

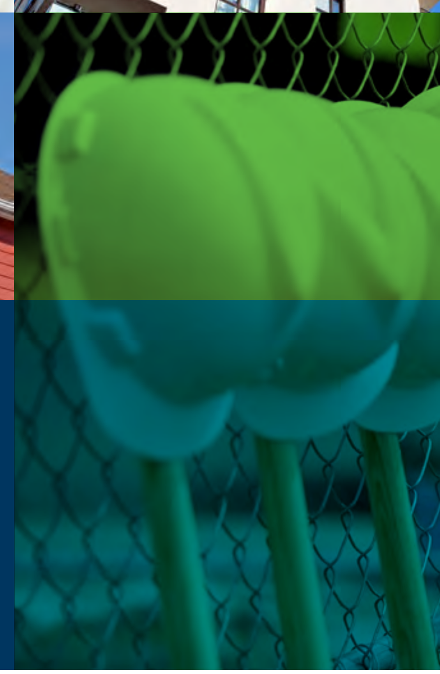

ANNUAL FINANCIAL REPORT

Fiscal Year 2025

MINNESOTA HOUSING

A Component Unit of the State of Minnesota

MINNESOTA HOUSING FINANCE AGENCY
Annual Financial Report as of and for the year ended June 30, 2025

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MINNESOTA HOUSING FINANCE AGENCY
Message from Commissioner Jennifer Ho

Fiscal 2025 will be remembered as “year two” of Minnesota Housing’s implementation of the many new programs— and expanded existing programs — funded by the state legislature in 2023. The legislature’s historic investment of $1.3 billion for the 2024-2025 biennium far exceeded prior allocations and required a significant push by the Agency to develop and deliver the programs.

The Agency’s most prominent program was the one-time $50 million First-Generation Homebuyer Loan Program, delivering downpayment assistance to homebuyers whose families had not owned a home for generations. The program opened in May 2024 and closed in December 2024. In total, the program served 1,431 households, 82% of whom were Black, Indigenous and households of color (BIPOC).

The speed with which the funds were spent indicates the need for funds to help first-generation households achieve homeownership. While the program was a one-time investment, Minnesota Housing found a way to continue reaching the population by incorporating first generation as an eligibility factor in its ongoing first-time homebuyer loan programs.

Minnesota Housing’s end-of-year project selections continued to reflect additional 2023 funds. The board of directors selected and advanced proposed housing developments totaling nearly $191 million in investments that will support the creation and preservation of 2,276 single-family homes, apartments and manufactured home community lots. In total, these projects represent more than $480 million of housing development and will support 4,400 jobs.

Additional project selections and funding commitments in fiscal year 2025 include the following:

- Local Housing Trust Fund Grants Program, $5.3 million to 36 local governments across the state to incentivize local funding for affordable housing;
- Housing Trust Fund Rental Assistance, 50 grants totaling $24.9 million to provide rental assistance for 902 households per month;
- Publicly Owned Housing Program (POHP), $39.5 million, to improve 18 public housing buildings and preserve 1,641 apartments and townhomes;
- Capacity Building Program, $5.0 million, 29 proposals moved forward to build capacity to address housing challenges and disparities;
- Housing Challenge Fund for Schools, $560,000 to six school-led housing projects to create/preserve homeownership opportunities in conjunction with schools;
- Family Homeless Prevention and Assistance Program (FHPAP), 20 grants totaling $28 million for Tribal Nations, Greater Minnesota communities and metro local governments to assist 7,300 households;
- Homework Starts with Home, five grants totaling $5.8 million to serve 420 households to help families secure stable housing for families with school-age children;
- Homeownership Investment Grants Program, seven grants totaling $37 million to support revolving loan funds and financing at CDFIs to create new homes and support downpayment assistance; and
- Minnesota Housing also signed contracts with more than 10 legislatively directed grantees.

The June 2025 legislative session resulted in a two-year housing bill that returned to more typical levels, appropriating $183.9 million across all of Minnesota Housing's state-appropriated programs and including $50 million in new Housing Infrastructure Bond authority.

Minnesota Housing continues to cover the full housing continuum through its programs, from housing stability for people who have experienced homelessness to rental housing to homeownership, from preservation of existing homes to production of new homes, from rental assistance to downpayment loans. The Agency covers the full state, from the Twin Cities metro to regional centers to rural and Tribal communities across the state.

