligible Expenses: ~~-~~– Direct Financial Assistance

Direct financial assistance is funding used to stabilize a household and prevent a homeless episode~~,~~ or to rehouse a household into permanent, stable housing. Direct financial assistance includes:

- Rent payment assistance, including ~~the following~~:
  - Unpaid rent owed to a previous property owner/manager is eligible if payment will result in housing attainment. Grantees and S~~s~~ubgrantees must receive a written guarantee from the property owner/manager that will accept the household prior to submission of payment to the previous ~~landlord~~ property owner/manager.
  - Households receiving ongoing rental assistance, such as Project-B~~b~~ased Section 8, may receive rent payment assistance; however, only the household rent portion is eligible. If the household need is due to a decrease in income and they did not contact the property owner/manager to have their rent portion adjusted, program staff should assist them in doing so.
  - Households experiencing short term hospitalization, in-patient treatment, or incarceration with a plan to return to their housing unit within 90 days, or longer with Minnesota Housing approval.
  - Late fees are eligible if the tenant and property owner/manager agreed upon this in writing; however, it is important to note that late fees cannot exceed the amount outlined in ~~Minnesota Statutes Section~~ Minn. Stat. 504B.177.
  - Assistance for persons needing to break a lease due to experiencing domestic violence or needing a long term care facility even if the household will not immediately achieve Permanent H~~h~~ousing as a result.
- Mortgage payment assistance, including eligible late fees, which are generally 4-~~—~~5 % and vary by lender. Homeownership Association (HOA) Fees/Dues are eligible. The authorized percentage is provided on the H~~h~~omeowner's Note.
- Rental deposit assistance, including up to three times the amount of monthly household rent portion, if doing so will result in a household with rental barriers obtaining housing.
- Rental application fees.
- Utility bill payment assistance, including:~~, including deposits for utilities such as gas and electric, and prepayments for propane and wood.~~
  - Gas or electric, including deposits or fees to restore the shut off utility.
  - Propane and wood, including full prepayment for a fill or load and related transit fee.

  - Water, sewer, garbage.
- Transportation expense assistance, ~~e.g~~ for example~~.~~, bus tokens, gas card, cash assistance for car repairs, that result in a household achieving P~~p~~ermanent housing.
- Condemnation mitigation services, if housing conditions are creating a risk of losing housing due to potential unit condemnation, such as due to sanitation, as approved by Minnesota Housing.
- Vital documents such as payment for an identification to obtain employment or a social security card to apply for housing.
- Moving assistance (costs for household to move to new unit without a day of homelessness or to move a household experiencing homelessness into a new unit).
- Furniture/household supplies (costs for households moving into a new unit who do not have furniture or household supplies).
- Basic Needs (food, clothing, work boots, phone minutes, safety items, etc.).

Direct financial assistance costs are an eligible expense only if the assistance is needed due to a housing crisis and correlates with a housing stability outcome. This should be well documented in the household file.

## ~~6.01~~6.02 Eligible Expenses: ~~—~~ Administration

~~**Administration**~~

Grantees must ensure that administrative costs do not exceed the percentage defined in their Grant Contract Agreement or 15%, whichever is less. Eligible administrative expenses include:

- Salaries/wages/fringe benefits of staff responsible for program oversight
  - ~~(~~HMIS data staff can be included in either administration or supportive services, depending upon who is responsible for data entry~~)~~.
  - Hiring or staff retention bonuses may be eligible only if requested at the time of application and included on the approved budget which is an exhibit to the Grant Contract Agreement.
- Travel
- Office space/utilities, equipment, phone, computer, internet.
  - Includes tablets, data storage/security and other software.
- Supplies, copies, postage, culturally specific items, meeting costs, refreshments.~~:~~
- ~~Copies, postage~~Training.
- HMIS fees.
- Participant stipends/financial compensation for persons with lived experience who are involved in planning, design, and evaluation of FHPAP activities including transportation assistance, childcare assistance, companion support.

- We encourage direct compensation for people with lived experience; stipends and gift cards are also acceptable. In the design of your compensation package, consider the preferences of the participant and tax implications: frequency of payments, payroll taxes, etc.
- Audit, insurance, accounting.
- Human resources, information technology, communications.
  - Communications includes translation services for language line, written materials, marketing materials, cost to use Digital or Electronic Signatures (eSignatures).
- Other expenses directly related to the program, which must be approved in writing by Minnesota Housing.

Agencies that utilize cost allocation plans for administrative expenses will be required to provide a description in the work plan that is submitted as part of due diligence.

## ~~6.02~~6.03 Eligible Expenses:~~ –~~ Supportive Services

~~**Supportive Services**~~

Supportive services include staffing and related expenses, as outlined below, for providing case management, housing navigation, HMIS support, and management staff.

Eligible supportive services expenses include:

- Salary, wages, and fringe benefits of staff working directly with households; this includes management staff who spend part of their time working directly with households (the full-time equivalent [FTE] should be proportional). Time spent conducting supervision may be included but must not exceed the proportion funded by FHPAP.~~.~~
  - HMIS data staff can be included in either administration or supportive services, depending upon who is responsible for data entry.
  - Hiring or staff retention bonuses may be eligible only if requested at the time of application and included in the approved budget.
- Travel.~~Mileage~~
- Office space[2], utilities.

[2] If these expenses are billed to FHPAP, they must be pro-rated and cannot exceed the staffing FTE. An exception to this requirement is if staff are employed at an agency part-time and 100% of their time is dedicated to FHPAP (they do not work in another program). In such circumstances, FHPAP may be used to pay for the full cost ~~as long as~~if it is identified in the approved budget.

- Phone[22], computer[22], internet.
    - Technology specific for household or program participant use onsite or remotely to assist with the application process such as tablets, hotspots, etc.
- Supplies, copies, postage directly related to service delivery.~~the program~~
- Training.
- ~~Office space/utilities~~*.~~If these expenses are billed to FHPAP, they must be pro-rated and cannot exceed the staffing FTE. An exception to this requirement is if staff are employed at an agency part-time and 100% of their time is dedicated to FHPAP (they do not work in another program). In such circumstances, FHPAP may be used to pay for the full cost as long as it is identified in the approved budget.~~
    - ~~Phone, computer, internet. If these expenses are billed to FHPAP, they must be prorated and cannot exceed the staffing FTE. An exception to this requirement is if staff are employed at an agency part-time and 100% of their time is dedicated to FHPAP (they do not work in another program). In such circumstances, FHPAP may be used to pay for the full cost as long as it is identified in the approved budget.~~
- HMIS ~~license~~fees.
- Other staffing expenses directly related to the program, which must be approved in writing by Minnesota Housing.
- Supportive services costs cannot exceed 50% of the total budget unless this was requested in the application, approved by Minnesota Housing, and is reflected in the budget exhibit of the Grant Contract Agreement. ~~This is the only timeframe in which requests to exceed the 50% cap will be considered (~~R~~r~~efer to ~~Chapter 10: Preparing the Application, S~~section 10.01~~:~~ (Planning) of this document for more information.

~~**Direct Financial Assistance**~~

~~Direct financial assistance is funding used to stabilize a household and prevent a homeless episode, or to rehouse a household into permanent, stable housing. Direct financial assistance includes:~~

- ~~Rent payment assistance, including the following:~~
    - ~~Unpaid rent owed to a previous landlord is eligible if payment will result in housing attainment. Grantees and subgrantees must receive a written guarantee from the landlord that will accept the household prior to submission of payment to the previous landlord.~~
    - ~~Households receiving ongoing rental assistance, such as Project-based Section 8, may receive rent payment assistance; however, only the household rent portion is eligible. If the household need is due to a decrease in income and they did not contact the landlord/property manager to have their rent portion adjusted, program staff should assist them in doing so.~~

- ~~Late fees are eligible if the tenant and landlord agreed upon this in writing; however, it is important to note that late fees cannot exceed the amount outlined in Minnesota Statutes Section 504B.177~~
- ~~Mortgage payment assistance, including eligible late fees, which are generally 4 – 5 % and vary by lender. The authorized percentage is provided on the homeowner's Note~~
- ~~Rental deposit assistance including up to three times the amount of monthly household rent portion, if doing so will result in a household with rental barriers obtaining housing~~
- ~~Rental application fees~~
- ~~Utility bill payment assistance, including deposits for utilities such as gas and electric, and prepayments for propane and woodTransportation expense assistance, e.g., bus tokens, gas card, cash assistance for car repairs, that result in a household achieving permanent housing~~
- ~~Vital documents such as payment for an identification to obtain employment or a social security card to apply for housing~~
- ~~Moving assistance (costs for household to move to new unit without a day of homelessness or to move a household experiencing homelessness into a new unit)~~
- ~~Furniture/household supplies (costs for households moving into a new unit who do not have furniture or household supplies)~~

~~Direct financial assistance costs are an eligible expense only if the assistance is needed due to a housing crisis and correlates with a housing stability outcome. This should be well documented in the household file.~~

**~~Administration~~**

~~Grantees must ensure that administrative costs do not exceed the percentage defined in their Grant Contract Agreement or 15%, whichever is less. Eligible administrative expenses include:~~

- ~~Salaries/wages/fringe benefits of staff responsible for program oversight (HMIS data staff can be included in either administration or supportive services, depending upon who is responsible for data entry)~~
- ~~Travel~~
- ~~Supplies:~~
    - ~~, cCopies, postage~~
    - ~~Culturally specific items~~
    - ~~Marketing materials~~
    - ~~Meeting costs, refreshments~~
- ~~Training~~
- ~~Phone, computer, internet~~
- ~~Office space/utilities, desks and other office equipment~~

- ~~Household stipendsFinancial compensation, including transportation assistance for persons with lived experience who are involved in planning, design and evaluation of FHPAP activities including transportation assistance, childcare assistance, companion support.~~
  - ~~We encourage direct compensation for people with lived experience; stipends and gift cards are also acceptable. In the design of your compensation package, consider the preferences of the consultant and tax implications: frequency of payments, payroll taxes, etc.~~
- ~~Information technology support: internet/phone services, computer, phone, data storage/security and other software~~
- ~~HMIS fee~~
- ~~Human Resources~~
- ~~Audit, insurance, accounting~~
- ~~Cost to use digital or electronic signatures~~
- ~~Translation services including language line, written materials, etc~~
- ~~Other expenses directly related to the program, which must be approved in writing by Minnesota Housing~~

~~Agencies that utilize cost allocation plans for administrative expenses will be required to provide a description in the work plan that is submitted as part of due diligence.~~

## ~~6.03~~6.04 Supportive Services Activities

### Case Management

Case management must include, for each household, the following activities:

- Assessment: Work collaboratively with the household to identify strengths, resources, barriers, and needs in the context of their local environment.
- Plan Development: Develop an individualized service plan, with specific outcomes, based on the assessment.
- Connection: Obtain for the household the necessary services, treatment, and supports.
- Coordination: Bring together all ~~of~~ service providers ~~in order~~ to integrate services and ensure consistency of service plans.
- Monitor: Evaluate with the household their progress and needs, and adjust the plan as needed.
- Personal ~~a~~Advocacy: Intercede on behalf of the household to help ensure access to timely and appropriate services.

The activities listed above are the activities that, taken together, make up case management. These case management activities will vary in ~~a number of~~several ways. The following variables are related to how case management is provided, as opposed to what case management ~~actually~~ is:

- Intensity (frequency of contact; household-staff ratios).
    - The intensity and frequency of case management may vary depending upon the type of service households are receiving; that is~~, i.e.~~, one-time, short- or medium-term assistance. Households often receive more frequent and intensive services when they first enter FHPAP, and this may decrease as the household makes progress toward housing stability. The minimum expectation of household contact is once per month.
- Duration (from brief to time-limited to open-ended).
- Focus (from narrow to targeted to comprehensive).
- Availability of staff (from scheduled office hours to 24-hour availability).
- Location of services.
- Staffing patterns (from individual caseloads to interdisciplinary teams with shared caseloads, depending on the need of the household).

In addition to the above components of case management, there are other activities often offered that enhance the core case management activities. These ~~six~~ activities can be divided into two broad categories, household specific activities and system activities.

Household Specific Activities:

- Outreach and engagement: To attempt to connect with households not currently accessing services.
- Direct service: To provide services directly to the household (budget counseling, housing search assistance ~~(~~[housing navigation]); refer below for further information on housing navigation.
- Crisis intervention: To assist households in crisis ~~in order~~ to stabilize, through direct interventions, and to mobilize needed support and services.
- Follow-up: To maintain contact with the household prior to exiting them from services ~~in order to~~to track stability and provide additional services, if needed.
- Final contact: Within 15~~ – ~~-60 days after a household exits from services, attempt to contact the household to verify housing stability and provide additional services, if needed. Attempted contact can occur via text, phone, email, etc.

System Activities:

- System advocacy: To intervene with organizations in larger systems ~~in order to~~to promote more effective, equitable, and accountable services to a ~~client~~ participant group (to be distinguished from personal advocacy above).
- Resource development: To attempt to create additional services or resources to address the needs of households.

### Housing Navigation

Housing navigation services, whether through a case manager or another position dedicated to housing navigation, are eligible FHPAP expenses.

The purpose of a housing navigator is to minimize the number of days homeless by assisting the household in obtaining housing as quickly as possible. While services may be short- to medium-term, they are generally intensive in nature and usually involve multiple and frequent contact with the household, which can include in person, virtual, texts, email and/or phone. It also includes staff actively assisting the household in its housing search. Staff should seek input from the household regarding the level of housing search assistance they need and consider other factors, including household barriers such as mental health, rental history, including unlawful detainers, unpaid rent or damages, credit history, criminal background, lack of transportation, etc. ~~In addition~~Additionally, low vacancy rates or increased ~~landlord~~property owner/manager resistance to lease to households with barriers may require additional staff assistance to engage with housing search and potential ~~landlord~~property owners/managers.

Housing navigation activities include:

- Recruiting ~~landlord~~property owners/managers, including outreach to an organization's network of existing ~~landlord~~property owners/managers.
- Utilizing search engines to locate housing opportunities.
- Attaining ongoing communication with ~~landlord~~property owners/managers to engage, maintain a positive relationship with, and mitigate any issues that may arise during tenancy.
- Keeping an active list of subsidized housing, including project-based waiting list openings.
- Assisting households in completing housing applications.
- Assisting households in obtaining application fees.
- Transporting households to housing appointments.
- Assisting households in communicating to a potential ~~landlord~~property owner/manager any housing barriers.
- Providing tenant education on ~~landlord~~property owner/manager and tenant rights and responsibilities.
- Expediting the move-in timeline when feasible, between the date of acceptance and lease signing.

For more information on housing navigation activities, refer to the United States Department of Housing and Urban Development (HUD) Housing Search Assistance Toolkit.

## Chapter 7 – School Stability

Minn.~~esota~~ Stat.~~utes Section~~ 462A.204, subd.~~ivision~~ 8~~,~~ authorizes the use of FHPAP grant funds for a school stability project to secure stable housing for families with school-aged children (pre~~-~~kindergarten through grade 12) who have moved frequently, and ~~also~~ for unaccompanied youth. Minnesota Housing, in partnership with the Minnesota Department of Education, have utilized ~~subdivision 8~~ this statute to establish the Homework Starts with Home ~~school stability project~~ Program. For more information, refer to ~~the~~ Minnesota Housing's Homework Starts with Home ~~webpage~~ webpage.

In addition, the McKinney-Vento Homeless Education Assistance Improvements Act of 2001 ensures families have the opportunity to maintain education stability for their student, which is key to their educational trajectory and success. One of the priorities of the act is the provision of transportation services to allow students experiencing homelessness to remain in their school of origin, which is defined as the school that the student attended when they first experienced homelessness.

Because school stability is important for all homeless families with children, as well as unaccompanied youth, G~~g~~rantees and S~~s~~ubgrantees should assess whether children of homeless households are receiving transportation to their school or origin, and if not, assist in connecting households with their school district homeless liaison.

Refer to the Minnesota Department of Education website for more information on McKinney-Vento, including a list and contact information for the state's district homeless liaison staff.

# Chapter 8 – Budget Modifications

## 8.01 ~~Budget Modifications that Do Not Require~~ Pre-~~a~~Approval N~~n~~ot Required

Grantees are not required to seek Minnesota Housing approval for the following budget modifications but are required to inform Minnesota Housing staff in writing of these budget modifications within two working days of advisory committee approval, or other approval as outlined in the advisory committee bylaws:

- Moving funds from Administration to Direct Financial Assistance or Supportive Services, provided Supportive Services do not exceed 50% of the total budget unless it is allowed in the Grant Contract Agreement; ~~(~~refer to ~~Chapter 10: Preparing the Application,~~ S~~s~~ection 10.01~~:~~ (Planning) of this document for more information.
- Moving funds from Supportive Services to Direct Financial Assistance ~~within the same activity, i.e., Coordinated Entry, Street Outreach, Prevention, and Rapid Rehousing,~~ provided there will not be a reduction in projected households to be served and there is no impact to the program design outlined in the application.
- Moving funds between existing line items within a distinct budget category (Administration, Supportive Services, Direct Assistance).
- Moving funds ~~from~~ between a G~~g~~rantee's and S~~s~~ubgrantee's budget, or moving funds from one S~~s~~ubgrantee's budget to another S~~s~~ubgrantee's budget, provided ~~that the funds are within the same budget category, for example Rapid Rehousing, and~~ that moving funds will not result in a reduction in projected households to be served, ~~and~~ there is no impact to the program design outlined in the application, and aligns the aforementioned items.
- ~~Moving funds between existing line items within a distinct budget category (Administration, Supportive Services, Direct Assistance) or activity (Coordinated Entry, Street Outreach, Prevention and Rapid Rehousing). For example, in Prevention, funds are moved from utilities to rental assistance, or in Supportive Services, funds are moved from HMIS license to office supplies.~~

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

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

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

# Chapter 9 – Advisory Committee

## 9.01 Statute Requirement

As outlined in Minn.~~esota~~ Stat.~~utes Section~~ 462A.204, subd.~~ivision~~ 6:

Each grantee shall establish an advisory committee consisting of a homeless advocate, a homeless person or formerly homeless person, a member of the state interagency task force on homelessness, local representatives, if any, of public and private providers of emergency shelter, transitional housing, and permanent affordable housing, and other members of the public not representatives of those specifically described in this sentence. The grantee shall consult on a regular basis with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project.-

## 9.02 Membership

Grantees must, at a minimum, include the following members:

- A person with lived experience~~,~~; ~~i.e.~~that is, a homeless or formerly homeless individual.
- A homeless advocate.
- A representative from the local Tribal Nation, if applicable.
- A member of the Minnesota Interagency Council on Homelessness.
- Local representatives, if any, of public and private providers of E~~e~~mergency S~~s~~helters, T~~t~~ransitional H~~h~~ousing and permanent affordable housing.
- 
- Housing Trust Fund Program Rental Assistance administrator.

It is also recommended that advisory committee membership include:

- Local law enforcement.
- ~~Landlord~~Property owners/managers.
- School liaison staff.
- Legal aid.
- County/Tribal staff.
- Employment organizations.
- Coordinated E~~e~~ntry staff.

## 9.03 Roles and Responsibilities

Grantees may structure their advisory committee in a way that best meets their needs. What follows are common structures for advisory committees:

- Two or more G~~g~~rantees may join to establish a single advisory committee.
- The advisory committee may be the CoC or a subgroup of the CoC membership.
- The advisory committee may have several housing response committees that are workgroups that represent different geographies within the G~~g~~rantee's service area.

The Grantee shall consult with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project. The advisory committee shall assist the Grantee as follows:~~Grantees are expected to consult with their advisory committee on a regular basis regarding the design, implementation and ongoing evaluation and redesign of the project. Advisory committee responsibilities include:~~

- Designing or refocusing the G~~g~~rantee's emergency response system.
- Developing project outcome requirements.
- ~~Developing and updating program policies including an applicant appeal process~~
- Assessing the short- and long-term effectiveness of the project in addressing the needs of families, singles and youth who are homeless or at imminent risk of homelessness.
- ~~Monitoring of grantees and subgrantees, at a minimum, annually. Monitoring must include review of client records documenting eligibility and service provision. It should also include review of financial files for eligible expenses, invoicing and supporting documentation. Results should be shared with the grantee's advisory committee (refer to Chapter 11: Grantee Requirements, Section 11.06: Monitoring and Evaluation)~~
- Identifying and developing innovative solutions to ~~the~~ barriers households experiencing homelessness or imminent risk of homelessness face, and ~~to~~ provide services to address these barriers.~~including timely response to applicants and payments to property owners/managers and exploring ways to simplify the process of applicant verification.~~

~~on the following:~~

- Monitoring of G~~g~~rantees and ~~subgrantee~~Subgrantees, at a minimum, annually. Monitoring must include review of ~~client~~ household records documenting eligibility and service provision. It should also include review of financial files for eligible expenses, invoicing, and supporting documentation. Results should be shared with the G~~g~~rantee's advisory committee. ~~(r~~Refer to ~~Chapter 11: Grantee Requirements, S~~section 11.06~~:~~ (Monitoring and Evaluation) of this document for more information.
- Helping ensure providers are offering Culturally Responsive services to those populations disproportionately impacted by homelessness.

- Developing and updating program policies including an appeal process.
- Monitoring expenditures and helping ensure alignment with the approved budget.
- Managing the rate of expenditures to last the duration of the biennium.

Advisory committee meetings must be held, at a minimum, quarterly, although more frequent meetings are recommended. Meetings should occur at a time and location that allows for the greatest access by members and can include in-~~-~~person, virtual, or hybrid meetings to meet the community need.

### 9.04 Bylaws

Advisory committees must develop written bylaws that may include, but are not limited to:

- Meeting frequency and scope.
- Membership composition, including both representatives from entities which receive FHPAP funding as well as other community partners.
- New member recruitment and orientation.
- Election of officers, length of terms, and job descriptions.
- Voting process and quorum requirement.
- Conflict of Interest.
    - Bylaws must include a ~~conflict-of-interest statement~~Conflict of Interest Statement or policy. Members must disclose their status and abstain from voting on any actions that present a conflict of interest. For example, S~~s~~ubgrantees should abstain from voting on how much funding will be awarded to each S~~s~~ubgrantee.

### 9.05 Commitment to Equity

Advisory committees should be committed to addressing inequities as they pertain to those populations disproportionately impacted by homelessness, and to targeting their homeless response system to address those inequities. Factors to consider:

- Identify and recruit potential S~~s~~ubgrantees based in part on their ability to provide culturally specific services and whose staffing represents the population served; grantees may choose to provide technical assistance to assist an organization in planning for the development of a program under FHPAP in advance of their applying to be a S~~s~~ubgrantee.
- Providing technical assistance to new S~~s~~ubgrantees in areas such as data collection and reporting, case file documentation, financial reporting, etc.
- Ensuring advisory committee members and S~~s~~ubgrantees participate in equity training.

- Ensuring advisory committee members are representative of populations served.
- Engaging and partnering with Tribal Nations if they are ~~located~~ in an advisory committee's region.
- Helping ensure providers are offering Culturally Responsive and T~~t~~rauma-~~i~~Informed services to all seeking housing assistance, and particularly to those populations disproportionately impacted by homelessness.
- Ensuring all people, regardless of their spoken or written language, literacy, or disability status, may learn about, apply for, and, if applicable, receive FHPAP assistance.
- If populations do not access services in a traditional manner, such as shelters or coordinated entry access points, providing alternative avenues to outreach, and identifying those that need homeless or prevention assistance.
- Ensuring that ~~P~~persons with lived experience are engaged in an advisory committee's planning, implementation, and evaluation and are provided ~~stipends~~ compensation for their participation; note that ~~stipends~~ compensation is~~are~~ an eligible FHPAP administrative expense.

Grantees and S~~s~~ubgrantees are encouraged to be creative around other methods to engage with persons with lived experience throughout the duration of the grant ~~term~~period. For example, forming a work group or advisory subcommittee driven and led by persons with lived experience, conducting surveys that reach a broad population, establishing focus groups, etc.

# Chapter 10 – Preparing the Application

Minnesota Housing typically issues a Request for Proposals (RFP) in the ~~early spring~~fall for the next grant cycle, which is every two years. Prior to the issuance of the RFP, FHPAP staff are available for consultation about how to design and structure the grant proposal. When the RFP is released, FHPAP staff are unable to provide consultation, except for technical issues related to the RFP, until the RFP period has closed. Potential Grant A~~a~~pplicants are encouraged to contact FHPAP staff prior to the RFP release date for technical assistance.

Minnesota Housing is interested in how the Grant A~~a~~pplicant fully engages its advisory committee and the community in its planning process~~-~~. ~~The application requests that a~~Applicants will be requested to describe their program design and how it meets the needs of the community, including those disparately impacted by homelessness, whether it is aligned with CoC/Tribal priorities, and how FHPAP complements other funding resources in a particular region.

## 10.01 Planning

Minnesota Housing expects Grant A~~a~~pplicants to have developed a fair and transparent process for soliciting providers to meet the needs identified in their community. Grant Applicants are expected to conduct the following activities:

- Conduct a needs assessment of homelessness and those at risk of homelessness in the Grant A~~a~~pplicant's community, including the use of multiple data sources, analysis of trends, and comparison of homeless numbers and population types, past to present, including those populations disparately impacted by homelessness.
    - It is recommended that the needs assessment be concluded a minimum of 120 days prior to the issuance of the Minnesota Housing FHPAP RFP to help ensure adequate time for data analysis and planning.
- Engage Tribal governments (if in the service area) in discussions, planning and project design.
- Engage other service and housing providers, agencies, local governments, and schools.
- Engage people with lived experience in the planning, implementation, and evaluation of the program, such as conducting focus groups or administering surveys.
- Plan for alignment with the CoC ~~or~~ and Tribes, including coordinated entry and performance measures.
- Develop strategies that meet the needs identified in the community needs assessment.
- Identify additional funding resources that can be used to meet the local need, including philanthropic, other state funding, and federal resources.
- Issue a local Request for Information (RFI) or RFP to regional providers of homeless and prevention services to solicit proposals.

  - Actively engage with a broad range of ~~potential~~ potential Subgrantees~~applicants~~, including those that target and whose staff represent culturally specific populations and those disproportionately represented in the homeless population. Engage potential Subgrantees~~applicants~~ using multiple venues such as email, websites, social media, newspapers, mailings, radio, local cable programs, etc.
- Develop and implement a transparent process and criteria for selecting service providers (both G~~g~~rantees and S~~s~~ubgrantees) best suited to implement strategies identified in the planning process.
- If the project does not serve all three populations (families, singles, and youth) the Grant A~~a~~pplicant must demonstrate that other funding resources are available to meet the needs of the population not served by FHPAP.
- Grant Applicants are encouraged to continually monitor community need by analyzing local data sources such as the Coordinated Entry Priority List, the HMIS, including the homeless dashboard, ~~and other data.~~ Point-in-Time Count (PIT), etc. and help ensure funds are being targeted to those households most likely to become homeless or to remain homeless without assistance.
- Grant Applicants must not have more than 50% of their total FHPAP budget dedicated to supportive services; however, if the Grant Applicant ~~grantee~~ can provide rationale, they can request to exceed the 50% cap in their competitive application. Justification to do so must be clearly described in the application and budget narrative. This is the only timeframe in which requests to exceed the 50% cap will be considered. An example where a~~n~~ Grant A~~a~~pplicant may request to exceed the cap includes increasing supportive services and decreasing direct financial assistance, such as rental assistance, if that assistance type is available through another funding source.
  - If requesting to exceed the supportive services cap, Grant A~~a~~pplicants should consult with and receive approval from their ~~grantee's~~ advisory committee prior to submission of the application. Minnesota Housing will inform Grant A~~a~~pplicants selected for funding whether this request is approved or denied at the time of award.

## 10.02 Projecting Households Served

When projecting the number and types of households (~~i.e.~~that is, single adult, adult family, youth family, and unaccompanied youth) that will be served, Grant A~~a~~pplicants should:

- Factor in the number of households that will be carried over from the previous biennium, which should be included in the projection.
- Utilize current program data, current trends, needs assessment feedback, etc. to determine the average length of time as well as the average amount of direct financial assistance households will need to resolve the ~~crisis~~crisis.

- Consider the FTE ~~equivalent~~ of staff working directly with households, their average caseload, and the average length of time households will be in the program.

## 10.03 Preliminary Practice Models

Several state agencies and the Heading Home Minnesota Funders Collaborative (Funders Collaborative) identified key elements of a preliminary practice model~~,~~ for programs serving homeless or at risk of homeless households. Grantees are encouraged to identify which elements of the preliminary practice model are currently being practiced, in the process of being implemented, or not yet implemented. In addition, a preliminary practice model should identify at least one element for which there will be a plan for full implementation. Information sessions for several of the elements below can be found on Minnesota Housing's ~~the~~ Homework Starts with Home webpage.

### Equity Focus

Because homelessness impacts specific groups at disproportionate rates (~~e.g.~~for example, American Indians, African Americans, LGBTQIA+ youth), effective responses must be attuned to the populations at greatest risk for homelessness. While these populations vary across communities, identifying specific strategies to help ensure that interventions for homeless individuals and families are representative of the populations being served and are culturally appropriate and responsive to the specific needs of those populations is critical. For example, Grant A~~a~~pplicants may explicitly monitor the impact of interventions for populations disproportionately impacted by homelessness and define essential roles for stakeholders representing those populations in the design and implementation of programs.

### Nothing About Us Without Us

Individuals and families experiencing housing crises or homelessness have lived experience of how and where support systems are most effective and where they fail. Helping ensure that this expertise informs and guides community responses to homelessness can increase the likelihood of deploying resources more effectively, create shared ownership of solutions, and leverage the resilience of people who have experienced homelessness. For this to occur, individuals and families with lived experience of homelessness must have meaningful ways to participate in shaping and implementing a community's response to homelessness. For example, Grant A~~a~~pplicants may create paid leadership and advisory positions for people with lived experience to help shape, implement, and monitor programs serving families and individuals experiencing homelessness.

### Early Identification and Trauma-~~i~~Informed Responses

Given the critical developmental needs of young people and the devastating impacts of homelessness and housing instability, the earliest identification of housing instability coupled with an affirmative response to those housing challenges can mitigate trauma that could otherwise occur. Often, implementing an effective response will require partnerships among entities that allow data sharing and deploy crisis-oriented resources to respond quickly to the specific circumstances of each individual or family. Given the traumatic nature of homelessness itself and the trauma that often precedes homelessness,~~;~~ these responses themselves must be T~~t~~rauma-~~i~~Informed and help support individuals and families in their recovery from trauma. For example, Grant A~~a~~pplicants may propose to conduct training for staff and community partners about the relationship between homelessness and trauma and ~~adopt programs~~modify their program to enhance their use of T~~t~~rauma-I~~i~~nformed approaches.

### Two-~~g~~Generational Approach~~es~~

A Two-G~~g~~enerational (“2-Gen”) or whole-family approach~~es~~ recognizes that impacting outcomes for young people requires supporting their parents, and vice versa. While many specific programs or funding streams focus on children or adults, a 2-Gen approach~~es~~ encourages looking at families holistically, focusing on outcomes that impact whole families~~,~~ and, whenever possible, combining programs and resources so that effective whole-family solutions are possible. A 2-Gen approach~~es~~ may include a mindset (~~e.g.~~for example, considering parents and their children, not just one or the other), specific strategies (~~e.g.~~for example, programs designed to support parents and children together), or systems-level organization (~~e.g.~~for example, organizing services so that parents and children receive support simultaneously). One way that ~~For example,~~ Grant A~~a~~pplicants may use this approach is to establish whole-family assessments of needs and strengths as part of routine intake processes for local social service and economic assistance programs, with connections made simultaneously for parents and their children to appropriate programs for which they are eligible.

### Progressive Engagement Approach

A Progressive Engagement approach provides a structured way for services to be tailored dynamically to the specific and changing needs of individuals or families experiencing homelessness so that people receive the support that they need. At a systems level, this approach also ensures that resources are available to help support the greatest number of people possible. A Progressive Engagement approach involves assessing initial needs and providing modest support responsive to those needs. If that is sufficient to help the family stabilize, those supports can be continued or weaned as ongoing needs dictate. If initial supports are not sufficient, a Progressive Engagement approach identifies paths for increasing or diversifying the supports available. This process continues iteratively as long as needed until the family achieves stability. ~~For example,~~One way that Grant A~~a~~pplicants may use this approach is to ~~can~~ structure most initial interventions as short-term responses and establish clear protocols for how services can be escalated, maintained, or discontinued as family needs dictate, including referral processes and data sharing agreements among service providers, as needed.

### Housing First ~~Orientation~~Approach

Access to P~~p~~ermanent housing is the fundamental solution to homelessness. A Housing First approach honors this fact by reducing barriers to accessing housing so that housing itself can serve as a platform for addressing any other challenges that someone experiencing homelessness may face. This approach is contrasted with a "housing readiness" approach that defines preconditions (~~e.g.~~for example, sobriety, income, compliance with services) prior to receiving support to access P~~p~~ermanent housing. ~~For example,~~One way that Grant A~~a~~pplicants may use this approach is to ~~can~~ regularly review and, wherever possible, revise eligibility requirements for housing and homelessness programs that may preclude people experiencing homelessness from gaining access to housing resources or supports.

### Leveraging Mainstream Resources

Resources specifically intended to serve people experiencing homelessness provide important tools in effective community responses to homelessness, but they are small compared to mainstream programs serving low-income or vulnerable populations. Mainstream programs may include health programs, housing voucher or public housing programs, economic assistance, employment and training programs, or other social services designed to help people obtain stability or improve well-being. While these programs are typically not focused specifically on people experiencing homelessness, their impact for people experiencing homelessness can be significant, particularly if they implement strategies to make these programs accessible and responsive to people experiencing homelessness. Given the way that funding streams, outcomes, and lines of accountability are structured, linking mainstream programs to responses to homelessness often does not occur "naturally," but instead requires deliberate action. For example, Grant A~~a~~pplicants can organize their responses to homelessness jointly with intake processes for mainstream economic assistance, public housing, or other resources~~,~~ so that each family can be connected with whatever resource(s) is/are most responsive to the family's needs.

### Continuous Improvement

Adapting and implementing effective solutions to homelessness requires ongoing refinement and attention to evolving needs and opportunities. Rather than expecting that a proposed intervention is complete or optimal as it was initially designed, a continuous improvement approach recognizes that ongoing participation from all stakeholders to identify successes, areas for improvement, and unanticipated needs will result in a stronger and more resilient long-term implementation. For example, Grant A~~a~~pplicants can describe oversight and governance approaches that encourage routine reflection and engagement of leadership and all stakeholders to help improve the impact of existing services and to do so iteratively and continuously.

# Chapter 11 – Grantee Requirements

## 11.01 Subgrantees

As outlined the Grant Contract Agreement, G~~g~~rantees must enter into formal contracts with S~~s~~ubgrantees and impose, at a minimum, the same expectations that Minnesota Housing requires of G~~g~~rantees. Subgrantee agreements must be executed before the S~~s~~ubgrantees can begin serving households. ~~In addition~~ Additionally, G~~g~~rantees should ensure that communication received from Minnesota Housing is relayed to S~~s~~ubgrantees.

## 11.02 Financial

Once the Grant Contract Agreement is approved and fully executed, except in those instances where Minnesota Housing identifies a risk with the advanced payment model, Minnesota Housing will issue the first quarterly payment to G~~g~~rantees and subsequently will advance payments each quarter thereafter. Quarterly payments are generally issued in advance to ease the financial burden on G~~g~~rantees, thus ensuring funds are available to households for the duration of the quarter. Grantees who are two or more quarters behind in their expenditures will be required to meet with Minnesota Housing staff to develop a plan to address their underspending. Minnesota Housing will not issue further advance payments until the G~~g~~rantee's rate of expenditures are within one quarter or less of the quarterly disbursed amount.

Subgrantees should not receive advanced payment; rather they should be required to submit an invoice with supporting documentation for services and assistance performed prior to receiving reimbursement from G~~g~~rantees.

Grantees are required to demonstrate the funds have been expended on eligible activities and should work with their financial staff to set up a recordkeeping system to track grant funds received and expended.

Grantees should not spend funds on a 'first come, first served' basis, rather they should prioritize households based upon need and budget their direct financial assistance expenditures throughout the quarter.

Grantees are required to monitor their rate of expenditures to last the duration of the grant period. The rate of expenditures will be considered when evaluating overall G~~g~~rantee performance as part of the competitive application process.

## 11.03 Digital~~/Electronic Signature~~ or Electronic Signatures

For any documents that require a signature to complete the application or other supporting documentation, ~~and~~ a ~~wet/~~handwritten and Electronic S~~s~~ignature (eSignature) options must be made available. ~~cannot easily be obtained in person, g~~Grantees must have an ~~Eelectronic~~ eS~~s~~ignature option by October 1, 2025. Grantees may use DocuSign or Adobe e-sign to create a D~~d~~igital or E~~e~~lectronic S~~s~~ignature; ~~. O~~ other D~~d~~igital or E~~e~~lectronic S~~s~~ignature software ~~may be considered but~~ requires written approval from Minnesota Housing before being used.

## 11.04 Participation in Coordinated Entry

A coordinated entry system represents the coordination and management of a CoC's/Tribe's housing crisis response system. Coordinated entry provides available information to ~~enables~~ CoC/Tribal providers and homeless assistance staff, enabling them to make consistent decisions ~~from available information in order~~ to efficiently and effectively connect people in crisis~~, efficiently and effectively~~ to interventions that will rapidly end their homelessness. The coordinated entry approach also aligns with state of Minnesota's goals to transform crisis response systems in order to improve outcomes for people experiencing a housing crisis. Grantees must consult with their local CoC and Tribe and follow the local coordinated entry policies in their service area.

## 11.05 Household Income

Grantees and S~~s~~ubgrantees must determine income eligibility of households prior to providing assistance. Households must be at or below 200% of the federal poverty guidelines. Income is calculated based upon gross annual income.

### Determining Income

The following income is included in income calculation:

- The full amount, before payroll deductions, of wages and salaries, overtime pay, commissions fees, tips, bonuses, and other compensation for personal services.
- The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
- Payments in lieu of earnings such as unemployment or disability compensation, worker's compensation, and severance pay.
- Public assistance payments such as cash assistance or Social Security.
- Periodic and determinable allowances received such as alimony, child support, and foster care payments.

- Net income from the operation of a business or profession
- When full-time students who are 18 years of age or older are dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of $480 per year for full-time students, age 18 or older, who are not the head of the family, ~~or~~ spouse, or co-head. If the income is less than $480 annually, count all the income. If the annual income exceeds $480, count $480 and exclude the amount that exceeds $480.

The following types of income are not included in income calculation:

- Earned income of ~~minors (age 17 and under)~~youth enrolled in K-12 education.
- Educational grants or scholarships paid expressly for tuition, fees, books, or equipment.
- Income of live-in health aids.
- Non-cash benefits such as childcare or medical care assistance~~,~~ and food support.
- One-time cash gifts, for example a birthday.
- Economic stimulus payments.
- Tribal per capita payments.
- Tribal General Welfare.
- Minnesota Child Tax Credit payments.

A household making child support payments cannot have the amount of the payment reduced from their household income calculation, but in shared custody situations, may include the children as part of their household.

### Verification of Household Income

There are ~~two~~ three methods to obtaining household income: income documents provided by the household, ~~or~~ third-party verification, or self-verification of income.

Households receiving the following types of assistance identified in Minn. Stat. 462A.07, subd. 20 are automatically income eligible, provided proof of the type of assistance received is documented in the household file:

- Child care assistance programs under ~~C~~chapter 119B.
- General assistance, Minnesota supplemental aid, or food support under ~~C~~chapter 256D.
- Housing support under ~~C~~chapter 256I.
- Minnesota Family Investment Program and diversionary work program under ~~C~~chapter 256J.
- Economic assistance under ~~C~~chapter 256P.
- Other income-based state or federal public assistance benefits, as approved by Minnesota Housing.

**~~1.~~Income Documents Provided by the Household**

When possible, documentation of income should be obtained from the household. This includes:

- If employed, obtain a minimum of two pay stubs. Pay stubs should be the most recent and just prior to the date the household is seeking assistance. If a household has inconsistent income, for example, they work varied hours, obtaining additional pay stubs is recommended.
- If a household reports they recently gained employment but have not yet been paid, this would not be included in their income calculation.
- Documentation of cash assistance received such as Social Security income or public assistance.
- Documentation of child support, alimony, or foster care payments.

**Third-Party Verification**

Under this form of verification, a third party is contacted to provide information about the household's income. This may be preferable if providing the documentation poses a hardship on the household due to geographic distance, lack of access to technology, or they are unable to provide it in a timely manner.

To obtain third-party verification, the provider must obtain a signed release of information (ROI) from the household. Written verification is preferred; however, there may be times where the third party is unwilling to provide this and/or do so in a timely manner. In these instances, verbal verification is acceptable; however, this must be well documented in the household file, such as on intake paperwork or a case note. Information included should be the date the verbal verification was provided, the name of the individual providing the information and the entity they represent, as well as their contact information, along with staff signature (Digital or Electronic Signature is acceptable) or initials.

**Self Attestation**

If a household is unable to provide the required documents or the provider is unable to obtain third-party verification, a self-attestation of income form that includes the household's signature may be utilized. This signed document. along with case notes explaining the necessity of the self-attestation, along with case notes explaining the necessity of the self-attestation must be included in the household file.

**Calculating Income**

When calculating income, keep in mind the following:

- Calculate annual income, rather than monthly, ~~in order to~~to align with the annual Federal Poverty Guidelines table.
- Calculate annual income based upon 52 weeks in a year.

  - For example, if a household is paid bi-weekly, their average bi-weekly pay should be multiplied by 26 weeks to obtain the annual income.
- Income calculation is determined using gross annual income; ~~,~~ ~~i.e.~~that is, total pay before taxes and other deductions.

An Income Calculation Workbook can be located on Minnesota Housing's Family Homeless Prevention and Assistance Program (FHPAP) webpage and can be used to calculate household income. While use of this tool is not required, it may save staff time, be helpful in determining accurate income, and be useful for monitoring purposes where demonstration of income is required.

Below are examples on calculating income.~~:~~

**Example 1**

Household with two family members is employed and paid bi-weekly.

- Check #1: Gross income –~~-~~ $589.32
- Check #2: Gross income –~~-~~ $640.00

Income calculation steps:

- Step 1: Total the two pay stubs –~~-~~ $589.32 + $640 = $1229.32
- Step 2: Divide total in Step 1 by two (# of pay stubs) – $1229.32/2 = $614.66
- Step 3: Multiply $614.66 by 26 weeks (bi-weekly average) – $614.50 x 26 = $15,981.16

Household Annual Income ~~(rounded)~~ = $15,981.16

**Example 2**

Household of two receives public cash assistance of $583.00 per month and a housing allowance of $110.00 per ~~month~~month.

Income calculation steps:

- Step 1: Calculate monthly income – $583 + $110 = $693
- Step 2: Multiply total in Step 1 by 12 months – $693 x 12 = $8316

Household Annual Income = $8316

**Example 3**

Household has two adult family members, and both have income.

- Head of h~~H~~ousehold #1 has employment and is paid weekly. In this example, because weekly income amounts vary, the provider requested additional pay stubs.
  - Check #1: Gross income – ~~-~~ $723.00
  - Check #2: Gross income – ~~-~~ $888.24
  - Check #3: Gross income – ~~-~~ $646.29
  - Check #4: Gross income – ~~-~~ $881.00
  - ~~(In this example, because weekly income amounts vary, the provider requested additional pay stubs)~~
- Adult #2 earns monthly social security benefits in the amount of $941.00

Income calculation steps:

- Step 1: Total the four pay stubs – $823 + $688.24 + $746.29 + $881.00 = $2538.53
- Step 2: Divide the total in Step 1 by four – $3138.53/4 = $784.63 (average weekly income for last 4 weeks)
- Step 3: Multiply $784.63 by 52 weeks – $784.63 x 52 = $40,000.76 (
- ~~A~~annual income for head of household) ~~#1 = $ 40,000.76~~
- Step 4: ~~To figure Adult #2 annual income, m~~Multiply $941 by~~x~~ 12 months – $941 x 12 = $11,292 (
- ~~A~~annual income for ~~A~~adult #2) ~~= $11,292~~
- Step 5: Determine combined annual income – $40,000.76 + $11,292 = $51,292.76

Household Annual Income = $51,292.76

In this example, the household does not qualify for FHPAP assistance as their income exceeds 200 % of federal poverty guidelines for a household with two members.

~~**Table 5: Add Table Name**~~

| ~~Example Number~~ | ~~Income Calculation ExamplesScenario~~ | ~~Income Calculation Steps~~ |
|---|---|---|
| ~~Example 1~~ | ~~Example #1:~~<br>~~Household with two family members is employed and paid bi-weekly.~~<br>~~Check #1: Gross income - $589.32~~<br>~~Check #2: Gross income - $640.00~~ | ~~Step 1: Total the two pay stubs~~<br>~~$589.32 + $640 = $1229.32~~<br>~~Step 2: Divide total in Step 1 by two (# of pay stubs)~~<br>~~$1229.32/2 = $614.66~~<br>~~Step 3: Multiply $614.66 by 26 weeks (bi-weekly average)~~<br>~~$614.50 x 26 = $15,981.16~~<br>~~Household Annual Income (rounded) = $15,981~~ |
| ~~Example 2~~ | ~~Example #2:~~ | ~~Step 1: Calculate monthly income~~ |

| ~~Example Number~~ | ~~Income Calculation ExamplesScenario~~ | ~~Income Calculation Steps~~ |
|---|---|---|
| | ~~Household of two receives public cash assistance of $583.00 per month and a housing allowance of $110.00 per month.~~ | ~~– $583 + $110 = $693~~<br>~~Step 2: Multiply total in Step 1 by 12 months~~<br>~~$693 x 12 = $8316~~<br>~~Household Annual Income = $8316~~ |
| ~~Example 3~~ | ~~Example #3:~~<br>~~Household has two adult family members and both have income.~~<br>~~Head of Household #1 has employment and is paid weekly. In this example, because weekly income amounts vary, the provider requested additional pay stubs.~~<br>• ~~Check #1: Gross income - $723.00~~<br>• ~~Check #2: Gross income - $888.24~~<br>• ~~Check #3: Gross income - $646.29~~<br>• ~~Check #4: Gross income - $881.00~~<br>~~(In this example, because weekly income amounts vary, the provider requested additional pay stubs)~~<br>~~Adult #2 earns monthly social security benefits in the amount of $941.00~~ | ~~Step 1: Total the four pay stubs~~<br>~~$823 + $688.24 + $746.29 + $881.00 = $2538.53~~<br>~~Step 2: Divide the total in Step 1 by four~~<br>~~$3138.53/4 = $784.63 (average weekly income for last 4 weeks)~~<br>~~Step 3: Multiply $784.63 by 52 weeks~~<br>~~$784.63 x 52 = $40,000.76~~<br>~~A(annual income for head of household) #1 = $ 40,000.76~~<br>~~Step 4: To figure Adult #2 annual income, multiply $941 by x 12 months~~<br>~~$941 x 12 = $11,292 (~~<br>~~Aannual income for Aadult #2) = $11,292~~<br>~~Step 5: Determine combined annual income~~<br>~~$40,000.76 + $11,292 = $51,292.76~~<br>~~Household Annual Income = $51,292.76~~<br>~~In this example, the household does not qualify for FHPAP assistance as their income exceeds 200 % of federal poverty guidelines for a household with two members~~ |

~~Minnesota Housing has an Income Calculation Workbook located on the FHPAP web page~~

~~that can be used to calculate household income. While use of this tool is not required, it may save staff time and be helpful in determining accurate income and may be beneficial for monitoring purposes where demonstration of income is required.~~

## Reassessing Income

For households receiving services or direct financial assistance for six months or longer, household income should be reassessed, at a minimum, once every ~~six~~ ~~twelve~~12 months to determine if the household remains eligible for FHPAP assistance.

### Roommates

When two or more people live together as roommates, ~~i.e.~~that is, sharing a living space and not as a family or in a committed relationship, and one or more of the roommates is seeking FHPAP assistance, their income eligibility can be considered on an individual basis. If the roommates are listed on one lease, the amount of assistance an individual is eligible for would generally be proportional, ~~i.e.~~that is, if there are two roommates, the individual seeking assistance would be eligible for 50% of the amount owed. If a roommate can demonstrate they have consistently been paying a higher portion, they could be eligible for a higher amount of assistance. In this instance, for example, they could present copies of checks or the ~~landlord~~property owner/manager could verify the amount paid. Documentation of roommate situations where only one individual is receiving FHPAP assistance should be clearly noted in the household file, such as in the case notes or on an intake form.