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

Jennifer Leimaile Ho, Commissioner
Minnesota Housing

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Minnesota Housing Finance Agency (the Agency), a component unit of the State of Minnesota, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Minnesota Housing Finance Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Housing Finance Agency as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Notes 2 and 23 to the financial statements, the Agency has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences for the year ended June 30, 2025. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

The Agency's basic financial statements for the year ended June 30, 2024 (not presented herein), were audited by other auditors whose report thereon dated December 9, 2024, expressed unmodified opinions on the respective financial statements of the business-type activities. In our opinion, the summarized comparative information presented herein as of and for the year ended 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The report of the other auditors dated June 30, 2024, stated that the supplementary information, for the year ended June 30, 2024 was subjected to the auditing procedures applied in the audit of the 2024 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency’s internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
September 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (unaudited)

INTRODUCTION

Management's Discussion and Analysis of Financial Condition and Results of Operations is not audited. However, it is supplementary information required by accounting principles generally accepted in the United States of America. This discussion should be read in conjunction with the financial statements and notes thereto.

The Minnesota Housing Finance Agency (Minnesota Housing or the Agency) was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. Minnesota Housing is a component unit of the State of Minnesota and receives appropriations from the state legislature, substantially all of which are used to make loans or grants under specified state-defined programs and to pay debt service and related expenses on state appropriation-backed housing bonds. Minnesota Housing also receives funds appropriated by the federal government for similar program purposes and distribution of emergency assistance. The Agency's mission is affordable housing.

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

Minnesota Housing operates four program divisions; Multifamily, Single Family, Housing Stability and Community Development which offer housing programs with funding from the sale of tax-exempt and taxable bonds, state and federal appropriations, the Housing Development Fund, Alternative Loan Fund, and the State budget investment. The federal Low Income Housing Tax Credit is another resource the Agency allocates. The members of Minnesota Housing (the Board) consist of six public members appointed by the Governor with the advice and consent of the state senate for terms of four years and the State Auditor as an ex-officio member.

DISCUSSION OF FINANCIAL STATEMENTS

The Financial Section of this report consists of the following parts including: the independent auditors' report, required supplementary information, (this section), the basic financial statements and supplementary information. The basic financial statements are prepared on an accrual basis and presented on an agency-wide basis.

- Agency-wide financial statements provide information about Minnesota Housing's overall financial position and results of operations. These statements consist of the Statement of Net Position, Statement of Activities and Statement of Cash Flows. Significant interfund transactions have been eliminated within the agency-wide statements. Assets and revenues of the separate funds that comprise the agency-wide financial statements are generally restricted as to use, and the reader should not assume they may be used for every corporate purpose.
- The fund financial statements provide information about the financial position and results of operations for Minnesota Housing's eight proprietary funds.

- The financial statements also include notes to financial statements which provide more detailed explanations of certain information contained in the agency-wide and fund financial statements.

Required and other Supplementary Information is presented following the Notes to Financial Statements for certain funds of Minnesota Housing, which have been established under the bond resolutions under which Minnesota Housing issues bonds and other debt for its programs. These funds consist of General Reserve and the bond funds, which are Rental Housing, Residential Housing Finance, Homeownership Finance, Home Ownership Mortgage-backed Exempt Securities (HOMES[SM]), and Multifamily Housing.

The basic financial statements also include summarized comparative totals as of and for the year ended June 30, 2024. Although not required, these comparative totals are intended to facilitate an understanding of Minnesota Housing’s financial position and results of operations for fiscal year 2025 in comparison to the prior fiscal year.

GENERAL OVERVIEW

Minnesota Housing financial statements are presented in two formats: agency-wide and by fund. Funds include Rental Housing, Residential Housing Finance, Homeownership Finance, Multifamily Housing, and HOMES[SM] (collectively the bond funds); State and Federal Appropriated (collectively the appropriated funds) and General Reserve. Agency-wide financial statements are provided to display a comprehensive view of all Minnesota Housing funds as required by accounting principles generally accepted in the United States of America applicable to governmental entities under accounting standards promulgated from time to time by the Governmental Accounting Standards Board (GASB). Agency-wide financial statements reflect totals of similar accounts for various funds. However, substantially all of the funds in these accounts are restricted as to use by Agency covenants or legislation as further described below.