## 11.06 Monitoring and Evaluation

### Monitoring of Grantees and Subgrantees

Grantees are required to conduct site visits and monitor S~~s~~ubgrantee activities, project results, expenditures, and outcome indicators, at a minimum, once per year. In addition, if a G~~g~~rantee is an FHPAP provider, the advisory committee must monitor the G~~g~~rantee a minimum of once per year. Outcomes of the monitoring visit must be communicated to the advisory committee and other stakeholders. The advisory committee must develop a written monitoring and evaluation plan to include:

- Advisory committee role with monitoring and evaluation
- How reports and results will be shared with the advisory committee
- How HMIS data quality review will be conducted
- How non-HMIS data will be collected and reported (if applicable)
- How site visits will be conducted
- How household file reviews will be conducted
- How financial reviews will be conducted
- Sample report, site visit, and file review templates

### Household Files

At a minimum, household files should contain the following:

- An application/intake date for the household seeking assistance.
- Consent and release forms including:
  - A signed HMIS Data Privacy Notice and Release of Information for all household members ~~over age 18~~age 18 and older.

- ~~A separate, signed Tennessen Wwarning that lists Minnesota Housing for reach adult member of the household.~~A separate, signed data disclosure form that lists Minnesota Housing for each adult member of the household which also includes a Tennessen Warning.
- A separate ROI for each individual or entity (for example, do not include a utility company and a ~~landlord~~property owner/manager on the same ROI). An ROI should include:
  - The name and organization from which information can be shared and/or requested.
  - Specific information that can be provided and/or requested.
  - An expiration date of one year or less.
  - A participant/household signature and date.
  - It is recommended that a staff member also sign and date the ROI.
  - A separate ROI for each adult in the household should be obtained.
- Case notes that are objective, chronological, accurate, concise, timely, and demonstrate action steps and outcomes.
- Documentation of eligibility criteria including:
  - The household is at or below 200% of federal poverty guidelines. In addition to providing documentation of income, such as pay stubs or a statement of benefits, a demonstration of how annual income was calculated should be in the household file. If utilizing the Income Calculation Workbook, providing a copy of this in the household file will suffice for demonstration of income calculation. Refer to ~~S~~section 11.05~~:~~ (Household Income) of this document for more information.~~The household is experiencing a housing crisis:~~
  - The household is experiencing a housing crisis.
    - ~~For households~~Households currently in stable housing are at imminent risk of homelessness.~~,~~ D~~d~~ocumentation provided can include an eviction notice, utility shut-off notice, notice to vacate due to past due rent, etc.
    - ~~For homeless households~~Households are without a fixed nighttime residence or are homeless. Documentation ~~, providing evidence~~ of the household's homeless status, such as ~~for example~~ a coordinated entry referral, meets this requirement.
  - Documentation that the household does not have funds to pay for the housing crisis.
    - This can be documented on an intake form, case note, etc.
    - Minnesota Housing does not require a verification of assets for the household file.
  - Documentation of the amount owed.
    - For past due rent, a rental ledger that indicates the amount owed, including late fees.
    - ~~If the amount owed has increased since the past due statement was submitted, clearly note this in the file including the name of the person from the utility~~

~~company who verified the increase/past due notice, the date verification was received and the updated past due amount~~

  - For prepayments of propane and wood, an invoice.
  - For move-~~-~~in assistance including rental deposit and rental assistance, ~~a fully executed lease signed by both landlord~~property owner/manager ~~and tenant~~verification of amount owed (statement or executed lease).
  - For ongoing rental assistance, a copy of the lease or formal statement from the property owner verifying the monthly rent and any additional fees.
  - If the amount owed has increased since the past due statement was submitted, clearly note this in the file including the name of the person from the utility company who verified the increase/past due notice, the date verification was received, and the updated past due amount.
- The type and amount of FHPAP assistance provided.
  - Evidence can include a purchase order, agency check request, or check copy.
  - The household should receive the total amount of financial assistance needed to resolve the housing crisis; if FHPAP is not used to pay for the full amount needed by the household, clearly indicate in the file the source of the additional funding and amount provided to resolve the crisis.
- Documentation of crisis resolution
  - This can be included in closing paperwork, a case note, etc.

While many rental assistance programs require a housing inspection prior to move in, for example a Housing Quality Standards (HQS) inspection, this inspection is not an FHPAP requirement.

Grantees will be required to provide Minnesota Housing with a summary on the Annual Narrative Report; however, G~~g~~rantees are strongly encouraged to consult with Minnesota Housing staff in a timely manner if any concerns ~~that~~ arise regarding the performance of a S~~s~~ubgrantee, through monitoring or any other means, in areas such as financial management or service delivery. Further action may be recommended or required, such as providing additional monitoring or developing a performance improvement plan with the S~~s~~ubgrantee.

### State Monitoring of Grantees

Grantees and S~~s~~ubgrantees are responsible for maintaining financial records that document the use of all FHPAP funds, including those used for supportive services, direct financial assistance, and administrative costs. Grantees and S~~s~~ubgrantees are expected to maintain all financial and household records for a minimum of six years after the grant ~~term~~ period has ended.

In addition, Minnesota Housing reserves the right to review financial and household records during this period, and records must be made available upon request.

### Minnesota Housing

Minnesota Housing will conduct annual monitoring of G~~g~~rantees, which will include:

- Household file monitoring ~~(refer to the Household Files section, above)~~; household files selected for file review will be randomly selected.
- Financial reconciliation: Grantees will be required to submit the following documentation:
  - A job cost report or general ledger, including receipts and expenses for the requested ~~time period~~period; the job cost report or general ledger should only include FHPAP related receipts and expenses and should not list non-FHPAP related receipts/expenses.
  - Bank statements
  - Payroll records
  - Third-party verification such as invoices and receipts

More detailed information will be provided prior to monitoring but will include~~:~~

~~•~~ ~~O~~ an overall program review, including G~~g~~rantee policies and procedures, governance, and administrative performance.

Following conclusion of the household file monitoring, financial reconciliation, and program review, Minnesota Housing staff will conduct an exit interview with the G~~g~~rantee summarizing the results. Grantees will be notified if follow-up is required. An example of follow-up includes obtaining additional documentation to verify household eligibility. Upon timely completion of follow-up items, Minnesota Housing staff will issue a monitoring review summary letter that includes G~~g~~rantee strengths, areas of concern, recommendations, and requirements.

## 11.07 Reporting

Timely and accurate reporting requirements are considered when evaluating overall G~~g~~rantee performance. Refer to Appendix A~~:~~ (Example FHPAP Biennial Timeline)~~,~~ of this document for due dates.

### Quarterly Expenditure and Outputs Report

Grantees will be provided with a Quarterly Expenditure and Outputs Report template that must be submitted to Minnesota Housing after the completion of each reporting period. Reports will include expenses by funding category and the number of households and individuals served. Homeless households that are doubled up should be entered in the same category that G~~g~~rantees and ~~subgrantee~~Subgrantees are using to enter their data in the HMIS, ~~i.e.~~that is, Rapid Rehousing Doubled Up or Prevention. Refer to ~~S~~section 11.09~~:~~ (Homeless Management Information System) of this document ~~(HMIS), Entering doubled up households in HMIS,~~ for more detail.

Grantee outputs should match the HMIS report. Occasionally HMIS data issues arise that may impact the reporting timeline;~~, and~~ if this occurs, G~~g~~rantees should notify Minnesota Housing staff as soon as possible.

### HMIS Reports

The HMIS administrator creates G~~g~~rantee level and statewide FHPAP reports prior to the ~~due date of the submission of the e~~Expenditure and ~~o~~Outputs ~~r~~Report submission deadline~~to Minnesota Housing~~. Grantees should allow time to review the accuracy of their HMIS reports prior to ~~submission~~ submitting ~~of~~ the ~~q~~Quarterly E~~e~~xpenditure and O~~o~~utput R~~r~~eports to Minnesota Housing.

It is recommended that G~~g~~rantees establish an HMIS reporting deadline for S~~s~~ubgrantees in advance of the due date established by Minnesota Housing ~~in order~~ to provide sufficient time to review data quality. Grantees should work with their S~~s~~ubgrantees to fix data quality issues and then inform Minnesota Housing of the “ready” status. Grantees may also act as a liaison between the S~~s~~ubgrantee and the HMIS administrator helpdesk staff if there are data or reporting issues. The reports currently include:

- Core Report
- FHPAP Supplemental Report

### Narrative Reports

Narrative and ~~o~~Outcome ~~r~~Reports are submitted to Minnesota Housing annually. Minnesota Housing will provide the report format to G~~g~~rantees in advance of the report deadline.**~~Additional Fast Track FHPAP Reporting~~**

~~FHPAP resources allocated under 2023 Minnesota Session Laws Chapter 20, Section 1, require Grantees to document and retain in the program file the method used to track the number of applicants seeking FHPAP assistance, and will report on the number of applicants on the Fast Track Expenditure and Outputs report.~~

## 11.08 Outcomes and Outputs

Minnesota Housing will measure progress toward the specific outcomes listed below and is particularly interested in the outcomes and improvement over time for households disparately impacted by homelessness and housing instability. Grantees and their advisory committees should regularly review and analyze this data, and implement strategies where needed to improve upon them. The indicators will be pulled from data in the HMIS as outlined below.

**~~Outcomes~~**

- **Outcome #1:** The percentage of households receiving assistance who do not experience homelessness, broken down by race, ethnicity, and household type ~~(HUD definition)~~ (Prevent).
- **Outcome #2:** The percentage of households who exit to permanent, stable housing, broken down by race, ethnicity, and household type (Rare).
- **Outcome #3:** The length of time from enrollment to housing placement, broken down by race, ethnicity, and household type (Brief).
- **Outcome #4:** The percentage of households served who do not return to homelessness, broken down by race, ethnicity, and household type (One-T~~t~~ime).
- **Outcome #5:** Demographics of the households served at program intake compared to demographics of households served at program exit (~~e.g.~~for example, is the program experiencing equitable outcomes for Native American households compared to Caucasian households?) (Equity).

**~~Outputs~~**

- **Output #1:** The number of households served by race, ethnicity, and household type.

Grantees may choose to establish additional outcomes that reflect their local program. Grantees will be asked to discuss the results of these outcome indicators in the narrative report(s).

## 11.09 Homeless Management Information System ~~(HMIS)~~

Information for most households served will be entered into the Homeless Management Information System (HMIS). Exceptions are noted below. The Institute for Community Alliance (ICA) is the designated HMIS Lead Agency for the S~~s~~tate of Minnesota. Data collection forms and ~~many~~ resources for FHPAP projects can be found on the HMIS website.

Grantees and S~~s~~ubgrantees are encouraged to download these forms on a regular basis to ensure the latest version is being used. Timely data entry is expected ~~in order to~~to comply with quarterly and annual reporting requirements. Grantees are required to review and analyze their program's HMIS data for accuracy and program evaluation. Refer to ~~S~~section 11.07~~:~~ (Reporting) of this document for more information.

### Quarterly Data Quality

~~In an effort to~~To improve the quality of HMIS data, the HMIS administrator, with support from CoCs, the Minnesota Tribal Collaborative, and state partners, has implemented a Quarterly Data Quality (QDQ) evaluation process. Grantee and S~~s~~ubgrantee participation are required. Providers receive a data quality score, ~~i.e.~~that is, to what extent they meet the criteria for accuracy, completeness, consistency, and timeliness of reporting. This is an interactive process. Providers receive support from all monitoring partners and will have the opportunity to make data quality corrections prior to receiving their score. Refer to the HMIS website for more information.

## Data Entry Expectations

### Entry and Exit

~~Best practice for HMIS data entry is that h~~Households should be entered into the HMIS no more than seven days after program entry ~~as well as~~and program exit. Grantees should be mindful of, and may develop their own, data entry and reporting requirements to help ensure there is adequate time to review data prior to submitting the quarterly Expenditure and Outputs Report and Annual Narrative Report.

### ~~Additional Fast Track FHPAP Expectations~~

~~Verification that the entity to whom the household financial assistance is being paid (property owner, property management company, utility company, etc.) has not received a duplicate payment within the previous 60 days.~~

### Activities

Below are *minimum* requirements for when households should be entered into the HMIS:

- **Coordinated Entry**:
- When a household is assessed and based upon their score, ~~is~~ referred to an FHPAP provider for Prevention or Rapid Rehousing services or direct financial assistance.
- **Street Outreach**:
- When services extend beyond the simple provision of referral resources and ~~is~~ a strategic effort to engage the participant in activities designed to end their homeless situation is needed. For example, if an individual receives assistance completing housing applications or is driven to a homeless shelter, and/or service delivery involves multiple contacts or requires a significant amount of time. Grantees have some discretion in determining whether a household should be entered; however, the policy for doing so should be consistent, keeping in mind that proposed numbers served are compared with HMIS outputs only.
- **Prevention**:
- When a household receives FHPAP supportive services or direct financial assistance.
- **Rapid Rehousing**:

- ~~o~~ All households are required to be entered into the HMIS ~~with the exception of~~except for households being served by domestic violence providers. In this instance reporting to Minnesota Housing will occur outside of the HMIS.

**Entering D~~d~~oubled U~~u~~p H~~h~~ouseholds in the HMIS**

One variation of the state of Minnesota's definition of homelessness compared to HUD's definition, is that households doubled up that are at imminent risk of housing loss are considered homeless by the state of Minnesota. Since HMIS definitions are set up to align with HUD, G~~g~~rantees will enter FHPAP households that are doubled up in the Prevention category within the HMIS.

**Grantees and S~~s~~ubgrantees N~~n~~ew to the HMIS**

Agencies new to the HMIS or returning after a period of absence must complete documentation to get their agency set up to enter data. In addition, new users must complete new user training before entering data. Visit the ~~following~~ HMIS website for more information.~~: New to HMIS.~~

## ~~Chapter 12 – 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~~~~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~~~~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 housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.~~

~~Grant Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.~~

~~As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.~~

# ~~Chapter 13 –~~Chapter 12 – Legal Addendum~~Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting~~

## ~~13.01~~12.01 Conflict and Control

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

## ~~13.02~~12.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in ~~S~~section ~~13~~12.07 (Disclosure and Reporting) of this document~~6~~.

## ~~13.03~~12.03 Misuse of Funds

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in ~~S~~section 12~~3~~.07 (Disclosure and Reporting) of this document~~6~~.

## ~~13.04~~12.04 Conflict of Interest

~~A conflict of interest, - actual~~ Actual, ~~or potential~~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 ~~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~~An Appearance of a Conflict of Interest ~~means~~is any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation, or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

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

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

~~Organizational conflicts of interest occur when:~~

- ~~A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties~~.
- ~~A contracting party's objectivity in carrying out their responsibilities might be otherwise impaired due to competing duties or loyalties~~.
- ~~A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors~~

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

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

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual or potential conflicts of interest through one of the communication channels described in ~~S~~section ~~13~~12.07 (Disclosure and Reporting) of this document~~6~~.

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

## 12.05 Assistance to Employees and Affiliated Parties

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 12.04 (Conflict of Interest) of this document;
- The assistance is awarded utilizing the same costs, terms, and conditions as compared to a similarly situated unaffiliated recipient, and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and

- The assistance is processed, underwritten, and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 12.04 (Conflict of Interest) of this document.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 12.07 (Disclosure and Reporting) of this document.

### ~~13.05~~12.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing's website for a list of suspended individuals and organizations.

### ~~13.06~~12.07 Disclosure and Reporting

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff~~,~~ must immediately report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation through one of the communication channels listed below. ~~external~~ External business partners (~~e.g.~~for example, G~~g~~rantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation using these same communication channels. ~~You may report wrongdoing or other concerns by contacting:~~

- Contact Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Contact ~~A~~any member of Minnesota Housing's Servant Leadership Team as denoted on Minnesota Housing's current organizational chart ~~(Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team);~~ or~~(visit mnhousing.gov and enter SLT in the Search box)~~
- Submit a Report Wrongdoing Form, which can be found on Minnesota Housing's Report Wrongdoing or Concerns ~~(Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing)~~webpage.~~(visit mnhousing.gov and enter Wrongdoing in the Search box)~~

## ~~13.07~~12.08 ~~Electronic Signature~~Electronic Signatures

Minnesota Housing accepts E~~e~~lectronic S~~s~~ignatures (eSignatures) on certain documents to the extent the person signing complies with all applicable state and federal E~~e~~lectronic S~~s~~ignature laws, as well as any counterparty requirements. Questions regarding which documents Minnesota Housing permits to be signed electronically should be directed to Minnesota Housing staff.

~~However, note that~~ Minnesota Housing does not permit eSignatures on any document that needs to be recorded with the county. In addition, a contracting party cannot be required to use ~~Eelectronic~~ eS~~s~~ignatures.

## 12.09 Fair Housing Policy

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

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

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

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions, or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise makes unavailable or denies the rental of a dwelling unit;

- Make, print, or publish (or cause to make, print, or publish) notices, statements, or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling, or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

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

## 12.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the contracting party under the contract. The civil remedies of Minn.~~esota~~ Stat.~~utes 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.

~~The statute excludes new housing construction in which total financial assistance at a single project site is less than $100,000.~~

~~Please note the following statutory provisions:~~

- ~~A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of the Minnesota Department of lLabor and iIndustry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section Minn. Stat 177.42, subd.ivision 6 and Minn. Stat. § 116J.871, subd. 2.Minn. Stat. 116J.871, subd. 2.~~

- ~~It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under Minn. Stat. 116J.871, subd. 2subdivision 2 [see above] to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense., as stated in Minn. Stat. § 116J.871, subd. 3.~~

~~In addition, a separate prevailing wage statutes, Minn. Stat. § 177.41, Minn. Stat. § 177.42, and Minn. Stat. § 177.43, may apply if funds are used for a building that is publicly owned or leased.~~

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

~~Division of Labor Standards and Apprenticeship~~
~~Karen Bugar, State Program Administrator~~
~~443 Lafayette Road. N,~~
~~St. Paul, MN 55155~~
~~651.284.5091 or dli.prevwage@state.mn.us~~

~~*New housing construction is not an eligible FHPAP expense~~

# Appendix A: Example FHPAP Biennial Timeline

**Table 5: Example FHPAP Biennial Timeline – Year 1**

| Approximate Date | Activity |
|---|---|
| October 1 | Biennium begins |
| Fourth Monday in October | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| October | Annual Grantee Meeting – ~~L~~location and exact date TBD |
| Fourth Monday in January | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| ~~Second Friday in February~~Mid-February | Quarter 1 Expenditure and Outputs Report due |
| Fourth Monday in April | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| ~~Second Friday in~~ ~~May~~Mid-May | Quarter 2 Expenditure and Outputs Report due and Six Month HMIS Report due |
| Fourth Monday in July | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| ~~Second Monday in August~~Mid-August | Quarter 3 Expenditure and Outputs Report due |

**Table 6: Example FHPAP Biennial Timeline – Year 2**

| Approximate Date | Activity |
|---|---|
| October | Request for Proposals (RFP) application materials ~~P~~published and ~~/~~ Information Session |
| Fourth Monday in October | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| October | Annual Grantee Meeting – Location and exact date TBD |
| ~~Second Friday in~~Mid-November | Quarter 4 Expenditure and Outputs Report due, Annual Narrative Report due, and Annual HMIS Report due |
| January | *FY 25-26 RFP applications due (~~T~~tentative)* |
| Fourth Monday in January | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| ~~February~~ | ~~Request for Proposals (RFP) Published / Information Session~~ |
| ~~Second Friday in February~~Mid-February | Quarter 5 Expenditure and Outputs Report due |
| Fourth Monday in April | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |
| ~~Second Friday in~~Mi~~l~~d-~~-~~May | Quarter 6 Expenditure and Outputs Report due and 18-month HMIS Report |
| ~~May~~ | ~~*FY 22-23 RFP applications due (Tentative)*~~ |
| Fourth Monday in July | Quarterly Coordinator's teleconference 10-11:30 a.m. Central Time |

| Approximate Date | Activity |
|---|---|
| Mid-~~-~~August | Quarter 7 Expenditure and Outputs Report due |
| ~~Second Friday in~~Mid-November<br>~~Second Friday in November~~<br>~~Second Friday in November~~ | Quarter 8 Expenditure and Outputs Report due, Final Narrative Report due, and Final HMIS Report due |

| ~~Year 1~~ | |
|---|---|
| ~~October 1~~ | ~~Biennium begins~~ |
| ~~Fourth Monday in October~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~October~~ | ~~Annual Grantee Meeting – Location and exact date TBD~~ |
| ~~Fourth Monday in January~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~Second Friday in FebruaryMid-February~~ | ~~Quarter 1 Expenditure and Outputs Report due~~ |
| ~~Fourth Monday in April~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~Second Friday in MayMid-May~~ | ~~Quarter 2 Expenditure and Outputs Report due~~<br>~~Six Month HMIS Report due~~ |
| ~~Fourth Monday in July~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~Second Monday in AugustMid-August~~ | ~~Quarter 3 Expenditure and Outputs Report due~~ |
| ~~Year 2~~ | |
| ~~October~~ | ~~Request for Proposals (RFP) Published / Information Session~~ |
| ~~Fourth Monday in October~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~October~~ | ~~Annual Grantee Meeting – Location and exact date TBD~~ |
| ~~Second Friday inMid-November~~ | ~~Quarter 4 Expenditure and Outputs Report due~~<br>~~Annual Narrative Report due~~<br>~~Annual HMIS Report due~~ |

| | |
|---|---|
| ~~January~~ | ~~*FY 25-26 RFP applications due (Tentative)*~~ |
| ~~Fourth Monday in January~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~February~~ | ~~Request for Proposals (RFP) Published / Information Session~~ |
| ~~Second Friday in FebruaryMid-February~~ | ~~Quarter 5 Expenditure and Outputs Report due~~ |
| ~~Fourth Monday in April~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~Second Friday inMId- May~~ | ~~Quarter 6 Expenditure and Outputs Report due~~ |
| | ~~18-month HMIS Report~~ |
| ~~May~~ | ~~*FY 22-23 RFP applications due (Tentative)*~~ |
| ~~Fourth Monday in July~~ | ~~Quarterly Coordinator's teleconference 10-11:30 a.m. CT~~ |
| ~~Second Friday inMid-August~~ | ~~Quarter 7 Expenditure and Outputs Report due~~ |
| ~~Second Friday inMid-November~~ | ~~Quarter 8 Expenditure and Outputs Report due~~ |
| ~~Second Friday in November~~ | ~~Final Narrative Report due~~ |
| ~~Second Friday in November~~ | ~~Final HMIS Report due~~ |

Grantees will receive an FHPAP Timeline with specific dates ~~that will be included~~ as an exhibit to the Grant Contract Agreement. Note that report dates are subject to change. Grantees will receive email notifications of all report deadlines. ~~Shaded rows indicate expenditure, outputs, and HMIS report due dates.~~

# Appendix B: Defined Terms

**Continuum of Care (CoC):** A local planning body that coordinates housing and services planning and funding for homeless families and individuals.

**Continuum of Care Plan:** A community plan prescribed by HUD to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.

**Coordinated Entry (CE):** A centralized or coordinated process for conducting a needs assessment and referrals to housing and services for people seeking housing assistance. A CE system is easily accessible in the geographic area of the CoC or a Tribe/group of Tribes, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool. The goal of CE is to match people to the most appropriate service(s) based on the individual or household's needs, prioritizing those with the highest need.

**Culturally Responsive:** Agencies, programs, and providers of services respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, disabilities, religions, genders, sexual orientations, and other identities in a manner that recognizes, values, and affirms differences and eliminates barriers to access as stated in Minnesota Laws 2024, ch. 127, art. 16, sec. 2(a)(1)

**Digital Signature:** A person's name that is digitally affixed to an electronic document not using DocuSign, Adobe Sign, or other eSignature software. Digital Signatures can be typed into or onto a document, an image of a signature, or the use of /s/ as a signature. Checking a box or typing one's initials is also a Digital Signature.

**Diversion:** An intervention designed to immediately address the needs of someone who has just lost their housing and become homeless. Diversion is a participant-driven approach; its goal is to help the person or household find safe alternative housing immediately, rather than entering shelter or experiencing unsheltered homelessness. It is intended to ensure that the homelessness experience is as brief as possible, -prevent unsheltered homelessness, and avert stays in shelter. Refer to the National Alliance to End Homelessness website for more information.

**Electronic Signature (eSignature):** An electronic sound, symbol, or process attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record. An eSignature is electronically affixed to an electronic document using an approved software program which authenticates identity, day, and time of affix. Approved software for initiating an eSignature is DocuSign or Adobe Sign.

**Emergency Shelter (ES):** Temporary, short-term lodging for individuals or families who are Homeless.

**Grant Applicant:** An organization that intends to apply for FHPAP funds.

**Grantee:** The primary entity that has applied for and has been awarded funds from FHPAP. A grantee may have Subgrantees within their FHPAP project.

**Grant Contract Agreement:** The agreement between Minnesota Housing and the Grantee that governs the Grantee's use of FHPAP funds.

**Homeless Management Information System (HMIS):** A local web-based information technology system used to collect participant-level data and data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.

**HMIS Lead Agency:** The entity responsible for managing the HMIS for the geographic area, in accordance with the requirements prescribed by HUD. The Institute for Community Alliance (ICA) is the designated HMIS Lead Agency for the state of Minnesota.

**Homework Starts with Home (HWSH) Program:** Minn. Stat. 462A.204, subd. 8 outlines requirements for school stability projects, which are relevant to the Homework Starts with Home (HSWH) Program. The HSWH Program serves families with children eligible for a pre-kindergarten through grade 12 academic program and youth (with or without children of their own) who are eligible for an academic program through grade 12 and who are without their parent or guardian. HWSH utilizes both FHPAP and Housing Trust Fund Program Rental Assistance infrastructure.

**Minnesota Homelessness Prevention Assessment Tool (M-PAT):**~~-~~ An optional assessment tool designed to verify household eligibility for FHPAP homeless prevention and identify the most vulnerable households most likely to experience homelessness if they do not receive assistance. This assessment is available in Hmong, Somali, and Spanish.

**Permanent Housing:** Includes several living situations such as home ownership, household renting with their own lease, renting in a roommate situation, living in a host home, or other permanent tenure.

**Permanent Supportive Housing (PSH):** Permanent rental housing affordable to the population served where support services are available to residents. Permanent Supportive Housing is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are homeless and those with mental illness, substance abuse disorders, and other disabilities. HUD requires a disability for Permanent Supportive Housing eligibility for people experiencing homelessness. The terms Supportive Housing and Permanent Supportive Housing are used interchangeably in the industry.

**Rapid Rehousing (RRH):** Rapid Rehousing is an intervention designed to help individuals and families to quickly exit homelessness and return to Permanent Housing. Rapid Rehousing assistance is offered without preconditions (such as employment, income, absence of criminal record, or sobriety), and the resources and services provided are typically tailored to the unique needs of the household. The core components include housing identification, move-in and rental assistance, and case management and services. The length of assistance can vary between three and 24 months.

**Street Outreach:** Intentional engagement to provide emergency services and link households who are homeless or at imminent risk of homelessness and not otherwise be connected to the homeless response system with available shelter, housing, and/or critical health and supportive services.

**Subgrantee:** An agency or organization that is solicited by the Grant Applicant or Grantee to participate as an administrator with the Grantee in the FHPAP.

**Supportive Housing (SH):** Supportive Housing, in its broadest definition, is affordable housing linked with social services tailored to the needs of the population being housed. The goal of Supportive Housing is to provide affordable housing with access to an array of services designed to foster housing stability and improve health and quality of life for the population to be served. The terms Supportive Housing and Permanent Supportive Housing are used interchangeably in the industry.

**Transitional Housing (TH):** Temporary housing, with services, that facilitates the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months or less).

**Trauma-Informed:** To recognize that many people have experienced trauma

in their lifetime and that -programs must be designed to respond to people with respect and

accommodate the needs of people who have or are currently experiencing trauma as stated in Minnesota Laws 2024, ch. 127, art. 16, sec. 2(a)(2).

**Tribal General Welfare:** or "Indian General Welfare Benefit" is any payment made or services provided to or on behalf of a member of an Indian Tribe under an Indian Tribal government program if: 1) such program is administered under specified guidelines and does not discriminate in favor of members of the governing body of the Indian Tribe~~;~~ and 2) the program benefits are available to any Tribal member, are for the promotion of general welfare, are not lavish or extravagant, and are not compensation for services. The Tribal General Welfare Exclusion Act of 2014 amends the Internal Revenue Code to exclude from gross income, for income tax purposes, the value of Tribal General Welfare-.

# Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - The Views on 7th, D8580, Little Falls

**Action Item:** 7.B
**Date:** 10/24/2024
**Staff Contacts:** Tom Anderson, 651.296.8161, tom.a.anderson@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary:

At the December 14, 2023 meeting, the Minnesota Housing board approved the proposed The Views on 7th development for financing under the LMIR program in the amount of up to $2,100,000 and a BL in an amount of up to $9,070,000 in Resolution No. MHFA 23-078. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $2,415,000;
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed $7,300,000;

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 and the BL, as well as additional fee income from originating the loans for this project.

## Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments:

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

## DEVELOPMENT SUMMARY

## SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

| Project Information | | | | |
|---|---|---|---|---|
| **Development Name** | The Views on 7th | | **D# 8580** | **M# 19335** |
| **Address** | 1331 7th Avenue SE | | | |
| **City** | Little Falls | **County** | Morrison | |
| **Date of Selection** | 12/14/2023 | **Region** | Central | |

### A. Project Description and Population Served

- The development involves the new construction of 45 units in a three-story elevator building with one- to four-bedroom units.
- The development will provide both workforce, and permanent supportive housing for individuals and families, including households experiencing High Priority Homelessness (HPH) and Persons with Disabilities (PWD).
- Four units will serve HPH households and will benefit from Housing Support rental assistance.
- Four units will serve PWD households and will benefit from Housing Support rental assistance.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP).
- Fourteen units will benefit from Project-based Section 8 (PBV) rental assistance, in addition to the eight units with Housing Support income supplement noted above. In total, 22 units will be deeply affordable to households at 30% MTSP.
- In addition to the Agency loans discussed below, the project includes 4% Housing Tax Credits (HTC) from Minnesota Housing.

### B. Mortgagor Information

| | |
|---|---|
| **Ownership Entity:** | The Views on 7th Apartments of Little Falls Limited Partnership |
| **Sponsor:** | Central Minnesota Housing Partnership, Inc. |
| **General Partner:** | The Views on 7th Apartments, LLC |

### C. Development Team Capacity Review

Central Minnesota Housing Partnership, Inc. will serve as the sponsor and developer. Staff expects them to have sufficient capacity to complete and operate the project. Per credit risk review, Central Minnesota Housing Partnership, Inc. has sufficient financial resources to meet all the requirements of the Views on 7th project.

Central Minnesota Housing Partnership, Inc. will serve as the management company. They have experience managing similar properties and are expected to have sufficient capacity to manage this as well.

The service provider is Oasis Central Minnesota, Inc.

The architect is Blumentals/Architecture Inc. The general contractor is Project One Construction, Inc. Both are expected by Staff to have the capacity to successfully complete this project.

Central Minnesota Housing Partnership, Inc., which serves as the developer, sponsor, and management company for the project, meets the definition of a Women-owned Business Enterprise in the 2022-2023 Qualified Allocation Plan (QAP). The general contractor, Project One Construction, Inc., also meets the definition of a Women-owned Business Enterprise in the 2022-2023 QAP.

### D. Current Funding Request

| Loan Type | Program | Source | Amount | IR | MIP | Term | Amort/ Cash Flow | Construction/End Loan |
|---|---|---|---|---|---|---|---|---|
| Amortizing | LMIR | TEB* | $2,415,000 | 6.25% | N/A | 24 mos. (const.) + 40 yrs. | 40 yrs. | Construction to Permanent |
| Bridge | BL | TEB* | $7,300,000 | Bond financing rate + 1.0% | N/A | Matures January 1, 2027 | N/A | Construction only |

*Tax-exempt volume limited bonds.

- Agency LMIR mortgage includes $160,000 supported by tax increment financing (TIF) from the City of Little Falls.

**Amortizing Mortgage Loan to Cost:** 12.1% **Amortizing Mortgage Loan to Value:** 77.7%

### E. Significant Changes Since Date of Selection

The development was also selected for deferred funding up to $1,426,000 under the HOME Investment Partnerships (HOME) program and up to $9,468,000 of Housing Infrastructure Appropriation (HIA) under Resolution No. MHFA 23-077.

The current total development cost (TDC) of $19.9 million represents a $2.4 million or 11% reduction since selection in the 2023 Consolidated RFP. Savings were realized mostly in hard construction costs, which decreased by approximately $2.1 million after receiving bids compared to the estimate submitted at application in July 2023. Financing costs also decreased 16% or $281,000, due in part to slightly lower projected interest rates and a smaller bridge loan.

While total project costs are nearly $2.4 million lower than at selection, those cost declines also reduced project sources by approximately $1 million through lower projected HTC equity syndication proceeds and sales tax rebates. The remaining cost savings have been realized in the form of reduced Agency deferred loan resources compared to the amount originally committed at selection. The proposed funding structure reflects a decrease of $1,738,000 in the size of the deferred HIA loan, from $9,468,000 to $7,730,000. The size of the deferred HOME loan remains unchanged at $1,426,000.

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

### A. Project Uses

| Description | Amount | Per Unit |
|---|---|---|
| Acquisition or Refinance | $ 235,974 | $ 5,244 |
| Construction Costs | $ 15,549,491 | $ 345,544 |
| Environmental Abatement | $ 0 | $ 0 |
| Professional Fees | $ 1,104,087 | $ 24,535 |
| Developer Fee | $ 1,300,000 | $ 28,889 |
| Financing Costs | $ 1,521,500 | $ 33,811 |
| Total Mortgageable Costs | $ 19,711,052 | $ 438,023 |
| Reserves | $ 199,850 | $ 4,441 |
| **Total Development Cost** | **$ 19,910,902** | **$ 442,464** |

*Individual categories may not sum to correct total due to rounding.

### B. Permanent Capital Sources

| Description | Amount | Per Unit |
|---|---|---|
| LMIR Amortizing Mortgage | $ 2,415,000 | $ 53,667 |
| HTC Equity Proceeds (Grow America) | $ 7,928,000 | $ 176,178 |
| Agency Deferred Funding (HIA) | $ 7,730,000 | $ 171,778 |
| Agency Deferred Funding (ERA2) | $ 1,426,000 | $ 31,689 |
| City of Little Falls Reimbursement | $ 3,000 | $ 67 |

| | | |
|---|---|---|
| Rebates | $ 408,902 | $ 9,087 |
| **Total Permanent Financing** | **$ 19,910,902** | **$ 442,464** |

*Individual categories may not sum to correct total due to rounding.

### C. Financing Structure

The development will qualify for approximately $955,276 of annual, 4% housing tax credits, which will result in equity proceeds from Grow America. 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.
- The Policy also allows that for a project with a previously approved board waiver would allow for cost increases provided the new predictive cost model result does not exceed the original waiver by more than ten percentage points and no other board action is necessary for a funding modification.
    - A waiver of the predictive cost model was approved at the December 14, 2023 board meeting and the amount over the model has not increased by more than ten percentage points since that approval.
    - At that time, the anticipated TDC was $496,678 which was 48% over the predicted cost of $336,046.
    - Currently, the TDC per unit is $442,464, which exceeds the predictive cost model estimate of $334,579 by 32.3%.

## SECTION III: UNDERWRITING

### A. Rent Grid

| Unit Type | Number | Net Rent* | Rent Limit (% of MTSP or AMI) | Income Limit (%, of MTSP or AMI) | Rental Assistance Source |
|---|---|---|---|---|---|
| 1BR | 7 | $ 1,020 | 30% MTSP | 30% MTSP | Housing Support |
| 1BR | 1 | $ 701 | 30% MTSP | 30% MTSP | PBV |
| 1BR | 1 | $ 701 | 50% MTSP | 60% MTSP | PBV |
| 1BR | 1 | $ 637 | 50% MTSP | 60% MTSP | |
| 1BR | 1 | $ 734 | 30% MTSP | 30% MTSP | Housing Support |
| 2BR | 1 | $ 922 | 30% MTSP | 30% MTSP | PBV |
| 2BR | 4 | $ 595 | 30% MTSP | 30% MTSP | |
| 2BR | 6 | $ 922 | 50% MTSP | 60% MTSP | PBV |
| 2BR | 10 | $ 992 | 50% MTSP | 60% MTSP | |
| 2BR | 1 | $ 839 | 50% MTSP | 60% MTSP | |
| 3BR | 3 | $ 688 | 30% MTSP | 30% MTSP | |
| 3BR | 1 | $ 1,146 | 50% MTSP | 60% MTSP | |
| 3BR | 3 | $ 1,286 | 30% MTSP | 30% MTSP | |
| 3BR | 1 | $ 1,146 | 50% MTSP | 60% MTSP | |
| 4BR | 1 | $ 768 | 30% MTSP | 30% MTSP | |
| 4BR | 1 | $ 1,399 | 30% MTSP | 30% MTSP | PBV |
| 4BR | 1 | $ 1,399 | 50% MTSP | 60% MTSP | PBV |
| 4BR | 1 | $ 1,272 | 50% MTSP | 60% MTSP | |
| **TOTAL** | **45** | | | | |

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

The following restrictions under the Minnesota Housing programs will be as follows:

LMIR 1st Mortgage

- 45 units restricted as follows:
  - 18 units with rents and incomes not exceeding 60% MTSP;
  - 11 units may have unrestricted incomes; and

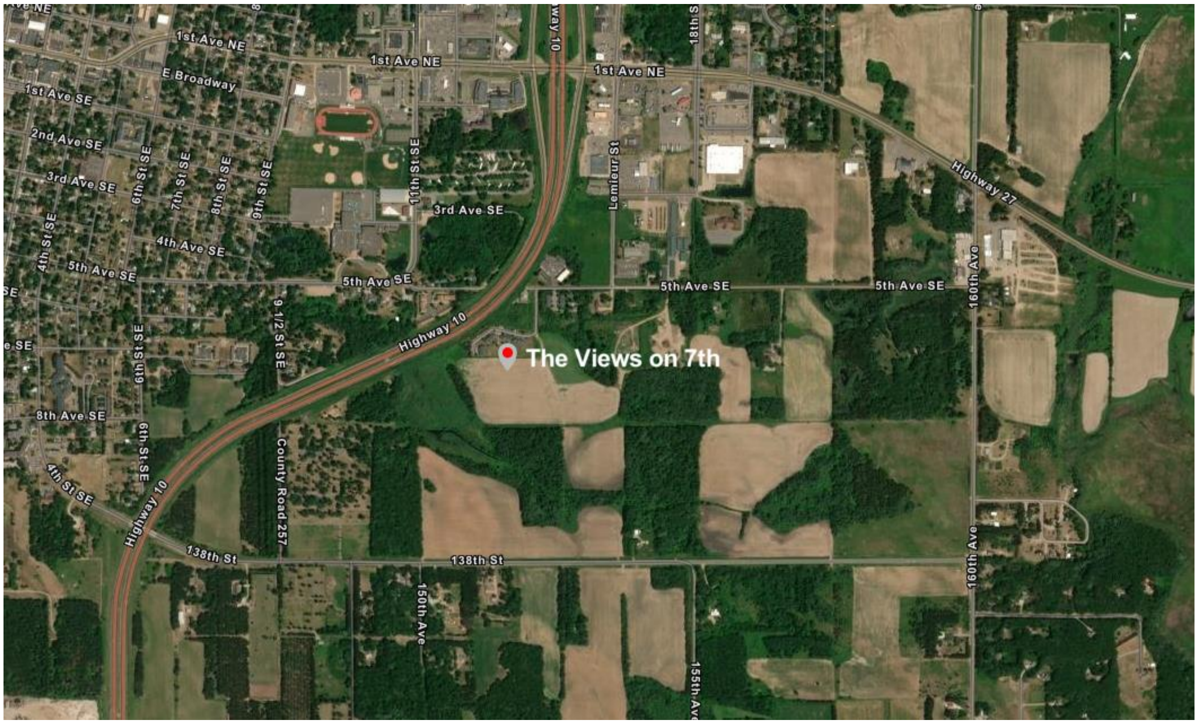
- 16 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.
- Commitment to affordability in effect while the loan is outstanding.

### 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.

- Fourteen units benefit from Project-based Section 8 rental assistance from the Morrison County HRA and are underwritten at 2024 payment standards. An additional eight units benefit from Housing Support assistance and are underwritten at the current payment standard. For the remaining 23 units without rental assistance, 17 are set at the 2024 MTSP 50% limits and six are at the 2024 MTSP 30% limits.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.26.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- An operating reserve in the amount of $199,850 will be funded after construction completion from the third equity installment.
- An operating deficit escrow of $72,450 is required (funded outside of the development budget).
- Replacement reserves will be funded from project operations in the amount of $1,687.50 per month.

## Map of 1331 7th Avenue SE, Little Falls, MN 56345




## Rendering of 1331 7th Avenue SE, Little Falls, MN 56345

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

**RESOLUTION NO. MHFA 24-XXX**

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

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

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| Name of Development: | The Views on 7th |
| Sponsors: | Central Minnesota Housing Partnership, Inc. |
| Guarantors: | Central Minnesota Housing Partnership, Inc. |
| Location of Development: | Little Falls |
| Number of Units: | 45 |
| Amount of LMIR Mortgage: (not to exceed) | $2,415,000 |
| Amount of BL: (not to exceed) | $7,300,000 |

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

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

**NOW THEREFORE, BE IT RESOLVED**:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the proceeds of Rental Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on March 31, 2025; and
2. The LMIR and the BL transactions will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner, acceptable to the Agency; and

3. The amount of the LMIR amortizing loan shall not exceed $2,415,000; and
4. The interest rate on the LMIR loan shall be based on the interest rate on the Rental Housing Bonds issued to finance the loans plus a spread, not to exceed 6.25% (subject to change, as set forth in the attached term letter dated September 11, 2024); and
5. Interest-only payments will be payable monthly during the 24-month construction period, after which the loan will commence monthly principal and interest payments over the remaining 40-year term (based on a 40-year amortization); and
6. The term of the permanent LMIR loan shall be 40 years and the construction period shall not exceed 24 months; and
7. The amount of the BL shall not exceed $7,300,000; and
8. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus 1.00% interest, will be payable monthly, and the principal will be due in a balloon payment no more than 24 months after closing; and
9. The BL commitment shall be entered into on or before March 31, 2025 and shall have a six-month term; and
10. 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
11. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
12. Sponsor 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
13. Sponsor shall guarantee the mortgagor’s payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
14. 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 24th day of October 2024

____________________________________

CHAIR

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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

September 11, 2024

Deanna Hemmesch
24707 County Rd. 75
St. Augusta, MN, 56301

RE: Term Letter
The Views on 7th, Little Falls
Development # D8580, Project # M19335

Dear Deanna Hemmesch:

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.

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|---|---|
| **Borrower:** | A single asset entity: The Views on 7th Apartments of Little Falls Limited Partnership |
| **General Partner(s) Managing Member(s):** | The Views on 7th Apartments, LLC |
| **Development Description/Purpose:** | New construction of a 45-unit affordable housing development located in Little Falls, Minnesota |

**Minnesota Housing Loan Type/Terms**

| **Program** | Low and Moderate Income Rental Program (LMIR) – tax-exempt bond funded* | Bridge Loan - tax-exempt bond funded* | Housing Infrastructure Appropriation Loan | Home Investment Partnerships Program (HOME) |
|---|---|---|---|---|
| **Loan Amount** | $ 2,415,000 | $ 7,300,000 | $7,730,000 | $ 1,426,000 |
| **Interest Rate** | 6.25%** | Bond financing rate + 1.0% | 0% | 0% |
| **Mortgage Insurance Premium (%)** | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| **Term** | Approx. 24 months (construction) + 40 years | 24 months | Approx. 24 months (construction) + 40 years | Approx. 24 months (construction) + 40 years |
| **Amortization / Repayment** | 40 years | Interest only during term based on the full amount of the loan | Deferred lump sum payment due in approx. 24 mos. (const.) + 40 years | Deferred lump sum payment due in approx. 24 mos. (const.) + 40 years |
| **Prepayment Provision** | No prepayment first 10 years from date of the Note. | No prepayment until July 1, 2026. | Prepay at any time without penalty. | Prepay at any time without penalty. |
| **Nonrecourse or Recourse** | Nonrecourse | Recourse | Nonrecourse | Nonrecourse |
| **Construction to Permanent Loan, Construction Bridge Loan or End Loan** | Construction to Permanent Loan | Construction Bridge Loan | Construction to Permanent Loan | Construction to Permanent Loan |
| **Lien Priority** | First | 2nd Position (during construction period only) | 2nd Position (3rd during construction period) | 3rd Position (4th during construction period) |

*Subject to the ability of Minnesota Housing to sell bonds on terms and conditions, and in a time and manner, acceptable to Minnesota Housing.

** The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 6.25% in consultation with the Finance Division. The rate is subject to being reset at the then market rates if the loan does not close by March 31, 2025.

**Origination Fees:** LMIR Loan: $48,300

Bond-funded Bridge Loan: $36,500

(payable at the earlier of loan commitment or loan closing)

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| **Bond Issuance Fee** | $178,900 (payable at loan closing) |
| **Construction Oversight Fee:** | $75,000 (payable at loan closing) |
| **Guarantee / Guarantor(s):** | • Bridge Loan: Completion, Repayment and Operations Guarantee from Central Minnesota Housing Partnership, Inc.<br>• LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from Central Minnesota Housing Partnership, Inc. |
| **Operating Deficit Escrow Reserve Account:** | $72,450 to be funded on the day of closing of the LMIR/HRS loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing. |
| **Operating Cost Reserve Account:** | Capitalized operating reserve in the amount of $199,850 funded after construction completion anticipated from the third equity installment. The operating reserve will not be held by Minnesota Housing. |
| **Replacement Reserve Account:** | Monthly replacement reserve deposits will be required in the amount of $1,687.50. The replacement reserve will be held by Minnesota Housing. |
| **Escrows:** | Real estate tax escrow and property insurance escrow to be established after completion of construction (outside of the development budget) and will be held by Minnesota Housing. |
| **Collateral/Security:** | Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment. |
| **Rent and Income Requirements:** | Housing Infrastructure Appropriation Loan<br>• 45 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.<br>• 20 units will be further restricted with rents at or below 50% MTSP.<br>• Commitment to affordability for 50 years.<br><br>LMIR 1st Mortgage<br>• 45 units restricted as follows:<br>o 18 units with rents and incomes not exceeding 60% MTSP;<br>o 11 units may have unrestricted incomes; and |

- 16 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.

HOME

- 2 units at Low HOME rents, as published by HUD for the HOME program; with Very Low Income limits (50% Area Median Income, as published by HUD for the HOME program); and
- 4 units at High HOME rents, as published by HUD for the HOME program; with Low Income limits (80% Area Median Income, as published by HUD for the HOME program); and
- 20 years of compliance is required under the HOME program.

| | |
|---|---|
| **HAP or Other Subsidy Agreement:** | Commitment to construction period plus 15 years of affordability from the date of loan closing under the Housing Support Program for 8 units.<br><br>Commitment to construction period plus 15 years of affordability from the date of loan closing under the Project Based Section 8 Rental Assistance Program for 14 units. |
| **Other Occupancy Requirements:** | N/A |
| **Other Requirements:** | The HIA loan is subject to the terms in the attached Selection Criteria. |
| **Closing Costs:** | Borrower agrees to pay all closing costs related to the specific financing referenced in this letter. |
| **Expiration Date:** | This term letter will expire on the earlier of March 31, 2025 or loan closing/end loan commitment. |
| **Additional Terms:** | N/A |
| **Other Conditions:** | N/A |

| | |
|---|---|
| **Board Approval:** | Commitment of the LMIR loan and Bridge Loan 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 LaKisha Whitson at LaKisha.Whitson@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 Tom Anderson at Tom.A.Anderson@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

THE VIEWS ON 7TH APARTMENTS OF LITTLE FALLS
LIMITED PARTNERSHIP
a Minnesota limited partnership

By: THE VIEWS ON 7TH APARTMENTS, LLC
Its: General Partner

By:
________________________________________
Deanna Hemmesch, Chief Manager

Date Accepted: ________________________

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MINNESOTA HOUSING

# Item: Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 H-1 and 2024 H-2 (The Views on 7th)

**Action Item:** 7.C
**Date:** 10/24/2024
**Staff Contacts:** Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary

Staff is requesting authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued in two series, to make a short-term bridge mortgage loan and a long-term, first-lien Low and Moderate Income Rental (LMIR) loan to finance a portion of the acquisition and construction of The Views on 7th, a 45-unit multifamily housing development in Little Falls, MN. The Agency anticipates pricing and issue of the bonds described in the attached Preliminary Official Statement before the end of 2024.

## Fiscal Impact

The Agency will earn an interest rate spread while these bonds are outstanding and will also receive certain fee income as part of the closing of the associated loans.

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

## Attachments

- Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 24-072

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

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

**Section 1. Background and Recitals**. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of one or more series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one or more Mortgage Loans (together, the "Mortgage Loans") to a Mortgagor (the "Mortgagor") for the purposes of financing the acquisition and construction of the multifamily housing development (the "Development") described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the "Series Resolution." The Mortgage Loans to the Mortgagor shall be evidenced by one or more Mortgage Notes to be executed by the Mortgagor to the Agency and one or more Mortgages to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgages (collectively, the "Loan Documents").

**Section 2. Authorization of Series Bonds**.

(a) *Purpose*. To provide sufficient funds to be used and expended for the purposes set forth in Section 1, it is now determined to be necessary to issue two series of Bonds pursuant to the Bond Resolution, which are designated as "Rental Housing Bonds, 2024 Series H-1," and "Rental Housing Bonds, 2024 Series H-2," in the aggregate principal amount to be determined pursuant to Section 2(E) (individually, the "Series 1 Bonds" and the "Series 2 Bonds" and collectively, the "Series Bonds"). The "2024" in the designation of the Bonds may be changed to "2025" and the "H" in the designation of the Bonds may be changed to "I" or such other uppercase letter, each as an Authorized Officer of the Agency (as hereinafter defined) shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loans to the Mortgagor; and

(ii) Incident to this purpose, for the funding of the deposit of amounts determined by and pursuant to Section 303 of the Bond Resolution to be paid into the Funds and Accounts referred to in Sections 302 and 402 thereof.

(b) *Single Issue*. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency may treat the Series Bonds, together with any other Bonds issued or to be issued pursuant to the Bond Resolution which may be sold by the Agency less than fifteen days apart from the date of sale of the Series Bonds, as a single issue of bonds. The Series Bonds and such other Bonds are herein collectively referred to as the "Issue."

(c) *Pledge*. The pledge made and security interests granted in the Bond Resolution and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Holders of all of the Series Bonds and other Outstanding Bonds issued and to be issued thereunder, without preference, priority or distinction of one Bond over any other of any Series, except as otherwise expressly provided for therein.

(d) *Debt Service Reserve Requirements*. Upon issuance of the Series Bonds, the Debt Service Reserve Requirement for the Series Bonds shall be as established in the Officer's Certificate delivered by an Authorized Officer to the Trustee pursuant to Sections 5 and 6 of this Series Resolution.

(e) *Sale and Offering Documents*. The Agency hereby authorizes the issuance and sale of the Series Bonds for the purposes described in Section 2(a). It is acknowledged that the final terms of the Series Bonds have not been determined as of this date.

The Series Bonds may be offered for sale by negotiating for the sale of the Series Bonds to RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a preliminary official statement and a bond purchase agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement (the "Preliminary Official Statement"), containing information relating to the Agency, the Bond Resolution, the Series Resolution, the Development, and the Series Bonds. Any of the Chair, the Commissioner, the Chief Financial Officer, or the Finance Director (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters (the "Series Bonds Parameters"):

(i) the principal amount of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of $9,965,000;

(ii) the maturity schedule of the Series Bonds; provided that the Series 1 Bonds mature at any time or times in such amount or amounts not later than 42 years from the Issue Date thereof and the Series 2 Bonds mature at any time or times in such amount or amounts not later than 3 years from the Issue Date thereof;

(iii) the interest rates borne by the Series Bonds; provided that the interest rate on the Series 1 Bonds shall not exceed 7.00% and the interest rate on the Series 2 Bonds shall not exceed 6.00%; and

(iv) the commission payable to the Underwriter of the Series Bonds; provided that the commission shall not exceed three percent of the aggregate principal amount of the Series Bonds.

Such approval shall be conclusively evidenced by the execution of a bond purchase agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including any mandatory sinking fund provisions and the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

Following a negotiated sale of the Series Bonds to the Underwriter, preparation and distribution of an Official Statement, substantially in the form of the Preliminary Official Statement, except for revisions required or approved by counsel for the Agency, and insertion of the final terms of such Series Bonds, is approved and the final Official Statement is authorized to be signed by the Chair or the Commissioner, and furnished to the Underwriter in a reasonable quantity for distribution to investors.

The Agency has received and examined a draft of the form of the bond purchase agreement (the "Bond Purchase Agreement"). An Authorized Officer is authorized to execute and deliver in the name and on behalf of the Agency the Bond Purchase Agreement with the Purchaser reflecting the terms of sale authorized pursuant to this Section 2(e).

(f) *Approval of Continuing Disclosure Undertaking*. The Agency has also examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer.

**Section 3. Forms**.

(a) *Generally*. The Series Bonds shall be issuable only in the form of fully registered Bonds, subject to transfer, re-registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds shall be numbered serially and no Series Bonds, whether issued initially or upon re-registration, transfer or exchange, shall bear the same number as any other Series Bond of the same series which is contemporaneously outstanding.

(b) *Form of Series Bonds*. The Series Bonds shall be in substantially the form of Exhibit B and C hereto (which are hereby incorporated herein and made a part hereof), with such additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution, including but not limited to changes required as a result of the sale of the Series 1 Bonds or Series 2 Bonds in accordance with Section 2(e) and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

**Section 4. Terms of Series Bonds**.

(a) *Issue Date, Denominations, and Interest Payment Dates*. The Issue Date of the Series Bonds of each series shall be the date of original delivery of the Series Bonds or such other date as shall be approved by an Authorized Officer and as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof. The Series Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount maturing on any maturity date. Interest on the Series Bonds shall be payable each February 1 and August 1, commencing August 1, 2025, or a subsequent February 1 or August 1 as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be.

(b) *Maturities, Interest Rates and Redemption*. The Series Bonds shall mature on the date or dates and in the principal amounts, shall bear interest at the rate or rates per annum, and shall be subject to redemption as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be, all subject to the limitations in Section 2(e).

(c) *Procedure for Redemption*. All actions taken by the Agency and the Trustee in the redemption of Series Bonds shall conform to the provisions of Article VII of the Bond Resolution, save and except as otherwise expressly provided in this paragraph. Upon selection of a Series Bond or Bonds or portions thereof to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall contain the information required by Section 702 of the Bond Resolution. The Trustee shall mail such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered Holder of any Series Bond all or a portion of which is to be redeemed, at the Holder's last address appearing on the registry books as of the Record Date. Notice having been so mailed, the Series Bond or Bonds or portion thereof therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

(d) *Trustee*. The principal amount of and interest and any redemption premium on the Series Bonds shall be payable in lawful money of the United States by check drawn to the order of the registered owner, or other agreed means of payment, by Computershare Trust Company, National Association, in St. Paul, Minnesota, the successor Trustee and Paying Agent under the Bond Resolution, or its successor, and shall be payable to the registered owner as shown on the registry books as of the Record Date. The principal amount of and any redemption premium on a Series Bond shall be payable only upon surrender of the Series Bond at the Principal Office of the Trustee (subject to the provisions of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen, or lost), except as otherwise provided in Section 5(b) herein.

(e) *Record Date*. For purposes of this Series Resolution, where the Trustee is required to establish a Record Date hereunder, said Record Date for (i) payment of principal of and interest on the Series Bonds shall be the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

**Section 5. Issuance and Delivery**.

(a) *Preparation and Execution*. The Series Bonds of each series shall be prepared in substantially the form incorporated herein, in denominations requested by the Purchaser, and shall be executed in the manner provided in Article VI of the Bond Resolution, by the facsimile signatures of the Chair and Commissioner of the Agency and shall be authenticated by the Trustee by manual signature of an authorized representative and shall be delivered to the Purchaser after compliance with the conditions set forth in this Section and upon deposit of the proceeds with the Trustee.

(b) *Securities Depository*.

(i) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series 1 Bonds and Series 2 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 1 Bond and one Series 2 Bond shall be issued in the principal amount of each stated maturity of the Series 1 Bonds and the Series 2 Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any person or entity claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (4) hereof.

(iii) In the event the Agency determines to discontinue the book-entry-only system through DTC with respect to either or both of the Series 1 Bonds and the Series 2 Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of the Series 1 Bonds and/or the Series 2 Bonds, as applicable, in the form of certificates. In such event, the Series 1 Bonds and/or the Series 2 Bonds, as applicable, will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to either one or both of the Series 1 Bonds and the Series 2 Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 1 Bonds and/or the Series 2 Bonds, as applicable, will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series 1 Bonds and Series 2 Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series 1 Bonds and the Series 2 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series Resolution. In the event the Series 1 Bonds and/or the Series 2 Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series 1 Bonds and/or the Series 2 Bonds, or another securities depository as registered owner of all the Series 1 Bonds and/or the Series 2 Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series 1 Bonds and/or

Series 2 Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series 1 Bonds and/or Series 2 Bonds.

(c) *Opinion and Officer's Certification*. The Trustee has been furnished a copy of the Bond Resolution. Before delivery of the Series Bonds, the Agency shall furnish to the Trustee a certified copy of this Series Resolution, together with an Opinion of Counsel to the Agency and an Officer's Certificate executed by an Authorized Officer, in form and substance as required in Section 203 of the Bond Resolution and Sections 2(e), 4(a), 4(b) and 6 of this Series Resolution, and shall obtain from the Trustee the certification required in Section 203(C) of the Bond Resolution.

**Section 6. Application of Proceeds; Funds and Accounts**. Proceeds of the Series Bonds, and funds of the Agency, if required, shall be deposited to accounts in the Debt Service Reserve Fund and the Bond Fund relating to such Series Bonds, and to the Cost of Issuance Account and Project Account relating to such Series Bonds, or used to reimburse the Agency for funds it advances pursuant to Section 11, all as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) of this Series Resolution.

**Section 7. General Tax Covenant**. The Agency will not take, or permit or cause to be taken, any action that would adversely affect the exclusion from federal gross income of the interest on any Series Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Agency shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

**Section 8. Specific Tax Covenants relating to the Development**. In fulfillment of the general covenant set forth in Section 7, the Agency represents as follows:

(a) The Development financed will be acquired and constructed for the purpose of providing multifamily residential rental property and will constitute a "qualified residential rental project," as such phrase is used in Sections 142(a)(7) and 142(d) of the Code.

(b) At least forty percent (40%) of the completed units in the Development shall be occupied (or treated as occupied) by Qualifying Tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Mortgagor to be eligible as "individuals whose income is sixty percent (60%) or less of area median gross income" within the meaning of Section 142(d)(2)(B) of the Code. The term of the foregoing restrictions shall commence on the date of issuance of the Series Bonds and shall end on the latest of the following: (i) the date which is 15 years after the date on which at least 50% of the units in the Development were first occupied; or (ii) the first day on which none of the Series Bonds are Outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(c) Each unit in the Development will be rented or available for rental to members of the general public on a continuous basis for the longer of (i) the period during which any of the Series Bonds remain Outstanding or (ii) the term of the restrictions set forth in subsection (a) of this Section 8.

(d) At no time will either the Mortgagor or any related party be permitted to occupy a unit in the Development other than units occupied or to be occupied by agents, employees or representatives of the Mortgagor and reasonably required for the proper maintenance or management of the Development. In the event a unit within the Development is occupied by the Mortgagor, the Development will include no fewer than four units not occupied by the Mortgagor.

(e) The Development consists of a single "development" and, for this purpose, proximate buildings or structures are part of the same development only if owned for federal income tax purposes by the same person or entity and if the buildings are financed pursuant to a common plan; buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property.

(f) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(g) The Mortgagor shall not restrict Qualifying Tenants (as defined in the Loan Documents) from the enjoyment of unrestricted access to all common facilities and common areas of the Development.

(h) The Mortgagor shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(i) No portion of the Development is presently used for purposes other than residential rental purposes and the Agency will not permit any other use unless it first obtains an opinion of bond counsel that such use will not impair the exclusion from federal gross income for interest payable on the Series Bonds.

**Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Series Bonds**. In furtherance of the general tax covenant made in Section 7 above, the Agency further represents as follows:

(a) All proceeds of the Series Bonds lent to the Mortgagor will be used to finance costs properly chargeable to the capital account of the Development within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(b) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(c) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, or (ii) any property not part of the Development.

(d) No portion of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) [Reserved].

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 40 years.

(g) In order to qualify the Mortgage Notes and Mortgages received from the Mortgagor as “program investments” within the meaning of Section 1.148-1(b) of the Treasury Regulations, the Agency will not permit the Mortgagor (or any “related person” thereto within the meaning of Section 147(a) of the Code) to take any action the effect of which would be to disqualify the Mortgage Notes and Mortgages as part of a “program” under said Section 1.148-1(b), including, but not limited to, entering into any arrangement, formal or informal, with the Mortgagor or any related party to purchase bonds or notes of the Agency in an amount related to the amount of the Mortgage Notes and Mortgages.

(h) In accordance with the requirements of Section 147(f) of the Code, the Agency has held a public hearing on the issuance of the Series Bonds after published notice as required by the Regulations and will obtain the approval of the Governor of the State for the issuance of the Series Bonds.

(i) Not more than 2% of the proceeds of the Series Bonds will be applied to the payment of Costs of Issuance, and all Costs of Issuance in excess of that amount, if any, will be paid by the Agency from funds other than proceeds of the Series Bonds.

(j) No obligations the interest on which is excludable from gross income for federal income tax purposes have been or will be issued which were sold at substantially the same time as the Issue, sold pursuant to the same plan of financing as the Issue and which are reasonably expected to be paid from substantially the same source of funds as the Issue.

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loans within three years after the date of issue of the Issue and not more than 50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law. The

Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

(m) None of the proceeds of the Series Bonds will be used by the Agency to reimburse itself or a Mortgagor for any expenditure with respect to the Development which the Agency or the Mortgagor paid or will have paid more than 60 days prior to the issuance of the Series Bonds unless, with respect to such prior expenditures, the Agency shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Development meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Development as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Series Bonds.

**Section 10. Arbitrage**. The Agency covenants that it will not use the proceeds of the Series Bonds in such a manner as to cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Agency will take all actions as may be prescribed in the future by regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Mortgage Loans purchased in whole or in part from the proceeds of the Series Bonds may not exceed the yield on the Issue, computed in accordance with Section 148 of the Code, by more than one and one-half percentage points.

(b) The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable Regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable Regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

**Section 11. Advance of Agency Funds**. If the Mortgage Loans must be made before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund the Mortgage Loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

**Section 12. Combined Offering**. If an Authorized Officer determines it is in the best interest of the Agency, the Series Bonds may be offered for sale together with additional bonds ("Additional Bonds") intended to be issued under the Bond Resolution for which a related series resolution has been adopted by the Agency (a "Combined Offering"). The terms of any Combined Offering must comply with the Series Bonds Parameters set forth in subsections (i) through (iv) of Section 2(e) of this Series Resolution and in each of the series resolutions relating to any Additional

Bonds. Additionally, an Authorized Officer is hereby authorized to make any necessary changes to the sale and offering documents approved in Section 2(e) hereof and in each of the series resolutions relating to the Additional Bonds, in order to effect the Combined Offering.

**Section 13. Discretion of Authorized Officer**. Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance
Agency this 24th day of October, 2024.

By: ______________________________
Chair

Attest: ______________________________
Commissioner

[Signature page to Resolution No. MHFA 24-072]

# EXHIBIT A

## DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

| **Mortgagor** | **Name** | **Location** | **Number of Units** |
|---|---|---|---|
| The Views on 7th Apartments of Little Falls Limited Partnership | The Views on 7th | Little Falls, MN | 45 |

# EXHIBIT B

## FORM OF 2024 SERIES H-1 BONDS

No.____ $______

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2024] SERIES [H]-1

| Interest Rate | Maturity | Date of Original Issue | CUSIP |
|---|---|---|---|

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of __________________________________ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing [August 1, 2025], until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series H-1 Bond are payable in lawful money of the United States of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Computershare Trust Company, National Association, in St. Paul, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series H-1 Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, and state laws heretofore or hereafter enacted appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series H-1 Bond is not a debt of the State.

This Series H-1 Bond is one of a duly authorized series of Rental Housing Bonds, [2024] Series [H]-1, issued in the original aggregate principal amount of $_________ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily housing development in Little Falls, Minnesota (the “Development”). The Series H-1 Bonds are issued under and pursuant to the Agency’s Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 24-072, adopted October 24, 2024, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series H-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series H-1 Bonds, and the terms upon which the Bonds, including the Series H-1 Bonds, are issued, delivered and secured. The Series H-1 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2024 Series H-2.

The Series H-1 Bonds are issuable only in fully registered form. The Series H-1 Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

[The Series H-1 Bonds maturing on [________], are required to be redeemed (unless previously purchased or redeemed) by the application of sinking fund installments on the dates and in the amounts specified pursuant to the Series Resolution, at a redemption price equal to the principal amount thereof plus accrued interest, without premium.]

The Series H-1 Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series H-1 Bonds are not sufficient to redeem all Outstanding Series H-1 Bonds, the Agency may apply other funds to the special redemption of the Series H-1 Bonds in addition to the allocable amount of Recovery Payments.

The Series H-1 Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after [_______], at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

[Upon redemption of any of the Series H-1 Bonds, the years in which and the amounts by which the sinking fund installments are to be reduced will be determined by the Agency in such manner that the aggregate reductions of sinking fund installments shall equal the aggregate principal amount of Series H-1 Bonds redeemed.] Upon any redemption of the Series H-1 Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series H-1 Bonds, a new Series H-1 Bond or Series H-1 Bonds will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series H-1 Bonds will be mailed to the registered Holders of the Series H-1 Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series H-1 Bonds to be redeemed,

(iii) that on the redemption date the redemption price of the Series H-1 Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series H-1 Bonds not affected by such failure or defect. Notice having been so mailed, the Series H-1 Bonds or portions of Series H-1 Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series H-1 Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds without preference, priority or distinction of any Bond of any series over any other except as expressly provided or permitted in the Bond Resolution, subject to conditions specified in the Bond Resolution, including conditions (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued, and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it. Every Holder hereof is deemed by purchase and retention of this Series H-1 Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series H-1 Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of this Series H-1 Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series H-1 Bond is transferable upon the books of the Minnesota Housing Finance Agency at the designated corporate trust office of Computershare Trust Company, National Association, in St. Paul, Minnesota, the successor Trustee thereunder, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to such transfer.

The Agency and the Trustee under the Bond Resolution may deem and treat the person in whose name this Series H-1 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series H-1 Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series H-1 Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Series H-1 Bond, so long as this Series H-1 Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of, premium, if any, and interest on this Series H-1 Bond, and shall give all notices with respect to this Series H-1 Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series H-1 Bond shall not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series H-1 Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series H-1 Bond to be dated as of the date set forth below.

Date of Authentication: ________________

| | |
|---|---|
| Trustee's Certificate | MINNESOTA HOUSING FINANCE AGENCY |
| This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within. | By: ______________________________<br>Chair (Facsimile Signature) |
| COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, St. Paul, Minnesota, as successor trustee | |
| By:__________________________________<br>Authorized Representative | Attest: ______________________________<br>Commissioner (Facsimile Signature) |

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ASSIGNMENT

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

______________________________________________________________________

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint ___________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:______________________________ ____________________________________

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:____________________________________

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

___________________________________

# EXHIBIT C

## FORM OF 2024 SERIES H-2 BONDS

No.____ $_____

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2024] SERIES [H]-2

| Interest Rate | Maturity | Date of Original Issue | CUSIP |
|---|---|---|---|

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of _________________________________ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing [August 1, 2025], until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series H-2 Bond are payable in lawful money of the United States of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Computershare Trust Company, National Association, in St. Paul, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series H-2 Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, and state laws heretofore or hereafter enacted appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series H-2 Bond is not a debt of the State.

This Series H-2 Bond is one of a duly authorized series of Rental Housing Bonds, [2024] Series [H]-2, issued in the original aggregate principal amount of $_________ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily housing development in Little Falls, Minnesota (the "Development"). The Series H-2 Bonds are issued under and pursuant to the Agency's Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 24-072 adopted October 24, 2024, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series H-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series H-2 Bonds, and the terms upon which the Bonds, including the Series H-2 Bonds, are issued, delivered and secured. The Series H-2 Bonds are issued contemporaneously with the Agency's Rental Housing Bonds, 2024 Series H-1.

The Series H-2 Bonds are issuable only in fully registered form. The Series H-2 Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

The Series H-2 Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series H-2 Bonds are not sufficient to redeem all Outstanding Series H-2 Bonds, the Agency may apply other funds to the special redemption of the Series H-2 Bonds in addition to the allocable amount of Recovery Payments.

The Series H-2 Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after [________], at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Upon any redemption of the Series H-2 Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series H-2 Bonds, a new Series H-2 Bond or Series H-2 Bonds will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series H-2 Bonds will be mailed to the registered Holders of the Series H-2 Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series H-2 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series H-2 Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series H-2 Bonds not affected by such failure or defect. Notice having been so mailed, the Series H-2 Bonds or portions of Series H-2 Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series H-2 Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds without preference, priority or distinction of any Bond of any series over any other except as expressly provided or permitted in the Bond Resolution, subject to conditions specified in the Bond Resolution, including conditions (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued, and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it. Every Holder hereof is deemed by purchase and retention of this Series H-2 Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series H-2 Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of this Series H-2 Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series H-2 Bond is transferable upon the books of the Minnesota Housing Finance Agency at the designated corporate trust office of Computershare Trust Company, National Association, in St. Paul, Minnesota, the successor Trustee thereunder, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to such transfer.

The Agency and the Trustee under the Bond Resolution may deem and treat the person in whose name this Series H-2 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series H-2 Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series H-2 Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Series H-2 Bond, so long as this Series H-2 Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of, premium, if any, and interest on this Series H-2 Bond, and shall give all notices with respect to this Series H-2 Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series H-2 Bond shall not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series H-2 Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series H-2 Bond to be dated as of the date set forth below.

Date of Authentication: ________________

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, St. Paul, Minnesota, as successor trustee

By:________________________________
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

By: ______________________________
Chair (Facsimile Signature)

Attest: ______________________________
Commissioner (Facsimile Signature)

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ASSIGNMENT

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

______________________________________________________________________

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint ____________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:______________________________ ____________________________________

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:______________________________________

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

____________________________________

**PRELIMINARY OFFICIAL STATEMENT DATED __________, 2024**



**NEW ISSUE**

**Ratings: Moody's: "___"**
**S&P: "____"**

***Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read all of this Official Statement. Capitalized terms used on this cover page have the meanings given in this Official Statement.***

MINNESOTA HOUSING

# $9,900,000*
# MINNESOTA HOUSING FINANCE AGENCY
## $2,600,000* Rental Housing Bonds, 2024 Series H-1 (Non-AMT)
## $7,300,000* Rental Housing Bonds, 2024 Series H-2 (Non-AMT)

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

| | |
|---|---|
| *Tax Exemption* | Interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series Bonds is excludable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.) |
| *Redemption* | The Agency may redeem all or a portion of the Series Bonds by optional or special redemption and, with respect to the 2024 Series H-1 Bonds, by sinking fund redemption as described under "The Series Bonds" herein. |
| *Security* | Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.") |
| *Interest Payment Dates* | February 1 and August 1, commencing August 1, 2025.* |
| *Denominations* | $5,000 or any integral multiple thereof. |
| *Closing/Settlement* | On or about _______, 2024* through the facilities of DTC in New York, New York. |
| *Bond Counsel* | Kutak Rock LLP. |
| *Underwriter's Counsel* | Dorsey & Whitney LLP. |
| *Trustee* | Computershare Trust Company, National Association, in St. Paul, Minnesota. |
| *Book-Entry-Only System* | The Depository Trust Company. (See Appendix E herein.) |

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

## RBC Capital Markets

The date of this Official Statement is

___________, 2024.

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*Preliminary; subject to change.

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

**$2,600,000* 2024 Series H-1 Bonds**

**$_____,000* ___% Series H-1 Term Bonds Due August 1, _____* (CUSIP **)**
**$____,000* ___% Series H-1 Term Bonds Due August 1, ______* (CUSIP **)**
**$_____,000* ___% Series H-1 Term Bonds Due August 1, _____* (CUSIP **)**
**$______,000* ___% Series H-1 Term Bonds Due August 1, ______* (CUSIP **)**

**$7,300,000* 2024 Series H-2 Bonds**

| Maturity Date | Principal Amount | Interest Rate | CUSIP** |
|---|---|---|---|
| February 1, 2027* | $7,300,000* | ____% | |

**Price of all Series Bonds — _____%**

*Preliminary, subject to change.

**CUSIP data used in this Official Statement is provided by FactSet Research Systems. CUSIP is a registered trademark of American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Agency nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Neither Minnesota Housing Finance Agency nor the Underwriter has authorized any dealer, broker, salesman or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency since the date of this Official Statement.

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

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

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

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# OFFICIAL STATEMENT

## relating to
## $9,900,000*
## MINNESOTA HOUSING FINANCE AGENCY
## $2,600,000* Rental Housing Bonds, 2024 Series H-1 (Non-AMT)
## $7,300,000* Rental Housing Bonds, 2024 Series H-2 (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2024 Series H-1 in the principal amount of $2,600,000* (the "Series H-1 Bonds") and its Rental Housing Bonds, 2024 Series H-2 in the principal amount of $7,300,000* (the "Series H-2 Bonds" and together with the Series H-1 Bonds, the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted October 24, 2024 (the "Series Resolution"). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the "Resolutions.")

The Rental Housing Bonds Outstanding in the aggregate principal amount of $153,800,000 as of October 31, 2024, the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution.

The Resolutions should be referred to for the definitions of capitalized terms used herein, some of which are reproduced in this Official Statement. The summaries and references herein to the Act, the Resolutions and other documents are only brief outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references herein to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by reference to the Act and the Resolutions, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

## INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income if the Agency determines that those loans are not otherwise available from private lenders with equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Residential Housing Finance Bond Fund. Please refer to the information in the notes to the financial statements included in Appendix B-1 to this Official Statement at pages [69 and 70] under the heading "Net Position — Restricted by Covenant."

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use of bond financing and other funding sources, the Agency intends that the Program will provide both short-term and long-

*Preliminary, subject to change.

term, fixed rate, first lien (or second lien if the Agency also holds the first lien) mortgage loans ("Mortgage Loans"), and, under certain circumstances, subordinate mortgage loans ("Subordinate Mortgage Loans"), to finance the construction, acquisition, rehabilitation or refinancing of multifamily rental housing and group home developments (the "Developments"). The Bond Resolution authorizes, upon conditions set forth therein, the issuance of additional series of Bonds on a parity with the Outstanding Bonds, including the Series Bonds.

In recognition of certain risks inherent in mortgage lending, the Agency has adopted policies and review procedures for detailed evaluation of the Developments that it finances prior to making Mortgage Loan commitments. To assure completion of rehabilitation, construction and proper maintenance, the Agency has established reserve and escrow requirements and procedures for regulating and monitoring operations with respect to the Developments. The procedures the Agency presently uses to reduce those risks are described more fully herein under the heading "The Rental Housing Program."

The Agency intends to use the proceeds of the Series Bonds for the following purposes: (i) proceeds of the Series H-1 Bonds will be used primarily to fund a long-term first lien mortgage loan, and (ii) proceeds of the Series H-2 Bonds will be used to fund a short-term second lien mortgage loan, both to a private owner, that will finance a portion of the costs of acquisition and construction of a multifamily housing development in Little Falls, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.")

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

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

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

## THE AGENCY

### Purpose

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

**Structure**

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

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

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

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

*Melanie Benjamin*, Member — Term expires January 2025, Onamia, Minnesota – Consultant

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

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

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

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

**Staff**

The staff of the Agency presently consists of approximately [310] persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

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

The principal officers and staff related to the Program are as follows:

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

*Rachel Robinson* — Deputy Commissioner, appointed effective March 2019 and acting Chief Financial Officer effective August 2024. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

*Debbi Larson* — Director of Finance appointed effective December 2019. Ms. Larson was Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to that position, she was Director of Finance and Information Technology for a subsidiary of Taylor Corporation and responsible for domestic and international locations and, prior to that, was the Chief Financial Officer for a division of the Minnesota Department of Corrections. Ms. Larson previously held various accounting positions of increasing responsibility. Ms. Larson holds a Bachelor of Science degree with a concentration in Accounting from the University of Phoenix, and an MMBA (accelerated MBA program) Executive Leadership certification from the University of St. Thomas.

*Irene Kao* — General Counsel, appointed effective November 2022. Prior to this position, Ms. Kao was the Intergovernmental Relations Counsel at the League of Minnesota Cities where she served as legislative legal counsel and lobbyist representing cities on issues related to land use and zoning, data practices, Open Meeting Law, procurement, and civil liability. She also serves as adjunct faculty at Mitchell Hamline School of Law. Ms. Kao earned a law degree from Mitchell Hamline School of Law, a Master of Arts degree in College Student Personnel from the University of Maryland College Park and a Bachelor of Arts degree in English and Psychology from the University of Minnesota Twin Cities.

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

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

**Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2024, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2024. RSM US LLP also has not performed any procedures relating to this Official Statement.

**Financial Statements of the Agency**

The Agency financial statements included in this Official Statement as Appendix B-1 as of and for the fiscal year ended June 30, 2024 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board ("GASB") .

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages [71 through 74] under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2024, with respect to MSRS was $6.694 million. The Agency's total net pension liability and post-employment benefits liability was $8.963 million as of June 30, 2024.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the three months ended September 30, 2024. The Agency has prepared the information in Appendix B-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B-2 is not accompanied by a statement from the independent auditors.

**Disclosure Information**

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ended June 30, 2025, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

During the prior five years, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency's Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in "Appendix C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency's website at http://www.mnhousing.gov/investors/disclosure.html, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

**Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund**

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $[492.196] million, representing the combined net position of these funds so calculated as of June 30, 2024. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2024 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages [69 and 70] under the heading "Net Position — Restricted by Covenant."

The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the three-month period ended September 30, 2024 (unaudited) (in thousands) [UPDATE]:

| | Three months Ended September 30, 2024 (unaudited) | Fiscal Year Ended June 30, 2024 | Fiscal Year Ended June 30, 2023 |
|---|---|---|---|
| Revenues | | | |
| Fees earned and other income[1] | $ | | $14,901 |
| Interest earned on investments | | | 823 |
| Unrealized gain (loss) on investments | -- | | -- |
| Administrative reimbursement[2], [3] | | | 34,949 |
| Total revenues | | | 50,673 |
| Expenses | | | |
| Salaries and benefits | | | 29,219 |
| Other general operating expenses | | | 5,574 |
| Interest | | | 359 |
| Total expenses | | | 35,152 |
| Revenues over expenses | | | 15,521 |
| Non-operating transfer of assets between funds[4] | () | | (14,922) |
| Change in net position | () | | 599 |
| Net position beginning of period | | | 8,891 |
| Net position end of period | $ | | $9,490 |

(1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.

(2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.

(3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information..

**State Appropriations**

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

Over the biennial periods ended June 30, 2015, through June 30, 2023, the total appropriations to the Agency aggregated approximately $562.15 million. For the biennial period ending June 30, 2025, the Legislature has appropriated approximately $1.075 billion to the Agency.

The appropriations are not available to pay debt service on the Bonds.

**Agency Indebtedness**

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to $9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of October 31, 2024:

| | Number of Series* | Final Maturity | Original Principal Amount* (in thousands) | Principal Amount Outstanding (in thousands) |
|---|---|---|---|---|
| Rental Housing Bonds.................................. | 13 | 2066 | $ 154,710 | $ 153,860 |
| Residential Housing Finance Bonds............ | 103 | 2055 | 5,692,745 | 4,162,210 |
| Homeownership Finance Bonds................... | 59 | 2052 | 2,674,572 | 918,870 |
| Multifamily Housing Bonds (Treasury HFA Initiative) .................................................... | 1 | 2051 | 15,000 | 12,200 |
| General Purpose Bonds…………………….. | 1 | 2039 | 60,000 | 60,000 |
| Totals.................................................... | 177 | | $8,597,027 | $5,307,140 |

*Does not include series of bonds or the original principal amount of any bonds that had been, as of October 31, 2024, defeased or paid in full, whether at maturity or earlier redemption.

The payment of principal of and interest on general obligations of the Agency as shown above may be made, if necessary, from the General Reserve or the Alternative Loan Fund. (See "Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund" above.)

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Residential Housing Finance Bonds that bear interest at a variable rate or floating rate and may be subject to optional and mandatory tender. Certain information related to those variable rate demand bonds, floating rate term bonds, liquidity facilities and swap agreements is included in the Notes to Financial Statements contained in Appendix B-1 to this Official Statement and in the unaudited financial statements contained in Appendix B-2 to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

Certain of the swap agreements obligate the Agency to make periodic fixed rate payments and entitled the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"); as of July 1, 2023, all of such swap agreements have been amended in accordance with industry protocols to replace USD LIBOR with the secured overnight financing rate ("SOFR"), a rate published by the Federal Reserve Bank of New York, but otherwise retaining the same computational periods.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds

(State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the “Housing Infrastructure Bonds”) for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $565,000,000. The Agency has issued 33 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2024 in an aggregate principal amount of $511,090,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022 and a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023 (the “Amended Revolving Credit Agreement”), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Homeownership Finance Bonds and Residential Housing Finance Bonds previously issued by the Agency (collectively, the “Single Family Housing Bonds”). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended (the “2018 Revolving Credit Indenture”), between the Agency and Computershare Trust Company, National Association, as successor trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 27, 2024, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to the forward looking Term SOFR Reference Rate for the following one month interest period plus a spread (currently 0.65%) and may not exceed $75,000,000 at any time, and the cumulative amount of the advances made may not exceed $1,700,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. The Agency has requested advances in the aggregate principal amount of $[1,270,569,198, $12,819,447] of which is outstanding.

**Agency Continuity of Operations Plan**

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

**Cybersecurity**

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

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

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

## THE DEVELOPMENT

**The Development**

The Agency intends to use the proceeds of the Series H-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series H-2 Bonds to make a short-term second lien Mortgage Loan that will finance a portion of the costs of the acquisition and construction of a multifamily housing development. The Development, preliminarily known as The Views on 7th, will be the acquisition and construction of a three-story elevator building, located in Little Falls, Minnesota. The Development will have 45 residential units. The total development cost is estimated to be approximately $19.91 million. The Development is expected to be completed by April 2026. The Development will be acquired and constructed by The Views on 7th Apartments of Little Falls Limited Partnership, a Minnesota limited partnership.

The Agency expects to use the proceeds of the Series H-1 Bonds to be deposited in the Mortgage Loan Account to make a first lien Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The first lien Mortgage Loan, in the principal amount of $2.415 million* will be amortized in level monthly payments of principal and interest, commencing on February 1, 2027,* over a term of 40 years. The first lien Mortgage Loan has been established in an amount estimated to be supported by the net operating income of the Development together with tax increment financing revenue from the city of Little Falls. (See "The Rental Housing Program—Low and Moderate Income Rental Program.") The Agency expects to use the proceeds of the Series H-2 Bonds to be

*Preliminary, subject to change.

deposited in the Mortgage Loan Account to make a non-amortizing second lien bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. That bridge Mortgage Loan, in the total principal amount of $7.300 million,[*] will mature in full on January 1, 2027.[*] The Mortgage Loans will not be insured but will be secured in part by completion, repayment and operations guaranties from Central Minnesota Housing Partnership, Inc., a Minnesota nonprofit corporation. The Agency will also make two zero percent deferred payment loan in the aggregate principal amount of $9.156 million for the benefit of the Development. The bridge Mortgage Loan is expected to be repaid from a portion of those loans together with equity contributions from the tax credit investor.

As a result of the issuance of the Series Bonds, all of the dwelling units in the Development will be eligible for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Occupancy in all of those dwelling units will be limited to households with incomes at initial occupancy at or below 60 percent of the area median income, adjusted for household size, for a period of 50 years.

Fourteen of the units in the Development will be benefited from project-based Section 8 rental assistance with a 20 year term, provided through Morrison County Housing and Redevelopment Authority and eight of the units of the units will be benefited by Housing Support rental assistance renewed annually for not less than 15 years, provided through Morrison County.

**Estimated Sources and Uses of Series Bond Proceeds and Agency Funds**

The estimated sources and uses of proceeds of the Series Bonds and funds to be provided by or through the Agency are as follows:

| | |
|---|---|
| *Sources:* | |
| Principal Amount of Series Bonds | $9,900,000[*] |
| Funds Available to the Agency | ________ |
| Total Sources of Funds | $ . |
| *Uses:* | |
| Series H Mortgage Loan Account | $9,715,000[*] |
| Revenue Fund | |
| Debt Service Reserve Fund | |
| Costs of Issuance | ________ |
| Total Uses of Funds | $ . |

## THE SERIES BONDS

The Series Bonds will be fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series Bonds. Computershare Trust Company, National Association, St. Paul, Minnesota, serves as successor Trustee under the Bond Resolution.

The Series H-1 Bonds will be issued as term bonds in the denominations of $5,000 or any integral multiple thereof each of a single stated maturity. The Series H-2 Bonds will be issued as bonds of a single stated maturity in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the dates and in the amounts set forth on the inside front cover hereof.

Each series of the Series Bonds bears interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025,[*] at the respective rates set forth on the inside front cover hereof until payment of the principal or redemption price of those Series Bonds. As long as a series of the Series Bonds is in book-entry form, interest on those Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee,

[*]Preliminary, subject to change.

as registered owner of the Series Bonds, and DTC will redistribute that interest. (See Appendix E – "Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer.

**Sinking Fund Redemption of Series H-1 Bonds**

The Series H-1 Bonds maturing on August 1, ____[*] are subject to mandatory redemption in part on each February 1 and August 1, commencing _____ 1, ____[*] and concluding _____ 1, ____,[*] at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

| Date[*] | Principal Amount[*] | Date[*] | Principal Amount[*] |
|---|---|---|---|

The Series H-1 Bonds maturing on August 1, ____[*] are subject to mandatory redemption in part on each February 1 and August 1, commencing _____ 1, ____[*] and concluding _____ 1, ____,[*] at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

| Date[*] | Principal Amount[*] | Date[*] | Principal Amount[*] |
|---|---|---|---|

The Series H-1 Bonds maturing on August 1, ____ are subject to mandatory redemption in part on each February 1 and August 1, commencing _____ 1, ____[*] and concluding _____ 1, ____,[*] at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

| Date[*] | Principal Amount[*] | Date[*] | Principal Amount[*] |
|---|---|---|---|

[*]Preliminary, subject to change.

The Series H-1 Bonds maturing on August 1, ____ are subject to mandatory redemption in part on each February 1 and August 1, commencing _____ 1, ____* and concluding _____ 1, ____,* at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

| Date* | Principal Amount* | Date* | Principal Amount* |
| --- | --- | --- | --- |

Upon optional redemption of Series H-1 Bonds or any purchase and cancellation thereof by the Agency, the principal amount of such Series H-1 Bonds so redeemed or purchased may be credited toward one or more Sinking Fund Installments thereafter to become due on Series H-1 Bonds in the manner specified by the Agency. The portion of any Sinking Fund Installment remaining after the deductions credited to such payments is the unsatisfied balance of such Sinking Fund Installment with respect to the Series H-1 Bonds for the purpose of calculating the payment due on or scheduled for a future date.

**Special Redemption at Par**

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with amounts allocable to the Development on deposit in the Debt Service Reserve Fund; and (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development. The Agency will apply any unexpended proceeds, Recovery Payments or Prepayments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments or Prepayments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments or Prepayments.

**Optional Redemption**

The Agency may redeem the Series H-1 Bonds at its option, in whole or in part, on any date on or after August 1, 2033,* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium. The Agency may redeem the Series H-2 Bonds at its option, in whole or in part, on any date on or after July 1, 2026,* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

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*Preliminary, subject to change.

**General Redemption Provisions**

Any Series Bonds to be redeemed other than upon mandatory sinking fund redemption will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the series and principal amount of the Series Bonds to be redeemed. If less than all Series Bonds of a series are to be redeemed, the Series Bonds to be redeemed are to be selected in $5,000 principal amounts at random by the Trustee. The Agency will not at any time cause Series Bonds to be optionally redeemed if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after the redemption.

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

## SECURITY FOR THE BONDS

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

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

**Mortgage Loans**

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

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

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

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of June 30, 2024 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

**Debt Service Reserve Fund**

The Debt Service Reserve Requirement for the Series H-1 Bonds is $______.* Upon issuance of the Series H-1 Bonds, cash or Investment Obligations valued at not less than $________,* as calculated under the Bond Resolution, and acquired with Agency funds, not proceeds of the Series Bonds, will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series H-1 Bonds.

No funds will be credited to the Debt Service Reserve Fund with respect to the Series H-2 Bonds (and the Debt Service Reserve Requirement in respect of the Series H-2 Bonds will be $0.00), since, in addition to the other security provided pursuant to the Bond Resolution, payment of principal with respect to the short-term portion of the Mortgage Loan funded by the Series H-2 Bonds will be secured as described under "The Development."

Upon issuance of the Series Bonds, the aggregate Debt Service Reserve Requirement for the Bond Resolution will be approximately $______* and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The Agency will use moneys held in or credited to a debt service reserve fund solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when the bonds are redeemed before maturity, provided that the moneys in that fund must not be withdrawn therefrom at any time in an amount as would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency may not issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of that issuance does not equal or exceed the minimum amount required by the resolution creating that fund unless the Agency deposits in each fund at the time of the issuance from

*Preliminary, subject to change.

the proceeds of the bonds or otherwise an amount that, together with the amount then in the fund, will be no less than the minimum amount so required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency . . . .

In the opinion of Bond Counsel and counsel to the Agency, the Legislature is legally authorized, *but not legally obligated,* to appropriate those amounts to the Debt Service Reserve Fund.

**Additional Bonds**

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

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

**State Pledge Against Impairment of Contracts**

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

## THE RENTAL HOUSING PROGRAM

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

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

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

—Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)

—Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

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

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of June 30, 2024 for the programs as listed above:

*Rental Housing Program Mortgage Loan Program Summary as of June 30, 2024*

| Program | Number of Loans | Number of Units | Outstanding Loan Amount | Percentage of Total Amount |
|---|---|---|---|---|
| Section 8 Housing Assistance Payments/Asset Management Program* | 8 | 619 | $ 16,855,841 | 9.68% |
| Low and Moderate Income Rental Program** ................................... | 60 | 3,865 | 155,976,605 | 89.63 |
| Market Rate Mortgage Loan Program ... | 2 | 163 | 1,194,231 | 0.69 |
| | 70 | 4,647 | $174,026,677 | 100.00% |

*Includes six HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 493 aggregate units and an aggregate outstanding loan amount of $15,889,777.

**Includes 38 HUD Risk-Sharing loans for Developments with 2,577 aggregate units and an aggregate outstanding loan amount of $80,927,439, including one loan for a Development with 30 units and an aggregate outstanding loan amount of $1,757,440 that was a refinance of an existing third-party loan, and seven bridge loans for Developments with 444 units and an aggregate outstanding loan amount of $53,670,000, including one bridge loan for a Development with 52 units and an aggregate outstanding loan amount of $10,640,000 that is not bridging a Low and Moderate Income end loan.

**Low and Moderate Income Rental Program**

The Low and Moderate Income Rental Program (the “LMIR Program”) is the program under which the Agency is currently making loans funded from the proceeds of Bonds issued under the Bond Resolution. Some of the loans involve the preservation of existing federal housing subsidies. The federal housing subsidies preserved in connection with loans under the LMIR Program have included Section 8 project-based assistance; this subsidy program is described below. Most recent developments financed under this program have also benefited from the receipt of federal low-income housing tax credits.

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR Program, may also use other available funds to provide permanent and construction loan financing for the acquisition/rehabilitation, refinance/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds or other available funds are lent by the Agency to nonprofit or limited profit entities that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. Several of the loans made under the LMIR Program have been insured under the FHA Section 223(a)(7) and 241 insurance programs. Generally, loans to Developments financed under the LMIR Program also receive one or more low- or non-interest bearing, non-amortizing subordinate loans that facilitate keeping rents below market rate levels and reduce the amount of amortizing debt.

In the Agency's administration of its LMIR Program, the Agency has made Mortgage Loans of up to 100 percent of total development costs. Mortgage Loans for Developments are generally made for terms of 30 to 40 years or are made as short-term loans payable when construction or rehabilitation is completed.

*HUD Risk-Sharing Program*

As part of the LMIR Program under the Bond Resolution, the Agency has made and expects to make Mortgage Loans under the Department of Housing and Urban Development Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans ("HUD Risk-Sharing Program"). Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") authorized the Secretary of the Department of Housing and Urban Development ("HUD") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through the Federal Housing Administration ("FHA"), will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The HUD Risk-Sharing Program allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, and provides for reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect.

The HUD Risk-Sharing Program requires that an interested HFA first be approved as a qualified housing finance agency. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement between the Commissioner of FHA and the HFA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans, and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the HUD Risk-Sharing Program include projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program.

The Agency has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act. The Agency has entered into a risk-sharing agreement with HUD dated as of May 3, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Agency's participation in the HUD Risk-Sharing Program. The Agency has a "Level I" and "Level II" approval under the regulations, which means the Agency agrees to reimburse HUD for 50 percent, or from 10 percent to 50 percent, of any losses incurred as a result of a default under a HUD Risk-Sharing Program loan. "Level I" approval permits the Agency to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans with review and approval by the local HUD office. Most of the Developments committed to be financed to date under the HUD Risk-Sharing Program have been insured based upon a 50/50 split of any losses.

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

A mortgagee under an FHA-insured mortgage is entitled to receive the benefits of insurance after the mortgagor has defaulted and that default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after that grace period and monthly thereafter, unless waived by HUD, until the default has been cured or the Agency has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default unless extended at the request of the HFA. The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. HUD must make all claim payments in cash. The initial claim payment is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. Within 30 days of the initial claim payment, the HFA must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms and must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the HFA's reimbursement obligation to HUD under its Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed-in-lieu of foreclosure or (2) expiration of the term of the HFA debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the Mortgage Note and the Risk-Sharing Agreement.

**The Agency Regulatory Agreement**

The uninsured Section 8-assisted Developments and Developments financed under the LMIR and HUD Risk-Sharing Programs are all subject to regulatory agreements with the Agency regulating their rents, distributions, occupancy, management and operation. The regulatory agreements are in effect during the entire term of the Mortgage Loan. Under the regulatory agreements, a limited-profit or nonprofit owner may not make distributions to its partners or members in any one year in excess of a percentage of its initial equity in a Development. The allowable percentage of equity ranges from 6 percent to 15 percent, depending on the program under which the Mortgage Loan was financed.

**Section 8 Program**

*General Description*

Under the Section 8 Program, HUD provides for the payment of a subsidy for the benefit of low income families, which are defined generally as those families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD. Until recent years, almost all of the Developments with Section 8 subsidies financed by the Agency were financed from a set-aside from HUD under which the Developments were underwritten and financed by the Agency. The Agency entered into Traditional Contract Administration ("TCA") Annual Contributions Contracts ("ACC"s) with HUD and Section 8 Housing Assistance Payments Contracts ("HAP Contracts") with owners under which the subsidy payments were made on behalf of tenants in the Developments. Pursuant to the ACC for each Development, HUD committed funding through the entire term of the HAP Contract. The Agency receives monthly subsidy payments with respect to each assisted dwelling unit, and then in turn disburses or credits monthly housing assistance payments to the owner of the Development under the HAP Contract. In addition, several of these Developments also received an Agency first mortgage loan, some of which were insured under an FHA insurance program. After the initial contract expiration, many of these HAP Contracts have been renewed for a period of 20 years. The owner has the option to renew for a shorter term. It is anticipated, but not assured, that HUD will continue to provide the opportunity for owners to renew expiring HAP Contracts under the provisions of Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. In recent years, the Agency has provided new financing (deferred or amortizing) to Developments with HAP Contracts, many in conjunction with a Declaration of Covenants, Conditions and Restrictions pursuant to which the owner has agreed to continuously renew the HAP Contract through the maturity date of the Agency's Mortgage Loan. It is anticipated, but not assured, that the federal government will continue to provide these owners with the option to renew their HAP Contracts upon expiration. Renewals of HAP Contracts beyond the expiration of the initial contract term are subject to annual appropriations and spending authority in the federal budget. Contracts to convert tenant-based HUD vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

*HAP Contract Term for State Agency Set-Aside Program*

Under HUD regulations, the initial terms of the HAP Contracts for uninsured Developments financed under the state agency set-aside program were for either 30 or 40 years, with provisions for renewal for five-year periods within the 30- or 40-year term. The term of the initial ACC is the same as the initial HAP Contract term. Nonrenewal of the Section 8 HAP Contract under federal law and Minnesota state statutes requires proper notification to the residents, the applicable city, the Metropolitan Council Housing and Redevelopment Authority, the Agency and HUD. This nonrenewal (opt-out) of the HAP Contract is independent of the Development's existing first mortgage financing. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.") Although the Section 8 housing assistance payments are made to the owner and in effect represent rental income, the HAP Contract may, with HUD's consent, be assigned as security by the owner to the first mortgage lender for the Development. All of the Developments with HAP Contracts within the Agency's first mortgage loan portfolio are assigned to the Agency as security for the Mortgage Loan. HAP Contracts may not be terminated by HUD if the Mortgage Loan on the Development goes into default, so long as the owner has not breached any of the owner's obligations under the HAP Contract. In the event of a breach of the HAP Contract by the owner, HUD may abate subsidy payments or terminate the HAP Contract after giving the owner reasonable opportunity to comply with the requirements of the HAP Contract. Under HUD regulations, the HAP Contract may be assigned to a new owner of the Development. HUD may also determine that the HAP Contract may be terminated or may reassign the Section 8 housing assistance payments subsidy to another development. If the Section 8 subsidy is assigned to another development, the HAP Contract and the ACC will continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.")