Assets and revenues of the bond funds are restricted to uses specifically set forth in the respective bond resolutions and are pledged for the primary benefit of the respective bondholders and interest rate swap agreement counterparties. General Reserve is created under the Minnesota Housing bond resolutions as part of the pledge of the general obligation of Minnesota Housing. Minnesota Housing covenants in the bond resolutions that it will use the assets in General Reserve only for administration and financing of programs in accordance with the policy and purpose of the Minnesota Housing enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and to accumulate and maintain therein such a balance of funds and investments as will be sufficient for the purpose.

Minnesota Housing has no taxing power and neither the State of Minnesota nor any political subdivision thereof is legally obligated to pay the principal of or interest on bonds or other obligations issued by Minnesota Housing. The state has pledged to and agreed with bondholders that it will not limit or alter the rights vested in Minnesota Housing to fulfill the terms of any agreements made with bondholders or in any way impair the rights and remedies of the bondholders.

Public funds directly appropriated to Minnesota Housing by the State of Minnesota or made available to Minnesota Housing from the federal government are restricted by law to specified uses set forth in the state appropriations or federal contracts. Assets and revenues of appropriated funds are not pledged or available to secure bonds issued under the bond funds or other obligations of Minnesota Housing or its general obligation pledge in respect thereof. In addition to its audited annual financial statements, Minnesota Housing has published unaudited quarterly disclosure reports for Residential Housing Finance and Homeownership Finance bond resolutions and unaudited semiannual disclosure reports for the Rental Housing bond resolution. Recent disclosure reports can be found in the "Investors" section on Minnesota Housing's web site at *https://www.mnhousing.gov* and on EMMA (Electronic Municipal Markets Access system) at *emma.msrb.org*.

DISCUSSION OF INDIVIDUAL FUNDS

General Reserve

The purposes of General Reserve are to maintain sufficient liquidity for Minnesota Housing operations, to hold escrowed funds and to maintain the Housing Endowment Fund (also referred to as Pool 1). The costs of administering Minnesota Housing programs are captured on the Statement of Revenues, Expenses and Changes in Net Position for General Reserve. The fees earned are generally related to the administration of the federal Low Income Housing Tax Credit program, administration of the federal Housing Assistance Payment program, and contract administration of the Section 8 program for developments not financed by Minnesota Housing.

Rental Housing

Over 58% of the developments with a first mortgage loan presently held in Rental Housing receive Section 8 payments under contracts with U.S. Department of Housing and Urban Development ("HUD"), 62% of the principal amount of multifamily first mortgage loans receivable held in Rental Housing are insured by HUD pursuant to a risk sharing agreement whereby HUD agrees to assume 50% or greater of the loss upon a default of the mortgage loan.

Inherent risks remain in these portfolios, especially for multifamily developments without project-based tenant subsidies or HUD risk sharing agreements. Maintaining asset quality is a high priority for Minnesota Housing; therefore, this portfolio receives a significant amount of oversight.

All of Minnesota Housing's bond-financed multifamily loans, except loans financed under state appropriation-backed housing bonds, conduit bonds, and one loan under Multifamily Housing, are financed in Rental Housing as of June 30, 2025. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Residential Housing Finance

Included within Residential Housing Finance are the bonds issued and outstanding under the Residential Housing Finance bond resolution, the 2018 limited obligation Index Bank Note issued under a separate trust indenture, the General Purpose Bonds issued under a separate trust indenture, and the restricted by covenant, Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2), and the Housing Affordability Fund (Pool 3).

The Alternative Loan Fund is not pledged as security for any bonds of the Agency but is available to pay debt service on any bonds except state appropriation-backed bonds and conduit bonds.

Bonds have been issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family mortgage loans, certain down payment and closing cost housing assistance loans, and unsecured and secured subordinated home improvement mortgage loans. The mortgage-backed securities are guaranteed as to payment of principal and interest by one of the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC). The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurance or the Federal Housing Administration (FHA) or guaranteed by the U.S. Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). While mortgage insurance and guarantees help mitigate the risk of loss to the Agency, inherent risks remain including the impact of declining home values on default recoveries and the risk of deterioration to the credit worthiness of insurers. The Agency's collection experience among mortgage insurers has been generally favorable.

This bond resolution, along with the Homeownership Finance bond resolution, are the principal sources of financing for bond-financed homeownership programs. Minnesota Housing may also issue bonds for its home improvement loan program under this bond resolution although no bonds were issued to support home improvement lending during fiscal year 2025.

Assets of Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2025, this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before those securities are permanently financed by issuing bonds or sold into the to-be-announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans, for tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes and to develop new affordable housing, and index bank note interest expenses, and for contributions related to bond sales. The fund may also provide interim financing for construction and rehabilitation of single-family housing and may be used to advance funds to retire debt.

Assets of Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include but are not limited to no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2025, funds from Pool 3 were used for down payment and closing cost assistance loans for first-time homebuyers, below-market interim financing for construction and rehabilitation of single-family housing, capital costs and rental assistance for permanent supportive housing, advances for certain multifamily housing developments in anticipation of permanent funding and deferred, subordinated multifamily loans.

Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family mortgage loans. These securities are guaranteed as to payment of principal and interest by one of the GNMA, FNMA or the FHLMC. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

HOMES^{SM}

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMES^{SM} certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. Minnesota Housing is not committed to sell any HOMES^{SM} certificates but has the option to accept the investment bank's bid for HOMES^{SM} certificates, which may be a higher price than the Agency could achieve by selling the mortgage-backed security in the open market. The HOMES^{SM} Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota. Since the initial issuance in fiscal year 2014, the Agency has not issued any additional HOMES^{SM} certificates.

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program.

State and Federal Appropriated Funds

The appropriated funds are maintained by Minnesota Housing for the purpose of receiving and disbursing monies appropriated by the state and federal government for housing. All funds appropriated by the state and federal government must be used for specific uses as set forth in the state appropriations or federal contracts and except for funds appropriated to pay debt service on state appropriation-backed bonds are not pledged or available to secure the bondholders or creditors of Minnesota Housing. Because the Agency is the issuer of the state appropriation-backed bonds they are shown in bonds payable section even though they are not a general obligation of the Agency. These bonds are payable solely from appropriations from the State of Minnesota. Per the offering disclosures for these appropriation-backed bonds, the Agency has not pledged and will not use or pledge its own resources to redeem or repay the bonds.

The State Appropriated Fund was established to account for funds, received from the state legislature, which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, down-payment assistance, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs.

The Federal Appropriated Fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments, federal emergency housing assistance and other housing-related program costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
CONDENSED FINANCIAL INFORMATION (UNAUDITED)

Selected Elements From Statement of Net Position (in $000's)

	Agency-wide Total		
	Fiscal 2025	**Fiscal 2024 (as restated)**	**Change**
Cash and other investments	$2,096,901	$1,752,409	$ 344,492
Investments – program securities mortgage-backed securities	5,060,826	4,149,290	911,536
Loans receivable, net	1,292,657	1,134,149	158,508
Capital assets, net	6,344	8,180	(1,836)
Other	86,583	88,998	(2,415)
Total assets	8,543,311	7,133,026	1,410,285
Total deferred outflows of resources	13,924	8,482	5,442
Total assets and deferred outflows	8,557,235	7,141,508	1,415,727
Long term liabilities (noncurrent)	6,434,241	5,295,379	1,138,862
Other (current)	405,026	379,967	25,059
Total liabilities	6,839,267	5,675,346	1,163,921
Deferred inflows of resources	68,525	74,266	(5,741)
Total liabilities and deferred inflows	6,907,792	5,749,612	1,158,180
Restricted by bond resolution	499,479	460,896	38,583
Restricted by covenant	659,885	558,005	101,880
Restricted by law	1,196,945	1,063,895	133,050
Unrestricted – state appropriation-backed debt	(381,473)	(355,809)	(25,664)
Unrestricted	(326,748)	(338,915)	12,167
Net investment in capital assets	1,355	1,330	25
Total net position	$1,649,443	$1,389,402	$ 260,041