**Certain Information Regarding Housing Assistance Payment Contracts**

*General*

The following discussion provides certain information with regard to the Section 8 program and HAP Contract requirements that may affect payments made by HUD pursuant to the HAP Contracts. That information is not comprehensive or definitive and, as appropriate, is qualified in its entirety by reference to the United States Housing Act of 1937, as amended (the "Housing Act"), and HUD Section 8 Program Guidebooks, Handbooks, Notices, and Memoranda.

*Adjustments in Contract Rents*

The HAP Contract defines the type of contract rent adjustment that the Development can request. For HAP Contracts in the Agency's Traditional Contract Administration portfolio that are in their original term, owners can request an Annual Adjustment Factor Rent Adjustment based on the annual adjustment factor published by HUD. Interim revisions may be made where market conditions warrant. The annual adjustment factor is applied on the anniversary date of each HAP Contract to contract rents, resulting in upward adjustment. Pursuant to federal legislation enacted in 1997, if the contract rents for a Development exceed the applicable HUD fair market rents, then contract rents may not be increased beyond comparable market rents (plus the initial differential between the initial contract rents and the comparable rents). The comparable rents are determined by independent appraisals of Developments in the form of a Rent Comparability Study submitted by the owner. In addition, special additional adjustments may be granted to reflect increases in the actual and necessary expenses of owning and maintaining a Development resulting from substantial "and general increase in real property taxes, assessments, utility rates and hazard insurance increases, where the increased cost is not sufficiently covered by the annual AAF adjustment." HUD Notice H 2002-10. Adjustments may not result in material differences between rents charged for assisted units and unassisted units of similar quality and age in the same market area, except to the extent of the initial difference at the time of contract execution. Under current law, "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section, unless the project has been refinanced in a manner that reduces the periodic payments of the owner." 42 U.S.C. § 1437f(c)(1)(C). There can be no assurance that increases in contract rents will result in revenues sufficient to compensate for increased operating expenses of the Developments. There can be no assurance that there will not be a decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See "Certain Recent Developments.")

*Limitations on Increases in Housing Assistance Payments*

An increase in contract rents, because of the application of an annual adjustment factor or a special additional adjustment, will normally result in an increase in Housing Assistance Payments payable to the owner under the HAP Contract. The annual maximum housing assistance payments are initially limited to the initial contract rents. A project account is required to be established and maintained by HUD, in an amount determined by HUD, and the account must be established and maintained consistent with its responsibilities under the Housing Act. Whenever the estimated annual housing assistance payment exceeds the annual maximum housing assistance commitment and would cause the amount in the project account to be less than 40 percent of that maximum commitment, HUD is required to take additional steps authorized by Section 8(c)(6) of the Housing Act to assure that housing assistance payments will be increased on a timely basis. Section 8(c)(6) of the Housing Act authorizes "the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts." Based on this guidance, HUD does not increase annual contributions contract authority until the project account has been exhausted.

*Certain Recent Developments*

In July 2002, HUD announced an interpretation of its Office of General Counsel with respect to the form of HAP Contract in use prior to 1979 (the "Old Regulation HAP Contract"). This interpretation provides that the HAP Contract terminates upon any prepayment of the original permanent financing of the related development, including any refinancing that included prepayment of the first Mortgage Loan. HUD also stated that it would agree to amend any HAP Contract to eliminate that termination. All of the first mortgage loans with this form of HAP Contract in the Agency's TCA portfolio were provided by the Agency. There are many Developments with Agency mortgage loans that have been prepaid where HUD has continued to make payments under the HAP Contracts during the years since the Agency loans were prepaid. It is the Agency's understanding that current HUD practice is to approve the continuation of HAP Contracts upon payment of the original financing when the owner has elected to remain in the Section 8 program. In 2015, HUD issued the final version of the Section 8 Renewal Policy Guide Book. Chapter 16 of the Guide Book reiterates the Office of General Counsel interpretation of the Old Regulation HAP Contract and gives prepaying owners the option to amend the HAP Contract to extend the term to the originally scheduled maturity date, renew the HAP contract under the Multifamily Assisted Housing Reform and Affordability Act ("MAHRA"), or opt out of the Section 8 program. Contracts that are subject to Chapter 16 will be renewed and amended as outlined in the newly revised chapter. At this time, the Agency cannot predict the potential risk for opt-outs under the provisions of Chapter 16; however, the Agency handles potential opt-outs proactively to support the Agency's priority for preservation of federally assisted housing.

In recent years, there have been numerous pronouncements from HUD officials and various elected officials as to the future of HUD and the Section 8 program. The scope of these pronouncements has ranged from a total elimination of HUD and the Section 8 program to a restructuring of HUD and the reduction in funding of the Section 8 program. In addition, the consolidation and alignment of HUD's programs and the transfer of certain administrative responsibilities for HUD programs to contract administrators, state and local governments and other entities continue to be proposed. (Note that HUD has contracted project-based Section 8 program administration services to state and local governments and other entities since 1999.) Furthermore, Congress continues to propose reductions in all federal spending, including funding for HUD and its programs.

HUD officials have from time to time proposed to Congress that it repeal the provision of the Housing Act prohibiting the Secretary of HUD from reducing contract rents below the current contract rents in effect as of April 15, 1987. (See "Adjustments in Contract Rents.") It is not clear whether such a repeal would withstand a constitutional challenge. The effect of repealing those provisions would be to permit HUD to reduce the contract rents for Section 8 Developments to "market rents," but not lower than the initial contract rents, plus the initial difference, approved by HUD for the Development. Reductions in current contract rents have occurred and continue to occur due to HUD's changes to its Section 8 Renewal Policy Guide Book and its 4350.1 Handbook (Chapter 7).

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD's structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

Over the years, there have been several court decisions with respect to the Section 8 program and HAP Contracts. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group*, held that HAP Contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAP Contracts (which states, in effect, that notwithstanding any other provision of the HAP Contract, adjustments provided for in that section of the HAP Contract must not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units that are greater than the initial difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAP Contracts permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the "initial difference" referred to in the HAP Contract is determined by the initial dollar amount and not by a percentage of the initial rents. Based on guidance in HUD's Section 8 Renewal Policy Guidebook, issued in 2000, as amended, HAP Contracts that are renewed under MAHRA may have their contract rents reduced to "market rents." This Guidebook also provides the opportunity for debt restructuring by HUD's Office of Affordable Housing Preservation in conjunction with the reduction in contract rents if a property is eligible.

At this time, the Agency is unable to predict what additional actions, if any, HUD or Congress will take in the future with respect to rent adjustments. Future policy changes for rent adjustments may be impacted by federal budget constraints. Beginning in federal fiscal year 2012, HUD implemented three primary cost cutting measures that affect all New Regulation (i.e., post-1979) HAP Contracts. These cost cutting measures, which have been continued for federal fiscal year 2015, include using residual receipts in lieu of rent increases, using residual receipts in lieu of subsidy payments, using the lesser of budget-based or Operating Cost Adjustment Factor ("OCAF") rent adjustments, offering automatic OCAF rent adjustments that are limited to market rents including option 4 multi-year annual renewals, and short funding HAP Contracts. Old Regulation HAP Contracts that have not initially renewed under MAHRA have not been affected by the cost cutting measure of using residual receipts in lieu of subsidy payments. As noted above under "Adjustments in Contract Rents," Congress has passed legislation and HUD has implemented procedures to restrict Annual Adjustment Factor rent increases above fair market rents for the 1997 and subsequent federal fiscal years for contracts that are in their original 20-, 30- or 40-year term. Upon initial renewal of the HAP Contract, the Development generally is not eligible for Annual Adjustment Factor rent adjustments under MAHRA, but is eligible for budget based, Operating Cost Adjustment Factor, mark-up-to-market, and mark-to-market (mark down to market) rent adjustments. HUD's Section 8 Renewal Policy Guide Book, as amended, and its Handbook 4350.1, Chapter 7 do not allow for the use of initial differences, Financing Adjustments, or Financing Adjustment Factors when determining these rent adjustments; they are excluded from rent adjustment calculations. Also, HUD has proposed additional changes to the Section 8 HAP Contracts that include provisions around combining HAP Contracts and risk-based monitoring. Currently, guidance for combining HAP Contracts has been issued through a HUD memorandum. The Agency has not seen this tool leveraged by owners; however, the potential does exist. This measure would reduce the number of on-site inspections and the number of financial statements that owners must submit, as well as allow properties to share income and operating expenses. The 2014 cost cutting measures remain in effect. Actions by HUD that limit options for contract renewals and restrict the definition of market rents in many cases result in a decrease in contract rents, which could negatively impact the ability of owners to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds from the amounts pledged under the Bond Resolution.

**Project-Based Vouchers**

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent ("FMR") or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

**Section 8 Contract Administration**

In 2000, the Agency was awarded an Annual Contributions Contract (“ACC”) with HUD as a Performance-Based Contract Administrator (“PBCA”) for the contract administration of a portion of HUD’s project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through January 31, 2025. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

HUD issued two draft Request for Funding Proposals (“RFPs”) that encapsulated the work conducted under the PBCA program in late 2017. The draft RFPs contemplated significant program changes, including dividing the work between a national contract and multiple regional contractors. In March of 2018, HUD cancelled the RFPs in light of the extensive comments that were submitted regarding the drafts. The cancellation notices indicate that HUD plans to undertake additional due diligence and expects to issue new RFPs at some point in the future. It is unclear when HUD may issue any more RFPs related to the work conducted under the PBCA program. Depending on the form and content of any RFPs, there may be bid protests and litigation with respect to the RFPs and any new awards of the PBCA contracts that result from the RFPs. The Agency intends to seek to retain the PBCA work in the State of Minnesota. There is, however, significant uncertainty in this area as it is unknown when HUD will release any subsequent RFPs, what the terms of those RFPs will be, and what impact any bid protests or litigation may have on the process. HUD reserved the right to terminate the ACC with 120 days’ notice if HUD completes or anticipates completing the RFP solicitation process before the end of the extension term.

**Market Rate Mortgage Loan Program**

In its Market Rate Mortgage Loan Program, which is administered by the Multifamily Division of the Agency, the Agency issues Bonds under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds are lent by the Agency to nonprofit or limited profit sponsors that agree to construct the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. The Agency is not presently making any new Mortgage Loans pursuant to this Program.

**Monitoring of Developments**

In an attempt to minimize the risk inherent in long-term Mortgage Loans, the Agency has established the following guidelines for the monitoring of Developments:

- The Agency’s Accounting Division is responsible for monthly billing of principal and interest and escrows, and for paying insurance, property taxes and other expenses in a timely manner.
- The Agency’s Multifamily Asset Management Section is responsible for the supervision of all Developments, beginning with the feasibility processing. Prior to loan closing the Asset Management Section works with the sponsors and their marketing and management agents to review marketing and management plans. The management plan of a Development includes information on the management agent’s proposed method of operating the Development. That information relates to the organizational structure and on-site duties and staffing of the management agent, initial and on-going marketing plans, contents of an orientation handbook for residents and requirements for reporting operating expenses, budget and energy conservation information. Upon completion of construction or rehabilitation, the Asset Management Section begins to monitor the

implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

The Asset Management Section generally monitors the operations of Developments on an ongoing basis in generally the following ways:

- *On-Site Inspections*. After initial marketing has been completed, on-site inspections are periodically made to check on management performance. Reports summarizing findings of inspections are submitted to the owner and management agent along with a timetable for correcting deficiencies, if necessary.
- *Reporting Requirements*. Management agents for each Development are required to submit regular accounting and occupancy reports to the Agency's Asset Management Section. Smaller, non-subsidized Developments have proven to be erratic in meeting the Agency's reporting requirements. The reports are reviewed by the Housing Management Officer assigned to each Development in order to identify significant deviations from the operating budget or change in occupancy.

  The Agency generally receives the following financial information related to each Development:

  (i) Monthly Operating Report—due the 15th day of the following month;

  (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;

  (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;

  (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and

  (v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

  For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.
- *Training Sessions*. The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

**Applicable Federal Law Requirements**

Applicable federal tax law imposes significant limitations on the financing of Mortgage Loans for Developments with the proceeds of qualified residential rental property bonds, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

## OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency finances other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the notes to the Financial Statements in Appendix B-1.

## TAX EXEMPTION AND RELATED CONSIDERATIONS

**Series Bonds – Federal Tax Matters**

***General.*** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Code, and interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series Bonds. Failure to comply with such requirements could cause interest on the Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series Bonds.

The accrual or receipt of interest on the Series Bonds may otherwise affect the federal income tax liability of the owners of the Series Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix F.

**State Tax Matters**

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

**Backup Withholding.**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding, or selling tax-exempt obligations.

**Changes in Federal and State Tax Law.**

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

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

## LITIGATION

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

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

## LEGAL MATTERS

The validity of the Series Bonds and the tax exemption of interest thereon are subject to the legal opinion of Kutak Rock LLP, Bond Counsel. A copy of the opinion of said firm, substantially in the form set forth in Appendix F hereto, will be available at the time of delivery of the Series Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Dorsey & Whitney LLP.

## FINANCIAL ADVISOR

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

## RATINGS

The Series Bonds are rated "___" by Moody's Investors Service, Inc., and "___" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. The Agency cannot give any assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date of this Official Statement, investors should not assume that the ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

## TRUSTEE

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

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

## UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") will purchase the Series Bonds. The Underwriter is to be paid a fee of $______________ with respect to its purchase of the Series Bonds. The Underwriter may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

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

The Underwriter is a subsidiary of Royal Bank of Canada.

## MISCELLANEOUS

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

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

**MINNESOTA HOUSING FINANCE AGENCY**

By ________________________________________
Commissioner

_____________, 2024.

# APPENDIX A

## DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS, AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION, INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS

**DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS AND PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION**

**AS OF JUNE 30, 2024**

**MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS**

| Development Name | Location | Mortgage Loan Interest Rate | Outstanding Mortgage Loan Balance (1) | Undisbursed Mortgage Amount | Development Reserves (2) | Mortgage Note Maturity | Program Type | Subsidy Expiration | No. of Subsidized Units | Total No. of Units |
|---|---|---|---|---|---|---|---|---|---|---|
| BOSSEN PARK APTS | Minneapolis | 6.680 % | $ 1,019,487 | $ - | $ 137,376 | 02/01/30 | LMIR/HRS | N/A | 0 | 110 |
| BREWERY CREEK | Duluth | 4.300 | 10,640,000 | 1,683,857 | - | 01/01/25 | BRIDGE | (3) | 32 | 52 |
| CALVARY CENTER APARTMENTS | Golden Valley | 3.650 | 7,940,000 | - | - | 01/01/25 | LMIR /BRIDGE | 5/31/2029 | 80 | 80 |
| CAMBRIDGE APARTMENTS | Cambridge | 4.450 | 9,665,000 | - | - | 01/01/25 | LMIR /BRIDGE | (3) | 14 | 65 |
| CONCORDIA ARMS | Maplewood | 5.750 | 3,265,480 | - | 950,661 | 07/01/49 | LMIR/HRS/HAP | 12/31/32 | 125 | 125 |
| GENEVA VILLAGE | Oakdale | 7.210 | 1,156,501 | - | 810,430 | 01/01/28 | LMIR | N/A | 0 | 175 |
| HORIZON HEIGHTS | Burnsville | 4.150 | 5,150,000 | - | - | 01/01/25 | LMIR /BRIDGE | 05/31/29 | 25 | 25 |
| JACKSON PLACE | Elk River | 5.630 | 727,259 | - | 93,655 | 04/01/38 | LMIR | N/A | 0 | 32 |
| LARSON COMMONS | Cloquet | 6.520 | 1,772,329 | - | 1,224,891 | 06/01/37 | HAP/HRS | 03/31/40 | 85 | 85 |
| MARSHALL SQUARE APTS | Marshall | 6.450 | 1,007,467 | - | 33,805 | 02/01/36 | LMIR/HRS/HAP | 08/24/25 | 90 | 90 |
| PHALEN VILLAGE | St Paul | 3.875 | 5,720,000 | - | - | 07/01/25 | LMIR /BRIDGE | (3) | 21 | 76 |
| THE LUMIN AT HIGHLAND BRIDGE | St Paul | 4.800 | 10,495,000 | - | - | 09/01/24 | LMIR /BRIDGE | (3) | 60 | 60 |
| THE SQUARE ON 31ST fka ROCHESTER SQUARE | Rochester | 5.750 | 1,697,630 | - | 353,807 | 07/01/44 | LMIR/HRS/HAP | 02/17/34 | 95 | 104 |
| WALNUT TOWERS | Mankato | 6.130 | 5,530,000 | - | - | 07/01/66 | LMIR/HRS | 05/31/44 | 86 | 86 |
| WALNUT TOWERS | Mankato | 4.875 | 4,060,000 | - | See above | 05/01/26 | LMIR/BRIDGE | See above | See above | See above |
| WHITTIER COOP | Minneapolis | 0.000 | 892,400 | - | - | 07/09/44 | HAP/AMP | 09/14/30 | 45 | 45 |
| YORKDALE | Edina | 5.000 | 3,530,038 | - | 384,877 | 06/01/48 | HAP/HRS | 06/30/39 | 90 | 90 |
| Subtotal | | | $ 74,268,591 | $ 1,683,857 | $ 3,989,502 | | | | 848 | 1300 |

Footnotes and Program Type legend appear on the last page of this Appendix A.

**DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS AND PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION**

**AS OF JUNE 30, 2024**

**MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION**

| Development Name | Location | Mortgage Loan Interest Rate | Outstanding Mortgage Loan Balance (1) | Undisbursed Mortgage Amount | Development Reserves (2) | Mortgage Note Maturity | Program Type | Subsidy Expiration | No. of Subsidized Units | Total No. of Units |
|---|---|---|---|---|---|---|---|---|---|---|
| ALBERTVILLE TOWNHOMES | Albertville | 5.730 % | $ 807,376 | $ - | $ 37,863 | 09/01/39 | LMIR | N/A | 0 | 37 |
| ANDREWS POINT | Burnsville | 5.000 | 1,682,676 | - | 133,203 | 05/01/42 | LMIR/HRS | N/A | 0 | 57 |
| BOTTINEAU RIDGE APTS | Maple Grove | 4.750 | 1,160,271 | - | 315,494 | 03/01/45 | LMIR/HRS | N/A | 0 | 50 |
| BOULDER RIDGE TOWNSHOMES | Shakopee | 3.940 | 2,168,394 | - | 44,967 | 09/01/54 | LMIR/HRS | N/A | 0 | 30 |
| BROWNSTONE | St. Paul | 3.250 | 1,360,078 | - | 86,829 | 08/01/56 | LMIR/HRS | N/A | 0 | 35 |
| BUFFALO COURT | Buffalo | 5.490 | 1,055,253 | - | 95,628 | 07/01/35 | LMIR/HRS | 07/31/43 | 48 | 48 |
| CAPITOL CITY | St. Paul | 5.150 | 831,809 | - | 174,308 | 11/01/37 | LMIR | N/A | 0 | 69 |
| CASCADE APTS | Fergus Falls | 0.000 | 73,665 | - | - | 08/01/29 | HAP/AMP | 05/31/38 | 36 | 36 |
| CATHEDRAL HILL HOMES | St. Paul | 5.250 | 1,800,077 | - | 555,257 | 12/01/46 | LMIR/HRS | 05/31/35 | 60 | 60 |
| CEDARDALE PLACE | Owatonna | 4.490 | 4,669,490 | - | 288,560 | 06/01/54 | LMIR/HRS | 11/30/38 | 98 | 98 |
| CENTRAL TOWERS | Rochester | 5.000 | 3,685,650 | - | 798,339 | 08/01/43 | LMIR/HRS | 12/31/31 | 105 | 105 |
| CHARTER OAKS TH | Stillwater | 5.000 | 2,754,753 | - | 284,713 | 04/01/43 | LMIR/HRS | 12/31/27 | 60 | 60 |
| CHERRY RIDGE APARTMENTS | Mankato | 3.500 | 2,995,986 | - | 634,910 | 04/01/57 | LMIR/HRS | N/A | 0 | 83 |
| CITY FLATS | Shakopee | 5.860 | 321,880 | - | 177,179 | 06/01/37 | LMIR | N/A | 0 | 27 |
| CITY PLACE LOFTS | Minneapolis | 4.750 | 2,681,290 | - | 38,302 | 10/01/44 | LMIR/HRS | N/A | 0 | 55 |
| COACHMAN RIDGE APARTMENTS | Elk River | 5.250 | 1,208,925 | - | 246,154 | 06/01/46 | LMIR/HRS | N/A | 0 | 53 |
| COMPASS POINTE TH | New Hope | 5.250 | 2,237,361 | - | 112,591 | 02/01/46 | LMIR/HRS | N/A | 0 | 68 |
| CORNERSTONE VILLAGE | St. Michael | 5.630 | 1,600,871 | - | 24,098 | 10/01/28 | LMIR | N/A | 0 | 42 |
| CRYSTAL LAKE TH | Grand Rapids | 5.500 | 1,276,807 | - | 305,962 | 11/01/41 | LMIR/HRS | 08/31/28 | 48 | 48 |
| EVERGREEN APTS | Hutchinson | 5.500 | 1,804,471 | - | 264,557 | 12/01/41 | LMIR/HRS | 12/27/31 | 62 | 62 |
| FIRST AVENUE FLATS | Rochester | 4.500 | 4,545,090 | - | 145,163 | 10/01/34 | LMIR | N/A | 0 | 68 |
| HIGHLAND APTS | Willmar | 5.250 | 1,573,839 | - | 396,396 | 04/01/46 | LMIR/HRS | 05/31/39 | 79 | 79 |
| HOFFMAN PLACE | White Bear Lake | 5.500 | 1,688,505 | - | 331,660 | 10/01/27 | LMIR | N/A | 0 | 59 |
| JEFFERSON SQUARE | Northfield | 5.750 | 1,207,038 | - | 167,149 | 10/01/41 | LMIR/HRS | 12/31/30 | 50 | 50 |
| LAKES RUN APTS | New Brighton | 5.740 | 990,015 | - | 23,389 | 11/01/36 | LMIR/HRS | N/A | 0 | 52 |
| LAKEVILLE COURT | Lakeville | 5.000 | 2,392,297 | - | 12,510 | 08/01/42 | LMIR/HRS | N/A | 0 | 52 |
| LIBERTY PLAZA | St. Paul | 6.500 | 2,884,919 | - | 1,127,618 | 02/01/34 | LMIR/HRS | 09/30/24 | 78 | 173 |
| MANY RIVERS | Minneapolis | 3.940 | 2,222,755 | - | 62,901 | 10/01/54 | LMIR/HRS | 08/04/28 | 7 | 53 |
| MAPLE RIDGE TH | Maple Grove | 5.740 | 1,074,608 | - | 283,211 | 01/01/38 | LMIR | N/A | 0 | 45 |
| MEADOWS WEST | Austin | 5.000 | 1,853,853 | - | 237,403 | 10/01/43 | LMIR/HRS | 12/31/31 | 60 | 60 |
| MINNESOTA VISTAS | St Paul | 3.425 | 2,986,941 | - | 87,268 | 09/01/55 | LMIR | N/A | 0 | 60 |
| NORTHGATE WOODS | Blaine | 5.500 | 2,672,838 | - | 355,867 | 10/01/52 | HAP/HRS | 06/30/40 | 75 | 75 |
| PARK MANOR ESTATES | Detroit Lakes | 4.750 | 3,516,643 | - | 459,476 | 05/01/44 | HAP/HRS | 09/30/39 | 97 | 97 |
| PARKVIEW VILLA | Columbia Heights | 5.250 | 1,949,530 | - | 508,426 | 04/01/47 | LMIR/HRS | N/A | 0 | 142 |
| PINE RIDGE APTS | Grand Rapids | 5.250 | 2,277,349 | - | 331,538 | 07/01/46 | HAP/HRS | 02/28/38 | 60 | 100 |
| RED PINE ESTATES | Bemidji | 6.490 | 1,161,161 | - | 481,820 | 04/01/37 | LMIR | 12/29/30 | 86 | 86 |
| RUSSELL ARMS/BENTON HEIGHTS | Sauk Rapids | 5.150 | 2,120,580 | - | 298,126 | 09/01/37 | HAP/HRS | 05/31/42 | 71 | 91 |
| SABATHANI SENIOR HOUSING | Minneapolis | 4.250 | 3,193,247 | - | 83,126 | 01/01/63 | LMIR/HRS | 06/30/24 | 4 | 48 |
| SLATER SQUARE | Minneapolis | 5.000 | 460,981 | - | 59,331 | 11/01/36 | MR | N/A | 0 | 163 |
| SLATER SQUARE | Minneapolis | 5.000 | 733,250 | - | See above | 11/01/36 | MR | See above | See above | See above |
| ST. LUCAS RIVERSIDE APARTMENTS | Faribault | 3.500 | 1,757,440 | - | 239,331 | 12/01/56 | HRS/AMP | 09/30/41 | 30 | 30 |
| SUNWOOD VILLAGE | Ramsey | 5.250 | 1,208,456 | - | 111,846 | 03/01/47 | LMIR/HRS | N/A | 0 | 47 |
| THE RIDGE APTS | Minnetonka | 4.750 | 2,227,031 | - | 1,234,932 | 12/01/44 | LMIR/HRS | N/A | 0 | 64 |
| THE WILLOWS | Shakopee | 5.100 | 3,337,506 | - | 110,295 | 10/01/61 | LMIR/HRS | 06/30/24 | 13 | 60 |
| TOWER TERRACE TOWNHOMES | Cambridge | 3.490 | 1,533,029 | - | 212,854 | 05/01/55 | LMIR/HRS | N/A | 0 | 32 |
| VICKSBURG COMMONS | Plymouth | 6.400 | 733,658 | - | 21,206 | 03/01/38 | LMIR | N/A | 0 | 50 |
| VILLAGE COMMONS | Savage | 5.000 | 1,674,972 | - | 104,251 | 11/01/43 | LMIR/HRS | N/A | 0 | 66 |
| VILLAGE ON THIRD | Rochester | 6.140 | 1,329,838 | - | 130,176 | 05/01/25 | LMIR | N/A | 0 | 66 |
| WASHINGTON CROSSING | Winona | 5.750 | 1,077,619 | - | 21,463 | 01/01/36 | LMIR/HRS | N/A | 0 | 62 |
| WEST BIRCH TOWNHOMES | Princeton | 5.000 | 1,569,755 | - | 51,643 | 08/01/56 | LMIR/HRS | N/A | 0 | 40 |
| WEST VIEW ESTATES | Plymouth | 5.000 | 2,926,320 | - | 326,070 | 09/01/42 | LMIR | N/A | 0 | 67 |
| WHITE OAK ESTATES | Baxter | 5.100 | 1,645,480 | - | 56,014 | 07/01/61 | LMIR/HRS | 06/30/24 | 20 | 40 |
| WILLOW RIDGE | St. Paul | 6.390 | 1,054,461 | - | 71,066 | 04/01/38 | LMIR | N/A | 0 | 47 |
| Subtotal | | | $ 99,758,086 | $ - | $ 12,762,439 | | | | 1,247 | 3,347 |
| | | | $ 74,268,591 | $ 1,683,857 | $ 3,989,502 | | | | 848 | 1,300 |
| Total | | | $ 174,026,677 | $ 1,683,857 | $ 16,751,941 | | | | 2,095 | 4647 |

Footnotes and Program Type legend appear on the last page of this Appendix A.

**DESCRIPTION OF MORTGAGE LOANS INTENDED TO BE FINANCED WITH PROCEEDS FROM RENTAL HOUSING BONDS 2024 SERIES H-1 and H-2**

| Development Name | Location | Estimated Mortgage Loan Rate | Estimated Mortgage Loan Amount | Estimated Development Reserves | Mortgage Note Maturity | Program Type | Subsidy Expiration | No. of Subsidized Units | Total No. of Units |
|---|---|---|---|---|---|---|---|---|---|
| The Views on 7th | Little Falls | 6.250% | $2,415,000 | | 1/1/2067 | LMIR | Determined after completion | 22 | 45 |
| | | 4.250% | $7,300,000 | | 1/1/2027 | LMIR/ Bridge Loan | | | |

**Notes:**

(1) All loans can be prepaid subject to Agency approval.

(2) Amounts listed under the heading "reserves" are pledged by the project owner under the project regulatory agreement. The reserve can be applied for project purposes under the regulatory agreement, and are paid to the owner when the mortgage loan is paid or prepaid in full. The reserves are not pledged as security under the Bond Resolution. The real estate tax and insurance reserves are excluded.

(3) Subsidy expiration date will not be determined until development is placed in service.

***Program Type Legend**

AMP = Asset Management Program
HAP = Section 8 Housing Assistance Payment Program (Uninsured Developments)
HRS = FHA Risk Share Insurance
LMIR = Low And Moderate Income Rental Program
MR = Market Rate Loan Program

# APPENDIX B-1

## AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2024

# APPENDIX B-2

## FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF SEPTEMBER 30, 2024 AND FOR THE THREE MONTHS THEN ENDED (UNAUDITED)

# APPENDIX C

# SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

**Purpose**

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

**Definitions**

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

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the Mortgage Loans and Developments of a type substantially similar to that in Appendix A in the Official Statement.

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

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

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

"*Commission*" means the Securities and Exchange Commission.

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

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

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

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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

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

"*MSRB*" means the Municipal Securities Rulemaking Board.

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

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

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

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

**Annual Financial Information Disclosure**

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ended June 30, 2025, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

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

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

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

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

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

**Listed Events Disclosure**

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

**Consequences of Failure of the Agency To Provide Information**

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

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondholder or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

**Amendment; Waiver**

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

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

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

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Termination of Undertaking**

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Additional Information**

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

**Beneficiaries**

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondholders and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

**Recordkeeping**

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

# APPENDIX D

## SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

*The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.*

**Resolution Constitutes Contract with Trustee and Bondholders**

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

**Definitions**

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

*Accreted Value*: for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

*Agency Hedge Payment*: a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement) ).

*Alternative Loan Fund*: The fund so designated in the RHFB Resolution that is maintained pursuant to Section 4.12 of the RHFB Resolution.

*Bond Requirement*: as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

*Capital Accumulator Bond*: any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Current Interest Bond*: any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Debt Service Reserve Requirement*: as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

*Development*: a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

*Escrow Payment*: any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

*Expense Requirement*: such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

*Hedge Agreement*: a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

*Hedge Counterparty*: any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Hedge Counterparty Guarantee*: a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Housing Investment Fund*: The portion of the Alternative Loan Fund, designated by the Net Asset Requirements Resolution as Pool 2 (Housing Investment Fund).

*Interest Payment Date*: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

*Investment Obligation*: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States;

(iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

*Maximum Rate*: in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

*Mortgage*: a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

*Mortgage Loan*: a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

*Mortgagor*: a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency) .

*Net Asset Requirements Resolution*: Resolution No. MHFA 07-16 entitled "Resolution Amending Resolution No. MHFA 88-7 Regarding Net Asset Requirements and Investment Guidelines for General Reserve Account Assets" adopted April 26, 2007, as subsequently amended by Resolution No. MHFA 09-55 adopted September 24, 2009.

*Outstanding*: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

*Prepayment*: any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

*Principal Installment*: as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

*Program*: the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

*Rating*: with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

*Record Date*: for (i) payment of principal of and interest on the Bonds shall be the 15th day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

*Recovery Payment*: any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

*Redemption Price*: when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

*Revenues*: all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

*RHFB Resolution*: Resolution No. MHFA 95 82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76 32, adopted July 27, 1976, as amended), together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein.

*Sinking Fund Installment*: any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

*Sinking Fund Installment Date*: the date on which a Sinking Fund Installment is payable.

*Subordinate Mortgage Loan*: a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

*Variable Rate Bonds*: any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

**Authorization of Bonds**

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

**Other Obligations**

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

**Pledge of the Resolution**

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

**Custody and Application of Bond Proceeds**

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, moneys in the Housing Investment Fund or moneys otherwise available to the Agency for purposes of making Mortgage Loans, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

*Note Accounts*. Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer’s Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

*Project Account and Mortgage Loan Accounts*. Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer’s Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer’s Certificate as to each payment or withdrawal, stating:

(i) the name of the Mortgagor to, and Development for, which the payment is to be made;

(ii) the amount to be paid; and

(iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer’s Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

**Mortgage Provisions and Conditions**

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in “Program Covenants” herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

*Lien*. With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

*Title*. Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy; and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

*Participation*. The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

*Prepayments*. With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

(a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:

(i) the unpaid principal balance of the Mortgage Loan: plus

(ii) accrued interest to the date of the Prepayment; plus

(iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and

(b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

*Insurance and Escrow*. With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

(a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;

(b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and

(c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

*Disbursements*. Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

(a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

*Alienation*. Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

*Enforcement*. The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

(a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;

(b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;

(c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and

(d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

*Modification*. Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

*Sale*. The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

**Program Covenants—Revenue Covenant**

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

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

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

**Deposit of Revenues and Other Money**

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

(a) Revenues to the Revenue Fund:

(b) Prepayments and Recovery Payments to the Redemption Fund; and

(c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

**Revenue Fund**

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

(a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer's Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer's Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency's General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer's Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

**Bond Fund**

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

**Debt Service Reserve Fund**

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

**Expense Fund**

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer’s Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

**Redemption Fund**

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer’s Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer’s Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer’s Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

**Escrow Accounts**

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

**General Reserve Account**

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

**Investment and Deposit of Funds**

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

**Additional Bonds**

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it is has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

**Hedge Agreements**

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading “Revenue Fund” or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

**Amendments of the Bond Resolution**

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a “Supplemental Resolution”).

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

**Defeasance**

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

**Events of Default**

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

**Remedies**

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

# APPENDIX E

# BOOK-ENTRY-ONLY SYSTEM

## General

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

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

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

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

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

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

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

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

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

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriter as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

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

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

**Discontinuation of Book-Entry System**

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

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

# APPENDIX F

# FORM OF OPINION OF BOND COUNSEL

___________, 2024

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2024 Series H-1
2024 Series H-2

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the “Agency”) in connection with the authorization, issuance and delivery by the Agency of its Rental Housing Bonds, 2024 Series H-1, in the aggregate principal amount of $_______ (the “2024 Series H-1 Bonds”) and its Rental Housing Bonds, 2024 Series H-2, in the aggregate principal amount of $_______ (the “2024 Series H-2 Bonds” and, together with the 2024 Series H-1 Bonds, the “2024 Series H Bonds”), each series of which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2024 Series H Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2024 Series H Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency’s Bond Resolution adopted February 25, 1988, as amended and supplemented (the “Bond Resolution”), and the Series Resolution relating to the 2024 Series H Bonds adopted October 24, 2024 (the “Series Resolution”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2024 Series H Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2024 Series H Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2024 Series H Bonds are not a debt of the

State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2024 Series H Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; and (5) the interest payable on the 2024 Series H Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2024 Series H Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a “substantial user” of a development financed by such 2024 Series H Bond or a “related person” thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

Interest on the 2024 Series H Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2024 Series H Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2024 Series H Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2024 Series H Bonds. All owners of 2024 Series H Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2024 Series H Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2024 Series H Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2024 Series H Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2024 Series H Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

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MINNESOTA HOUSING

# Item: Commitment Bridge Loan (BL) and Funding Modification, Housing Infrastructure Bonds (HIB) - Mary Hall, D8341, St. Paul

**Action Item:** 7.D
**Date:** 10/24/2024
**Staff Contacts:** Ted Tulashie, 651.297.3119, ted.tulashie@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary:

At the January 27, 2022, Minnesota Housing board meeting, the proposed Mary Hall development was selected for a BL in an amount up to $3,729,000 in Resolution No. MHFA 22-011. At that same meeting, the development was selected for deferred funding up to $9,705,000 under the HIB program under Resolution No. MHFA 22-009, of which $7,222,000 was a permanent loan and $2,483,000 was a short-term loan. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed $1,345,000; and
2. Adoption of a resolution modifying the loans under the HIB program to increase the total loan to $13,910,000, of which the permanent loan will be a maximum of $11,150,000 and the short-term loan a maximum of $2,760,000.

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

## Fiscal Impact:

The BL will be funded from Housing Investment Fund (Pool 2) resources, and as such, Minnesota Housing will earn interest income on the loans 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:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments:

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

## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

| Project Information | | | | |
|---|---|---|---|---|
| **Development Name** | Mary Hall | | **D# 8341** | **M# 18973** |
| **Development City** | St. Paul | **Development County** | Ramsey | |
| **Developer** | Aeon Mary Hall Developer LLC | **Sponsor** | Aeon | |
| **Date of Selection** | January 27, 2022 | **Region** | Metro | |

#### A. Project Description and Population Served

Mary Hall involves the acquisition, adaptive reuse, and historic preservation of 88 zero- and one-bedroom units in a six-story elevator building. The project is in downtown St. Paul with a high concentration of amenities and services including a light rail station within a walking distance.

All 88 units will be permanent supportive housing and will be deeply affordable to households at 30% Multifamily Tax Subsidy Program (MTSP) incomes. Forty-four units will serve single adult households experiencing High Priority Homelessness (HPH) and 44 units will serve Other Homeless households as required by the HIB funding. Forty-six units will benefit from Housing Support assistance, 25 units will benefit from Project-based Section 8 rental assistance and 17 will benefit from HUD-Veterans Affairs Supportive Housing (VASH) vouchers.

#### B. Mortgagor Information

| | |
|---|---|
| **Ownership Entity** | Mary Hall LLLP |
| **Sponsor** | Aeon |
| **General Partner** | Aeon Mary Hall GP LLC |
| **Guarantor** | Aeon |

#### C. Development Team Capacity Review

Aeon is the developer with over 38 years of experience providing housing including permanent supportive housing for people experiencing homelessness and Aeon provides these services through its separate organization arm called Aeon Resident Connections. Additionally, RADIAS Health and the United States Department of Veterans Affairs (VA), each with extensive experience< will also provide supportive services to the tenants through a coordinated plan. Staff experience with Aeon is good and they are expected to have sufficient capacity to complete and operate this development.

Mina Adsit Architecture and Planning, P.C. is a woman-owned company. TRI-Construction is a Person of Color-owned entity working in partnership with Watson-Forsberg Co., the general contractor. All three entities are experienced working with Minnesota Housing and have the ability to successfully complete the project.

### D. Current Funding Request

| Loan Type | Source | Amount | IR | MIP | Term | Amort | Const. or End Loan |
|---|---|---|---|---|---|---|---|
| Bridge | Pool 2* | $1,345,000 | 5.625% | N/A | 24 months | N/A | Const Only |
| Deferred | HIB | $13,910,000** | 0.00% | N/A | 24 months (const) + 30 yrs | N/A | Constr. to Perm |

*The Bridge Loan shall be funded from Pool 2 or other Agency resources.

**The total HIB loan shall be $13,910,000, of which not less than $2,760,000 shall be repaid no later than April 1, 2026 resulting in a permanent loan up to $11,150,000.

The HIB loan is structured as tax-exempt private activity bonds to qualify the project for 4% Housing Tax Credits (HTCs), which are anticipated to generate approximately $7,100,000 of HTC syndication proceeds. The long-term HIB loan will have a 30-year term. The development will be subject to a 50 year Land Use Restrictive Agreement (LURA) associated with the HTCs.

### E. Significant Changes Since Date of Selection

Since being selected for funding in the 2021 Consolidated RFP, the project experienced a significant funding gap of nearly $14.8 million of which approximately $7.89 million is attributable to an increased scope of work and higher construction bids. After the selection, the state historic tax credit legislation expired, which caused a delay until the legislature re-established the state historic tax credit program in the following legislative session.

In addition, the intended supportive service provider declined to move forward with the project resulting in a substantial loss in service and operations resources for Mary Hall necessitating an operating reserve of over $7 million for the project to remain viable during the compliance period. RADIAS Health, United States Department of Veterans Affairs (VA) and Aeon will each be service providers for residents at Mary Hall but do not bring the service funding that would have been available under the originally intended provider. As a result, the operating budget was adjusted to pay for front desk and security staff and tenant service coordination beyond what can be supported by the normal operations of the project. The reserve is sized to fund the operating deficit that the project is projected to experience on a proforma basis over the 15-year compliance period. The reserve will be held by Minnesota Housing.

The funding gap was largely offset with increased HTC equity proceeds and additional $4.3 million loan from Ramsey County and $2.1 million loan from the City of St. Paul. Staff recommends an $3,928,000 increase to the permanent HIB loan to fill the remaining gap.

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

### A. Project Uses and Change Since Selection

| Description | Amount at Selection | Current Amount | Change | % Change |
|---|---|---|---|---|
| Acquisition | $ 1,010,000 | $ 1,010,000 | $ 0 | 0% |
| Construction Costs | $ 13,974,018 | $ 22,004,880 | $ 8,030,861 | 57% |
| Environmental Abatement | $ 140,360 | $ 0 | $ (140,360) | (100%) |
| Professional Fees | $ 1,087,337 | $ 1,294,486 | $ 207,149 | 19% |
| Developer Fee | $ 1,881,000 | $ 1,881,000 | $ 0 | 0% |
| Syndication Fees | $ 0 | $ 64,500 | $ 64,500 | 100% |
| Financing Costs | $ 455,804 | $ 508,886 | $ 53,082 | 12% |
| Reserves | $ 1,447,096 | $ 7,902,689 | $ 6,455,593 | 446% |
| **Total Development Costs** | **$ 19,995,615** | **$ 34,666,440** | **$ 14,670,825** | **73%** |

### B. Permanent Capital Sources and Changes Since Selection

| Description | Amount at Selection | Current Amount | Change | % Change |
|---|---|---|---|---|
| General Partner Cash | $ 100 | $ 100 | $ 0 | 0% |
| Syndication Proceeds | $ 5,278,694 | $ 7,099,391 | $ 1,820,697 | 34% |
| State Historic Proceeds | $ 2,993,063 | $ 4,576,419 | $ 1,583,356 | 53% |
| Federal Historic Proceeds | $ 2,993,063 | $ 3,954,306 | $ 961,243 | 32% |
| Sales Tax Rebate | $ 170,000 | $ 170,000 | $ 0 | 0% |
| Energy Rebates | $ 50,000 | $ 50,000 | $ 0 | 0% |
| Housing Infrastructure Bonds | $ 7,222,000 | $ 11,150,000 | $ 3,928,000 | 54% |
| Met Council- Local Housing Incentives Account | $ 1,159,000 | $ 1,159,000 | $ 0 | 0% |
| City of St. Paul-Pooled Tax Increment Financing | $ 0 | $ 2,159,382 | $ 2,159,382 | New |
| Ramsey County General Obligation Bonds | $ 0 | $ 1,485,310 | $ 1,485,310 | New |

| Description | Amount at Selection | Current Amount | Change | % Change |
|---|---|---|---|---|
| Ramsey County American Rescue Plan Act | $ 0 | $ 2,390,936 | $ 2,390,936 | New |
| Ramsey County Housing Redevelopment Agency Levy | $ 0 | $ 435,132 | $ 435,132 | New |
| Solar Investment Tax Credit | $ 0 | $ 36,464 | $ 36,464 | New |
| Funding Gap | $ 129,695 | $ 0 | $ -129,695 | -100% |
| **Total Permanent Sources** | **$ 19,995,615** | **$ 34,666,440** | **$ 14,670,825** | **73%** |

### C. Financing Structure

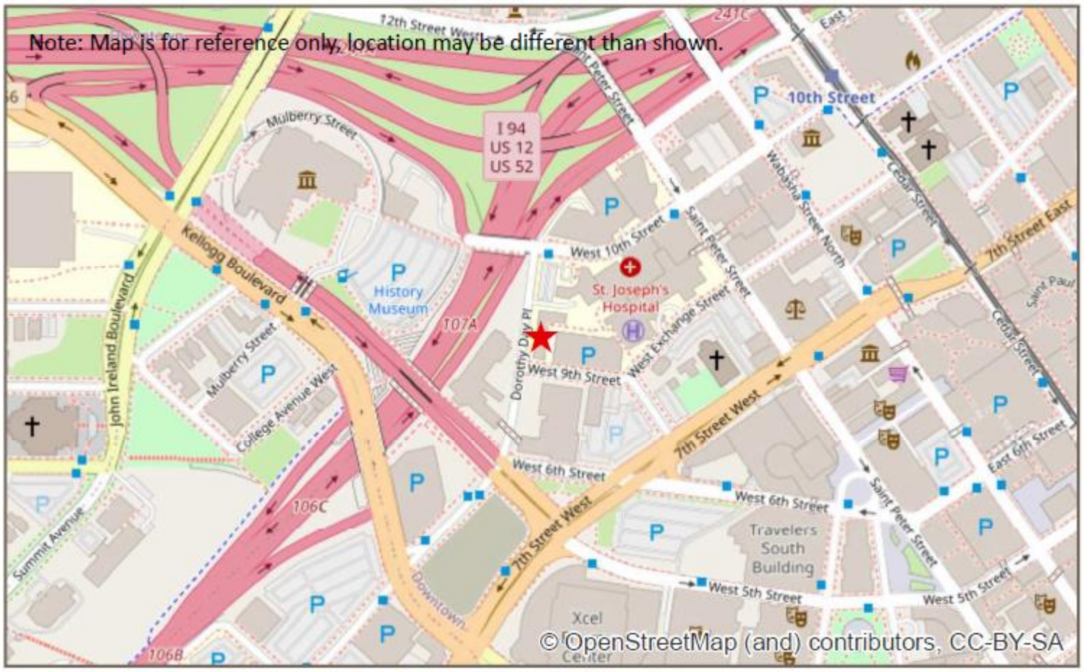
The project also includes federal and state historic tax credit proceeds. The federal historic tax credits will be syndicated along with the HTCs by Enterprise Housing Credit investments, LLC. The state historic tax credits will be converted to a loan from Rethos, a 501(c)(3) organization who partners to advance historic preservation, including providing financing for historic tax credits. The loan will be paid in five installments over a five year period after completion of the rehabilitation.

## 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.
    - The budgeted total development cost (TDC) per unit of $393,907 is 17% less than the predictive cost model estimate of $477,363, and therefore no board action is necessary.

## Map of 438 Dorothy Day Place, St. Paul MN




## Picture of 438 Dorothy Day Place, St. Paul MN

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

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT**
**BRIDGE LOAN (BL) PROGRAM**

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

| | |
|---|---|
| Name of Development: | Mary Hall |
| Sponsors: | Aeon |
| Guarantors: | Aeon |
| Location of Development: | Saint Paul, MN |
| Number of Units: | 88 |
| Amount of BL (not to exceed) | $1,345,000 |

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the acquisition and rehabilitation 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 construction 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 March 31, 2025 and
2. The amount of the BL shall not exceed $1,345,000; and
3. The interest rate on the BL will be 5.625% paid monthly, and the principal will be due in a balloon payment no more than 24 months after closing; and

4. The BL commitment shall be entered into on or before March 31, 2025 and shall have a six-month term; 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. Sponsor 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. Sponsor 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 24th day of October 2024

____________________________________

CHAIR

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

**RESOLUTION NO. MHFA 24-XXX**
**Modifying Resolution No. MHFA 22-009**

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

WHEREAS, the Board has previously authorized a commitment for the Mary Hall development by its Resolution No. MHFA 22-009; and

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

WHEREAS, under Board Delegation No. 009, the Mortgage Credit Committee on September 20, 2023, extended the commitment by twelve months, and on September 18, 2024 by an additional twelve months, and the commitment now expires September 25, 2025; and

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

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

**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 loan shall not exceed $13,910,000, of which up to $11,150,000 will be structured as a long-term loan and up to $2,760,000 will be structured as a short-term loan with payment due no later than April 1, 2026; and

2. All other terms and conditions of Resolution No. MHFA 22-009 remain in effect.

Adopted this 24th day of October 2024

______________________________________

CHAIR

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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

October 10, 2024

Mary Hall LLLP
C/O Aeon
901 North 3rd Street, Suite 150
Minneapolis, MN 55401

RE: Term Letter
Mary Hall, St. Paul
Development #D8341, Project #M18973

Dear Carolyn Horton:

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: Mary Hall LLLP |
| **General Partner:** | Aeon Mary Hall GP LLC |
| **Development Description/Purpose:** | Acquisition and rehabilitation of an 88-unit affordable housing development located in St. Paul, Minnesota |

**Minnesota Housing Loan Type/Terms**

| Program | Bridge Loan (Not bond funded) | Housing Infrastructure Bond (HIB) |
|---|---|---|
| Loan Amount | $ 1,345,000 | $ 13,910,000 |
| Interest Rate | 5.625% * | 0% |
| Mortgage Insurance Premium (%) | Not Applicable | Not Applicable |
| Term | Approximately 24 months | Approx. 24 months (construction) + 30 years |
| Amortization / Repayment | Interest only during term based on the outstanding principal balance of the loan | Deferred lump sum payment due in approx. 24months (construction) + 30 years. |
| Prepayment Provision | Prepay at any time without penalty. | A partial repayment of $2,760,000 shall be made no later 24 months from closing.** Prepay at any time with prior written approval |
| Nonrecourse or Recourse | Recourse | Nonrecourse |
| Construction to Permanent Loan, Construction Bridge Loan or End Loan | Construction Bridge Loan | Construction to Permanent Loan |
| Lien Priority | First Position | First Position (Second during construction period) |

*Interest Rate is dependent upon closing not later than March 31, 2025.
**No later than April 1, 2026

**Origination Fees:**
- Nonbond-funded Bridge Loan: $6,725
- HIB Loan: $94,550

(payable at the earlier of loan commitment or loan closing)

**Construction Oversight Fee:** $50,011 (payable at the earlier of loan commitment or loan closing)

**Guarantee / Guarantor(s):**
- Bridge Loan: Completion, Repayment and Operations Guarantee from Aeon

**Operating Cost Reserve Account:** Capitalized operating reserve (#1) in the amount of $682,136 funded after construction completion anticipated from 3rd equity installment. The operating reserve will be held by Minnesota Housing.

**Operating Reserve** Capitalized operating reserve (#2) in the amount of $7,194,651 funded in installments from a combination of Housing Tax Credit, Federal Historic Tax Credit equity and Rethos Minnesota

| | |
|---|---|
| | Historic Tax Credit loan. The pay-in structure will be identified in the limited partnership agreement and the Rethos loan document. The operating reserve will be held by Minnesota Housing. |
| **Replacement Reserve Account:** | Capitalized replacement reserve in the amount of $25,902 funded at after construction completion from 3rd equity installment.<br><br>Monthly replacement reserve deposits will be required in the amount of $3,300. The replacement reserve will be held by Minnesota Housing. |
| **Escrows:** | Not Applicable |
| **Collateral/Security:** | Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment. |
| **Rent and Income Requirements:** | Housing Infrastructure Bonds - SH Homeless<br>• 88 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.<br>• Commitment to construction period plus 50 years of affordability from the date of loan closing. |
| **HAP or Other Subsidy Agreement:** | Commitment to construction period plus 10 years of affordability from the date of loan closing under the Housing Support Program for 44 units. |
| **Other Occupancy Requirements:** | Permanent Supportive Housing – Homeless<br>• 44 units High Priority Homeless (HPH) single adults<br>• 44 units Other Homeless Households under the HIB program |
| **Other Requirements:** | The HIB loan is subject to the terms in the attached Deferred 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 March 31, 2025 from the date of this letter or loan closing/end loan commitment. |
| **Additional Terms:** | Not Applicable |
| **Other Conditions:** | Not Applicable |
| **Board Approval:** | Commitment of the loans are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans. |
| **Not a Binding Contract:** | This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter. |

Please sign this letter and return 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 Ted Tulashie at ted.tulashie@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:**

MARY HALL LLLP

By:
________________________________________

Carolyn Horton, Treasurer and Vice President of
Mary Hall GP LLC

Date Accepted: ________________________

MINNESOTA HOUSING

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

**Project Name:** Mary Hall

**Project City:** Saint Paul

**Property Number (D#):** D1579

**Project Number:** M18973

### Deeper Rent Targeting A

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) | |
|---|---|---|---|
| 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 | 2 |

**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

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) | |
|---|---|---|---|
| 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 | 32 |

**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) | |
|---|---|---|---|---|---|
| 50% to 100% of the total units, but no fewer than 20 units | 30 | 50% to 100% of the total units, but no fewer than 20 units | 30 | Number of Single Adult Units | 44 |

**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.

## People with Disabilities – Tier 1

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points | Number of Units (Agency Validated) | |
|---|---|---|---|---|---|
| 15% to 25% of the total units, but no fewer than 6 units | 10 | | 0 | Number of Units | 0 |

**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/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 the loan/extended use period (Declaration of Land Use Restrictive Covenants).

The units must be set aside and rented to persons with 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 loan 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 | Number of Units | 44 |

**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 (FRRA)

| 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 | 5 | 25.1% to 50% of the total units | 5 | Number of Units | 44 |

**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 | 8 | | 0 | Number of Units | 0 |

**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.

### Long Term Affordability

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Long-term affordability for a minimum of 50 years | 9 | Long-term affordability for a minimum of 50 years | 9 |

**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.

### 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 | 6 | Top Job Center or Net Five Year Job Growth Community | 6 |

**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 half mile of a planned or existing LRT, BRT, or commuter rail station | 7 | One half mile of a planned or existing LRT, BRT, or commuter rail station | 7 |

**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 |
|---|---|---|---|
| Walk Score of 80 or more | 2 | Walk Score of 80 or more | 2 |

**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 | 3 | Contributes to active implementation of a Community Development Initiative | 3 |

**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 |
|---|---|---|---|
| **Ownership:**<br>One entity is a BIPOCBE/WBE<br>**Partnership:**<br>Partnership with a BIPOCBE/WBE entity with the goal of building the entity’s capacity | 5 | **Ownership:**<br>One entity is a BIPOCBE/WBE<br>**Partnership:**<br>Partnership with a BIPOCBE/WBE entity with the goal of building the entity’s capacity | 5 |

**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 |
|---|---|---|---|
| 10.51% or more of funding secured | 16 | 10.51% or more of funding secured | 16 |

**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 |
|---|---|---|---|
| 15.1 to 20% | 3 | 15.1 to 20% | 3 |

**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.

### Smoke Free Building

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Smoke Free Buildings | 1 | Smoke Free Buildings | 1 |

**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 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods | 1 | | 0 |

**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:** | 119 | **Total Agency Awarded:** | 100 |

MINNESOTA HOUSING

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

**Project Name:** Mary Hall

**Project City:** Saint Paul

**Property Number (D#):** D8341

**Project Number:** M18973

## Deeper Rent Targeting A

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) | |
|---|---|---|---|
| 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 | 2 |

**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

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) | |
|---|---|---|---|
| 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 | 3 |

**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.

## Permanent Supportive Housing for High Priority Homeless

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points | Number of Units (Agency Validated) | |
|---|---|---|---|---|---|
| 50% to 100% of the total units, but no fewer than 20 units | 30 | 50% to 100% of the total units, but no fewer than 20 units | 30 | Number of Single Adult Units | 44 |

**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.

## People with Disabilities – Tier 1

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points | Number of Units (Agency Validated) | |
|---|---|---|---|---|---|
| 15% to 25% of the total units, but no fewer than 6 units | 10 | | 0 | Number of Units | 0 |

**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/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 the loan/extended use period (Declaration of Land Use Restrictive Covenants).

The units must be set aside and rented to persons with 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 loan 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 | Number of Units | 44 |

**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 (FRRA)

| 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 | 5 | 25.1% to 50% of the total units | 5 | Number of Units | 44 |

**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 | 8 | | 0 | Number of Units | 0 |

**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.

## Long Term Affordability

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Long-term affordability for a minimum of 50 years | 9 | Long-term affordability for a minimum of 50 years | 9 |

**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.

## 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 | 6 | Top Job Center or Net Five Year Job Growth Community | 6 |

**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 half mile of a planned or existing LRT, BRT, or commuter rail station | 7 | One half mile of a planned or existing LRT, BRT, or commuter rail station | 7 |

**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 |
|---|---|---|---|
| Walk Score of 80 or more | 2 | Walk Score of 80 or more | 2 |

**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 | 3 | Contributes to active implementation of a Community Development Initiative | 3 |

**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 |
|---|---|---|---|
| **Ownership:** One entity is a BIPOCBE/WBE **Partnership:** Partnership with a BIPOCBE/WBE entity with the goal of building the entity's capacity | 5 | **Ownership:** One entity is a BIPOCBE/WBE **Partnership:** Partnership with a BIPOCBE/WBE entity with the goal of building the entity's capacity | 5 |

**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 |
|---|---|---|---|
| 10.51% or more of funding secured | 16 | 10.51% or more of funding secured | 16 |

**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 |
|---|---|---|---|
| 15.1 to 20% | 3 | 15.1 to 20% | 3 |

**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.

## Smoke Free Building

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Smoke Free Buildings | 1 | Smoke Free Buildings | 1 |

**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 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods | 1 | | 0 |

**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:** | 119 | **Total Agency Awarded:** | 100 |

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# Item: Housing Support Changes and Supportive Housing

**Discussion Item:** 8.A
**Date:** 10/24/2024
**Staff Contacts:** Rinal Ray, 651.296.3789, Rinal.Ray@state.mn.us
Vicki Farden, 651.296.8125, Vicki.Farden@state.mn.us
Sarah Broich, 651.296.8207, Sarah.Broich@state.mn.us
**Request Type:** No Action, Discussion

## Request Summary

The purpose of this agenda item is to give the board a brief overview of recent changes to the Housing Support program and potential implications for supportive housing residents and providers in Minnesota Housing's portfolio.

## Fiscal Impact

None.

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Department of Human Services Summary on Housing Support

## Background

Housing Support is an income support utilized in supportive housing for persons with low incomes and with a disabling condition or age 65 and older. It is administered by the Department of Human Services and funded by the state of Minnesota. Housing Support is the most frequently used resource to subsidize rents for High Priority Homeless (HPH) and People With Disabilities (PWD) units in Minnesota Housing's supportive housing portfolio.

Over the last four years, properties selected through the Multifamily Consolidated RFP for capital funding indicated a plan to use Housing Support in 50-70% of the supportive housing units. Currently, the Homeless Management Information System (HMIS) shows at least 49% of households in permanent supportive housing with Housing Support as their rental assistance source.

Housing Support is used to pay room and board costs such as rent, utilities, household items and ensures the provision food at a current rate of $1220 per month for enrolled individuals. A supplemental service rate of $494.91 per month is also available to providers that serve individuals who are long-term homeless (without a permanent place to live continuously for a year or more or at least four times in the past three years). A small number of providers receive an enhanced service rate through specific legislative authority at $700 per month. Individuals contribute a portion of their income for the benefit (client obligation) which is determined by the county, based on their unearned and earned income.

In order to be eligible for Housing Support, a person needs to:

- have verification of Long-Term Homeless status,
- have low income and assets,
- have a disabling condition,
- live in a supportive housing unit with a provider that has a Housing Support agreement with the county or Tribe, and
- live in a housing unit that meets the Housing Support habitability standards.

## Change to Countable Income

Prior to October 1, 2024, individuals with unearned income only kept a personal needs allowance of $125 per month from their income. Unearned income is an income category in state law that groups together income not related to employment activity. It includes for example, Supplemental Security Income (SSI), Social Security Disability Income (SSDI), Retirement, Survivor, Disability Income (RSDI) and Veteran's benefits. The balance of the income, after the personal needs allowance, was used to pay for the Housing Support benefit as the client obligation.

The 2023 Minnesota Legislature changed the definition of countable income for Housing Support supportive housing locations only, including most scattered site and site-based supportive housing. The change does not apply to other group residential settings. The new definition changes the way Housing

Support payments are calculated for impacted recipients and will decrease the client obligation paid toward their housing costs.

Starting October 1, 2024, Housing Support recipients with unearned income (not from employment) will only pay 30% of their countable unearned income for the Housing Support benefit. This changes the way the client obligation for Housing Support is calculated for impacted recipients and will decrease the client obligation amount.

This change will allow supportive housing residents with unearned income to keep more of their money. For example, if someone received SSI benefits at $943 per month, prior to October 1, 2024, they would only have kept $125 per month of their total counted income. Now, with a 30% client obligation of $267 (after any income reductions), they will retain $622 per month. That's a difference of $497 per month or nearly $6000 per year.

There is no change to the Housing Support benefit amount or the total rent payment to the housing provider. This legislative change came after years of advocacy by people who have been Housing Support recipients and the provider community.

### Potential Impact

We have high hopes for beneficial impacts of this shift for supportive housing. And as this change is new, we do not yet fully understand its impact on supportive housing residents, providers and the ecosystem.

Prior to the change, the supportive housing team learned from partners that some people in need of supportive housing would decline a housing unit that used Housing Support to pay for the housing costs. They declined because they would only be able to keep $125 of their unearned income each month. Alternatively, if a person with no income or who received only General Assistance was already living in supportive housing and they started to receive SSI benefits, they might make a choice to exit Housing Support to keep more of their income. In some situations, this led to residents not paying their client obligation and risking the loss of their housing.

This change lowers a barrier for people in obtaining and maintaining housing stability. The ability to retain and direct income enables self-determination and resident agency to use their dollars in the ways that best support their household stability. That could be food, child-related expenses, transportation options that could enable connection, health care, employment or goods like proper winter gear.

It is also a positive for providers in utilizing Housing Support for supportive housing. It could mean that supportive housing developments in suburban and exurban areas may become more attractive to a potential resident. It could also mean increased rental stability and fewer vacancies for supportive housing providers and might contribute to stabilizing the sector.

The supportive housing team will track the changes and impacts as the change is implemented.

DEPARTMENT OF HUMAN SERVICES

## Housing Support: Countable Income changes in Supportive Housing Settings

The 2023 Minnesota Legislature changed the definition of countable income for Housing Support community-based ***supportive housing*** locations only. Starting 10/1/2024, impacted Housing Support recipients will pay 30% of their countable **Unearned Income** toward their housing costs. This changes the way Housing Support payments are calculated for impacted recipients and will *decrease* the **client obligation** paid toward their housing costs.

- The calculation change is available to Housing Support applicants and recipients who:
  - Have countable **Unearned Income**, and
  - Live in a Housing Support community-based **supportive housing** location.
- **Unearned Income** is an income category in state law that groups together income not related to employment activity. For most people, that means receipt of SSI (Supplemental Security Income), RSDI (Retirement, Survivors, and Disability Insurance), or Veteran's benefits. See Minn. Stat. 256P.06, Subd. 3, clause 2 for a list of all included Unearned Income types.
- **Supportive housing** locations are non-assisted living settings where people have a lease in permanent housing. These locations are defined by the provider's Housing Support agreement with a county or Tribe and have specific coding in DHS payment systems. Eligibility workers use that coding to ensure the location is eligible for the new payment calculation.
- This change applies only to scattered-site and site-based supportive housing locations (except for Metro Demo program), including Integrated Community Supports settings. This change does *not* apply to licensed Housing Support settings like Board and Lodging, Adult Foster Care, Assisted Living, and Community Residential Settings.
- Countable income for impacted cases will be re-calculated in September 2024. Each person whose case is re-calculated will receive a notice advising them of a decrease in their client obligation for October 2024 and ongoing.
- The Housing Support team is hosting a recorded webinar on **8/27/2024 from 10-11 am** to review this change. **Register here** or go to *https://tinyurl.com/3fbcarem*
- **Please see next page for examples of what the new calculation will look like as of 10/1/24.**

# Unearned Income in Supportive Housing Settings

## Example Housing Support Client Obligation Calculations

### *SSI Income in supportive housing settings - working and not working*

| Payment Calculation Factors | TODAY | 10/1 forward |
|---|---|---|
| SSI Federal Benefit Rate (FBR) | 943 | 943 |
| Personal Needs Allowance | -125 | n/a |
| Income Reduction (Rep Payee, etc.) | -54 | -54 |
| Total Counted Income | 764 | 889 |
| Client Obligation | 764 | 267 |
| Remaining for recipient | 125 | 622 |

### *Non-SSI Unearned Income in supportive housing settings – working and not working*

| | Not Working | | Working | |
|---|---|---|---|---|
| **Payment Calculation Factors** | **TODAY** | **10/1 forward** | **TODAY** | **10/1 forward** |
| All countable Non-SSI Unearned Income | 1100 | 1100 | 1100 | 1100 |
| Personal Needs Allowance | -125 | 0 | -125 | 0 |
| Income Reduction (Rep Payee, etc.) | -54 | -54 | 0 | 0 |
| *Gross* Earned Income | 0 | 0 | 500 | 500 |
| *Counted* Earned Income | 0 | 0 | 218 | 500 |
| Total Counted Income | 921 | 1046 | 1193 | 1600 |
| Client Obligation | 921 | 314 | 1193 | 480 |
| Remaining for recipient | **125** | **732** | **408** | **1120** |

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MINNESOTA HOUSING

## Item: Post Sale Report, Residential Housing Finance Bonds, Series 2024 OPQ

| | |
|---|---|
| **Information Item:** | 9.A |
| **Date:** | 10/24/2024 |
| **Staff Contacts:** | Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us<br>Debbi Larson, 651.296.8183, debbi.larson@state.mn.us<br>Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us |
| **Request Type:** | No Action, Information |

## Request Summary:

The Agency priced $225,000,000 of its Series 2024 OPQ Residential Housing Finance Bonds on July 30, 2024. Series O are tax-exempt bonds while Series P and Q are taxable bond issues. Series O and P are fixed rate bonds while Series Q are variable rate bonds. All series closed August 29, 2024. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

## Fiscal Impact:

None.

## Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

## Attachments:

- Post-Sale Report

CSG | ADVISORS

**$225,000,000**
**Minnesota Housing Finance Agency**
**Residential Housing Finance Bonds**
**$75,000,000 2024 Series O (Non-AMT)**
**$110,000,000 2024 Series P (Taxable)**
**$40,000,000 2024 Series Q (Variable-Rate, Taxable)**

# POST-SALE ANALYSIS

## *KEY RESULTS FOR MINNESOTA HOUSING*

***Purpose.*** 2024 Series OPQ accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Start Up first mortgages on the balance sheet and earn net annual income over future years.

2. Used taxable debt for 66.7% of the issue, together with 2021 carryforward volume cap and recycled cap from loan prepayments, so that the Agency did not need to use any current-year volume cap in the issue.

3. Achieved a direct spread on the bond issue of 1.69%, with overall yield projected to be approximately 5.09%. There was no hedge gain or loss associated with the issue.

***Key Measurable Objectives and Accomplishments.*** This issue was very successful despite a volatile market environment.

| *Objective* | *Result* |
|---|---|
| Finance new production on balance sheet | $214.8 million of new Start Up first-mortgage loans in MBS securities and $11.25 million of 0% deferred payment loan second mortgages |
| Leverage private activity bond volume cap by efficiently incorporating taxable debt | Included $150 million of taxable bonds (Series P and Q) |
| Maximize spread on the overall transaction | Achieved a direct, and total effective, spread of 1.69% on the bond issue; there was no hedge gain or loss associated with the issue. |
| Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues | Neither created nor used zero participations; the Agency has approximately $24 million of zeros available to help achieve full spread on future issues |
| Achieve cost-effective bond yield | Overall bond yield is projected to be approximately 5.09% |
| Create future income streams that will support Pool 3 | Increased indenture's expected net present value by approximately $15.95 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 Tuesday, July 30th.

***Sizing.*** The issue was sized to fund pipeline lending.

### *Major Design Decisions*

1. **Efficiently leverage volume cap.** To help preserve volume cap at a time when loan prepayments (and thus the ability to recycle past volume cap) have decreased significantly, the Agency structured 66.7% of the issue ($150 million) as taxable debt. The Agency utilized approximately $74.54 million in carryforward volume cap from 2021 and did not use any current-year volume cap.

2. **Finance deferred payment loans.** To help fund deferred payment loans from resources outside Pool 3, the issue included $11.25 million of such loans. Because they have a 0% interest rate and are deferred until sale or refinancing, these loans reduced the net spread and net income earned by the indenture on this issue.

3. **Issue variable-rate debt.** To finance Start Up and 0% deferred payment loans at or above full spread with so much taxable debt and so little volume cap, the Agency issued $40 million of taxable bonds (17.7% of the entire issue) as variable-rate demand bonds (Series Q). In the RHFB indenture, the total amount of variable-rate debt remains about 19%, well below the 30% of total indenture bonds outstanding often used as a benchmark for comparisons among HFAs and presentations to rating agencies.

4. **Appropriately hedge the variable-rate debt.** For the $40 million of variable-rate Series Q bonds, the Agency entered into an interest rate swap with Bank of America (Aa2/A+) at a rate of 4.691%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on July 1, 2031.

5. **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 O.** The $75 million of tax-exempt (non-AMT) fixed-rate bonds were issued as planned amortization class (PAC) bonds due January 1, 2055.

2. **Series P.** The $110 million of taxable fixed-rate bonds included $24.65 million of serial maturities due between 2025 and 2035, as well as term bonds due in 2039 ($14.395 million), 2044 ($24.325 million), 2048 ($26.39 million), and 2051 ($20.24 million).

3. **Series Q.** The $40 million of taxable variable-rate demand bonds are covered by an initial 4-year standby bond purchase agreement from State Street Bank and Trust Company, assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 23 basis points (bps) per year.

## *SOCIAL BONDS*

The Series OPQ 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 the industry, provided this certification based on detailed information from Minnesota Housing on the income mix of borrowers.

## *BOND SALE RESULTS*

1. **Market Environment.** Throughout 2024, economic resilience and continued higher inflation reads have delayed potential Fed rate cuts. Such resilience is showing signs of relenting, including a recent slowdown in job growth and a rising unemployment rate, both of which fueled speculation of potential interest rate cuts in advance of and immediately following pricing for this bond issue. The 10-year Treasury yield was 4.15% on July 30th when 2024OPQ was priced, down from 4.39% on June 11th when 2024LMN priced. While the Fed held rates steady at its July 31st meeting, Chair Jerome Powell strongly signaled a possible rate reduction in September. This shift in monetary policy sent bond yields plummeting to a year-to-date low on Monday, August 5th, to 3.78%, following the 2024OPQ pricing (though they quickly reversed higher in the days to follow to near 4%).

2. **Tax-Exempt Term PAC Bonds (Non-AMT), 2024 Series O.** Institutional interest in the $75 million of Series O PAC bonds was especially strong with the 2055 maturity receiving 12 orders and being 6.6x oversubscribed. As a result, the preliminary pricing yield on the PAC bonds was reduced by 6 basis points.

3. **Taxable Serial and Term Bonds, 2024 Series P.** Institutional interest in the $110 million of Series P bonds was mixed with most serial maturities performing better than term maturities. The spreads on the 2026, 2027, 2028, 2031, and 2033 serial maturities (which were between 2.1x and 4.1x oversubscribed) were each reduced by 2 basis points. The spreads on the January 2029 and July 2029 maturities (which were more than 4x oversubscribed) were reduced 3 basis points and 4 basis points, respectively. The July 2025 and January 2035 serial maturities were undersubscribed, leading to underwriters purchasing $1.57 million of unsold balances, with no adjustment to yield.

   The 2044 and 2048 term bonds were undersubscribed, resulting in a 10-basis point increase in spread and underwriters purchasing unsold balances. Additionally, the 2049 sinking funds were moved to the 2051 maturity, and the spread on that maturity increased by 10 basis points.

4. **Comparable Transactions**

   ***Tax-Exempt Term and PAC Bonds (Non-AMT), 2024 Series O.*** For the tax-exempt PAC bonds, the most comparable offerings were Illinois (on 7/30), Pennsylvania (on 7/24), and Alabama and Utah (both on 7/23). Minnesota's PAC bonds priced 113 basis points over the 6-year Treasury—notably pricing more favorably than the AAA-rated Illinois and Alabama issuances. Minnesota's pricing compared to these other issues as follows:
   - 8 bps tighter than Utah (+121 to 6-year)
   - 7 bps tighter than Alabama (+120 to 5.5-year)
   - 5 bps tighter than Illinois (+118 to 5-year)
   - 2 bps tighter than Pennsylvania (+115 to 5-year)

***Taxable Serial and Term Bonds, 2024 Series P.*** The most comparable taxable offerings were Illinois (on 7/30), Pennsylvania (on 7/24), Indiana (on 7/23), and Utah (on 7/23). Depending on maturity, spreads to treasuries for Minnesota's serial maturities were generally 2-10 basis points tighter than Illinois and Pennsylvania, 2-7 basis points tighter than Utah, and comparable to (AAA-rated) Indiana.

On the term maturities, Minnesota's pricing compared to these other issues as follows—

- 2039 Maturity*:*
  - 5 bps tighter than Illinois
  - 3 bps tighter than Pennsylvania
  - 2 bps tighter than Utah
  - 4 bps *wider* than Indiana
- 2044 Maturity:
  - 5 bps wider than Utah
  - 7 bps wider than Pennsylvania
  - 13 bps wider than Indiana
- 2048 Maturity:
  - 8 bps wider than Indiana
- 2051 Maturity: No comparable maturities

## *UNDERWRITING*

***Underwriters.*** RBC was senior manager. Morgan Stanley, Piper Sandler, and Wells Fargo served as regular co-managers, while Northland Securities was included as a co-manager based on its sales performance on the 2024LMN issue. As the only tax-exempt bonds in this issue were PAC bonds, a selling group for retail orders was not included.

***Sales by Underwriter.*** RBC brought in all $496.5 million of institutional orders on the $75 million of Series O tax-exempt PAC bonds. Of the $138.99 million of institutional orders for the $110 million of taxable bonds (Series P), RBC brought in $106.5 million, Northland brought in $25.135 million, and Piper Sandler brought in $7.355 million. RBC filled the only retail order in the amount of $850K. In light of strong performance on this issue, Northland will continue as rotating co-manager for the next RHFB bond issue.

***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.*** In advance of the pricing for Series 2024 OPQ, data releases showed continued progress toward the Federal Reserve's annual inflation target of 2%, but with continued strong economic growth, the Fed had continued to defer its long-expected rate cut (which has since occurred).

***Treasuries.*** At market close on July 30th, the day of bond pricing for Series OPQ, the 10-year Treasury yield was 4.15%, down from 4.39% when Series LMN priced in early June. The yield curve remained inverted as exhibited by a 2-year Treasury yield of 4.35%, 20 bps higher than the 10-year. In fact, the 2-year Treasury rate has generally exceeded the 10-year rate since July of 2022. Such inversions have in the past been precursors to, and reflected investors' expectations of, future recession. However, as mentioned above, a recession has yet to materialize, and expectations for a long sought-after "soft-landing" are increasing.

***Municipals.*** In 2023, the supply of new-issue municipal bonds was the lowest of the last 5 years at just $380 billion, though the amount of housing bonds issued was at a multiyear high. Interest rates reached highs not seen in more than a decade, creating more demand from investors while fewer bonds were available, thus resulting in lower MMD to Treasury ratios by the end of 2023. While outflows have continued from muni bond funds in 2024, municipal ETFs received periodic inflows, and there has been a much more favorable tone to investor demand in the muni market due to lower supplies of new bond issues as well as investors looking to reinvest recent bond redemptions. This has led to a favorable market for municipal issuers, as evidenced by strong MMD/Treasury ratios.

On July 30, 2024, the date of pricing for 2024OPQ, the 10-year MMD/Treasury ratio was 67.9%, compared to ratios in the 80% range in late 2022. This low MMD ratio, which has persisted since early 2023, continues a trend of markedly lower borrowing rates for issuers compared to taxable alternatives.

**TABLE 1: COMPARISON OF RATES IN RECENT MHFA SINGLE-FAMILY TRANSACTIONS**

| Issue | Date | 10-Year Treasury | 10-Year MMD | MMD/ Treasury | 30-Year Treasury | 30-Year MMD | MMD/ Treasury |
|---|---|---|---|---|---|---|---|
| *2022 RHFB AB* | 2/1/22 | 1.79% | 1.50% | 83.8% | 2.11% | 1.91% | 91.1% |
| *2022 RHFB CD* | 3/3/22 | 1.73% | 1.61% | 93.1% | 2.16% | 2.03% | 94.0% |
| *2022 RHFB EF* | 4/13/22 | 2.70% | 2.46% | 91.1% | 2.81% | 2.81% | 100.0% |
| *2022 RHFB GH* | 6/8/22 | 3.02% | 2.45% | 81.1% | 3.17% | 2.92% | 92.1% |
| *2022 RHFB IJK* | 9/13/22 | 3.42% | 2.81% | 82.1% | 3.51% | 3.62% | 103.1% |
| *2022 RHFB LMN* | 11/9/22 | 3.83% | 3.26% | 85.1% | 4.31% | 4.06% | 94.2% |
| *2023 RHFB ABC* | 2/7/23 | 3.68% | 2.23% | 60.6% | 3.71% | 3.24% | 87.3% |
| *2023 RHFB DE* | 4/19/23 | 3.60% | 2.36% | 65.6% | 3.79% | 3.40% | 89.7% |
| *2023 RHFB FG* | 6/18/23 | 3.72% | 2.57% | 69.1% | 3.84% | 3.50% | 91.1% |
| *2023 RHFB HI* | 6/29/23 | 3.85% | 2.56% | 66.5% | 3.90% | 3.49% | 89.5% |
| *2023 RHFB JK* | 7/27/23 | 4.01% | 2.52% | 62.8% | 4.06% | 3.51% | 86.5% |
| *2023 RHFB LM* | 8/23/23 | 4.19% | 2.95% | 70.4% | 4.27% | 3.91% | 91.6% |
| *2023 RHFB NOPQ* | 9/12/23 | 4.27% | 2.98% | 69.8% | 4.35% | 3.92% | 90.1% |
| *2023 RHFB RST* | 11/8/23 | 4.49% | 3.20% | 71.3% | 4.64% | 4.20% | 90.5% |
| *2023 RHFB UV* | 11/15/23 | 4.53% | 3.10% | 68.4% | 4.68% | 4.12% | 88.0% |
| *2024 RHFB ABC* | 1/23/24 | 4.14% | 2.46% | 59.4% | 4.38% | 3.61% | 82.4% |
| *2024 RHFB DE* | 3/11/24 | 4.10% | 2.40% | 58.5% | 4.26% | 3.57% | 83.8% |
| *2024 RHFB FGHI* | 4/9/24 | 4.36% | 2.65% | 60.8% | 4.50% | 3.81% | 84.7% |
| *2024 RHFB JK* | 5/16/24 | 4.38% | 2.75% | 62.8% | 4.52% | 3.76% | 83.2% |
| *2024 RHFB LMN* | 6/11/24 | 4.39% | 2.92% | 66.5% | 4.53% | 3.79% | 83.7% |
| *2024 RHFB OPQ* | 7/30/24 | 4.15% | 2.82% | 67.9% | 4.40% | 3.68% | 83.6% |
| **Change from *RHFB 2024 LMN*** | | **- 24 bps** | **-10 bps** | **+ 1.4%** | **- 13 bps** | **- 11 bps** | **- 0.1%** |

**NON-AMT SINGLE FAMILY HOUSING PAC BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA**

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 7/30/24 | | 7/30/24 | | 7/24/24 | | 7/23/24 | | 7/23/24 | | 7/16/24 | | 7/16/24 | |
| Amount | | $75,000,000 | | $66,665,000 | | $338,340,000 | | $75,000,000 | | $77,500,000 | | $230,000,000 | | $105,000,000 | |
| Issuer | | Minnesota HFA | | Illinois HDA | | Pennsylvania HFA | | Alabama HFA | | Utah HC | | Missouri HDC | | New Mexico MFA | |
| Series | | 2024 Series O | | 2024 Series E | | Series 2024-146A | | 2024 Series C | | 2024 Series G | | 2024 Series E | | 2024 Series E | |
| Program | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | |
| Rating(s) | | Aa1 / AA+ / - | | Aaa / - / - | | Aa1 / AA+ / - | | Aaa / - / - | | Aa2 / - / - | | - / AA+ / - | | Aaa / - / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | |
| Year | Maturity ('24 pricings) | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | |
| 1 | 2025 | | | 3.10 / 3.15 | +24 / +30 | | | 3.150 | +28 | 3.200 | +32 | 3.150 | +26 | 3.150 | +25 |
| 2 | 2026 | | | 3.20 / 3.20 | +35 / +37 | | | 3.20 / 3.20 | +35 / +37 | 3.25 / 3.25 | +40 / +40 | 3.20 / 3.20 | +31 / +35 | 3.20 / 3.25 | +31 / +39 |
| 3 | 2027 | | | 3.25 / 3.30 | +45 / +51 | | | 3.25 / 3.30 | +45 / +51 | 3.30 / 3.30 | +49 / +51 | 3.25 / 3.30 | +44 / +50 | 3.30 / 3.35 | +48 / +55 |
| 4 | 2028 | | | 3.35 / 3.375 | +57 / +61 | | | 3.375 / 3.375 | +60 / +61 | 3.45 / 3.45 | +67 / +67 | 3.40 / 3.40 | +60 / +60 | 3.40 / 3.40 | +60 / +60 |
| 5 | 2029 | | | 3.45 / 3.50 | +70 / +75 | | | 3.45 / 3.50 | +70 / +75 | 3.45 / 3.50 | +70 / +75 | 3.45 / 3.50 | +68 / +73 | 3.45 / 3.45 | +68 / +68 |
| 6 | 2030 | | | 3.55 / 3.60 | +78 / +83 | | | 3.55 / 3.60 | +78 / +83 | 3.55 / 3.60 | +78 / +83 | 3.55 / 3.60 | +78 / +83 | 3.55 / 3.60 | +78 / +83 |
| 7 | 2031 | | | 3.65 / 3.70 | +88 / +93 | | | 3.65 / 3.65 | +88 / +88 | 3.43* / 3.48* | +66 / +71 | 3.65 / 3.65 | +88 / +88 | 3.65 / 3.65 | +88 / +88 |
| 8 | 2032 | | | 3.75 / 3.80 | +98 / +103 | | | 3.70 / 3.80 | +93 / +103 | 3.53* / 3.57* | +76 / +80 | 3.70 / 3.80 | +93 / +103 | 3.70 / 3.80 | +93 / +103 |
| 9 | 2033 | | | 3.875 / 3.875 | +108 / +108 | | | 3.85 / 3.875 | +107 / +110 | 3.62* / 3.90 | +84 / +112 | 3.85 / 3.875 | +107 / +110 | 3.85 / 3.90 | +107 / +112 |
| 10 | 2034 | | | 3.90 / 3.90 | +108 / +108 | 3.875 | +108 | 3.90 / 3.90 | +112 / +112 | 3.95 / 3.95 | +117 / +117 | 3.90 / 3.90 | +112 / +112 | 3.90 / 3.90 | +112 / +112 |
| 11 | 2035 | | | 3.95 / 3.95 | +111 / +110 | 3.98 / 3.98 | +116 / +115 | 3.95 / 3.95 | +115 / +114 | 4.00 / 4.00 | +120 / +119 | 3.95 / 3.95 | +115 / +112 | 3.95 / 3.95 | +115 / +113 |
| 12 | 2036 | | | 4.00 / 4.00 | +113 / +110 | 4.00 / 4.00 | +115 / +112 | 4.00 / 4.00 | +117 / +114 | 4.05 / 4.05 | +122 / +121 | 4.00 / 4.00 | +117 / +114 | 4.00 / 4.00 | +117 / +115 |
| 13 | 2037 | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | |
| 15 | 2039 | | | 4.100 | +104 | 4.170 | +113 | 4.100 | +108 | 4.125 | +111 | 4.125 | +111 | 4.125 | +111 |
| 16 | 2040 | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | |
| 19 | 2043 | | | 4.450 | +110 | | | | | | | | | | |
| 20 | 2044 | | | | | 4.560 | +116 | 4.450 | +107 | 4.450 | +107 | 4.450 | +107 | 4.450 | +107 |
| 21 | 2045 | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | |
| 25 | 2049 | | | | | | | 4.625 | +105 | 4.625 | +105 | 4.600 | +102 | 4.600 | +102 |
| 26 | 2050 | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | 4.750 | +108 | | | | | | | | |
| 30 | 2054 | | | | | | | 4.700 | +104 | | | 4.700 | +104 | 4.700 | +104 |
| 31 | 2055 | | | | | | | | | 4.700 | +104 to 30yr | | | | |
| | | | | | | | | | | | | | | | |
| PAC | | 6.25C/3.90Y | +113 to 6yr | 6.25C/3.93Y | +118 to 5yr | 6.25C/3.90Y | +115 to 5yr | 5.75C/3.97Y | +120 to 5.5yr | 6.25C/3.98Y | +121 to 6yr | 6.00C/3.98Y | +121 to 6yr | 6.00C/3.97Y | +120 to 5.6yr |
| | | | | | | | | | | | | | | | |
| Notes | | 1/55 PAC bond has 6.25% coupon priced at 112.18 to yield 3.90% and has an average life of 6 years from 75-500% PSA | | 10/55 PAC bond has 6.25% coupon priced at 110.264 to yield 3.93% and has an average life of 5 years from 75-400% PSA | | * 4/35-10/36 4% cpns; 10/39 4.125% cpn; 10/44 4.50% cpn; 10/54 PAC 6.25% cpn at 110.424 to yield 3.90% w/5 yr avg life 50-500% PSA | | 4/55 PAC bond has 5.75% coupon priced at 108.528 to yield 3.97% and has an average life of 5.5 years from 75-400% PSA | | * 1/31-1/33 are 5% coupons (lock-out); 7/55 PAC is 6.25% coupon at 111.703 to yield 3.98% w/6 yr avg life 100-400% PSA | | 5/55 PAC bond has 6% coupon priced at 110.324 to yield 3.98% and has an average life of 6 years from 75-400% PSA | | 3/55 PAC bond has 6% coupon priced at 109.938 to yield 3.97% and has an average life of 5.6 years from 75-400% PSA | |
| Maturity Dates | | 1/1/55 PAC only | | 4/1 and 10/1 | | 10/1 and 4/1 | | 10/1 and 4/1 | | 7/1 and 1/1 | | 11/1 and 5/1 | | 9/1 and 3/1 | |
| Call Provisions | | 1/1/33 at par | | 4/1/33 at par | | 10/1/33 at par/+adj PAC | | 4/1/33 at par/101.144 PAC | | 1/1/33 at par/104.341 PAC | | 5/1/33 at par/103.465 PAC | | 3/1/33 at par/102.435 PAC | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | |
| Sr Manager | | RBC Capital Markets | | Raymond James | | BofA | | Raymond James | | Jefferies | | Raymond James | | RBC Capital Markets | |

## NON-AMT SINGLE FAMILY HOUSING PAC BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

| Pricing Date | | 7/16/24 | | 7/10/24 | | 7/10/24 | | 7/10/24 | | 6/25/24 | | 6/25/24 | | 6/11/24 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $275,000,000 | | $100,000,000 | | $47,905,000 | | $25,000,000 | | $75,000,000 | | $150,000,000 | | $75,000,000 | |
| Issuer | | Ohio HFA | | Delaware SHA | | Louisiana HC | | Pima Co. IDA (AZ) | | New Hampshire HFA | | Texas DHCA | | Alabama HFA | |
| Series | | 2024 Series B | | 2024 Series C | | Series 2024C | | Series 2024B | | 2024 Series C | | Series 2024C | | 2024 Series B | |
| Program | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | |
| Rating(s) | | Aaa / - / - | | Aa1 / - / - | | Aaa / - / - | | Aa1 / - / - | | Aaa / - / - | | Aaa / AA+ / - | | Aaa / - / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | |
| Year | Maturity ('24 pricings) | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | |
| 1 | 2025 | 3.08* | +18 | 3.200 | +20 | | | | | 3.250 | +16 | 3.20* | +11 | 3.400 | +21 |
| 2 | 2026 | 3.08* / 3.13* | +19 / +27 | 3.25 / 3.25 | +26 / +27 | | | 3.55 / 3.55 | +56 / +57 | 3.350 | +31 | 3.20* / 3.25* | +13 / +21 | 3.45 / 3.45 | +28 / +34 |
| 3 | 2027 | 3.13* / 3.18* | +31 / +38 | 3.30 / 3.35 | +36 / +45 | | | 3.60 / 3.60 | +66 / +70 | 3.35 / 3.40 | +37 / +47 | 3.30* / 3.30* | +32 / +37 | 3.45 / 3.45 | +40 / +43 |
| 4 | 2028 | 3.29* / 3.29* | +49 / +49 | 3.40 / 3.40 | +50 / +50 | | | 3.75 / 3.80 | +85 / +90 | 3.450 | +55 | 3.35* / 3.35* | +45 / +45 | 3.50 / 3.55 | +50 / +55 |
| 5 | 2029 | 3.28* / 3.28* | +51 / +51 | 3.45 / 3.50 | +59 / +64 | | | 3.80 / 3.85 | +94 / +99 | 3.500 | +65 | 3.35* / 3.35* | +50 / +50 | 3.60 / 3.65 | +63 / +68 |
| 6 | 2030 | 3.34* / 3.40* | +57 / +63 | 3.55 / 3.60 | +69 / +74 | | | 3.95 / 4.00 | +109 / +114 | 3.600 | +78 | 3.45* / 3.50* | +63 / +68 | 3.70 / 3.75 | +75 / +80 |
| 7 | 2031 | 3.44* / 3.50* | +67 / +73 | 3.65 / 3.65 | +80 / +80 | | | 4.05 / 4.05 | +120 / +120 | 3.700 | +89 | 3.50* / 3.55* | +69 / +74 | 3.80 / 3.85 | +86 / +91 |
| 8 | 2032 | 3.57* / 3.55* | +80 / +78 | 3.70 / 3.80 | +86 / +96 | | | 4.10 / 4.10 | +126 / +126 | 3.750 | +95 | 3.60* / 3.60* | +80 / +80 | 3.90 / 3.90 | +97 / +97 |
| 9 | 2033 | 3.61* / 3.66* | +83 / +88 | 3.85 / 3.90 | +100 / +105 | | | 4.10 / 4.10 | +125 / +125 | 3.85 / 3.85 | +106 / +106 | 3.65* / 3.75 | +86 / +96 | 3.95 / 3.95 | +103 / +103 |
| 10 | 2034 | 3.80 / 3.85 | +102 / +107 | 3.90 / 3.90 | +105 / +105 | 3.850 | +100 | 4.15 / 4.15 | +130 / +130 | 3.85 / 3.90 | +106 / +111 | 3.80 / 3.90 | +101 / +111 | 4.00 / 4.00 | +108 / +108 |
| 11 | 2035 | 3.90 / 3.95 | +110 / +113 | 3.95 / 3.95 | +108 / +107 | 3.90 / 3.90 | +103 / +100 | 4.15 / 4.20 | +128 / +132 | 3.90 / 3.90 | +108 / +107 | 3.95 / 3.95 | +113 / +112 | 4.05 / 4.05 | +113 / +111 |
| 12 | 2036 | 3.95 / 3.95 | +112 / +110 | 4.00 / 4.00 | +110 / +109 | 3.95 / 4.00 | +105 / +106 | | | 3.95 / 3.95 | +107 / +106 | | | 4.10 / 4.10 | +115 / +112 |
| 13 | 2037 | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | |
| 15 | 2039 | 4.100 | +108 | 4.100 | +101 | 4.150 | +106 | 4.250 | +116 | 4.100 | +105 | 4.100 | +105 | 4.250 | +109 |
| 16 | 2040 | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | |
| 20 | 2044 | 4.500 | +112 | 4.450 | +100 | 4.500 | +105 | 4.600 | +115 | 4.450 | +104 | 4.450 | +104 | 4.550 | +104 |
| 21 | 2045 | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | 4.625 | +106 | | | | |
| 25 | 2049 | 4.35* / 4.65 | +77 / +107 | 4.600 | +95 | 4.650 | +100 | 4.750 | +110 | | | 4.65* | +104 | 4.700 | +99 |
| 26 | 2050 | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | |
| 29 | 2053 | | | 4.561* | +84 | | | | | | | | | | |
| 30 | 2054 | 4.700 | +104 | 4.700 | +97 | 4.700 | +97 | 4.800 | +107 | | | 4.70* | +101 | 4.800 | +101 |
| 31 | 2055 | | | | | | | | | | | | | | |
| PAC | | 6.25C/3.95Y | +118 to 5yr | 6.50C/4.03Y | +117 to 5.5yr | 6.00C/4.06Y | +120 to 6yr | 6.00C/4.30Y | +144 to 6yr | 6.50C/4.00Y | +118 to 6yr | 6.00C/4.10Y | +128 to 6yr | 6.00C/4.15Y | +120 to 5.6yr |
| Notes | | * 9/25-9/33 are 5.50% cpns (lock-out); 3/49 is 7% cpn; 3/55 PAC is 6.25% cpn at 110.237 to yield 3.95% w/5 yr avg life 75-500% PSA | | *7/53 is 4.70% cpn; 1/55 PAC has 6% coupon priced at 109.472 to yield 4.03% and has an average life of 5.5 years from 75-400% PSA | | 12/55 PAC bond has 6% coupon priced at 109.978 to yield 4.06% and has an average life of 6 years from 75-400% PSA | | 7/55 PAC bond has 6% coupon priced at 108.686 to yield 4.30% and has an average life of 6 years from 75-400% PSA | | 7/55 PAC bond has 6.50% coupon priced at 112.908 to yield 4.00% and has an average life of 6 years from 100-400% PSA | | * 7/25-1/33 5.25% cpns (lock-out); 1/49 5% cpn; 1/54 5.125% cpn; 7/54 PAC 6% cpn at 109.778 4.10% yld w/6 yr avg life 75-400% PSA | | 4/55 PAC bond has 6% coupon priced at 108.998 to yield 4.15% and has an average life of 5.6 years from 75-400% PSA | |
| Maturity Dates | | 9/1 and 3/1 | | 7/1 and 1/1 | | 12/1 and 6/1 | | 1/1 and 7/1 | | 7/1 and 1/1 | | 7/1 and 1/1 | | 10/1 and 4/1 | |
| Call Provisions | | 9/1/33 at par | | 7/1/33 at par/+adj PAC | | 6/1/34 at par/102.185 PAC | | 7/1/34 at par | | 1/1/33 at par | | 1/1/33 at par/102.87 PAC | | 4/1/33 at par/+adj PAC | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.96% / 4.25% | | BBI / RBI 3.96% / 4.25% | | BBI / RBI 3.96% / 4.25% | | BBI / RBI 3.90% / 4.19% | | BBI / RBI 3.90% / 4.19% | | BBI / RBI 3.97% / 4.26% | |
| Sr Manager | | J.P. Morgan | | J.P. Morgan | | Stifel | | Stifel | | RBC Capital Markets | | Ramirez | | Raymond James | |