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2025							
Excluding Pool 3	Pool 3	Total	Fiscal 2024 (as restated)	Change	Fiscal 2025	Fiscal 2024	Change
$ 904,216	$ 39,427	$ 943,643	$ 618,156	$ 325,487	$1,153,258	$1,134,253	$ 19,005
5,060,826	-	5,060,826	4,149,290	911,536	-	-	-
1,020,607	128,182	1,148,789	1,032,500	116,289	143,868	101,649	42,219
5,723	-	5,723	8,042	(2,319)	-	138	(138)
74,483	196	74,679	76,510	(1,831)	12,525	12,488	37
7,065,855	167,805	7,233,660	5,884,498	1,349,162	1,309,651	1,248,528	61,123
13,924	-	13,924	8,482	5,442	-	-	-
7,079,779	167,805	7,247,584	5,892,980	1,354,604	1,309,651	1,248,528	61,123
5,973,753	-	5,973,753	4,826,315	1,147,438	460,488	470,881	(10,393)
354,217	227	354,444	332,043	22,401	50,582	48,601	1,981
6,327,970	227	6,328,197	5,158,358	1,169,839	511,070	519,482	(8,412)
68,525	-	68,525	74,266	(5,741)	-	-	-
6,396,495	227	6,396,722	5,232,624	1,164,098	511,070	519,482	(8,412)
499,479	-	499,479	460,896	38,583	-	-	-
492,307	167,578	659,885	558,005	101,880	-	-	-
-	-	-	-	-	1,196,945	1,063,895	133,050
-	-	-	-	-	(381,473)	(355,809)	(25,664)
(309,236)	-	(309,236)	(359,737)	50,501	(17,512)	20,822	(20,822)
734	-	734	1,192	(458)	621	138	483
$ 683,284	$167,578	$ 850,862	$ 660,356	$ 190,506	$ 798,581	$ 729,046	$ 87,047

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
CONDENSED FINANCIAL INFORMATION (UNAUDITED) *(continued)*

Selected Elements From Statement of Net Position (in $000's)

	Agency-wide Total		
Operating Revenue	**Fiscal 2025**	**Fiscal 2024 (as restated)**	**Change**
Interest earned on loans	$ 44,554	$ 41,898	$ 2,656
Interest earned on investments-program mortgage-backed securities	231,108	164,797	66,311
Appropriations received and appropriation recoveries	644,070	1,161,417	(517,347)
Fees and administrative reimbursements[1]	49,401	38,474	10,927
Total operating revenues[2]	969,133	1,406,586	(437,453)
Operating Expenses			
Fees	4,415	3,957	458
Appropriations disbursed	518,148	455,526	62,622
Payroll, General & Administrative	55,640	53,325	2,315
Loan loss/value Adjustments	145,822	122,745	23,077
Total operating expenses[2]	724,025	635,553	88,472
Operating income (loss)	245,108	771,033	(525,925)
Nonoperating Revenues (Expenses)			
Interest earned on investments-other	90,361	87,111	3,250
Appropriations received	37,053	35,204	1,849
Net appreciation/depreciation in fair value on investments	122,111	(45,932)	168,043
Interest	(221,803)	(165,372)	(56,431)
Financing, net	(12,789)	(12,399)	(390)
Total nonoperating revenues (expenses)	14,933	(101,388)	116,321
Income (loss) before transfers and contributions	260,041	669,645	(409,604)
Non-operating transfer of assets between funds	-	-	-
Non-operating expenses	-	-	-
Change in net position	260,041	669,645	(409,604)
Beginning net position (as restated)	1,389,402	719,757	669,645
Ending net position	$1,649,443	$1,389,402	$ 260,041

[1] Includes administrative reimbursements, net

[2] Agency-wide totals include interfund amounts

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2025							
Excluding Pool 3	Pool 3	Total	Fiscal 2024 (as restated)	Change	Fiscal 2025	Fiscal 2024	Change
$ 40,699	$ 288	$ 40,987	$ 37,149	$ 3,838	$ 1,179	$ 911	$ 268
164,797	-	164,797	107,963	56,834	-	-	-
-	-	-	-	-	644,070	1,161,417	(517,347)
76,976	14	76,990	56,549	20,441	983	9,276	(8,293)
282,472	302	282,774	201,661	81,113	646,232	1,171,604	(525,372)
3,816	19	3,835	3,306	529	118	122	(4)
-	-	-	-	-	518,148	455,526	62,622
79,708	3,779	83,487	65,437	18,050	764	15,136	(14,372)
1,844	10,485	12,329	3,372	8,957	140,740	110,416	30,324
85,368	14,283	99,651	72,115	27,536	659,770	581,200	78,570
197,104	(13,981)	183,123	129,546	53,577	(13,538)	590,404	(603,942)
27,352	804	28,156	20,270	7,886	59,919	58,955	964
-	-	-	-	-	37,053	35,204	1,849
(45,663)	(21)	(45,684)	(149,269)	103,585	248	(248)	496
(150,579)	-	(150,579)	(96,539)	(54,040)	(13,975)	(14,793)	818
(12,126)	-	(12,126)	(3,067)	(9,059)	(172)	(273)	101
(181,016)	783	(180,233)	(228,605)	48,372	83,073	78,845	4,228
16,088	(13,198)	2,890	(99,059)	101,949	69,535	669,249	(599,714)
(15,000)	15,000	-	849	(849)	-	-	-
-	-	-	(559)	559	-	-	-
1,088	1,802	2,890	(98,769)	101,659	69,535	669,249	(599,714)
492,196	167,764	659,960	758,729	(98,769)	729,046	59,797	669,249
$ 493,284	$169,566	$ 662,850	$ 659,960	$ 2,890	$798,581	$ 729,046	$ 69,535