**NON-AMT SINGLE FAMILY HOUSING PAC BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA**

| Pricing Date | | 6/11/24 | | 6/6/24 | | 6/5/24 | | 6/5/24 | | 6/4/24 | | 4/9/24 | | 1/23/24 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $80,000,000 | | $200,000,000 | | $77,305,000 | | $69,785,000 | | $199,500,000 | | $26,780,000 | | $31,395,000 | |
| Issuer | | Minnesota HFA | | North Dakota HFA | | Wyoming CDA | | Phoenix & Maricopa IDA's (AZ) | | North Carolina HFA | | Minnesota HFA | | Minnesota HFA | |
| Series | | 2024 Series L | | 2024 Series C | | 2024 Series 1 | | 2024 Series C | | Series 54-A | | 2024 Series G | | 2024 Series A | |
| Program | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | |
| Rating(s) | | Aa1 / AA+ / - | | Aa1 / - / - | | Aa1 / AA+ / - | | Aa1 / - / - | | Aa1 / AA+ / - | | Aa1 / AA+ / - | | Aa1 / AA+ / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | |
| Year | Maturity ('24 pricings) | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | |
| 1 | 2025 | 3.400 | +20 | 3.400 | +20 | | | | | 3.400 | +9 | | | | |
| 2 | 2026 | 3.45 / 3.45 | +27 / +30 | 3.45 / 3.45 | +28 / +32 | | | 3.55 / 3.55 | +34 / +39 | 3.45 / 3.45 | +16 / +20 | | | | |
| 3 | 2027 | 3.50 / 3.50 | +41 / +47 | 3.50 / 3.50 | +43 / +49 | | | 3.55 / 3.60 | +45 / +55 | 3.50 / 3.50 | +31 / +37 | | | | |
| 4 | 2028 | 3.55 / 3.60 | +54 / +60 | 3.55 / 3.60 | +56 / +62 | | | 3.65 / 3.70 | +61 / +67 | 3.55 / 3.60 | +44 / +50 | | | | |
| 5 | 2029 | 3.625 / 3.65 | +66 / +68 | 3.625 / 3.70 | +68 / +75 | 3.65 / 3.70 | +65 / +70 | 3.75 / 3.80 | +75 / +80 | 3.65 / 3.65 | +58 / +58 | | | | |
| 6 | 2030 | 3.75 / 3.80 | +80 / +85 | 3.75 / 3.80 | +82 / +87 | 3.75 / 3.80 | +77 / +82 | 3.85 / 3.90 | +87 / +92 | 3.75 / 3.80 | +70 / +75 | | | | |
| 7 | 2031 | 3.85 / 3.90 | +91 / +96 | 3.85 / 3.90 | +93 / +98 | 3.85 / 3.90 | +88 / +93 | 3.90 / 4.00 | +93 / +103 | 3.85 / 3.90 | +81 / +86 | | | | |
| 8 | 2032 | 3.95 / 3.95 | +102 / +102 | 3.95 / 3.95 | +104 / +104 | 3.95 / 3.95 | +99 / +99 | 4.00 / 4.00 | +104 / +104 | 3.95 / 3.95 | +92 / +92 | | | | |
| 9 | 2033 | 4.00 / 4.00 | +108 / +108 | 4.00 / 4.00 | +110 / +110 | 4.00 / 4.00 | +105 / +105 | 4.05 / 4.05 | +110 / +110 | 3.95 / 3.95 | +93 / +93 | | | | |
| 10 | 2034 | 4.05 / 4.05 | +113 / +113 | 4.00 / 4.05 | +110 / +115 | 4.00 / 4.00 | +105 / +105 | 4.05 / 4.05 | +110 / +110 | 4.00 / 4.00 | +98 / +98 | | | | |
| 11 | 2035 | 4.10 / 4.10 | +118 / +117 | 4.10 / 4.10 | +120 / +119 | 4.05 / 4.05 | +110 / +107 | 4.05 / 4.05 | +110 / +108 | 4.05 / 4.05 | +103 / +102 | | | | |
| 12 | 2036 | | | 4.15 / 4.15 | +122 / +121 | 4.10 / 4.10 | +112 / +108 | 4.10 / 4.10 | +112 / +110 | 4.10 / 4.10 | +105 / +104 | | | | |
| 13 | 2037 | | | 4.15 / 4.15 | +118 / +112 | | | | | | | | | | |
| 14 | 2038 | 4.150 | +105 | | | | | | | | | | | | |
| 15 | 2039 | | | 4.300 | +116 | 4.00* & 4.15 | +82 / +97 | 4.250 | +107 | 4.150 | +90 | | | | |
| 16 | 2040 | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | |
| 18 | 2042 | | | 4.10* | +72 | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | |
| 20 | 2044 | | | 4.650 | +117 | 4.550 | +103 | 4.625 | +111 | 4.550 | +96 | | | | |
| 21 | 2045 | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | |
| 25 | 2049 | | | 4.750 | +107 | 4.700 | +98 | 4.750 | +103 | | | | | | |
| 26 | 2050 | | | | | | | | | 4.700 | +89 | | | | |
| 27 | 2051 | | | 4.800 | +109 | 4.750 | +100 | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | | | 4.850 | +105 | | | | | | |
| 31 | 2055 | | | | | | | | | 4.800 | +93 to 30yr | | | | |
| | | | | | | | | | | | | | | | |
| PAC | | 6.50C/4.09Y | +114 to 6yr | 6.25C/4.08Y | +115 to 6yr | 6.00C/4.19Y | +119 to 5yr | 6.25C/4.41Y | +143 to 6yr | 6.25C/4.23Y | +118 to 6yr | 6.50C/4.05Y | +137 to 5yr | 6.25C/3.93Y | +148 to 5yr |
| | | | | | | | | | | | | | | | |
| Notes | | 1/55 PAC bond has 6.50% coupon priced at 112.427 to yield 4.09% and has an average life of 6 years from 75-500% PSA | | * 7/42 is 5% coupon; 1/55 PAC bond has 6.25% coupon priced at 111.206 to yield 4.08% and has an average life of 6 years from 50-400% PSA | | * Portion of 12/39 is 5% coupon; 12/54 PAC bond has 6% coupon priced at 107.947 to yield 4.19% and has an average life of 5 years from 75-500% PSA | | 3/55 PAC bond has 6.25% coupon priced at 109.299 to yield 4.41% and has an average life of 6 years from 75-400% PSA | | 1/55 PAC bond has 6.25% coupon priced at 110.358 to yield 4.23% and has an average life of 6 years from 100-400% PSA | | 7/54 PAC bond has 6.50% coupon priced at 110.824 to yield 4.05% and has an average life of 5 years from 75-500% PSA | | 1/54 PAC bond has 6.25% coupon priced at 110.285 to yield 3.93% and has an average life of 5 years from 75-500% PSA | |
| Maturity Dates | | 7/1 and 1/1 | | 7/1 and 1/1 | | 6/1 and 12/1 | | 3/1 and 9/1 | | 7/1 and 1/1 | | 7/54 PAC only | | 1/54 PAC only | |
| Call Provisions | | 1/1/33 at par | | 7/1/33 at par | | 6/1/33 at par | | 3/1/33 at par/102.594 PAC | | 1/1/33 at par | | 7/1/33 at par | | 7/1/33 at par | |
| Mkt Index | | BBI / RBI 3.97% / 4.26% | | BBI / RBI 4.13% / 4.42% | | BBI / RBI 4.13% / 4.42% | | BBI / RBI 4.13% / 4.42% | | BBI / RBI 4.13% / 4.42% | | BBI / RBI 3.68% / 3.96% | | BBI / RBI 3.39% / 3.67% | |
| Sr Manager | | RBC Capital Markets | | RBC Capital Markets | | RBC Capital Markets | | Stifel | | RBC Capital Markets | | RBC Capital Markets | | RBC Capital Markets | |

**NON-AMT SINGLE FAMILY HOUSING PAC BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Pricing Date | | 11/8/23 | | 9/12/23 | | 6/15/23 | |
| Amount | | $48,750,000 | | $49,005,000 | | $60,000,000 | |
| Issuer | | Minnesota HFA | | Minnesota HFA | | Minnesota HFA | |
| Series | | 2023 Series R | | 2023 Series O | | 2023 Series F | |
| Program | | Single Family / Negotiated | | Single Family / Negotiated | | Single Family / Negotiated | |
| Rating(s) | | Aa1 / AA+ / - | | Aa1 / AA+ / - | | Aa1 / AA+ / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | |
| Year | Maturity ('24 pricings) | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | |
| 1 | 2025 | | | | | 3.250 | +18 |
| 2 | 2026 | | | 3.500 | +35 | 3.25 / 3.25 | +24 / +33 |
| 3 | 2027 | | | | | 3.25 / 3.25 | +42 / +46 |
| 4 | 2028 | | | | | 3.30 / 3.30 | +60 / +61 |
| 5 | 2029 | | | | | 3.35 / 3.35 | +69 / +71 |
| 6 | 2030 | | | | | 3.45 / 3.50 | +83 / +88 |
| 7 | 2031 | | | | | 3.60 / 3.65 | +105 / +110 |
| 8 | 2032 | | | | | 3.75 / 3.80 | +122 / +127 |
| 9 | 2033 | | | | | 3.85 / 3.85 | +133 / +133 |
| 10 | 2034 | | | | | | |
| 11 | 2035 | | | | | 3.95 / 4.00 | +136 / +137 |
| 12 | 2036 | | | | | 4.10 / 4.10 | +141 / +136 |
| 13 | 2037 | | | | | | |
| 14 | 2038 | | | | | | |
| 15 | 2039 | | | 4.450 | +96 | 4.200 | +110 |
| 16 | 2040 | | | | | | |
| 17 | 2041 | | | | | | |
| 18 | 2042 | | | 4.650 | +103 | | |
| 19 | 2043 | | | | | | |
| 20 | 2044 | | | | | 4.500 | +122 |
| 21 | 2045 | | | | | | |
| 22 | 2046 | | | | | | |
| 23 | 2047 | | | | | | |
| 24 | 2048 | | | | | | |
| 25 | 2049 | | | | | | |
| 26 | 2050 | | | | | | |
| 27 | 2051 | | | | | | |
| 28 | 2052 | | | | | | |
| 29 | 2053 | | | | | | |
| 30 | 2054 | | | | | | |
| 31 | 2055 | | | | | | |
| PAC | | 6.25C/4.63Y | +151 to 5yr | 6.00C/4.31Y | +143 to 5yr | 5.75C/4.11Y | +147 to 5yr |
| Notes | | 7/54 PAC bond has 6.25% coupon priced at 107.02 to yield 4.63% and has an average life of 5 years from 75-500% PSA | | 7/53 PAC bond has 6% coupon priced at 107.412 to yield 4.31% and has an average life of 5 years from 75-500% PSA | | 7/53 PAC bond has 5.75% coupon priced at 107.223 to yield 4.11% and has an average life of 5 years from 75-500% PSA | |
| Maturity Dates | | 7/1/54 only | | 7/1 | | 7/1 and 1/1 | |
| Call Provisions | | 1/1/33 at par | | 1/1/33 at par | | 1/1/33 at par | |
| Mkt Index | | BBI / RBI 4.17% / 4.45% | | BBI / RBI 3.85% / 4.13% | | BBI / RBI 3.67% / 3.95% | |
| Sr Manager | | RBC Capital Markets | | RBC Capital Markets | | RBC Capital Markets | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 7/30/24 | | | 7/30/24 | | | 7/24/24 | | | 7/24/24 | | | 7/23/24 | | |
| Amount | | $110,000,000 | | | $324,335,000 | | | $155,870,000 | | | $20,000,000 | | | $98,655,000 | | |
| Issuer | | Minnesota HFA | | | Illinois HDA | | | Pennsylvania HFA | | | SONYMA | | | Indiana HCDA | | |
| Series | | 2024 Series P | | | 2024 Series F | | | Series 2024-146B&C | | | Series 263 | | | 2024 Series C-2 | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / AA+ / - | | | Aaa / - / - | | | Aa1 / AA+ / - | | | Aa1 / - / - | | | Aaa / - / AA+ | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Maturity | | Coupon/ | Spread | | Coupon/ | Spread | | Coupon/ | Spread | | Coupon/ | Spread | | Coupon/ | Spread | |
| Year ('24 pricings) | | Yield | to UST | | Yield | to UST | | Yield | to UST | | Yield | to UST | | Yield | to UST | |
| 1 | 2025 | 4.711 | +35 | to 2 yr | 4.806 | +45 | to 2 yr | 4.764 / 4.814 | +35 / +40 | to 2 yr | | | | 4.839 / 4.839 | +35 / +35 | to 2 yr |
| 2 | 2026 | 4.741 / 4.741 | +38 / +38 | to 2 yr | 4.776 / 4.756 | +42 / +40 | to 2 yr | 4.814 / 4.789 | +40 / +38 | to 2 yr | | | | 4.889 / 4.859 | +40 / +37 | to 2 yr |
| 3 | 2027 | 4.553 / 4.553 | +38 / +38 | to 3 yr | 4.617 / 4.647 | +45 / +48 | to 3 yr | 4.713 / 4.723 | +47 / +48 | to 3 yr | | | | 4.657 / 4.657 | +39 / +39 | to 3 yr |
| 4 | 2028 | 4.468 / 4.468 | +43 / +43 | to 5 yr | 4.533 | +50 | to 5 yr | 4.674 / 4.734 | +52 / +58 | to 5 yr | | | | 4.554 / 4.554 | +40 / +40 | to 5 yr |
| 5 | 2029 | 4.498 / 4.538 | +46 / +50 | to 5 yr | 4.613 | +58 | to 5 yr | 4.774 / 4.784 | +62 / +63 | to 5 yr | | | | 4.604 / 4.694 | +45 / +54 | to 5 yr |
| 6 | 2030 | 4.619 / 4.669 | +55 / +60 | to 7 yr | 4.745 / 4.765 | +68 / +70 | to 7 yr | 4.868 / 4.898 | +67 / +70 | to 7 yr | | | | 4.729 / 4.779 | +55 / +60 | to 7 yr |
| 7 | 2031 | 4.689 / 4.739 | +62 / +67 | to 7 yr | 4.795 / 4.815 | +73 / +75 | to 7 yr | 4.918 / 4.948 | +72 / +75 | to 7 yr | | | | 4.819 / 4.859 | +64 / +68 | to 7 yr |
| 8 | 2032 | 4.893 / 4.943 | +75 / +80 | to 10 yr | 4.939 / 4.989 | +80 / +85 | to 10 yr | 5.076 / 5.126 | +80 / +85 | to 10 yr | | | | 4.979 / 5.039 | +74 / +80 | to 10 yr |
| 9 | 2033 | 4.973 / 5.023 | +83 / +88 | to 10 yr | 5.039 / 5.089 | +90 / +95 | to 10 yr | 5.176 / 5.226 | +90 / +95 | to 10 yr | | | | 5.069 / 5.129 | +83 / +89 | to 10 yr |
| 10 | 2034 | 5.093 / 5.143 | +95 / +100 | to 10 yr | 5.139 / 5.219 | +100 / +108 | to 10 yr | 5.276 / 5.276 | +100 / +100 | to 10 yr | | | | 5.179 / 5.219 | +94 / +98 | to 10 yr |
| 11 | 2035 | 5.193 / 5.223 | +105 / +108 | to 10 yr | 5.319 | +118 | to 10 yr | | | | | | | 5.289 / 5.319 | +105 / +108 | to 10 yr |
| 12 | 2036 | | | | | | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.393 | +125 | to 10 yr | 5.439 | +130 | to 10 yr | 5.556 | +128 | to 10 yr | | | | 5.449 | +121 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | 5.918 | +138 | to 30 yr | | | | | | |
| 20 | 2044 | 5.858* | +145 | to 30 yr | | | | 5.918 | +138 | to 30 yr | | | | 5.794 | +132 | to 30 yr |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | 5.903 | +150 | to 30 yr | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | |
| 24 | 2048 | 5.908* | +150 | to 30 yr | | | | | | | | | | 5.894 | +142 | to 30 yr |
| 25 | 2049 | | | | | | | 5.973 | +143 | to 30 yr | | | | | | |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | 5.958 | +155 | to 30 yr | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | 6.013 | +147 | to 30 yr | | | | | | |
| 30 | 2054 | | | | | | | | | | | | | | | |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | | | | 6.25C/5.233Y | +120 | to 5 yr | 6.00C/5.334Y | +118 | to 5 yr | 6.25C/5.263Y | +115 | to 5 yr | 6.25C/5.274Y | +112 | to 5 yr |
| Notes | | 7/25 priced to 2yr; 7/44 is 5.794% coupon; 7/48 is 5.85% coupon | | | 10/25 priced to 2yr; 10/54 PAC is 6.25% coupon priced at 104.322 to yield 5.233% w/5 year avg. life 75-400% PSA | | | 4/25 & 10/25 priced to 2yr; portions of 10/31,32,34 have slight discounts; 10/54 PAC is 6% cpn at 102.833 to yield 5.334% w/5 yr avg life 50-500% | | | 11/54 PAC is 6.25% coupon priced at 104.215 to yield 5.263% w/5 year avg. life 60-500% PSA | | | 1/25 and 7/25 priced to 2yr; 1/54 PAC is 6.25% coupon priced at 104.165 to yield 5.274% w/5 year avg. life 50-500% PSA | | |
| Maturity Dates | | 7/1 and 1/1 | | | 10/1 and 4/1 | | | 4/1 and 10/1 | | | 10/1/54 PAC only | | | 1/1 and 7/1 | | |
| Call Provisions | | 1/1/33 at par | | | 4/1/33 at par | | | 10/1/33 at par/+adj PAC | | | 10/1/33 at par | | | 1/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | |
| Sr Manager | | RBC Capital Markets | | | BofA | | | BofA | | | Ramirez | | | RBC Capital Markets | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 7/23/24 | | | 7/18/24 | | | 7/16/24 | | | 7/16/24 | | | 7/10/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $147,500,000 | | | $9,945,000 | | | $10,000,000 | | | $45,000,000 | | | $22,875,000 | | |
| Issuer | | Utah HC | | | Vermont HFA | | | Missouri HDC | | | New Mexico MFA | | | Louisiana HC | | |
| Series | | 2024 Series H | | | 2024 Series D | | | 2024 Series F | | | 2024 Series F | | | Series 2024D,E | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa2 / - / - | | | Aa1 / - / AA+ | | | - / AA+ / - | | | Aaa / - / - | | | Aaa / - / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | 4.896 | +40 | to 2 yr | | | | | | | 4.795 | +35 | to 2 yr | | | |
| 2 | 2026 | 4.896 / 4.896 | +40 / +40 | to 2 yr | | | | 4.860 | +43 | to 2 yr | 4.795 / 4.845 | +35 / +40 | to 2 yr | 5.035 / 4.985 | +40 / +35 | to 2 yr |
| 3 | 2027 | 4.706 / 4.726 | +43 / +45 | to 3 yr | | | | 4.640 | +43 | to 3 yr | 4.615 / 4.615 | +40 / +40 | to 3 yr | 4.847 / 4.847 | +45 / +45 | to 3 yr |
| 4 | 2028 | 4.615 / 4.615 | +45 / +45 | to 5 yr | | | | 4.570 | +48 | to 5 yr | 4.49 / 4.49 | +40 / +40 | to 5 yr | 4.793 / 4.793 | +55 / +55 | to 5 yr |
| 5 | 2029 | 4.645 / 4.745 | +48 / +58 | to 5 yr | | | | 4.670 | +58 | to 5 yr | 4.54 / 4.64 | +45 / +55 | to 5 yr | 4.793 / 4.843 | +55 / +60 | to 5 yr |
| 6 | 2030 | 4.802 / 4.822 | +61 / +63 | to 7 yr | | | | 4.790 | +68 | to 7 yr | 4.659 / 4.709 | +55 / +60 | to 7 yr | 4.895 / 4.945 | +65 / +70 | to 7 yr |
| 7 | 2031 | 4.872 / 4.912 | +68 / +72 | to 7 yr | | | | 4.840 | +73 | to 7 yr | 4.759 / 4.809 | +65 / +70 | to 7 yr | 4.995 / 5.045 | +75 / +80 | to 7 yr |
| 8 | 2032 | 5.024 / 5.104 | +77 / +85 | to 10 yr | | | | 5.000 | +83 | to 10 yr | 4.917 / 4.967 | +75 / +80 | to 10 yr | 5.136 / 5.186 | +85 / +90 | to 10 yr |
| 9 | 2033 | 5.154 / 5.204 | +90 / +95 | to 10 yr | | | | 5.080 | +91 | to 10 yr | 5.017 / 5.067 | +85 / +90 | to 10 yr | 5.236 / 5.286 | +95 / +100 | to 10 yr |
| 10 | 2034 | 5.234 / 5.284 | +98 / +103 | to 10 yr | | | | 5.150 | +98 | to 10 yr | 5.117 / 5.167 | +95 / +100 | to 10 yr | 5.336 / 5.386 | +105 / +110 | to 10 yr |
| 11 | 2035 | 5.354 / 5.379 | +110 / +113 | to 10 yr | | | | | | | | | | | | |
| 12 | 2036 | 5.404 / 5.404 | +115 / +115 | to 10 yr | | | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.524 | +127 | to 10 yr | | | | 5.530 | +136 | to 10 yr | 5.437 | +127 | to 10 yr | 5.636 | +135 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | 5.890 | +140 | to 30 yr | | | | 5.770 | +139 | to 30 yr | 5.729 | +135 | to 30 yr | 5.839 | +136 | to 30 yr |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | | |
| 25 | 2049 | 5.960 | +147 | to 30 yr | | | | 5.870 | +149 | to 30 yr | 5.829 | +145 | to 30 yr | 5.929 | +145 | to 30 yr |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | 6.010 | +152 | to 30 yr | 6.000 | +153 | to 30 yr | 5.920 | +154 | to 30 yr | 5.859 | +148 | to 30 yr | | | |
| 31 | 2055 | | | | | | | | | | | | | 5.979 | +150 | to 30 yr |
| PAC | | 6.50C/5.315Y | +115 | to 5 yr | 6.25C/5.25Y | +115 | to 5 yr | | | | 6.25C/5.259Y | +115 | to 7 yr | | | |
| Notes | | 7/25 priced to 2yr; 1/55 PAC is 6.50% coupon priced at 105.044 to yield 5.315% w/5 year avg. life 50-500% PSA | | | 11/54 PAC is 6.25% coupon priced at 104.324 to yield 5.25% w/5.1 year avg. life 75-500% PSA | | | | | | 9/25 priced to 2yr; 3/55 PAC is 6.25% coupon priced at 104.657 to yield 5.259% w/5.70 year avg. life 75-400% PSA | | | | | |
| Maturity Dates | | 7/1 and 1/1 | | | 11/1/54 only | | | 11/1 | | | 9/1 and 3/1 | | | 6/1 and 12/1 | | |
| Call Provisions | | 1/1/33 at par/100.555 PAC | | | 5/1/33 at par | | | 5/1/33 at par | | | 3/1/33 at par/101.175 PAC | | | 6/1/34 at par | | |
| Mkt Index | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.96% / 4.25% | | |
| Sr Manager | | Jefferies | | | Raymond James | | | Raymond James | | | RBC Capital Markets | | | Stifel | | |

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

| Pricing Date | | 7/9/24 | | | 6/25/24 | | | 6/18/24 | | | 6/18/24 | | | 6/17/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $87,530,000 | | | $100,000,000 | | | $116,670,000 | | | $80,125,000 | | | $21,030,000 | | |
| Issuer | | Minnesota HFA | | | Texas DHCA | | | Colorado HFA | | | New York City HDC | | | Georgia HFA | | |
| Series | | 2024 Series D | | | Series 2024D | | | 2024 Series D-1 | | | 2024 Series B (Housing Impact) | | | 2024 Series B | | |
| Program | | Multifamily / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Multifamily / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / AAA / - | | | Aaa / AA+ / - | | | Aaa / AAA / - | | | Aa2 / - / - | | | - / AAA / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | | | | 5.099 | +35 | to 2 yr | | | | | | | 5.118 / 5.118 | +35 / +35 | to 2 yr |
| 2 | 2026 | | | | 5.049 / 4.999 | +30 / +25 | to 2 yr | 4.956* | +25 | to 2 yr | | | | 5.068 / 5.018 | +30 / +25 | to 2 yr |
| 3 | 2027 | | | | 4.827 / 4.827 | +35 / +35 | to 3 yr | 4.786* | +35 | to 3 yr | | | | 4.856 / 4.906 | +35 / +40 | to 3 yr |
| 4 | 2028 | 4.628 / 4.648* | +38 / +40 | to 5 yr | 4.676 / 4.726 | +40 / +45 | to 5 yr | 4.636 / 4.686 | +40 / +45 | to 5 yr | | | | 4.707 / 4.757 | +40 / +45 | to 5 yr |
| 5 | 2029 | 4.698 / 4.798 | +45 / +55 | to 5 yr | 4.726 / 4.776 | +45 / +50 | to 5 yr | 4.686 / 4.736 | +45 / +50 | to 5 yr | | | | 4.757 / 4.807 | +45 / +50 | to 5 yr |
| 6 | 2030 | 4.805 / 4.855 | +55 / +60 | to 7 yr | 4.751 / 4.851 | +50 / +60 | to 7 yr | 4.714 / 4.814 | +50 / +60 | to 7 yr | 4.833 | +60 | to 7 yr | 4.834 / 4.884 | +55 / +60 | to 7 yr |
| 7 | 2031 | 4.855 / 4.905 | +60 / +65 | to 7 yr | 4.851 / 4.901 | +60 / +65 | to 7 yr | 4.814 / 4.864* | +60 / +65 | to 7 yr | 4.933 | +70 | to 7 yr | 4.934 / 4.984 | +65 / +70 | to 7 yr |
| 8 | 2032 | 5.00* / 5.00* | +70 / +70 | to 10 yr | 4.948 / 4.998 | +70 / +75 | to 10 yr | 4.921 / 4.971* | +70 / +75 | to 10 yr | 5.037 | +80 | to 10 yr | 5.033 / 5.083 | +75 / +80 | to 10 yr |
| 9 | 2033 | 5.10 / 5.10* | +80 / +80 | to 10 yr | 5.048 / 5.098 | +80 / +85 | to 10 yr | 5.021 / 5.101 | +80 / +88 | to 10 yr | 5.187 | +95 | to 10 yr | 5.083 / 5.183 | +80 / +90 | to 10 yr |
| 10 | 2034 | 5.20 / 5.20* | +90 / +90 | to 10 yr | 5.148 / 5.198 | +90 / +95 | to 10 yr | 5.101 / 5.151 | +88 / +93 | to 10 yr | 5.287 | +105 | to 10 yr | 5.233 / 5.233 | +95 / +95 | to 10 yr |
| 11 | 2035 | 5.25* / 5.28* | +95 / +98 | to 10 yr | | | | 5.201 / 5.251 | +98 / +103 | to 10 yr | 5.387 | +115 | to 10 yr | | | |
| 12 | 2036 | | | | | | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.580 | +128 | to 10 yr | 5.548 | +130 | to 10 yr | 5.501 | +128 | to 10 yr | 5.537 | +130 | to 10 yr | | | |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | 5.827 | +133 | to 30 yr | 5.734 | +135 | to 30 yr | | | | 5.733 | +135 | to 30 yr | | | |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | 5.721 | +135 | to 30 yr | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | |
| 24 | 2048 | | | | 5.784 | +140 | to 30 yr | | | | | | | | | |
| 25 | 2049 | 5.897 | +140 | to 30 yr | | | | | | | 5.783 | +140 | to 30 yr | | | |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | 5.947 | +145 | to 30 yr | | | | | | | 5.833 | +145 | to 30 yr | | | |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | | | | 6.00C/5.406Y | +113 | to 5 yr | 6.50C/5.314Y | +110 | to 7 yr | | | | | | |
| Notes | | * 8/28, 2/32, 8/32, 8/33, 8/34, 2/35, and 8/35 are 6% coupons (lock-out) | | | 7/25 priced to 2yr; 1/54 PAC is 6% coupon priced at 102.515 to yield 5.406% w/5 year avg. life 100-400% PSA | | | * 11/26, 11/27, 11/31, and 11/32 are 6% cpn (lock-out); 11/50 PAC is 6.50% cpn at 105.898 to yield 5.314% w/6 year avg. life 50-500% | | | | | | 12/24-12/25 priced to 2yr | | |
| Maturity Dates | | 2/1 and 8/1 | | | 7/1 and 1/1 | | | 11/1/26 then 11/1 and 5/1 | | | 8/1 | | | 12/1 and 6/1 | | |
| Call Provisions | | 2/1/33 at par | | | 1/1/33 at par/100.126 PAC | | | 5/1/33 at par | | | 2/1/33 at par | | | 6/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.96% / 4.25% | | | BBI / RBI 3.90% / 4.19% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | |
| Sr Manager | | RBC Capital Markets | | | Ramirez | | | Jefferies | | | Wells Fargo | | | Raymond James | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 6/11/24 | | | 5/16/24 | | | 4/9/24 | | | 3/11/24 | | | 1/23/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $105,000,000 | | | $60,000,000 | | | $62,095,000 | | | $60,000,000 | | | $73,605,000 | | |
| Issuer | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | |
| Series | | 2024 Series M | | | 2024 Series J | | | 2024 Series H | | | 2024 Series D | | | 2024 Series B | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | 5.130 | +30 | to 2 yr | | | | 5.145 / 5.145 | +40 / +40 | to 2 yr | | | | 4.853 / 4.883 | +47 / +50 | to 2 yr |
| 2 | 2026 | 5.08 / 5.08 | +25 / +25 | to 2 yr | 4.983* | +20 | to 2 yr | 5.025 / 5.045 | +28 / +30 | to 2 yr | | | | 4.733 / 4.783 | +35 / +40 | to 2 yr |
| 3 | 2027 | 4.894 / 4.914 | +28 / +30 | to 3 yr | 4.812* | +25 | to 3 yr | 4.857 / 4.907 | +30 / +35 | to 3 yr | | | | 4.718 / 4.748 | +56 / +59 | to 3 yr |
| 4 | 2028 | 4.763 / 4.763 | +35 / +35 | to 5 yr | 4.691* | +30 | to 5 yr | 4.827 / 4.887 | +45 / +51 | to 5 yr | | | | 4.719 / 4.769 | +67 / +72 | to 5 yr |
| 5 | 2029 | 4.863 / 4.863 | +45 / +45 | to 5 yr | 4.741 / 4.791 | +35 / +40 | to 5 yr | 4.887 / 4.937 | +51 / +56 | to 5 yr | | | | | | |
| 6 | 2030 | 4.954 / 5.004 | +55 / +60 | to 7 yr | 4.825 / 4.875 | +45 / +50 | to 7 yr | 5.019 / 5.069 | +64 / +69 | to 7 yr | | | | | | |
| 7 | 2031 | 5.004 / 5.054 | +60 / +65 | to 7 yr | 4.925 / 4.975 | +55 / +60 | to 7 yr | 5.139 / 5.179 | +76 / +80 | to 7 yr | | | | | | |
| 8 | 2032 | 5.10* / 5.15 | +70 / +75 | to 10 yr | | | | 5.238 / 5.268 | +87 / +90 | to 10 yr | | | | | | |
| 9 | 2033 | 5.18 / 5.23* | +78 / +83 | to 10 yr | 5.119* / 5.219 | +75 / +85 | to 10 yr | 5.348 / 5.388 | +98 / +102 | to 10 yr | | | | | | |
| 10 | 2034 | 5.33 / 5.33 | +93 / +93 | to 10 yr | 5.319 / 5.369 | +95 / +100 | to 10 yr | 5.428 / 5.428 | +106 / +106 | to 10 yr | 4.938 | +85 | to 5 yr | 5.205 | +110 | to 7 yr |
| 11 | 2035 | 5.38* / 5.42* | +98 / +102 | to 10 yr | 5.419 / 5.469 | +105 / +110 | to 10 yr | 5.488 / 5.488 | +112 / +112 | to 10 yr | | | | | | |
| 12 | 2036 | 5.45* / 5.50 | +105 / +110 | to 10 yr | | | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.730 | +133 | to 10 yr | 5.619 | +125 | to 10 yr | 5.588 | +122 | to 10 yr | 5.350 | +125 | to 10 yr | 5.520 | +138 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | 5.937* | +140 | to 30 yr | 5.848 | +133 | to 30 yr | 5.730 | +123 | to 30 yr | | | | 5.780 | +139 | to 30 yr |
| 21 | 2045 | | | | | | | | | | 5.536 | +127 | to 30 yr | | | |
| 22 | 2046 | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | 5.908 | +139 | to 30 yr | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | | |
| 25 | 2049 | 6.007* | +147 | to 30 yr | | | | | | | | | | 5.900 | +151 | to 30 yr |
| 26 | 2050 | | | | | | | 5.850 | +135 | to 30 yr | | | | | | |
| 27 | 2051 | 6.037* | +150 | to 30 yr | | | | | | | | | | 5.960 | +157 | to 30 yr |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | | | | | | | | | | | |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | | | | 6.50C/5.591Y | +120 | to 5 yr | | | | 6.25C/5.308Y | +122 | to 5 yr | | | |
| Notes | | * 7/25 priced to 2yr; 1/32, 7/33, and 1/35-1/36 are 6% coupons; 7/44 is 5.915% coupon; 7/49 is 5.968% coupon; 7/51 is 6.018% coupon | | | * 7/26, 7/27, 7/28, and 1/33 are 6% coupons; 7/54 PAC is 6.50% coupon priced at 102.996 to yield 5.591% w/5 year avg. life 75-500% | | | 1/25 and 7/25 priced to 2yr | | | 7/34 priced to 5yr (+84 to 10yr); 7/54 PAC is 6.25% coupon priced at 104.008 to yield 5.308% w/5 year avg. life 75-500% PSA | | | 1/25 and 7/25 priced to 2yr; 1/34 priced to 7yr avg. life | | |
| Maturity Dates | | 7/1 and 1/1 | | | 7/1/26,27,28; 1/1 and 7/1 | | | 1/1 and 7/1 | | | 1/1 and 7/1 | | | 1/1 and 7/1 | | |
| Call Provisions | | 1/1/33 at par | | | 7/1/33 at par | | | 7/1/33 at par | | | 7/1/33 at par | | | 7/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.97% / 4.26% | | | BBI / RBI 3.93% / 4.22% | | | BBI / RBI 3.68% / 3.96% | | | BBI / RBI 3.52% / 3.80% | | | BBI / RBI 3.39% / 3.67% | | |
| Sr Manager | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | |

MINNESOTA HOUSING

# Item: Post Sale Report, Residential Housing Finance Bonds, Series 2024 RS

**Information Item:** 9.B
**Date:** 10/24/2024
**Staff Contacts:** Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
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**Request Type:** No Action, Information

## Request Summary:

The Agency priced $75,000,000 of its Series 2024 RS Residential Housing Finance Bonds on August 20, 2024. Series R and Series S are taxable bond issues. Series R is a fixed-rate issue while Series S is a variable rate issue. All series closed September 18, 2024. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

## Fiscal Impact:

None.

## Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

## Attachments:

- Post-Sale Report

CSG | ADVISORS

**$75,000,000**
**Minnesota Housing Finance Agency**
**Residential Housing Finance Bonds**
**$60,000,000 2024 Series R (Taxable)**
**$15,000,000 2024 Series S (Variable-Rate, Taxable)**

## POST-SALE ANALYSIS

***KEY RESULTS FOR MINNESOTA HOUSING***

***Purpose.*** 2024 Series RS accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Step Up first mortgages and Monthly Payment Loans on its balance sheet and earn net income over future years.

2. Issued 100% of the debt as taxable, and utilized no volume cap.

3. Achieved a direct spread on the bond issue of 2.12%. There was no hedge gain or loss associated with the issue.

***Key Measurable Objectives and Accomplishments.*** This issue was very successful despite a volatile market environment.

| *Objective* | *Result* |
|---|---|
| Finance new production on balance sheet | $71.25 million of new Step Up first-mortgage loans in MBS securities and $3.75 million of Monthly Payment Loans |
| Leverage private activity bond volume cap by efficiently incorporating taxable debt | No volume cap used, as the issue was 100% taxable |
| Maximize spread on the overall transaction | Achieved a direct spread of 2.12% on the bond issue. There was no hedge gain or loss associated with the issue. |
| Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues | Not applicable to all-taxable bond issues. The Agency's balance of zeros remains at approximately $24 million. |
| Achieve cost-effective bond yield | Overall bond yield is projected to be approximately 5.02% |
| Create future income streams that will support Pool 3 | Increased indenture's expected net present value by approximately $8.9 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 Tuesday, August 20th.

***Sizing.*** The issue was sized to fund pipeline lending.

### *Major Design Decisions*

1. **Bond finance Step Up loans.** Starting last year, TBA sales have become much less economically beneficial. The Agency has been a pioneer in moving to finance non-tax-exempt-qualified loans with taxable bonds.

2. **Finance Monthly Payment Loans.** The bond issue was designed to finance approximately $3.75 million of Monthly Payment Loans, as well as Step Up first mortgages.

3. **Issue variable-rate debt.** In order to finance Step Up loans at or above full spread, the Agency issued Series S (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%, well below the 30% of total indenture bonds outstanding often used as a benchmark for comparisons among HFAs and presentations to rating agencies.

4. **Appropriately hedge the variable-rate debt.** For the $15 million of variable-rate Series S bonds, the Agency entered into an interest rate swap with Bank of America (Aa2/A+) at a rate of 4.345%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on January 1, 2031.

5. **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. This approach, which has worked well for the Start Up loan pipeline, is being used for Step Up as well.

### *Bond Structure Decisions*

1. **Series R.** The $60 million of taxable fixed-rate bonds included serial maturities due between 2025 and 2035 ($12.58 million), term bonds due between 2039 and 2046 ($22.88 million), and $24.54 million of planned amortization class (PAC) bonds due in 2055.

2. **Series S.** The $15 million of taxable variable-rate demand bonds are covered by an initial 4-year standby bond purchase agreement from State Street Bank and Trust Company (effective September 18, 2024), assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 23 basis points (bps) per year.

## *BOND SALE RESULTS*

1. **Market Environment.** The market has been volatile over the past several months as investors speculate about future Federal Reserve actions to curb inflation. The yield on 10-year Treasury bonds has risen during 2024, from 4.14% when 2024ABC priced in January. It reached 4.36% when 2024FGHI priced in April and, in the days leading up to the 2024JK pricing in mid-May, rose to as high as 4.70% in response to stronger-than-expected economic data and higher-than-expected annualized inflation data. Spring reports tempered investors' expectations for aggressive Fed rate cuts in 2024, but economic indicators in late summer revived these

expectations. By the time 2024RS priced on August 20th, the yield on the 10-year had dropped to 3.82%, the lowest level seen in 2024, and expectations of a September rate cut had strengthened to near-certainty—the question shifting to the magnitude of the cut, not whether it would occur.

2. **Institutional Interest.** Investor interest in the taxable Series R bonds was mixed, but on the weaker side compared to recent transactions, with spread adjustments in both directions. The shorter-term serials fared the best in the offering with the January and July 2026 maturities being 2.5x and 2.3x oversubscribed, leading to a 1-bp reduction in spread. The January and July 2028 maturities were also oversubscribed (3.1x and 2.0x, respectively), resulting in reduced spreads of 2 bps and 1 bp, respectively. The January 2029 maturity was 2.2x oversubscribed, and the spread reduced by 1 bp. Ten serial maturities were undersubscribed, leading to a 3 to 5-bp increase in spread on the 2033-2035 maturities and no spread adjustment on the other 4 maturities.

   The term and PAC bonds were also largely undersubscribed. Underwriters purchased unsold balances of the 2039 and 2044 term bonds with no change in spread. Given a 0.1x initial subscription level, the spread on the PAC bonds increased by 2 bps.

   The undersubscription was affected by weakening in the muni versus Treasury market and entering an uncertain market with few recent taxable single-family issues, making it difficult to read the market.

3. **Comparable Transactions.** The most comparable taxable offerings were Arizona IDA (also on 8/20); Maryland DHCD (on 8/13); and Colorado, Nebraska, and Virginia (all on 8/7). Minnesota's spreads to treasuries on all the serial maturities were generally the same as or tighter than comparable offerings (i.e., within 5 bps), with the exception of the 2035 maturity which was wider than Colorado and Virginia by 3 and 15 bps, respectively.

   Minnesota's spreads to treasuries on all three term maturities were generally the same as or tighter than comparable offerings (i.e., within 5 bps). The 2039 maturity ($7.265 million) priced 10 bps tighter than Arizona, 5 bps tighter than Maryland, the same as Virginia, and 2 bps wider than Colorado. The 2044 maturity ($10.115 million) priced 5 bps tighter than Arizona and Virginia and the same as Maryland.

   Finally, Minnesota's $24.54 million of PAC bonds priced 130 basis points over the 7-year Treasury—10 basis points tighter than Arizona and Maryland (+140 to 5-year), but 5 bps wider than Colorado and Nebraska (+125 to 5-year).

***UNDERWRITING***

***Underwriters.*** RBC was senior manager. Morgan Stanley, Piper Sandler, and Wells Fargo served as regular co-managers, while Northland Securities was included as a co-manager based on its sales performance on the last several RHFB issuances. As an all-taxable issue to be sold to institutional investors, a selling group for retail orders was not included.

***Sales by Underwriter.*** As is customary for senior managers, RBC brought in most institutional orders. For the Series R bonds, excluding stock orders, RBC brought in $76.585 million of total orders, Northland brought in $6.065 million, and Piper Sandler brought in $3 million.

Based on its strong performance, Northland will again serve as co-manager for the next issue.

***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, August 20, 2024, the fed funds rate remained unchanged since July 2023, but the increased likelihood of an imminent rate cut at the Fed's September meeting was starting to be reflected in the market.

At its January meeting, the Fed acknowledged the progress made to curb inflation but stopped short of indicating that rate cuts are imminent as the economy's strength continues to surprise. Despite annual inflation cooling to 2.6% as of December, during the final two quarters of 2023, the U.S. economy *expanded* at its fastest pace since 2021, and unemployment has remained below 4% for the longest stretch of time since the 1960s. As a result, the timing of the first rate cut in 2024 and the total number of cuts this year remained very uncertain through the spring and early summer. Accordingly, market volatility prevalent over the past year continued as market participants anticipated the Fed's next move and periodically react to the mixed signals in economic data releases.

At the Fed's July meeting, however, Chair Jerome Powell strongly indicated a possible rate reduction in September should inflation continue to ease. This shift in expected monetary policy sent bond yields plummeting to a year-to-date low on Monday, August 5th, though they quickly reversed higher in the days to follow. Following the August 2nd release of July employment data, most larger Wall Street banks revised their Federal Reserve policy projections, anticipating more aggressive interest rate cuts throughout 2024 in response to recent signs of the labor market cooling. Such predictions came to fruition a few weeks after 2024RS priced when the Fed cut rates a material 50 bps at its September meeting.

***Treasuries.*** At market close on the day of the 2024RS bond pricing, the 10-year Treasury yield was 3.82%, down 56 basis points from 4.38% when 2024OPQ priced on July 30th. The yield curve, though flattening compared to earlier this year, remained inverted, with the 2-year Treasury at 3.99% (down from 4.78% on July 30th), 17 basis points higher than the 10-year (compared to 40 points higher on July 30th). This is a significant change since early 2023, when the 2-year Treasury had been as much as 100 basis points above the 10-year Treasury.

***Municipals.*** In 2023, the supply of new issue municipal bonds was the lowest of the last 5 years at just $380 billion, though the amount of housing bonds issued was a multiyear high. Interest rates reached highs not seen in more than a decade, creating more demand from investors while fewer bonds were available, thus resulting in lower MMD to Treasury ratios by the end of 2023. While outflows have continued from muni bond funds in 2024, municipal ETFs received periodic inflows, and there has been a much more favorable tone to investor demand in the muni market due to lower supplies of new bond issues as well as investors looking to reinvest recent bond redemptions. This has led to a favorable market for municipal issuers, as evidenced by strong MMD/Treasury ratios.

On the date of pricing for 2024RS, the 10-year MMD/Treasury ratio was 70.9%, compared to ratios in the 80% range in late 2022. This low MMD ratio, which has persisted since early 2023, continues a trend of markedly lower borrowing rates for issuers compared to taxable alternatives.

**TABLE 1: COMPARISON OF RATES IN RECENT MHFA SINGLE-FAMILY TRANSACTIONS**

| Issue | Date | 10-Year Treasury | 10-Year MMD | MMD/ Treasury | 30-Year Treasury | 30-Year MMD | MMD/ Treasury |
|---|---|---|---|---|---|---|---|
| *2022 RHFB AB* | 2/1/22 | 1.79% | 1.50% | 83.8% | 2.11% | 1.91% | 91.1% |
| *2022 RHFB CD* | 3/3/22 | 1.73% | 1.61% | 93.1% | 2.16% | 2.03% | 94.0% |
| *2022 RHFB EF* | 4/13/22 | 2.70% | 2.46% | 91.1% | 2.81% | 2.81% | 100.0% |
| *2022 RHFB GH* | 6/8/22 | 3.02% | 2.45% | 81.1% | 3.17% | 2.92% | 92.1% |
| *2022 RHFB IJK* | 9/13/22 | 3.42% | 2.81% | 82.1% | 3.51% | 3.62% | 103.1% |
| *2022 RHFB LMN* | 11/9/22 | 3.83% | 3.26% | 85.1% | 4.31% | 4.06% | 94.2% |
| *2023 RHFB ABC* | 2/7/23 | 3.68% | 2.23% | 60.6% | 3.71% | 3.24% | 87.3% |
| *2023 RHFB DE* | 4/19/23 | 3.60% | 2.36% | 65.6% | 3.79% | 3.40% | 89.7% |
| *2023 RHFB FG* | 6/18/23 | 3.72% | 2.57% | 69.1% | 3.84% | 3.50% | 91.1% |
| *2023 RHFB HI* | 6/29/23 | 3.85% | 2.56% | 66.5% | 3.90% | 3.49% | 89.5% |
| *2023 RHFB JK* | 7/27/23 | 4.01% | 2.52% | 62.8% | 4.06% | 3.51% | 86.5% |
| *2023 RHFB LM* | 8/23/23 | 4.19% | 2.95% | 70.4% | 4.27% | 3.91% | 91.6% |
| *2023 RHFB NOPQ* | 9/12/23 | 4.27% | 2.98% | 69.8% | 4.35% | 3.92% | 90.1% |
| *2023 RHFB RST* | 11/8/23 | 4.49% | 3.20% | 71.3% | 4.64% | 4.20% | 90.5% |
| *2023 RHFB UV* | 11/15/23 | 4.53% | 3.10% | 68.4% | 4.68% | 4.12% | 88.0% |
| *2024 RHFB ABC* | 1/23/24 | 4.14% | 2.46% | 59.4% | 4.38% | 3.61% | 82.4% |
| *2024 RHFB DE* | 3/11/24 | 4.10% | 2.40% | 58.5% | 4.26% | 3.57% | 83.8% |
| *2024 RHFB FGHI* | 4/9/24 | 4.36% | 2.65% | 60.8% | 4.50% | 3.81% | 84.7% |
| *2024 RHFB JK* | 5/16/24 | 4.38% | 2.75% | 62.8% | 4.52% | 3.76% | 83.2% |
| *2024 RHFB LMN* | 6/11/24 | 4.39% | 2.92% | 66.5% | 4.53% | 3.79% | 83.7% |
| *2024 RHFB OPQ* | 7/30/24 | 4.15% | 2.82% | 67.9% | 4.40% | 3.68% | 83.6% |
| *2024 RHFB RS* | 8/20/24 | 3.82% | 2.71% | 70.9% | 4.07% | 3.59% | 88.2% |
| **Change from *RHFB 2024 FGHI*** | | **- 33 bps** | **- 11 bps** | **+ 3%** | **- 33 bps** | **- 5 bps** | **+4.6%** |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 8/20/24 | | | 8/20/24 | | | 8/13/24 | | | 8/7/24 | | | 8/7/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $60,000,000 | | | $15,560,000 | | | $100,000,000 | | | $150,355,000 | | | $78,045,000 | | |
| Issuer | | Minnesota HFA | | | Arizona IDA | | | Maryland DHCD | | | Colorado HFA | | | Nebraska IFA | | |
| Series | | 2024 Series R | | | 2024 Series D | | | 2024 Series D | | | 2024 Series E-1 | | | 2024 Series F | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / AA+ / - | | | Aa1 / - / - | | | Aa1 / - / AA+ | | | Aaa / AAA / - | | | - / AAA / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Year ('24 pricings) | Maturity | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | 4.557 | +55 | to 2 yr | 4.598 | +60 | to 2 yr | 4.504 | +55 | to 2 yr | | | | 4.455 / 4.505 | +45 / +50 | to 2 yr |
| 2 | 2026 | 4.447 / 4.447 | +44 / +44 | to 2 yr | 4.548 / 4.548 | +55 / +55 | to 2 yr | 4.404 / 4.404 | +45 / +45 | to 2 yr | 4.431* | +45 | to 2 yr | 4.505 / 4.505 | +50 / +50 | to 2 yr |
| 3 | 2027 | 4.258 / 4.308 | +45 / +50 | to 3 yr | 4.373 / 4.403 | +57 / +60 | to 3 yr | 4.272 / 4.322 | +50 / +55 | to 3 yr | 4.285* | +45 | to 3 yr | 4.358 / 4.358 | +50 / +50 | to 3 yr |
| 4 | 2028 | 4.237 / 4.247 | +53 / +54 | to 5 yr | 4.348 / 4.348 | +65 / +65 | to 5 yr | 4.294 / 4.294 | +60 / +60 | to 5 yr | 4.272 / 4.322* | +50 / +55 | to 5 yr | 4.323 / 4.343 | +53 / +55 | to 5 yr |
| 5 | 2029 | 4.247 / 4.257 | +54 / +55 | to 5 yr | 4.378 / 4.398 | +68 / +70 | to 5 yr | 4.294 / 4.294 | +60 / +60 | to 5 yr | 4.372 / 4.372* | +60 / +60 | to 5 yr | 4.373 / 4.393 | +58 / +60 | to 5 yr |
| 6 | 2030 | 4.341 / 4.391 | +60 / +65 | to 7 yr | 4.436 / 4.486 | +70 / +75 | to 7 yr | 4.348 / 4.448 | +60 / +70 | to 7 yr | | | | 4.501 / 4.551 | +65 / +70 | to 7 yr |
| 7 | 2031 | 4.491 / 4.541 | +75 / +80 | to 7 yr | 4.586 / 4.636 | +85 / +90 | to 7 yr | 4.598 / 4.598 | +85 / +85 | to 7 yr | 4.584* | +75 | to 7 yr | 4.601 / 4.651 | +75 / +80 | to 7 yr |
| 8 | 2032 | 4.676 / 4.726 | +85 / +90 | to 10 yr | 4.768 / 4.818 | +95 / +100 | to 10 yr | 4.764 / 4.764 | +90 / +90 | to 10 yr | 4.849* / 4.849* | +90 / +90 | to 10 yr | 4.812 / 4.862 | +85 / +90 | to 10 yr |
| 9 | 2033 | 4.806 / 4.876 | +98 / +105 | to 10 yr | 4.868 / 4.918 | +105 / +110 | to 10 yr | 4.834 / 4.864 | +97 / +100 | to 10 yr | 4.999* | +105 | to 10 yr | 4.912 / 4.962 | +95 / +100 | to 10 yr |
| 10 | 2034 | 4.926 / 4.976 | +110 / +115 | to 10 yr | 4.968 / 5.018 | +115 / +120 | to 10 yr | 4.914 / 4.964 | +105 / +110 | to 10 yr | 5.049 / 5.099 | +110 / +115 | to 10 yr | 5.012 | +105 | to 10 yr |
| 11 | 2035 | 5.026 / 5.056 | +120 / +123 | to 10 yr | | | | | | | 5.149 | +120 | to 10 yr | | | |
| 12 | 2036 | | | | | | | 5.114 | +125 | to 10 yr | 5.169 | +122 | to 10 yr | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.176* | +135 | to 10 yr | 5.268 | +145 | to 10 yr | 5.264 | +140 | to 10 yr | 5.279 | +133 | to 10 yr | | | |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | 5.706 | +145 | to 30 yr | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | 5.483 | +140 | to 30 yr | 5.526 | +145 | to 30 yr | 5.580 | +140 | to 30 yr | | | | | | |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | 5.533 | +145 | to 30 yr | | | | | | | | | | | | |
| 23 | 2047 | | | | 5.676 | +160 | to 30 yr | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | | |
| 25 | 2049 | | | | | | | 5.680 | +150 | to 30 yr | | | | | | |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | | | | | | | | | | | |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | 6.00C/5.041Y | +130 | to 7 yr | 6.00C/5.098Y | +140 | to 5 yr | 6.00C/5.098Y | +140 | to 5 yr | 6.00C/5.084Y | +125 | to 7 yr | 6.00C/5.043Y | +125 | to 5 yr |
| Notes | | 7/25 priced to 2yr; 7/39 is 5.14% coupon; 1/55 PAC is 6% coupon priced at 104.786 to yield 5.041% w/6 year avg. life 75-500% PSA | | | 10/25 priced to 2yr; 10/53 PAC is 6% coupon priced at 103.862 to yield 5.098% w/5 year avg. life 50-500% PSA | | | 9/25 priced to 2yr; 3/55 PAC is 6% coupon priced at 104.409 to yield 5.098% w/5.9 year avg. life 75-500% PSA | | | *26, 27, 11/29, 32 are 6% cpn lockout; 11/28, 31, 33 have discounts; 5/49 PAC is 6% cpn at 104.528 to yield 5.084% w/6 yr avg life 75-500% PSA | | | 3/25 and 9/25 priced to 2yr; 3/51 PAC is 6% coupon priced at 104.090 to yield 5.043% w/5 year avg. life 50-500% PSA | | |
| Maturity Dates | | 7/1 and 1/1 | | | 10/1 and 4/1 | | | 9/1 and 3/1 | | | 11/1 and 5/1 | | | 3/1 and 9/1 | | |
| Call Provisions | | 1/1/33 at par | | | 10/1/33 at par | | | 3/1/33 at par/+adj PAC | | | 5/1/33 at par/101.624 | | | 9/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.88% / 4.17% | | | BBI / RBI 3.88% / 4.17% | | | BBI / RBI 3.85% / 4.14% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | |
| Sr Manager | | RBC Capital Markets | | | Barclays | | | Morgan Stanley | | | RBC Capital Markets | | | J.P. Morgan | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 8/7/24 | | | 8/5/24 | | | 7/30/24 | | | 7/30/24 | | | 7/24/24 | | |
| Amount | | $160,005,000 | | | $58,055,000 | | | $324,335,000 | | | $110,000,000 | | | $155,870,000 | | |
| Issuer | | Virginia HFA | | | Iowa FA | | | Illinois HDA | | | Minnesota HFA | | | Pennsylvania HFA | | |
| Series | | 2024 Series C | | | 2024 Series F | | | 2024 Series F | | | 2024 Series P | | | Series 2024-146B&C | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aaa / AAA / - | | | Aaa / AAA / - | | | Aaa / - / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Year | Maturity ('24 pricings) | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | 4.520 | +50 | to 2 yr | | | | 4.806 | +45 | to 2 yr | 4.711 | +35 | to 2 yr | 4.764 / 4.814 | +35 / +40 | to 2 yr |
| 2 | 2026 | 4.42 / 4.42 | +40 / +40 | to 2 yr | 4.366* | +45 | to 2 yr | 4.776 / 4.756 | +42 / +40 | to 2 yr | 4.741 / 4.741 | +38 / +38 | to 2 yr | 4.814 / 4.789 | +40 / +38 | to 2 yr |
| 3 | 2027 | 4.299 / 4.349 | +45 / +50 | to 3 yr | 4.193* | +45 | to 3 yr | 4.617 / 4.647 | +45 / +48 | to 3 yr | 4.553 / 4.553 | +38 / +38 | to 3 yr | 4.713 / 4.723 | +47 / +48 | to 3 yr |
| 4 | 2028 | 4.395 / 4.395 | +60 / +60 | to 5 yr | 4.124* | +48 | to 5 yr | 4.533 | +50 | to 5 yr | 4.468 / 4.468 | +43 / +43 | to 5 yr | 4.674 / 4.734 | +52 / +58 | to 5 yr |
| 5 | 2029 | 4.395 / 4.395 | +60 / +60 | to 5 yr | 4.144* / 4.244 | +50 / +60 | to 5 yr | 4.613 | +58 | to 5 yr | 4.498 / 4.538 | +46 / +50 | to 5 yr | 4.774 / 4.784 | +62 / +63 | to 5 yr |
| 6 | 2030 | 4.452 / 4.552 | +60 / +70 | to 7 yr | 4.287* / 4.387 | +60 / +70 | to 7 yr | 4.745 / 4.765 | +68 / +70 | to 7 yr | 4.619 / 4.669 | +55 / +60 | to 7 yr | 4.868 / 4.898 | +67 / +70 | to 7 yr |
| 7 | 2031 | 4.652 / 4.702 | +80 / +85 | to 7 yr | 4.387* / 4.487 | +70 / +80 | to 7 yr | 4.795 / 4.815 | +73 / +75 | to 7 yr | 4.689 / 4.739 | +62 / +67 | to 7 yr | 4.918 / 4.948 | +72 / +75 | to 7 yr |
| 8 | 2032 | 4.858 / 4.908 | +90 / +95 | to 10 yr | 4.588* / 4.688 | +80 / +90 | to 10 yr | 4.939 / 4.989 | +80 / +85 | to 10 yr | 4.893 / 4.943 | +75 / +80 | to 10 yr | 5.076 / 5.126 | +80 / +85 | to 10 yr |
| 9 | 2033 | | | | 4.688* / 4.788 | +90 / +100 | to 10 yr | 5.039 / 5.089 | +90 / +95 | to 10 yr | 4.973 / 5.023 | +83 / +88 | to 10 yr | 5.176 / 5.226 | +90 / +95 | to 10 yr |
| 10 | 2034 | 4.938 / 5.008 | +98 / +105 | to 10 yr | 4.838 / 4.888 | +105 / +110 | to 10 yr | 5.139 / 5.219 | +100 / +108 | to 10 yr | 5.093 / 5.143 | +95 / +100 | to 10 yr | 5.276 / 5.276 | +100 / +100 | to 10 yr |
| 11 | 2035 | 5.008 / 5.058 | +105 / +110 | to 10 yr | | | | 5.319 | +118 | to 10 yr | 5.193 / 5.223 | +105 / +108 | to 10 yr | | | |
| 12 | 2036 | | | | | | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.308 | +135 | to 10 yr | 5.138 | +135 | to 10 yr | 5.439 | +130 | to 10 yr | 5.393 | +125 | to 10 yr | 5.556 | +128 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | 5.918 | +138 | to 30 yr |
| 20 | 2044 | 5.703 | +145 | to 30 yr | 5.627 | +155 | to 30 yr | | | | 5.858* | +145 | to 30 yr | 5.918 | +138 | to 30 yr |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | 5.903 | +150 | to 30 yr | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | 5.908* | +150 | to 30 yr | | | |
| 25 | 2049 | 5.853 | +160 | to 30 yr | 5.677 | +160 | to 30 yr | | | | | | | 5.973 | +143 | to 30 yr |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | 5.958 | +155 | to 30 yr | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | 6.013 | +147 | to 30 yr |
| 30 | 2054 | 5.903 | +165 | to 30 yr | | | | | | | | | | | | |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | | | | 6.25C/4.794Y | +115 | to 5 yr | 6.25C/5.233Y | +120 | to 5 yr | | | | 6.00C/5.334Y | +118 | to 5 yr |
| Notes | | 10/25 priced to 2yr | | | *26 thru 1/29, 1/30, 1/31, 1/32, 1/33 are 6% cpn lockout; 7/54 PAC is 6.25% cpn at 106.297 to yield 4.794% w/5 yr avg life 50-400% PSA | | | 10/25 priced to 2yr; 10/54 PAC is 6.25% coupon priced at 104.322 to yield 5.233% w/5 year avg. life 75-400% PSA | | | 7/25 priced to 2yr; 7/44 is 5.794% coupon; 7/48 is 5.85% coupon | | | 4/25 & 10/25 priced to 2yr; portions of 10/31,32,34 have slight discounts; 10/54 PAC is 6% cpn at 102.833 to yield 5.334% w/5 yr avg life 50-500% | | |
| Maturity Dates | | 10/1 and 4/1 | | | 7/1 and 1/1 | | | 10/1 and 4/1 | | | 7/1 and 1/1 | | | 4/1 and 10/1 | | |
| Call Provisions | | 10/1/33 at par | | | 7/1/33 at par | | | 4/1/33 at par | | | 1/1/33 at par | | | 10/1/33 at par/+adj PAC | | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.92% / 4.21% | | |
| Sr Manager | | BofA | | | RBC Capital Markets | | | BofA | | | RBC Capital Markets | | | BofA | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 7/24/24 | | | 7/23/24 | | | 7/23/24 | | | 7/18/24 | | | 7/16/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $20,000,000 | | | $98,655,000 | | | $147,500,000 | | | $9,945,000 | | | $10,000,000 | | |
| Issuer | | SONYMA | | | Indiana HCDA | | | Utah HC | | | Vermont HFA | | | Missouri HDC | | |
| Series | | Series 263 | | | 2024 Series C-2 | | | 2024 Series H | | | 2024 Series D | | | 2024 Series F | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / - / - | | | Aaa / - / AA+ | | | Aa2 / - / - | | | Aa1 / - / AA+ | | | - / AA+ / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Year ('24 pricings) | Maturity | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | | | | 4.839 / 4.839 | +35 / +35 | to 2 yr | 4.896 | +40 | to 2 yr | | | | | | |
| 2 | 2026 | | | | 4.889 / 4.859 | +40 / +37 | to 2 yr | 4.896 / 4.896 | +40 / +40 | to 2 yr | | | | 4.860 | +43 | to 2 yr |
| 3 | 2027 | | | | 4.657 / 4.657 | +39 / +39 | to 3 yr | 4.706 / 4.726 | +43 / +45 | to 3 yr | | | | 4.640 | +43 | to 3 yr |
| 4 | 2028 | | | | 4.554 / 4.554 | +40 / +40 | to 5 yr | 4.615 / 4.615 | +45 / +45 | to 5 yr | | | | 4.570 | +48 | to 5 yr |
| 5 | 2029 | | | | 4.604 / 4.694 | +45 / +54 | to 5 yr | 4.645 / 4.745 | +48 / +58 | to 5 yr | | | | 4.670 | +58 | to 5 yr |
| 6 | 2030 | | | | 4.729 / 4.779 | +55 / +60 | to 7 yr | 4.802 / 4.822 | +61 / +63 | to 7 yr | | | | 4.790 | +68 | to 7 yr |
| 7 | 2031 | | | | 4.819 / 4.859 | +64 / +68 | to 7 yr | 4.872 / 4.912 | +68 / +72 | to 7 yr | | | | 4.840 | +73 | to 7 yr |
| 8 | 2032 | | | | 4.979 / 5.039 | +74 / +80 | to 10 yr | 5.024 / 5.104 | +77 / +85 | to 10 yr | | | | 5.000 | +83 | to 10 yr |
| 9 | 2033 | | | | 5.069 / 5.129 | +83 / +89 | to 10 yr | 5.154 / 5.204 | +90 / +95 | to 10 yr | | | | 5.080 | +91 | to 10 yr |
| 10 | 2034 | | | | 5.179 / 5.219 | +94 / +98 | to 10 yr | 5.234 / 5.284 | +98 / +103 | to 10 yr | | | | 5.150 | +98 | to 10 yr |
| 11 | 2035 | | | | 5.289 / 5.319 | +105 / +108 | to 10 yr | 5.354 / 5.379 | +110 / +113 | to 10 yr | | | | | | |
| 12 | 2036 | | | | | | | 5.404 / 5.404 | +115 / +115 | to 10 yr | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | | | | 5.449 | +121 | to 10 yr | 5.524 | +127 | to 10 yr | | | | 5.530 | +136 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | | | | 5.794 | +132 | to 30 yr | 5.890 | +140 | to 30 yr | | | | 5.770 | +139 | to 30 yr |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | |
| 24 | 2048 | | | | 5.894 | +142 | to 30 yr | | | | | | | | | |
| 25 | 2049 | | | | | | | 5.960 | +147 | to 30 yr | | | | 5.870 | +149 | to 30 yr |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | | | 6.010 | +152 | to 30 yr | 6.000 | +153 | to 30 yr | 5.920 | +154 | to 30 yr |
| 31 | 2055 | | | | | | | | | | | | | | | |
| PAC | | 6.25C/5.263Y | +115 | to 5 yr | 6.25C/5.274Y | +112 | to 5 yr | 6.50C/5.315Y | +115 | to 5 yr | 6.25C/5.25Y | +115 | to 5 yr | | | |
| Notes | | 11/54 PAC is 6.25% coupon priced at 104.215 to yield 5.263% w/5 year avg. life 60-500% PSA | | | 1/25 and 7/25 priced to 2yr; 1/54 PAC is 6.25% coupon priced at 104.165 to yield 5.274% w/5 year avg. life 50-500% PSA | | | 7/25 priced to 2yr; 1/55 PAC is 6.50% coupon priced at 105.044 to yield 5.315% w/5 year avg. life 50-500% PSA | | | 11/54 PAC is 6.25% coupon priced at 104.324 to yield 5.25% w/5.1 year avg. life 75-500% PSA | | | | | |
| Maturity Dates | | 10/1/54 PAC only | | | 1/1 and 7/1 | | | 7/1 and 1/1 | | | 11/1/54 only | | | 11/1 | | |
| Call Provisions | | 10/1/33 at par | | | 1/1/33 at par | | | 1/1/33 at par/100.555 PAC | | | 5/1/33 at par | | | 5/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.94% / 4.23% | | |
| Sr Manager | | Ramirez | | | RBC Capital Markets | | | Jefferies | | | Raymond James | | | Raymond James | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 7/16/24 | | | 7/10/24 | | | 7/9/24 | | | 6/11/24 | | | 5/16/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $45,000,000 | | | $22,875,000 | | | $87,530,000 | | | $105,000,000 | | | $60,000,000 | | |
| Issuer | | New Mexico MFA | | | Louisiana HC | | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | |
| Series | | 2024 Series F | | | Series 2024D,E | | | 2024 Series D | | | 2024 Series M | | | 2024 Series J | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Multifamily / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aaa / - / - | | | Aaa / - / - | | | Aa1 / AAA / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | | Taxable | | | Taxable | | |
| Year ('24 pricings) | Maturity | Coupon/ Yield | Spread | to UST | Coupon/ Yield | Spread | to UST | Coupon/ Yield | Spread | to UST | Coupon/ Yield | Spread | to UST | Coupon/ Yield | Spread | to UST |
| 1 | 2025 | 4.795 | +35 | to 2 yr | | | | | | | 5.130 | +30 | to 2 yr | | | |
| 2 | 2026 | 4.795 / 4.845 | +35 / +40 | to 2 yr | 5.035 / 4.985 | +40 / +35 | to 2 yr | | | | 5.08 / 5.08 | +25 / +25 | to 2 yr | 4.983* | +20 | to 2 yr |
| 3 | 2027 | 4.615 / 4.615 | +40 / +40 | to 3 yr | 4.847 / 4.847 | +45 / +45 | to 3 yr | | | | 4.894 / 4.914 | +28 / +30 | to 3 yr | 4.812* | +25 | to 3 yr |
| 4 | 2028 | 4.49 / 4.49 | +40 / +40 | to 5 yr | 4.793 / 4.793 | +55 / +55 | to 5 yr | 4.628 / 4.648* | +38 / +40 | to 5 yr | 4.763 / 4.763 | +35 / +35 | to 5 yr | 4.691* | +30 | to 5 yr |
| 5 | 2029 | 4.54 / 4.64 | +45 / +55 | to 5 yr | 4.793 / 4.843 | +55 / +60 | to 5 yr | 4.698 / 4.798 | +45 / +55 | to 5 yr | 4.863 / 4.863 | +45 / +45 | to 5 yr | 4.741 / 4.791 | +35 / +40 | to 5 yr |
| 6 | 2030 | 4.659 / 4.709 | +55 / +60 | to 7 yr | 4.895 / 4.945 | +65 / +70 | to 7 yr | 4.805 / 4.855 | +55 / +60 | to 7 yr | 4.954 / 5.004 | +55 / +60 | to 7 yr | 4.825 / 4.875 | +45 / +50 | to 7 yr |
| 7 | 2031 | 4.759 / 4.809 | +65 / +70 | to 7 yr | 4.995 / 5.045 | +75 / +80 | to 7 yr | 4.855 / 4.905 | +60 / +65 | to 7 yr | 5.004 / 5.054 | +60 / +65 | to 7 yr | 4.925 / 4.975 | +55 / +60 | to 7 yr |
| 8 | 2032 | 4.917 / 4.967 | +75 / +80 | to 10 yr | 5.136 / 5.186 | +85 / +90 | to 10 yr | 5.00* / 5.00* | +70 / +70 | to 10 yr | 5.10* / 5.15 | +70 / +75 | to 10 yr | | | |
| 9 | 2033 | 5.017 / 5.067 | +85 / +90 | to 10 yr | 5.236 / 5.286 | +95 / +100 | to 10 yr | 5.10 / 5.10* | +80 / +80 | to 10 yr | 5.18 / 5.23* | +78 / +83 | to 10 yr | 5.119* / 5.219 | +75 / +85 | to 10 yr |
| 10 | 2034 | 5.117 / 5.167 | +95 / +100 | to 10 yr | 5.336 / 5.386 | +105 / +110 | to 10 yr | 5.20 / 5.20* | +90 / +90 | to 10 yr | 5.33 / 5.33 | +93 / +93 | to 10 yr | 5.319 / 5.369 | +95 / +100 | to 10 yr |
| 11 | 2035 | | | | | | | 5.25* / 5.28* | +95 / +98 | to 10 yr | 5.38* / 5.42* | +98 / +102 | to 10 yr | 5.419 / 5.469 | +105 / +110 | to 10 yr |
| 12 | 2036 | | | | | | | | | | 5.45* / 5.50 | +105 / +110 | to 10 yr | | | |
| 13 | 2037 | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | |
| 15 | 2039 | 5.437 | +127 | to 10 yr | 5.636 | +135 | to 10 yr | 5.580 | +128 | to 10 yr | 5.730 | +133 | to 10 yr | 5.619 | +125 | to 10 yr |
| 16 | 2040 | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | |
| 20 | 2044 | 5.729 | +135 | to 30 yr | 5.839 | +136 | to 30 yr | 5.827 | +133 | to 30 yr | 5.937* | +140 | to 30 yr | 5.848 | +133 | to 30 yr |
| 21 | 2045 | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | 5.908 | +139 | to 30 yr |
| 24 | 2048 | | | | | | | | | | | | | | | |
| 25 | 2049 | 5.829 | +145 | to 30 yr | 5.929 | +145 | to 30 yr | 5.897 | +140 | to 30 yr | 6.007* | +147 | to 30 yr | | | |
| 26 | 2050 | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | 6.037* | +150 | to 30 yr | | | |
| 28 | 2052 | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | |
| 30 | 2054 | 5.859 | +148 | to 30 yr | | | | 5.947 | +145 | to 30 yr | | | | | | |
| 31 | 2055 | | | | 5.979 | +150 | to 30 yr | | | | | | | | | |
| PAC | | 6.25C/5.259Y | +115 | to 7 yr | | | | | | | | | | 6.50C/5.591Y | +120 | to 5 yr |
| Notes | | 9/25 priced to 2yr; 3/55 PAC is 6.25% coupon priced at 104.657 to yield 5.259% w/5.70 year avg. life 75-400% PSA | | | | | | * 8/28, 2/32, 8/32, 8/33, 8/34, 2/35, and 8/35 are 6% coupons (lock-out) | | | * 7/25 priced to 2yr; 1/32, 7/33, and 1/35-1/36 are 6% coupons; 7/44 is 5.915% coupon; 7/49 is 5.968% coupon; 7/51 is 6.018% coupon | | | * 7/26, 7/27, 7/28, and 1/33 are 6% coupons; 7/54 PAC is 6.50% coupon priced at 102.996 to yield 5.591% w/5 year avg. life 75-500% | | |
| Maturity Dates | | 9/1 and 3/1 | | | 6/1 and 12/1 | | | 2/1 and 8/1 | | | 7/1 and 1/1 | | | 7/1/26,27,28; 1/1 and 7/1 | | |
| Call Provisions | | 3/1/33 at par/101.175 PAC | | | 6/1/34 at par | | | 2/1/33 at par | | | 1/1/33 at par | | | 7/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.96% / 4.25% | | | BBI / RBI 3.96% / 4.25% | | | BBI / RBI 3.97% / 4.26% | | | BBI / RBI 3.93% / 4.22% | | |
| Sr Manager | | RBC Capital Markets | | | Stifel | | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | |

**TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA**

| Pricing Date | | 4/9/24 | | | 3/11/24 | | | 1/23/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $62,095,000 | | | $60,000,000 | | | $73,605,000 | | |
| Issuer | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | |
| Series | | 2024 Series H | | | 2024 Series D | | | 2024 Series B | | |
| Program | | Single Family / Negotiated | | | Single Family / Negotiated | | | Single Family / Negotiated | | |
| Rating(s) | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | | Aa1 / AA+ / - | | |
| Tax Status | | Taxable | | | Taxable | | | Taxable | | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | | Coupon/ Yield | Spread to UST | |
| 1 | 2025 | 5.145 / 5.145 | +40 / +40 | to 2 yr | | | | 4.853 / 4.883 | +47 / +50 | to 2 yr |
| 2 | 2026 | 5.025 / 5.045 | +28 / +30 | to 2 yr | | | | 4.733 / 4.783 | +35 / +40 | to 2 yr |
| 3 | 2027 | 4.857 / 4.907 | +30 / +35 | to 3 yr | | | | 4.718 / 4.748 | +56 / +59 | to 3 yr |
| 4 | 2028 | 4.827 / 4.887 | +45 / +51 | to 5 yr | | | | 4.719 / 4.769 | +67 / +72 | to 5 yr |
| 5 | 2029 | 4.887 / 4.937 | +51 / +56 | to 5 yr | | | | | | |
| 6 | 2030 | 5.019 / 5.069 | +64 / +69 | to 7 yr | | | | | | |
| 7 | 2031 | 5.139 / 5.179 | +76 / +80 | to 7 yr | | | | | | |
| 8 | 2032 | 5.238 / 5.268 | +87 / +90 | to 10 yr | | | | | | |
| 9 | 2033 | 5.348 / 5.388 | +98 / +102 | to 10 yr | | | | | | |
| 10 | 2034 | 5.428 / 5.428 | +106 / +106 | to 10 yr | 4.938 | +85 | to 5 yr | 5.205 | +110 | to 7 yr |
| 11 | 2035 | 5.488 / 5.488 | +112 / +112 | to 10 yr | | | | | | |
| 12 | 2036 | | | | | | | | | |
| 13 | 2037 | | | | | | | | | |
| 14 | 2038 | | | | | | | | | |
| 15 | 2039 | 5.588 | +122 | to 10 yr | 5.350 | +125 | to 10 yr | 5.520 | +138 | to 10 yr |
| 16 | 2040 | | | | | | | | | |
| 17 | 2041 | | | | | | | | | |
| 18 | 2042 | | | | | | | | | |
| 19 | 2043 | | | | | | | | | |
| 20 | 2044 | 5.730 | +123 | to 30 yr | | | | 5.780 | +139 | to 30 yr |
| 21 | 2045 | | | | 5.536 | +127 | to 30 yr | | | |
| 22 | 2046 | | | | | | | | | |
| 23 | 2047 | | | | | | | | | |
| 24 | 2048 | | | | | | | | | |
| 25 | 2049 | | | | | | | 5.900 | +151 | to 30 yr |
| 26 | 2050 | 5.850 | +135 | to 30 yr | | | | | | |
| 27 | 2051 | | | | | | | 5.960 | +157 | to 30 yr |
| 28 | 2052 | | | | | | | | | |
| 29 | 2053 | | | | | | | | | |
| 30 | 2054 | | | | | | | | | |
| 31 | 2055 | | | | | | | | | |
| PAC | | | | | 6.25C/5.308Y | +122 | to 5 yr | | | |
| Notes | | 1/25 and 7/25 priced to 2yr | | | 7/34 priced to 5yr (+84 to 10yr); 7/54 PAC is 6.25% coupon priced at 104.008 to yield 5.308% w/5 year avg. life 75-500% PSA | | | 1/25 and 7/25 priced to 2yr; 1/34 priced to 7yr avg. life | | |
| Maturity Dates | | 1/1 and 7/1 | | | 1/1 and 7/1 | | | 1/1 and 7/1 | | |
| Call Provisions | | 7/1/33 at par | | | 7/1/33 at par | | | 7/1/33 at par | | |
| Mkt Index | | BBI / RBI 3.68% / 3.96% | | | BBI / RBI 3.52% / 3.80% | | | BBI / RBI 3.39% / 3.67% | | |
| Sr Manager | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | |

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# Item: Post Sale Report, Rental Housing Bonds, Series 2024 C (Carver Place Apartments)

**Information Item:** 9.C
**Date:** 10/24/2024
**Staff Contacts:** Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us

**Request Type:** No Action, Information

## Request Summary

The Agency priced $9,820,000 of its Series 2024 C Rental Housing Bonds on August 12, 2024. This bond issue is structured with both a short-term and long-term component. The short-term bonds will mature in 2026 and the long-term bonds mature in 2034 and 2044. In accordance with the 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

<Instructions: Select all that apply.>

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

## Attachments

- Post-Sale Report

CSG | ADVISORS

# POST-SALE REPORT

## $9,820,000
## Minnesota Housing Finance Agency
## Rental Housing Bonds, 2024 Series C-1 and C-2 (Carver Place)

Minnesota Housing issued its $9,820,000 2024 Series C-1 and C-2 tax-exempt Rental Housing Bonds to provide funding for the 60-unit Carver Place development in Carver. RBC Capital Markets, acting as sole manager, priced the bonds on August 12, 2024. The transaction closed on August 20, 2024.

The issue was structured with two components – $4,625,000 Series C-1 with maturities in 2034 and 2044 to provide long-term financing and $5,195,000 Series C-2 maturing 8/1/26 to provide short-term bridge financing. Together, the C-1 and C-2 bonds make the development eligible for 4% low income housing tax credits. The C-1 long-term bonds will have HUD Risk-Share insurance on the underlying loan and will be repaid from project net operating income while the C-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources. This was MHFA's third rental housing transaction with a long-term component since 2013, allowing the Agency to preserve liquidity while still providing an attractive long-term borrowing rate of 5.75% to the project. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated $4.83 million in orders, with subscription levels ranging from 0x to 1.5x depending on the maturity (0.5x overall). For the C-1 bonds, which had subscription levels of 1.5x in 2034 and 1.0x in 2044, RBC left the coupons unchanged. For the C-2 short-term bonds, which received no orders, RBC offered to fully underwrite them at a level 0.05% higher than the marketed level. The final spread on the C-2 bonds was +66 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +66 basis points spread on the C-2 short-term bonds is better than all but one of MHFA's Rental transactions since the end of 2021. (The outlier is 24B Edge at +40bps). For Minnesota Housing and all other municipal bond issuers, yields and spreads from 2022 to present remain higher than those in 2021 and earlier years, before spiking inflation and Fed tightening led to sharp increases in yields throughout U.S. bond markets. The 2024 Series C 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: 1/1/21 TO PRESENT**

| Pricing Date | Series | Development Name | Par Amount ($ millions) | Weighted Average Life (yrs) First Call / Maturity | Yield | Spread to iMMD (bps) Prior Day | Spread to iMMD (bps) Pricing Day |
|---|---|---|---|---|---|---|---|
| 3/24/21 | 21A | North Moorhead | 5.485 | 1.833 / 2.333 | 0.40% | +21 | +23 |
| 5/6/21 | 21B | Element | 8.765 | 1.217 / 1.717 | 0.30% | +20 | +20 |
| 9/15/21 | 21C | Snelling Yards | 7.840 | 1.839 / 2.339 | 0.30% | +17 | +17 |
| 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 | 24A | Walnut Towers | 4.060 | 1.731 / 2.231 | 3.875% | +67.5 | +67.5 |
| 7/24/24 | 24B | Edge Apartments | 5.640 | 1.000 / 1.503 | 3.25% | +40 | +40 |
| 8/12/24 | 24C | Carver Place | 5.195 | 1.114 / 1.947 | 3.30% | +66 | +66 |

**HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES**

| Pricing Date | | 8/12/24 | | 8/7/24 | | 8/7/24 | |
|---|---|---|---|---|---|---|---|
| Amount | | $9,820,000 | | $18,200,000 | | $30,000,000 | |
| Issuer | | Minnesota HFA | | North Carolina HFA | | Texas DHCA | |
| Series | | 2024 S. C (Carver Place) | | S. 2024 (Weaver PPM) | | S. 2024 (Palladium) | |
| Program | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | |
| Rating(s) | | Aa1 / AAA / - | | - / AA+ / - | | Aaa/VMIG-1 / - / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | |
| 1 | 2025 | | | | | | |
| 2 | 2026 | 3.300 | +66 | | | | |
| 3 | 2027 | | | 3.30* | +71 | 3.125 | +55 |
| 4 | 2028 | | | | | | |
| 5 | 2029 | | | | | | |
| 6 | 2030 | | | | | | |
| 7 | 2031 | | | | | | |
| 8 | 2032 | | | | | | |
| 9 | 2033 | | | | | | |
| 10 | 2034 | 3.950 | +125 | | | | |
| 11 | 2035 | | | | | | |
| 12 | 2036 | | | | | | |
| 13 | 2037 | | | | | | |
| 14 | 2038 | | | | | | |
| 15 | 2039 | | | | | | |
| 16 | 2040 | | | | | | |
| 17 | 2041 | | | | | | |
| 18 | 2042 | | | | | | |
| 19 | 2043 | | | | | | |
| 20 | 2044 | 4.500 | +120 | | | | |
| 21 | 2045 | | | | | | |
| 22 | 2046 | | | | | | |
| 23 | 2047 | | | | | | |
| 24 | 2048 | | | | | | |
| 25 | 2049 | | | | | | |
| 26 | 2050 | | | | | | |
| 27 | 2051 | | | | | | |
| 28 | 2052 | | | | | | |
| 29 | 2053 | | | | | | |
| 30 | 2054 | | | | | | |
| 31 | 2055 | | | | | | |
| 32 | 2056 | | | | | | |
| 33 | 2057 | | | | | | |
| 34 | 2058 | | | | | | |
| 35 | 2059 | | | | | | |
| 36 | 2060 | | | | | | |
| 37 | 2061 | | | | | | |
| 38 | 2062 | | | | | | |
| 39 | 2063 | | | | | | |
| 40 | 2064 | | | | | | |
| 41 | 2065 | | | | | | |
| 42 | 2066 | | | | | | |
| 43 | 2067 | | | | | | |
| Notes | | C1 is $4,625,000 with 8/1/34 and 8/1/44 maturities and 8/1/32 optional call; C2 is $5,195,000 with 8/1/26 maturity and 10/1/25 optional call | | * 4% coupon; 3/1/28 maturity shown at 3/1/27 mandatory tender above | | 8/1/29 maturity shown at 8/1/27 mandatory tender above | |
| Maturity Dates | | 8/1 | | 3/1/28 only | | 8/1/29 only | |
| Call Provisions | | C1: 8/1/32; C2: 10/1/25 | | 3/1/27 at par | | 8/1/27 at par | |
| Mandatory Tender | | None | | 3/1/27 | | 8/1/27 | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | |
| Sr Manager | | RBC Capital Markets | | Herold & Lantern | | RBC Capital Markets | |

| Pricing Date | | 8/7/24 | | 7/25/24 | | 7/24/24 | |
|---|---|---|---|---|---|---|---|
| Amount | | $9,740,000 | | $5,500,000 | | $5,050,000 | |
| Issuer | | West Virginia HDF | | Utah HC | | Florida HFC | |
| Series | | S. 2024 (Five Points) | | S. 2024 (New City Plaza) | | 2022 S. B-2 (Allegro Remkt) | |
| Program | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | |
| Rating(s) | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | |
| 1 | 2025 | | | | | 3.500 | +61 |
| 2 | 2026 | 3.20* | +56 | 3.625 | +78 | | |
| 3 | 2027 | | | | | | |
| 4 | 2028 | | | | | | |
| 5 | 2029 | | | | | | |
| 6 | 2030 | | | | | | |
| 7 | 2031 | | | | | | |
| 8 | 2032 | | | | | | |
| 9 | 2033 | | | | | | |
| 10 | 2034 | | | | | | |
| 11 | 2035 | | | | | | |
| 12 | 2036 | | | | | | |
| 13 | 2037 | | | | | | |
| 14 | 2038 | | | | | | |
| 15 | 2039 | | | | | | |
| 16 | 2040 | | | | | | |
| 17 | 2041 | | | | | | |
| 18 | 2042 | | | | | | |
| 19 | 2043 | | | | | | |
| 20 | 2044 | | | | | | |
| 21 | 2045 | | | | | | |
| 22 | 2046 | | | | | | |
| 23 | 2047 | | | | | | |
| 24 | 2048 | | | | | | |
| 25 | 2049 | | | | | | |
| 26 | 2050 | | | | | | |
| 27 | 2051 | | | | | | |
| 28 | 2052 | | | | | | |
| 29 | 2053 | | | | | | |
| 30 | 2054 | | | | | | |
| 31 | 2055 | | | | | | |
| 32 | 2056 | | | | | | |
| 33 | 2057 | | | | | | |
| 34 | 2058 | | | | | | |
| 35 | 2059 | | | | | | |
| 36 | 2060 | | | | | | |
| 37 | 2061 | | | | | | |
| 38 | 2062 | | | | | | |
| 39 | 2063 | | | | | | |
| 40 | 2064 | | | | | | |
| 41 | 2065 | | | | | | |
| 42 | 2066 | | | | | | |
| 43 | 2067 | | | | | | |
| Notes | | * 5% coupon | | | | | |
| Maturity Dates | | 3/1/27 only | | 2/1/26 only | | 2/1/25 only | |
| Call Provisions | | 3/1/26 | | None | | None | |
| Mandatory Tender | | N/A | | N/A | | N/A | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.92% / 4.21% | |
| Sr Manager | | Stifel | | Stifel | | RBC Capital Markets | |

| Pricing Date | | 7/24/24 | | 7/24/24 | | 7/23/24 | |
|---|---|---|---|---|---|---|---|
| Amount | | $8,055,000 | | $27,116,000 | | $45,770,000 | |
| Issuer | | Minnesota HFA | | Wisconsin HEDA | | Colorado HFA | |
| Series | | 2024 S. B (Edge) | | 2024 S. J (100 E. National) | | 2024 S. A1,2 (Overlook Uplands) | |
| Program | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | |
| Rating(s) | | Aa1 / AAA / - | | Aaa/VMIG-1 / - / - | | Aaa / AAA / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | |
| Maturity Year ('24 pricings) | | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | |
| 1 | 2025 | | | | | | |
| 2 | 2026 | 3.250 | +40 | 3.39* | +55 | | |
| 3 | 2027 | | | | | | |
| 4 | 2028 | | | | | 3.375 / 3.375 | +60 / +61 |
| 5 | 2029 | | | | | 3.45 / 3.45 | +70 / +70 |
| 6 | 2030 | | | | | 3.50 / 3.55 | +73 / +78 |
| 7 | 2031 | | | | | 3.60 / 3.65 | +83 / +88 |
| 8 | 2032 | | | | | 3.70 / 3.80 | +93 / +103 |
| 9 | 2033 | | | | | 3.85 / 3.875 | +107 / +110 |
| 10 | 2034 | 3.950 | +117 | | | 3.90 / 3.90 | +112 / +112 |
| 11 | 2035 | | | | | 3.95 / 3.95 | +115 / +114 |
| 12 | 2036 | | | | | 4.00 / 4.00 | +117 / +114 |
| 13 | 2037 | | | | | | |
| 14 | 2038 | | | | | | |
| 15 | 2039 | | | | | 4.050 | +103 |
| 16 | 2040 | | | | | | |
| 17 | 2041 | | | | | | |
| 18 | 2042 | | | | | | |
| 19 | 2043 | | | | | | |
| 20 | 2044 | 4.500 | +112 | | | 4.450 | +107 |
| 21 | 2045 | | | | | | |
| 22 | 2046 | | | | | | |
| 23 | 2047 | | | | | | |
| 24 | 2048 | | | | | | |
| 25 | 2049 | | | | | 4.600 | +102 |
| 26 | 2050 | | | | | | |
| 27 | 2051 | | | | | | |
| 28 | 2052 | | | | | | |
| 29 | 2053 | | | | | | |
| 30 | 2054 | 4.750 | +109 | | | 4.700 | +104 |
| 31 | 2055 | | | | | | |
| 32 | 2056 | | | | | | |
| 33 | 2057 | | | | | | |
| 34 | 2058 | | | | | | |
| 35 | 2059 | | | | | 4.800 | +114 to 30yr |
| 36 | 2060 | | | | | | |
| 37 | 2061 | | | | | | |
| 38 | 2062 | | | | | | |
| 39 | 2063 | | | | | | |
| 40 | 2064 | | | | | 4.850 | +119 to 30yr |
| 41 | 2065 | | | | | | |
| 42 | 2066 | 4.850 | +119 to 30yr | | | | |
| 43 | 2067 | | | | | 4.875 | +121.5 to 30yr |
| Notes | | B1 is $2,415,000 with 2034-2066 maturities and 8/1/32 optional call; B2 is $5,640,000 with 2/1/26 maturity and 8/1/25 optional call | | * 5% coupon; 8/1/58 maturity shown at 8/1/26 mandatory tender above | | A-2 is $1,900,000 maturing 4/1/28 with 3.375% coupon, no optional call | |
| Maturity Dates | | 8/1 | | 8/1/58 only | | A1: 4/1 & 10/1, A2: 4/1/28 only | |
| Call Provisions | | B1: 8/1/32; B2: 8/1/25 | | 8/1/26 at par | | 10/1/32 at par | |
| Mandatory Tender | | None | | 8/1/26 | | None | |
| Mkt Index | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.92% / 4.21% | |
| Sr Manager | | RBC Capital Markets | | Stifel | | Jefferies | |



CSG | advisors

**HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES**

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 7/18/24 | | 7/18/24 | | 7/16/24 | | 7/10/24 | | 6/28/24 | | 6/27/24 | | 6/26/24 | | 6/26/24 | | 6/25/24 | |
| Amount | | $11,190,000 | | $20,065,000 | | $50,900,000 | | $30,000,000 | | $58,498,000 | | $37,590,000 | | $13,000,000 | | $23,370,000 | | $76,500,000 | |
| Issuer | | District of Columbia HFA | | Vermont HFA | | Virginia HFA | | Illinois HDA | | Arizona IDA | | Wisconsin HEDA | | Louisiana HC | | Ohio HFA | | California HFA | |
| Series | | S. 2022 (Cascade, Remkt) | | 2024 Series E-1,2 | | 2024 Series D | | 2024 Series C-1,2 | | S. 2024 (Ironwood Ranch) | | 2024 S. I (Intersect Project) | | S. 2024 (Benoit Townhomes) | | S. 2022 (Post Oak, Remkt) | | 2024 Issue T (Shoreview) | |
| Program | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Competitive | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | |
| Rating(s) | | Aaa / - / - | | Aa1 / - / AA+ | | Aa1 / AA+ / - | | Aaa / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa / - / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | |
| | Maturity | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread | Coupon/ | Spread |
| Year ('24 pricings) | | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD | Yield | to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | | | | | |
| 1 | 2025 | 3.550 | +67 | 3.09* | +22 | | | | | | | | | | | 3.850 | +70 | | |
| 2 | 2026 | | | 3.14* / 3.15*, 3.50 | +28 / +32,+67 | 3.500 | +63 | | | 3.75* | +67 | | | 3.750 | +66 | | | | |
| 3 | 2027 | | | 3.16* / 3.20* | +36 / +40 | 3.500 | +70 | | | | | 3.67* | +66 | | | | | | |
| 4 | 2028 | | | 3.25* / 3.30* | +45 / +50 | 3.550 | +75 | 3.600 | +70 | | | | | | | | | | |
| 5 | 2029 | | | 3.32* / 3.35* | +55 / +58 | 3.600 | +83 | 3.500 | +64 | | | | | | | | | | |
| 6 | 2030 | | | 3.37* / 3.40* | +60 / +63 | 3.650 | +88 | 3.600 | +74 | | | | | | | | | | |
| 7 | 2031 | | | | | 3.700 | +93 | 3.700 | +85 | | | | | | | | | | |
| 8 | 2032 | | | | | 3.750 | +98 | 3.800 | +96 | | | | | | | | | | |
| 9 | 2033 | | | | | 3.800 | +102 | 3.850 | +100 | | | | | | | | | | |
| 10 | 2034 | | | | | 3.850 | +107 | 3.900 | +105 | | | | | | | | | 3.750 | +96 |
| 11 | 2035 | | | | | 3.900 | +109 | 3.950 | +107 | | | | | | | | | | |
| 12 | 2036 | | | | | | | 4.000 | +109 | | | | | | | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | 4.000 | +106 | | | | | | | | | | | | |
| 15 | 2039 | | | | | 4.050 | +103 | 4.150 | +106 | | | | | | | | | | |
| 16 | 2040 | | | | | 4.100 | +98 | | | | | | | | | | | 4.100 | +95 |
| 17 | 2041 | | | | | 4.125 | +92 | | | | | | | | | | | | |
| 18 | 2042 | | | | | 4.150 | +88 | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | | | | |
| 20 | 2044 | | | | | 4.250 | +87 | 4.500 | +105 | | | | | | | | | | |
| 21 | 2045 | | | | | 4.300 | +88 | | | | | | | | | | | | |
| 22 | 2046 | | | | | 4.350 | +89 | | | | | | | | | | | | |
| 23 | 2047 | | | | | 4.375 | +86 | | | | | | | | | | | | |
| 24 | 2048 | | | | | 4.400 | +86 | | | | | | | | | | | | |
| 25 | 2049 | | | | | 4.450 | +87 | 4.650 | +100 | | | | | | | | | | |
| 26 | 2050 | | | | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | 4.500 | +84 | 4.750 | +102 | | | | | | | | | | |
| 31 | 2055 | | | | | | | | | | | | | | | | | | |
| 32 | 2056 | | | | | | | | | | | | | | | | | | |
| 33 | 2057 | | | | | | | | | | | | | | | | | | |
| 34 | 2058 | | | | | | | | | | | | | | | | | | |
| 35 | 2059 | | | | | | | 4.850 | +112 to 30yr | | | | | | | | | | |
| 36 | 2060 | | | | | 4.625 | +96.5 to 30yr | | | | | | | | | | | | |
| 37 | 2061 | | | | | | | | | | | | | | | | | | |
| 38 | 2062 | | | | | | | | | | | | | | | | | | |
| 39 | 2063 | | | | | | | | | | | | | | | | | | |
| 40 | 2064 | | | | | | | | | | | | | | | | | | |
| 41 | 2065 | | | | | | | | | | | | | | | | | | |
| 42 | 2066 | | | | | | | | | | | | | | | | | | |
| 43 | 2067 | | | | | | | | | | | | | | | | | | |
| Notes | | 8/1/42 maturity shown at 8/1/25 mandatory tender above | | E-1 is all 6% coupons; E-2 is $16,910,000 3.50% maturing 11/1/26 with 9/1/25 par call | | | | C2 is $22,600,000 3.60% maturity 8/1/32 w/ 8/1/28 mandatory tender and 8/1/27 par call | | * 5% coupon; 2/1/58 maturity shown at 9/1/26 mandatory tender above | | * 5% coupon; 11/1/58 maturity shown at 2/1/27 mandatory tender above | | 8/1/27 maturity shown at 8/1/26 mandatory tender above | | | | | |
| Maturity Dates | | 8/1/42 only | | 11/1 and 5/1 | | 8/1 | | C-1: 7/1; C-2: 8/1/32 | | 2/1/58 only | | 11/1/58 only | | 8/1/27 only | | 7/1/25 only | | 7/1 | |
| Call Provisions | | None | | E-1: none; E-2 9/1/25 | | 8/1/33 at par | | C1: 7/33, C2: 8/27 | | 9/1/26 at par | | 2/1/27 at par | | 8/1/26 at par | | None | | 7/1/34 at par | |
| Mandatory Tender | | 8/1/25 | | N/A | | N/A | | C2: 8/1/28 | | 9/1/26 | | 2/1/27 | | 8/1/26 | | N/A | | N/A | |
| Mkt Index | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.92% / 4.21% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.96% / 4.25% | | BBI / RBI 3.93% / 4.22% | | BBI / RBI 3.93% / 4.22% | | BBI / RBI 3.93% / 4.22% | | BBI / RBI 3.93% / 4.22% | | BBI / RBI 3.90% / 4.19% | |
| Sr Manager | | Wells Fargo | | Raymond James | | Baird | | Siebert | | Stifel | | Stifel | | Lument | | Lument | | Jefferies | |

**HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES**

| Pricing Date | | 6/25/24 | | 6/20/24 | | 6/20/24 | | 6/18/24 | | 6/18/24 | | 6/18/24 | | 6/18/24 | | 6/18/24 | | 5/1/24 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $21,335,000 | | $29,690,000 | | $21,472,000 | | $11,139,000 | | $42,455,000 | | $80,125,000 | | $81,545,000 | | $228,385,000 | | $9,590,000 | |
| Issuer | | Utah HC | | District of Columbia HFA | | Ohio HFA | | Louisiana HC | | Maryland DHCD | | New York City HDC | | New York State HFA | | New York State HFA | | Minnesota HFA | |
| Series | | S. 2024 (Silos on 500) | | S. 2024 (One Hawaii) | | S. 2024 (Hough) | | S. 2024 (Highland Place) | | Series 2024 B,C | | 2024 S. A (Housing Impact) | | 2024 Series C-1 | | 2024 Series C-2 | | 2024 S. A (Walnut Towers) | |
| Program | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | | Multifamily / Negotiated | |
| Rating(s) | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aaa/VMIG-1 / - / - | | Aa2 / - / AA+ | | Aa2 / - / - | | Aa2 / - / - | | Aa2 / - / - | | Aa1 / AAA / - | |
| Tax Status | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | | Non-AMT | |
| Year ('24 pricings) | Maturity | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD | Coupon/ Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | | | | | |
| 1 | 2025 | | | | | | | | | | | | | 3.25 / 3.25 | +14 / +18 | | | | |
| 2 | 2026 | | | | | | | | | 3.35 / 3.35 | +28 / +32 | | | 3.25 / 3.25 | +20 / +26 | | | 3.875 | +67.5 |
| 3 | 2027 | 3.700 | +78 | 3.650 | +72 | 3.72* | +75 | 3.68* | +75 | | | | | 3.35 / 3.35 | +41 / +44 | 3.500 | +56 | | |
| 4 | 2028 | | | | | | | | | 3.45 / 3.45 | +55 / +55 | | | 3.40 / 3.40 | +50 / +50 | | | | |
| 5 | 2029 | | | | | | | | | 3.45 / 3.45 | +60 / +60 | | | 3.45 / 3.45 | +60 / +60 | 3.600 | +75 | | |
| 6 | 2030 | | | | | | | | | 3.55 / 3.55 | +73 / +73 | | | 3.55 / 3.60 | +73 / +78 | | | | |
| 7 | 2031 | | | | | | | | | 3.65 / 3.65 | +84 / +84 | | | 3.60 / 3.65 | +79 / +84 | | | | |
| 8 | 2032 | | | | | | | | | 3.70 / 3.75 | +90 / +95 | | | 3.70 / 3.70 | +90 / +90 | | | | |
| 9 | 2033 | | | | | | | | | 3.80 / 3.80 | +101 / +101 | | | 3.75 / 3.75 | +96 / +96 | | | | |
| 10 | 2034 | | | | | | | | | 3.80 / 3.85 | +101 / +106 | | | 3.80 / 3.80 | +101 / +101 | | | 3.950 | +112 |
| 11 | 2035 | | | | | | | | | 3.90 / 3.90 | +110 / +109 | | | 3.85 / 3.85 | +105 / +102 | | | | |
| 12 | 2036 | | | | | | | | | 3.90 / 3.95 | +106 / +110 | | | 3.90 / 3.90 | +106 / +103 | | | | |
| 13 | 2037 | | | | | | | | | | | | | | | | | | |
| 14 | 2038 | | | | | | | | | | | | | | | | | | |
| 15 | 2039 | | | | | | | | | 4.100 | +105 | | | 4.000 | +95 | | | | |
| 16 | 2040 | | | | | | | | | | | | | | | | | | |
| 17 | 2041 | | | | | | | | | | | | | | | | | | |
| 18 | 2042 | | | | | | | | | | | | | | | | | | |
| 19 | 2043 | | | | | | | | | | | | | | | | | | |
| 20 | 2044 | | | | | | | | | 4.450 | +104 | | | 4.375 | +97 | | | 4.625 | +98.5 |
| 21 | 2045 | | | | | | | | | | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | | | | |
| 24 | 2048 | | | | | | | | | | | | | | | | | | |
| 25 | 2049 | | | | | | | | | 4.600 | +99 | | | 4.500 | +89 | | | | |
| 26 | 2050 | | | | | | | | | | | | | | | | | | |
| 27 | 2051 | | | | | | | | | | | | | | | | | | |
| 28 | 2052 | | | | | | | | | | | | | | | | | | |
| 29 | 2053 | | | | | | | | | | | | | | | | | | |
| 30 | 2054 | | | | | | | | | 4.700 | +101 | 4.700 | +101 | 4.650 | +96 | | | 4.800 | +84 |
| 31 | 2055 | | | | | | | | | | | | | | | | | | |
| 32 | 2056 | | | | | | | | | | | | | | | | | | |
| 33 | 2057 | | | | | | | | | | | | | | | | | | |
| 34 | 2058 | | | | | | | | | | | | | | | | | | |
| 35 | 2059 | | | | | | | | | 4.800 | +111 to 30yr | | | 4.750 | +106 to 30yr | | | | |
| 36 | 2060 | | | | | | | | | | | | | | | | | | |
| 37 | 2061 | | | | | | | | | | | | | | | | | | |
| 38 | 2062 | | | | | | | | | | | | | | | | | | |
| 39 | 2063 | | | | | | | | | | | | | | | | | | |
| 40 | 2064 | | | | | | | | | | | | | | | | | | |
| 41 | 2065 | | | | | | | | | | | | | | | | | | |
| 42 | 2066 | | | | | | | | | | | | | | | | | 4.900 | +94 to 30yr |
| 43 | 2067 | | | | | | | | | | | | | | | | | | |
| Notes | | 8/1/43 maturity shown at 8/1/27 mandatory tender above | | 7/1/28 maturity shown at 7/1/27 mandatory tender above | | * 5% coupon; 1/1/42 maturity shown at 2/1/27 mandatory tender above | | * 5% coupon; 7/1/45 maturity shown at 7/1/27 mandatory tender above | | Optional par call on 1/28 bonds has two compnents: 7/1/33 for $45,000 (24B) and 1/1/27 for $1,565,000 (24C) | | | | | | Two portions, both 11/1/63 maturity: A) $2,970,000 5/1/27 mand tender & 3/1/26 par call; B) $225,415,000 5/1/29 mand tender & 1/1/27 par call | | A1 is $5,530,000 with 2034-2066 maturities and 8/1/32 optional call; A2 is $4,060,000 with 8/1/26 maturity and 8/1/25 optional call | |
| Maturity Dates | | 8/1/43 only | | 7/1/28 only only | | 1/1/42 only | | 7/1/45 only | | 2/1 and 8/1 | | 8/1/54 only | | 5/1 and 11/1 | | 11/1/63 only | | 8/1 | |
| Call Provisions | | None | | 7/1/27 at par | | 2/1/27 at par | | 7/1/27 at par | | 7/33 par, except part of 1/28 | | 2/1/32 at par | | 5/1/32 at par | | A: 3/1/26; B: 1/1/27 | | A1: 8/1/32; A2: 8/1/25 | |
| Mandatory Tender | | 8/1/27 | | 7/1/27 | | 2/1/27 | | 7/1/27 | | N/A | | N/A | | N/A | | A: 5/1/27; B: 5/1/29 | | None | |
| Mkt Index | | BBI / RBI 3.90% / 4.19% | | BBI / RBI 3.90% / 4.19% | | BBI / RBI 3.90% / 4.19% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 3.94% / 4.23% | | BBI / RBI 4.07% / 4.36% | |
| Sr Manager | | KeyBanc | | Siebert | | Stifel | | Stifel | | Morgan Stanley | | Siebert Williams | | Morgan Stanley | | Morgan Stanley | | RBC Capital Markets | |

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# Item: Post Sale Report, State Appropriated (Housing Infrastructure), Series 2024 A

**Information Item:** 9.D
**Date:** 10/24/2024
**Staff Contacts:** Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us

**Request Type:** No Action, Information

## Request Summary

The Agency priced $12,960,000 of fixed-rate Series 2024 A State Appropriation Housing Infrastructure bonds on August 28, 2024. The series closed September 18, 2024. In accordance with the 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

<Instructions: Select all that apply.>

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

## Attachments

- Post-Sale Report

CSG | advisors

Via Email Delivery

**MEMORANDUM**

**Date:** **September 18, 2024**

**To:** **Minnesota Housing Finance Agency**

**From:** **Eric Olson, Gene Slater**

**Re:** **Post-Sale Report**
**12,960,000 State Appropriation Bonds (Housing Infrastructure)**
**2024 Series A**

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## KEY RESULTS FOR MINNESOTA HOUSING

***Purpose.*** Minnesota Housing is issuing the $12,960,000 2024 Series A State Appropriation Bonds to fund loans to two manufactured home parks and one or more Community Land Trusts. Bond proceeds will also be used to cover the costs of issuance.

The Housing Infrastructure Loans are expected to be 0% interest, non-amortizing, nonrecourse deferred loans. Certain loans may also be forgivable if the conditions for use are met. The loans do not provide the security for or help repay the bonds. The bonds are paid solely from the State's general fund appropriation.

Under the relevant authorizing legislation, Minnesota Housing may use bond proceeds to make loans to help finance:

- the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence,
- the costs of the acquisition and rehabilitation of abandoned or foreclosed property to be used for affordable rental housing and the construction of rental housing on that property where the existing structures will be demolished or removed,
- that portion of the costs of the acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers,
- the costs of acquisition, improvement and infrastructure of manufactured home parks;
- the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing;
- the costs of the acquisition and rehabilitation or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit,
- acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing,
- the costs of construction, acquisition, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of area median income, and
- the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking.

***History of Housing Infrastructure Financings.*** The 2024 Series A issue is the thirteenth financing under this indenture, and it was sized to use up the remaining balance of the January 2022 bond authorization. All of the financings are summarized in the following table.

| | |
|---:|---|
| $15,460,000 | 2013 Series A/B |
| $14,540,000 | 2014 Series A/B |
| $37,570,000 | 2015 Series A/B |
| $31,095,000 | 2015 Series C |
| $18,625,000 | 2016 Series A/B/C |
| $12,690,000 | 2017 Series A |
| $25,295,000 | 2018 Series A/B/C/D |
| $26,775,000 | 2019 Series A/B/C/D |
| $108,280,000 | 2020 Series A/B/C/D |
| $76,970,000 | 2021 Series A/B/C/D |
| $104,195,000 | 2022 Series A/B/C |
| $26,635,000 | 2023 Series A/B |
| $498,130,000 | Total prior series |
| $12,960,000 | 2024 Series A |
| $511,090,000 | Total to date |

While all of the Housing Infrastructure financings are secured on a parity basis, particular series are issued under different appropriations limits covering both par amount and annual debt service.

**KEY FEATURES OF THE BONDS**

***Limited Obligations of Minnesota Housing.*** The bonds are not secured or guaranteed by Minnesota Housing and are payable solely from the State Appropriations. The bonds are now listed as liabilities on Minnesota Housing's financial statements.

***Appropriations Risk.*** The Housing Infrastructure State Appropriations are a standing annual appropriation that does not require any further action by the Legislature for payments to be made in future years. As provided by Minnesota law, a standing appropriation may be reduced or repealed entirely by the Legislature; this would have significant credit consequences for the State. Due to this possible non-appropriation risk, the bonds are therefore rated slightly below the state General Obligation bonds (which are rated Aaa by Moody's, AAA by Standard & Poor's, and AAA by Fitch).

***Ratings.*** The bonds are rated Aa1 by Moody's and AA+ by Standard & Poor's.

***Bond Structure.*** The bonds were structured to provide level annual debt service, with bond maturities from 8/1/2025 to 8/1/2044. Interest is capitalized through 2/1/2025 given the timing of the first available appropriations. All maturities were structured as serial bonds initially, but during pricing the 2041 and 2042 amounts were combined into a single 2042 term bond.

***Couponing and Original Issue Discounts/Premiums:*** The bonds were structured with a mix of coupons ranging from 4% to 5% to appeal to a range of different investors, helping maximize investor demand. All but the 2042 to 2044 maturities were sold at premiums. The aggregate net reoffering premium was $1,106,970.40.

**UNDERWRITING**

RBC Capital Markets served as senior managing underwriter, with Morgan Stanley, Piper Sandler & Co., and Wells Fargo Securities as co-managers.

On Monday, August 26th, RBC shared pricing views from themselves and their co-managers, along with their consensus proposed scale and draft pre-marketing wire. CSG also independently provided Minnesota Housing with pre-pricing comparable transactions (see post-pricing version attached).

On a conference call, representatives of Minnesota Housing, CSG, and RBC discussed the proposed structure and pricing levels, market conditions, and the pricing schedule and steps. RBC described that while market volatility has been high over the course of the year, Fed Chairman Powell's Jackson Hole comments have given investors more clarity that rate changes are likely coming soon. Municipal bond supply for 2024 has been 25% higher than last year at this time, with some very heavy weeks recently. RBC indicated that the market was still digesting the State's $1,593,755,000 general obligation bond issue priced on August 6th, with RBC holding approximately $100 million in remaining balances. RBC suggested that a $127.1 million Alaska Housing transaction pricing Tuesday was a similar credit that would be a close comparable, where Minnesota Housing's bonds should price slightly better given stronger retail demand in Minnesota.

Early on the morning of the pricing, Wednesday August 28th, the financing team had a conference call to discuss the premarketing feedback from the prior day and to determine the offering levels for the order period. RBC shared that some potential buyers were passing on the opportunity given the relatively small size of the transaction. They also indicated that the Alaska transaction had unsold balances from 2034 to 2039. RBC recommended increasing the offering yields by 7 basis points for the maturities through 2040, as well as changing the 2041 bond coupon from 5% to 4% (with no change in yield). Consistent with past issues, first priority was given to Minnesota individual retail orders up to $250,000 each.

During the order period, $20.98 million of orders were received, representing an overall subscription factor of 1.6x. The 2037 through 2042 maturities were under-subscribed, with 2037 through 2039 receiving no orders. In contrast, 2044 was over-subscribed by 5.3x, 2026 by 4.0x, and all other oversubscribed maturities were in the range of 1.0x to 3.0x. $2.9 million of individual retail orders were received. MHFA, Management and Budget, and CSG had access to the Ipreo order system to monitor the pricing status in real time.

On a wrap-up call at 11:30 AM Central time, representatives of Minnesota Housing, CSG, and RBC discussed the results of the order period. RBC proposed to underwrite the issue with the following changes from the beginning of the order period. At the conclusion of the call, Minnesota Housing gave RBC the verbal award.

- 2 basis point reduction on the 2025-2029 maturities (where oversubscription levels ranged from 2.6x to 4.0x)
- no changes from 2030 to 2040 (where subscription levels ranged from 0x to 2.0x, with no orders for 2037-2039)
- combining the 2041 and 2042 serial maturities into a single term bond in 2042, at the offered coupon and yield for 2042
- 1 basis point reduction on the 2043 maturity (where the oversubscription level was 2.0x)
- 4 basis point reduction on the 2044 maturity (where the oversubscription level was 5.3x)

## MARKET CONDITIONS

***Treasuries.*** In the days leading up to the sale of the bonds, U.S. Treasury yields were increasingly slightly. The 10-year rose from 3.81% on Friday the 23rd to 3.84% on Wednesday the 26th, while the 30-year yield rose from 4.10% on Friday to 4.13% on Wednesday.

***Municipals.*** Municipal rates were relatively steady leading up the bond sale. On Friday the 23rd the 10-year was 2.69% while the 30-year was 3.57%. Through Wednesday the 28th, the 10-year yield was unchanged while the 30-year yield had ticked up 1 basis point to 3.58%.

## COMPARABLES

Attached are listings of recent comparable bond pricings. The first two pages show recent general obligation bond issues in Minnesota and the last three pages show all the Minnesota Housing State Appropriation Bond issues from 2014 to present.

The recent transactions from other general obligation bond issuers in Minnesota show a wide variety of spreads to the interpolated MMD curve for particular maturities, with Minnesota Housing's spreads generally higher than the others. These variances are largely due to the different credits, where Minnesota Housing's 2024 Series A bonds are unique in bearing state appropriations risk rather than providing a full general obligation credit, and also in being related to housing, where investors generally perceive higher risks including compliance with affordability requirements.

Minnesota Housing's pricing compared favorably to the Alaska Housing bonds priced the prior day, which had slightly higher yields and spreads on all but the first two maturities.

**PRICING COMPARABLES: Recent Bond Issues**

| Pricing Date | | 8/28/24 | | | 8/28/24 | | | 8/20/24 | | | 8/8/24 | | | 8/6/24 | | | 8/6/24 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amount | | $12,960,000 | | | $127,100,000 | | | $9,365,000 | | | $26,495,000 | | | $879,630,000 | | | $352,750,000 | | |
| Issuer | | Minnesota HFA | | | Alaska HFC | | | Northfield, MN | | | Apple Valley, MN | | | State of Minnesota | | | State of Minnesota | | |
| Series | | 2024 Series A (Housing Infra) | | | 2024 Series A | | | G.O. Bonds, Series 2024A | | | G.O. Bonds, Series 2024A | | | G.O. Various Purp., 2024A | | | G.O. Trunk Highway, 2024B | | |
| Program | | Appropriations / Negotiated | | | Single Family / Negotiated | | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | |
| Rating(s) | | Aa1 / AA+ / - | | | Aa2 / AA+ / - | | | - / AA / - | | | Aaa / AAA / - | | | Aaa / AAA / AAA | | | Aaa / AAA / AAA | | |
| Year | Maturity ('24 pricings) | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | | | | | |
| 1 | 2025 | 5.000 | 2.75 | +24 | | | | | | | 5.000 | 2.76 | +9 | 5.000 | 2.60 | +2 | 5.000 | 2.60 | +2 |
| 2 | 2026 | 5.000 | 2.74 | +29 | | | | 5.000 | 2.74 | +21 | 5.000 | 2.73 | +8 | 5.000 | 2.57 | +1 | 5.000 | 2.58 | +2 |
| 3 | 2027 | 5.000 | 2.75 | +31 | 5.000 | 2.730 | +29 | 5.000 | 2.73 | +22 | 5.000 | 2.73 | +10 | 5.000 | 2.53 | +2 | 5.000 | 2.54 | +3 |
| 4 | 2028 | 5.000 | 2.76 | +32 | 5.000 | 2.74 / 2.74 | +30 / +32 | 5.000 | 2.73 | +23 | 5.000 | 2.71 | +11 | 5.000 | 2.50 | - | 5.000 | 2.54 | +4 |
| 5 | 2029 | 5.000 | 2.75 | +33 | 5.000 | 2.76 / 2.76 | +34 / +34 | 5.000 | 2.71 | +23 | 5.000 | 2.72 | +13 | 5.000 | 2.52 | +5 | 5.000 | 2.52 | +5 |
| 6 | 2030 | 5.000 | 2.82 | +35 | 5.000 | 2.85 / 2.85 | +38 / +38 | 5.000 | 2.75 | +24 | 5.000 | 2.73 | +14 | 5.000 | 2.55 | +8 | 5.000 | 2.53 | +6 |
| 7 | 2031 | 5.000 | 2.92 | +37 | 5.000 | 2.95 / 2.95 | +40 / +40 | 5.000 | 2.82 | +24 | 5.000 | 2.77 | +14 | 5.000 | 2.60 | +11 | 5.000 | 2.54 | +5 |
| 8 | 2032 | 5.000 | 3.02 | +39 | 5.000 | 3.04 / 3.04 | +41 / +41 | 5.000 | 2.89 | +23 | 5.000 | 2.80 | +14 | 5.000 | 2.63 | +13 | 5.000 | 2.56 | +6 |
| 9 | 2033 | 5.000 | 3.04 | +39 | 5.000 | 3.07 / 3.07 | +42 / +42 | 5.000 | 2.92 | +24 | 5.000 | 2.83* | +15 | 5.000 | 2.66 | +14 | 5.000 | 2.60 | +8 |
| 10 | 2034 | 5.000 | 3.09 | +40 | 5.000 | 3.12* / 3.12* | +43 / +43 | 5.000 | 2.95* | +24 | 5.000 | 2.85* | +15 | 5.000 | 2.69 | +15 | 5.000 | 2.64 | +10 |
| 11 | 2035 | 5.000 | 3.15* | +40 | 5.000 | 3.18* / 3.19* | +44 / +44 | 5.000 | 3.00* | +24 | 5.000 | 2.92* | +16 | 5.000 | 2.72* | +12 | 5.000 | 2.71* | +11 |
| 12 | 2036 | 5.000 | 3.20* | +40 | 5.000 | 3.23* / 3.27* | +46 / +46 | 5.000 | 3.03* | +24 | 5.000 | 2.98* | +16 | 5.000 | 2.76* | +12 | 5.000 | 2.76* | +12 |
| 13 | 2037 | 5.000 | 3.25* | +41 | 5.000 | 3.28* / 3.33* | +47 / +47 | 5.000 | 3.07* | +24 | 5.000 | 3.06* | +19 | 5.000 | 2.81* | +12 | 5.000 | 3.01* | +32 |
| 14 | 2038 | 5.000 | 3.30* | +42 | 5.000 | 3.34* | +47 | 5.000 | 3.14* | +25 | 5.000 | 3.08* | +20 | 5.000 | 2.85* | +12 | 5.000 | 3.10* | +37 |
| 15 | 2039 | 5.000 | 3.40* | +44 | 5.000 | 3.42* | +47 | 5.000 | 3.22* | +25 | 5.000 | 3.16* | +20 | 5.000 | 2.91* | +10 | 5.000 | 3.23* | +42 |
| 16 | 2040 | 5.000 | 3.48* | +44 | | | | 5.000 | 3.30* | +25 | 5.000 | 3.25* | +21 | 5.000 | 2.97* | +8 | 5.000 | 3.36* | +47 |
| 17 | 2041 | | | | | | | 5.000 | 3.39* | +25 | 4.000 | 3.68* | +55 | 5.000 | 3.05* | +7 | 5.000 | 3.45* | +47 |
| 18 | 2042 | 4.000 | 4.05 | +86 | | | | 4.000 | 3.90* | +70 | 4.000 | 3.79* | +60 | 5.000 | 3.11* | +7 | 5.000 | 3.51* | +47 |
| 19 | 2043 | 4.000 | 4.09 | +84 | | | | 4.000 | 3.95* | +69 | 4.000 | 3.85* | +60 | 5.000 | 3.17* | +7 | 5.000 | 3.57* | +47 |
| 20 | 2044 | 4.000 | 4.11 | +81 | | | | 4.000 | 4.00 | +69 | 4.000 | 3.90* | +60 | 5.000 | 3.22* | +7 | 5.000 | 3.62* | +47 |
| 21 | 2045 | | | | | | | 4.000 | 4.05 | +70 | | | | | | | | | |
| 22 | 2046 | | | | | | | | | | | | | | | | | | |
| 23 | 2047 | | | | | | | | | | | | | | | | | | |
| Notes | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | |
| Maturity Dates | | 8/1 | | | 12/1 and 6/1 | | | 2/1 | | | 12/15 | | | 8/1 | | | 8/1 | | |
| Call Provisions | | 8/1/34 at par | | | 6/1/33 at par | | | 2/1/33 at par | | | 12/15/32 at par | | | 8/1/34 at par | | | 8/1/34 at par | | |
| Mkt Index | | BBI / RBI 3.88% / 4.17% | | | BBI / RBI 3.88% / 4.17% | | | BBI / RBI 3.88% / 4.17% | | | BBI / RBI 3.85% / 4.14% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | |
| Sr Manager | | RBC Capital Markets | | | Raymond James | | | Hilltop | | | KeyBanc | | | BofA, J.P. Morgan | | | RBC Capital Markets | | |

**PRICING COMPARABLES: Recent Bond Issues**

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 8/6/24 | | | 8/6/24 | | | 8/5/24 | | | 7/22/24 | | | 7/22/24 | | | 7/8/24 | | |
| Amount | | $190,245,000 | | | $141,165,000 | | | $9,110,000 | | | $24,250,000 | | | $26,910,000 | | | $15,475,000 | | |
| Issuer | | State of Minnesota | | | State of Minnesota | | | Bloomington, MN | | | Chanhassen, MN | | | Moorhead, MN | | | Albert Lea, MN | | |
| Series | | G.O. Var. Purp. Ref., 2024D | | | G.O. Highway Ref., 2024E | | | G.O. Bonds, Series 2024A | | | G.O. Bonds, Series 2024A | | | G.O. Sales Tax Rev, S. 2024B | | | G.O. Bonds, Series 2024B | | |
| Program | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | | GO / Competitive | | |
| Rating(s) | | Aaa / AAA / AAA | | | Aaa / AAA / AAA | | | - / AAA / - | | | - / AAA / - | | | Aa2 / - / - | | | - / AA- / - | | |
| | Maturity | | | Spread | | | Spread | | | Spread | | | Spread | | | Spread | | | Spread |
| Year | ('24 pricings) | Coupon | Yield | to iMMD | Coupon | Yield | to iMMD | Coupon | Yield | to iMMD | Coupon | Yield | to iMMD | Coupon | Yield | to iMMD | Coupon | Yield | to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | | | | | |
| 1 | 2025 | 5.000 | 2.63 | +5 | 5.000 | 2.60 | +2 | | | | | | | 5.000 | 2.98 | +10 | | | |
| 2 | 2026 | 5.000 | 2.57 | +1 | 5.000 | 2.58 | +2 | 5.000 | 2.62 | +5 | | | | 5.000 | 2.97 | +13 | 5.000 | 3.30 | +26 |
| 3 | 2027 | 5.000 | 2.52 | +1 | 5.000 | 2.53 | +2 | 5.000 | 2.59 | +6 | 5.000 | 2.90 | +9 | 5.000 | 2.95 | +16 | 5.000 | 3.19 | +25 |
| 4 | 2028 | 5.000 | 2.54 | +4 | 5.000 | 2.50 | - | 5.000 | 2.56 | +6 | 5.000 | 2.88 | +10 | 5.000 | 2.97 | +19 | 5.000 | 3.15 | +25 |
| 5 | 2029 | 5.000 | 2.52 | +5 | 5.000 | 2.52 | +5 | 5.000 | 2.53 | +6 | 5.000 | 2.85 | +10 | 5.000 | 2.87 | +12 | 5.000 | 3.10 | +24 |
| 6 | 2030 | 5.000 | 2.54 | +7 | 5.000 | 2.55 | +8 | 5.000 | 2.53 | +6 | 5.000 | 2.85 | +8 | 5.000 | 2.88 | +11 | 5.000 | 3.10 | +24 |
| 7 | 2031 | 5.000 | 2.56 | +7 | 5.000 | 2.60 | +11 | 5.000 | 2.53 | +6 | 5.000 | 2.85 | +8 | 5.000 | 2.96 | +19 | 5.000 | 3.09 | +24 |
| 8 | 2032 | 5.000 | 2.60 | +10 | 5.000 | 2.63 | +13 | 5.000 | 2.54 | +6 | 5.000 | 2.85 | +8 | 5.000 | 2.97 | +20 | 5.000 | 3.08 | +24 |
| 9 | 2033 | 5.000 | 2.65 | +13 | 5.000 | 2.66 | +14 | 5.000 | 2.56 | +6 | 5.000 | 2.86 | +8 | 5.000 | 2.98 | +20 | 5.000 | 3.07 | +22 |
| 10 | 2034 | 5.000 | 2.67 | +13 | 5.000 | 2.69 | +15 | 5.000 | 2.58* | +6 | 5.000 | 2.86 | +8 | 5.000 | 2.98 | +20 | 5.000 | 3.07 | +22 |
| 11 | 2035 | | | | | | | 4.000 | 2.75* | +19 | 5.000 | 2.88* | +8 | 5.000 | 3.02* | +21 | 5.000 | 3.10* | +23 |
| 12 | 2036 | | | | | | | | | | 5.000 | 2.91* | +8 | 5.000 | 3.07* | +22 | 5.000 | 3.17* | +27 |
| 13 | 2037 | | | | | | | | | | 5.000 | 2.95* | +8 | 5.000 | 3.15* | +25 | 5.000 | 3.24* | +30 |
| 14 | 2038 | | | | | | | | | | 5.000 | 3.02* | +8 | 5.000 | 3.19* | +25 | 5.000 | 3.35* | +34 |
| 15 | 2039 | | | | | | | | | | 5.000 | 3.10* | +8 | 5.000 | 3.29* | +27 | 4.000 | 3.65* | +56 |
| 16 | 2040 | | | | | | | | | | 5.000 | 3.21* | +9 | 5.000 | 3.40* | +28 | 4.000 | 3.75* | +56 |
| 17 | 2041 | | | | | | | | | | 5.000 | 3.31* | +10 | 4.000 | 3.81* | +60 | 4.000 | 3.85* | +57 |
| 18 | 2042 | | | | | | | | | | 4.000 | 3.75* | +48 | 4.000 | 3.90* | +63 | 4.000 | 3.92* | +58 |
| 19 | 2043 | | | | | | | | | | 4.000 | 3.83* | +50 | 4.000 | 3.96* | +63 | | | |
| 20 | 2044 | | | | | | | | | | 4.000 | 3.90* | +52 | 4.000 | 4.03 | +65 | 4.000 | 4.00 | +55 |
| 21 | 2045 | | | | | | | | | | 4.000 | 3.92* | +50 | 4.000 | 4.07 | +65 | 4.000 | 4.03 | +54 |
| 22 | 2046 | | | | | | | | | | 4.000 | 3.95* | +49 | | | | 4.000 | 4.06 | +53 |
| 23 | 2047 | | | | | | | | | | 4.000 | 4.00 | +48 | | | | | | |
| Notes | | | | | | | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | | * Yield to first optional call | | |
| Maturity Dates | | 8/1 | | | 8/1 | | | 2/1 | | | 2/1 | | | 8/1 | | | 2/1 | | |
| Call Provisions | | None | | | None | | | 2/1/33 at par | | | 2/1/34 at par | | | 8/1/34 at par | | | 2/1/34 at par | | |
| Mkt Index | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.94% / 4.23% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.92% / 4.21% | | | BBI / RBI 3.96% / 4.25% | | |
| Sr Manager | | J.P. Morgan | | | BofA | | | FHN Capital Markets | | | Piper Sandler | | | KeyBanc | | | Baird | | |

## PRICING COMPARABLES: MHFA HIB Only

| | | | | | |
|---|---|---|---|---|---|
| Pricing Date | 8/28/24 | 8/30/23 | 8/31/22 | 9/21/21 | 8/19/20 |
| Amount | $12,960,000 | $26,635,000 | $104,195,000 | $76,970,000 | $108,280,000 |
| Issuer | Minnesota HFA | Minnesota HFA | Minnesota HFA | Minnesota HFA | Minnesota HFA |
| Series | 2024 Series A (Housing Infra) | 2023 Series AB (Housing Infra) | 2022 Series ABC (Housing Infra) | 2021 Series ABCD (Housing Infra) | 2020 Series ABCD (Housing Infra) |
| Program | Appropriations / Negotiated | Appropriations / Negotiated | Appropriations / Negotiated | Appropriations / Negotiated | Appropriations / Negotiated |
| Rating(s) | Aa1 / AA+ / - | Aa1 / AA+ / - | Aa1 / AA+ / - | Aa2 / AA+ / - | Aa2 / AA+ / - |

| Maturity | Year ('24 pricings) | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 2024 | | | | | | | | | | | | | | | |
| 1 | 2025 | 5.000 | 2.75 | +24 | 5.000 | 3.50 | +25 | A,B:5.00 | 2.35 | +14 | A,B,D:4.00 | 0.12 | +5 | C:2.00 | 0.21 | +8 |
| 2 | 2026 | 5.000 | 2.74 | +29 | 5.000 | 3.42 | +28 | A,B:5.00 | 2.46 | +18 | A,B,D:4.00 | 0.18 | +7 | D:2.00/C:3.00 | 0.24 | +10 |
| 3 | 2027 | 5.000 | 2.75 | +31 | 5.000 | 3.35 | +33 | A,B:5.00 | 2.53 | +24 | A,B,D:4.00 | 0.25 | +9 | D:3.00/C:4.00 | 0.28 | +13 |
| 4 | 2028 | 5.000 | 2.76 | +32 | 5.000 | 3.24 | +33 | A,B:5.00 | 2.58 | +27 | A,B,D:5.00 | 0.38 | +11 | C:3.00/A,D:4.00 | 0.35 | +17 |
| 5 | 2029 | 5.000 | 2.75 | +33 | 5.000 | 3.21 | +33 | A,B:5.00 | 2.63 | +31 | A,B,D:5.00 | 0.53 | +13 | A,D:4.00 | 0.42 | +19 |
| 6 | 2030 | 5.000 | 2.82 | +35 | 5.000 | 3.22 | +34 | A,B:5.00 | 2.69 | +33 | A,B,D:5.00 | 0.68 | +15 | A,D:4.00 | 0.55 | +22 |
| 7 | 2031 | 5.000 | 2.92 | +37 | 5.000 | 3.22 | +34 | A,B:5.00 | 2.75 | +35 | A,B,D:5.00 | 0.83 | +17 | A,D:4.00 | 0.69 | +26 |
| 8 | 2032 | 5.000 | 3.02 | +39 | 5.000 | 3.23 | +34 | A,B:5.00 | 2.85 | +39 | A,B,D:5.00 | 0.96 | +19 | A,D:4.00 | 0.80 | +27 |
| 9 | 2033 | 5.000 | 3.04 | +39 | 5.000 | 3.28 | +37 | A,B:5.00 | 2.96 | +42 | A,B,D:5.00 | 1.07 | +21 | A,D:4.00 | 0.91 | +29 |
| 10 | 2034 | 5.000 | 3.09 | +40 | 5.000 | 3.30 | +37 | A,B:5.00 | 3.04 | +45 | A,B,C,D:5.00 | 1.17 | +23 | A,D:4.00 | 1.01 | +31 |
| 11 | 2035 | 5.000 | 3.15* | +40 | 5.000 | 3.40* | +40 | A,B,C:5.00 | 3.16* | +48 | A,B,C:5.00 | 1.25* | +25 | A,B,D:4.00 | 1.11* | +33 |
| 12 | 2036 | 5.000 | 3.20* | +40 | 5.000 | 3.50* | +42 | A,C:5.00 | 3.30* | +50 | A,B,C:5.00 | 1.30* | +25 | B,D:4.00 | 1.20* | +34 |
| 13 | 2037 | 5.000 | 3.25* | +41 | 5.000 | 3.62* | +42 | A,C:5.00 | 3.39* | +53 | A,B,C:5.00 | 1.34* | +25 | B,D:4.00 | 1.30* | +36 |
| 14 | 2038 | 5.000 | 3.30* | +42 | 5.000 | 3.75* | +43 | A,C:5.00 | 3.46* | +56 | A,B:3.00/C:4.00 | 1.73*/1.52* | +60/+39 | B,D:4.00 | 1.37* | +38 |
| 15 | 2039 | 5.000 | 3.40* | +44 | 5.000 | 3.87* | +45 | A,C:5.00 | 3.52* | +59 | A,B:3.00/C:4.00 | 1.80*/1.57* | +64/+41 | B,D:4.00 | 1.43* | +39 |
| 16 | 2040 | 5.000 | 3.48* | +44 | 4.000 | 4.20 | +74 | A,C:5.00 | 3.60* | +63 | A,B:3.00/C:4.00 | 1.85*/1.60* | +66/+41 | B,D:4.00 | 1.49* | +41 |
| 17 | 2041 | | | | 4.000 | 4.25 | +75 | A,C:5.00 | 3.66* | +65 | A,B:3.00/C:4.00 | 1.90*/1.64* | +67/+41 | B,D:4.00 | 1.55* | +43 |
| 18 | 2042 | 4.000 | 4.05 | +86 | 5.000 | 4.05* | +50 | A,C:5.00 | 3.70* | +65 | B:3.00/C:4.00 | 1.95*/1.68* | +68/+41 | B,D:4.00 | 1.59* | +43 |
| 19 | 2043 | 4.000 | 4.09 | +84 | 5.000 | 4.16* | +55 | A,C:5.00 | 3.75* | +65 | B:3.00/C:4.00 | 1.99*/1.72* | +68/+41 | B,D:4.00 | 1.63* | +43 |
| 20 | 2044 | 4.000 | 4.11 | +81 | 5.000 | 4.20* | +55 | A:4.00/C:5.00 | 4.09/3.79* | +95/+65 | A:3.00 | 2.04* | +70 | B,D:4.00 | 1.67* | +43 |
| 21 | 2045 | | | | 5.000 | 4.23* | +55 | A,C:4.00 | 4.13 | +95 | | | | B,D:4.00 | 1.70* | +43 |
| 22 | 2046 | | | | | | | C:4.00 | 4.15 | +95 | B:3.00/C:4.00 | 2.11*/1.83* | +71/+43 | D:4.00 | 1.73* | +43 |
| 23 | 2047 | | | | | | | | | | | | | D:4.00 | 1.76* | +43 |

| | | | | | |
|---|---|---|---|---|---|
| Notes | * Yield to first optional call | * Yields to first optional call; Par A: $23,100,000 2028-43; B: $3,535,000 2024-28 | * Yields to first optional call; Par A: $43,790,000; B: $20,355,000; C: $40,050,000 | * Yields to first optional call; Par A: $4,515,000; B: $16,245,000; C: $38,350,000; D: $17,860,000 | * Yields to first optional call; Par A: $18,570,000; B: $38,900,000; C: $7,055,000; D: $43,755,000 |
| Maturity Dates | 8/1 | 8/1 | 8/1 | 8/1 | 8/1 |
| Call Provisions | 8/1/34 at par | 8/1/33 at par | 8/1/32 at par | 8/1/31 at par | 8/1/30 at par |
| Mkt Index | BBI / RBI 3.88% / 4.17% | BBI / RBI 3.84% / 4.12% | BBI / RBI 3.59% / 3.87% | BBI / RBI 2.14% / 2.50% | BBI / RBI 2.05% / 2.47% |
| Sr Manager | RBC Capital Markets | RBC Capital Markets | RBC Capital Markets | RBC Capital Markets | RBC Capital Markets |

**PRICING COMPARABLES: MHFA HIB Only**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pricing Date | | 8/22/19 | | | 9/11/18 | | | 10/12/17 | | | 8/16/16 | | | 9/1/15 | | |
| Amount | | $26,775,000 | | | $25,295,000 | | | $12,690,000 | | | $16,905,000 | | | $31,095,000 | | |
| Issuer | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | | Minnesota HFA | | |
| Series | | 2019 Series ABCD (Housing Infra) | | | 2018 Series ABCD (Housing Infra) | | | 2017 Series A (Housing Infra) | | | 2016 Series ABC (Housing Infr) | | | 2015 Series C (Housing Infr) | | |
| Program | | Appropriations / Negotiated | | | Appropriations / Negotiated | | | Appropriations / Negotiated | | | Appropriations / Negotiated | | | Appropriations / Negotiated | | |
| Rating(s) | | Aa2 / AA+ / - | | | Aa2 / AA+ / - | | | Aa2 / AA / - | | | Aa2 / AA / - | | | Aa2 / AA / - | | |
| Maturity Year | ('24 pricings) | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to iMMD |
| 0 | 2024 | | | | | | | | | | | | | | | |
| 1 | 2025 | B:2.00/D:3.00 | 1.07 | +7 | C:5.00 | 1.89 | +19 | 2.000 | 1.03 | +10 | B:3.00/C:2.00 | 0.61 | +15 | 2.000 | 0.34 | +12 |
| 2 | 2026 | B:2.00/D:3.00 | 1.10 | +12 | C:5.00 | 2.01 | +21 | 3.000 | 1.14 | +15 | B:3.00/C:2.00 | 0.72 | +20 | 3.000 | 0.72 | +13 |
| 3 | 2027 | A,B:2.00/D:3.00 | 1.12 | +13 | C:5.00 | 2.13 | +23 | 4.000 | 1.25 | +17 | A:3.00/B,C:2.00 | 0.85 | +25 | 4.000 | 1.04 | +18 |
| 4 | 2028 | A:1.75/D:3.00 | 1.15 | +16 | C:5.00 | 2.25 | +26 | 4.000 | 1.37 | +19 | A:3.00/C:2.00 | 1.02 | +30 | 4.000 | 1.34 | +21 |
| 5 | 2029 | A,D:3.00 | 1.20 | +19 | A,B,C:2.375 | | +29 | 4.000 | 1.55 | +22 | A:3.00/C:2.00 | 1.20 | +35 | 5.000 | 1.58 | +25 |
| 6 | 2030 | A,D:3.00 | 1.26 | +23 | C:5.00 | 2.50 | +30 | 5.000 | 1.72 | +26 | A:3.00/C:2.00 | 1.42 | +40 | 5.000 | 1.88 | +27 |
| 7 | 2031 | A:2.50/D:3.00 | 1.31 | +24 | C:5.00 | 2.62 | +33 | 5.000 | 1.88 | +29 | A:3.00/C:2.00 | 1.58 | +44 | 5.000 | 2.12 | +32 |
| 8 | 2032 | A,D:3.00 | 1.39 | +26 | C:5.00 | 2.76 | +38 | 5.000 | 2.05 | +32 | A:3.00/C:2.00 | 1.70 / 1.72 | +47 / +49 | 5.000 | 2.28 | +33 |
| 9 | 2033 | A:2.00/D:3.00 | 1.51 | +32 | C:5.00 | 2.88 | +42 | 5.000 | 2.22 | +35 | A:3.00/C:2.00 | 1.81 / 1.86 | +49 / +54 | 5.000 | 2.42 | +35 |
| 10 | 2034 | A:5.00/D:3.00 | 1.64 | +38 | A,B,C:3.00 | 3.00 | +48 | 5.000 | 2.34 | +37 | A:3.00/C:2.00 | 1.95* / 2.00 | +54 / +59 | 5.000 | 2.54* | +36 |
| 11 | 2035 | A,C,D:4.00 | 1.80* | +48 | C:5.00 | 3.04* | +46 | 4.000 | 2.53* | +47 | A:4.00/C:2.00 | 2.05* / 2.15 | +54 / +64 | 4.000 | 2.93* | +63 |
| 12 | 2036 | A,C:4.00 | 1.90* | +53 | C,D:5.00 | 3.10* | +46 | 4.000 | 2.68* | +54 | A:4.00/C:2.25 | 2.20* / 2.33 | +61 / +74 | 4.000 | 3.07* | +68 |
| 13 | 2037 | A,C:4.00 | 2.00* | +58 | D:5.00 | 3.15* | +46 | 4.000 | 2.85* | +64 | A:4.00/C:2.375 | 2.32* / 2.45 | +66 / +79 | 4.000 | 3.16* | +67 |
| 14 | 2038 | A,C:4.00 | 2.10* | +63 | D:5.00 | 3.19* | +46 | 3.000 | 3.05 | +77 | A:4.00/C:2.50 | 2.40* / 2.56 | +68 / +84 | 4.000 | 3.25* | +68 |
| 15 | 2039 | A,C:4.00 | 2.19* | +67 | B:3.50/D:5.00 | 3.54/3.25* | +76/+47 | 3.000 | 3.09 | +74 | A:4.00/C:2.625 | 2.49* / 2.67 | +71 / +89 | 3.250 | 3.48 | +83 |
| 16 | 2040 | A,C:4.00 | 2.24* | +68 | D:4.00 | 3.58* | +75 | 4.000 | 3.05* | +64 | A:4.00/C:2.75 | 2.54* / 2.77 | +71 / +94 | 3.375 | 3.56 | +83 |
| 17 | 2041 | A,C:4.00 | 2.29* | +69 | D:4.00 | 3.63* | +75 | 4.000 | 3.11* | +65 | A:4.00/C:2.75 | 2.59* / 2.875 | +71 / +100 | 5.000 | 3.19* | +41 |
| 18 | 2042 | A,C:4.00 | 2.33* | +69 | D:4.00 | 3.68* | +75 | 4.000 | 3.15* | +64 | A,C:4.00 | 2.64* | +71 | 5.000 | 3.24* | +41 |
| 19 | 2043 | A:4.00 | 2.35* | +67 | A:3.75/D:4.00 | 3.83/3.74* | +85/+76 | 3.250 | 3.32 | +77 | A,C:4.00 | 2.69* | +71 | 5.000 | 3.28* | +41 |
| 20 | 2044 | A,C:4.00 | 2.39* | +67 | B:3.875/D:4.00 | 3.875/3.78* | +87/+77 | 3.250 | 3.34 | +75 | A,C:3.00 | 3.01 | +99 | 5.000 | 3.31* | +41 |
| 21 | 2045 | A:4.00 | 2.43* | +67 | D:4.00 | 3.80* | +77 | | | | A,C:3.00 | 3.03 | +99 | 5.000 | 3.35* | +41 |
| 22 | 2046 | A,C:4.00 | 2.46* | +67 | D:4.00 | 3.82* | +77 | | | | C:3.00 | 3.04 | +98 | 5.000 | 3.38* | +41 |
| 23 | 2047 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Notes | | * Yields to first optional call; Par A: $14,535,000; B: $1,280,000; C: $6,915,000; D: $4,045,000 | | | * Yields to first optional call; Par A: $1,130,000; B: $4,980,000; C: $8,810,000; D: $10,375,000 | | | * Yields to first optional call | | | * Yields to first optional call | | | * Yields to first optional call | | |
| Maturity Dates | | 8/1 | | | 8/1 | | | 8/1 | | | 8/1 | | | 8/1 | | |
| Call Provisions | | 8/1/29 at par | | | 8/1/28 at par | | | 8/1/27 at par | | | 8/1/25 at par | | | 8/1/24 at par | | |
| Mkt Index | | BBI / RBI 3.07% / 3.55% | | | BBI / RBI 3.98% / 4.49% | | | BBI / RBI 3.61% / 3.82% | | | BBI / RBI 2.85% / 3.06% | | | BBI / RBI 3.79% / 4.20% | | |
| Sr Manager | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | | RBC Capital Markets | | |

**PRICING COMPARABLES: MHFA HIB Only**

| Pricing Date | | 2/18/15 | | | 2/6/14 | | |
|---|---|---|---|---|---|---|---|
| Amount | | $37,570,000 | | | $14,540,000 | | |
| Issuer | | Minnesota HFA | | | Minnesota HFA | | |
| Series | | 2015 Series A,B (Housing Infr) | | | 2014 Series A,B (Housing Infr) | | |
| Program | | Appropriations / Negotiated | | | Appropriations / Negotiated | | |
| Rating(s) | | Aa2 / AA / - | | | Aa2 / AA / - | | |
| Year | Maturity ('24 pricings) | Coupon | Yield | Spread to iMMD | Coupon | Yield | Spread to MMD |
| 0 | 2024 | 2.000 | 0.13 | | | | |
| 1 | 2025 | 3.000 | 0.34 | +5 | 3.000 | 0.33 | +10 |
| 2 | 2026 | 4.000 | 0.67 | +11 | 3.000 | 0.51 | +14 |
| 3 | 2027 | 4.000 | 1.01 | +17 | 4.000 | 0.82 | +21 |
| 4 | 2028 | 4.000 | 1.26 | +22 | 4.000 | 1.22 | +25 |
| 5 | 2029 | 4.000 | 1.53 | +27 | 4.000 | 1.56 | +30 |
| 6 | 2030 | 5.000 | 1.74 | +29 | 2.000 | 2.02 | +35 |
| 7 | 2031 | 5.000 | 2.00 | +31 | 2.375 | 2.39 | +41 |
| 8 | 2032 | 2.150 | 2.18 | +33 | 4.000 | 2.74 | +47 |
| 9 | 2033 | 2.300 | 2.34 | +34 | 2.900 | 2.95 | +50 |
| 10 | 2034 | 5.000 | 2.50* | +38 | 3.125 | 3.13 | +54 |
| 11 | 2035 | 5.000 | 2.64* | +41 | 3.250 | 3.25 | +53 |
| 12 | 2036 | 5.000 | 2.75* | +42 | 5.000 | 3.45* | +61 |
| 13 | 2037 | 3.000 | 3.15 | +72 | 3.500 | 3.65 | +69 |
| 14 | 2038 | 5.000 | 2.88* | +41 | 3.625 | 3.75 | +70 |
| 15 | 2039 | 5.000 | 2.93* | +41 | 3.750 | 3.84 | +70 |
| 16 | 2040 | 5.000 | 2.97* | +40 | 3.750 | 3.93 | +70 |
| 17 | 2041 | 5.000 | 3.02* | +41 | 4.000 | 4.00 | +68 |
| 18 | 2042 | 5.000 | 3.06* | +41 | 4.000 | 4.05 | +65 |
| 19 | 2043 | 5.000 | 3.09* | +40 | 4.000 | 4.10 | +62 |
| 20 | 2044 | 5.000 | 3.13* | +40 | 4.750 | 4.08* | +55 |
| 21 | 2045 | | | | 5.000 | 4.08* | +50 |
| 22 | 2046 | | | | | | |
| 23 | 2047 | | | | | | |
| Notes | | * Yields to first optional call | | | * Yields to first optional call | | |
| Maturity Dates | | 8/1 | | | 8/1 | | |
| Call Provisions | | 8/1/24 at par | | | 8/1/23 at par | | |
| Mkt Index | | BBI / RBI 3.60% / 4.23% | | | BBI / RBI 4.46% / 5.32% | | |
| Sr Manager | | RBC Capital Markets | | | RBC Capital Markets | | |