GENERAL RESERVE AND BOND FUNDS – STATEMENT OF NET POSITION

Financial Highlights

The following financial highlights section refers to the General Reserve and bond funds. The reader is encouraged to review the Fund Financial Statements as well as supplementary information in this 2025 Financial Report.

Investments-including program Mortgage-backed securities (MBS), cash, cash equivalents, investment securities-other, loans receivable, and interest receivable comprise the majority of assets. Deferred pension expense, deferred loss on refunding and deferred loss on interest rate swap agreements comprise the majority of deferred outflows of resources in the General Reserve and bond funds. Capital assets, real estate owned, and other assets continue to be insignificant in relation to the total General Reserve and bond fund assets and deferred outflows of resources.

Program MBS is the single largest category of bond fund assets. Those assets are pledged as security for the payment of certain Agency mortgage revenue bonds held in acquisition accounts pledged to bond holders as security for bonds. This category of investments increased 22.0% to $5,060.8 million. Single Family mortgage loan production was very strong in fiscal year 2025 driving the increase in MBS.

Mortgage-backed Securities Portfolio Delinquency
Actual Loan Count

	June 30, 2025		June 30, 2024	
Current	35,954	95.3%	33,106	95.2%
60-89 Days	640	1.7%	582	1.7%
90-119 Days	425	1.1%	329	0.9%
120+ Days	694	1.8%	752	2.2%
Total count	37,713		34,769	
Total past due	1,759	4.7%	1,663	4.8%

The MBS payments are guaranteed by GNMA, FNMA or FHLMC and are not delinquent.

Cash and cash equivalents are carefully managed to provide adequate resources for future debt service requirements and other liquidity needs. This category increased 64.2% to $842.6 million. Cash and Cash equivalents can fluctuate based on the timing of bond sales, the rate of production, debt repayments, purchase of investments and loan transactions.

Investments securities-other consists of MBS that are held by the Agency as investments, MBS held in the warehouse for future bond sales and MBS held for sale in the TBA market as well as other quality investments such as US agency obligations, US treasuries, municipal bonds and government backed investment pools at the trustee, Computershare, and the State Board of Investments (SBI). This category decreased by 3.7% to $101.0 million.

GENERAL RESERVE AND BOND FUNDS – STATEMENT OF NET POSITION *(continued)*

Loans receivable, net is another large single category of bond fund assets. Loans are limited to housing-related lending for low- and moderate-income individuals and families and multifamily housing developments, including Monthly Payment Second lien (MP 2nds) loans that include down payment and closing cost assistance loans. Loans receivable, net, increased 11.3% to $1,148.8 million at June 30, 2025, as a result of repayments, prepayments, and loss reserves net of new loan purchases and originations. Amortizing homeownership loans at fixed interest rates, secured by first mortgages, continue to be the dominant loan product offered by Minnesota Housing. The reserve for loan loss for the homeownership loan portfolio increased slightly. The reserve for loan loss for the home improvement loan portfolio grew due to a slight increase in the 120 days past due category. Amortizing multifamily loans at fixed interest rates, secured by first mortgages (referred to as the multifamily portfolio) exhibited little change in delinquency rate and aggregate loan receivable balance. Minnesota Housing's primary loan programs offer fixed interest rate financing and therefore differ from the high-risk characteristics associated with some adjustable payment loan products. During the national emergency concerning the COVID Pandemic, borrowers with mortgage loans that are FHA insured, VA, HUD, or RD, or purchased or securitized by FNMA or FHLMC were able to seek up to 18 months of payment forbearance. The Agency has chosen to grant similar forbearance relief for other single-family homeownership and home improvement loans. There were zero loans in forbearance at June 30, 2025, and June 30, 2024.

Homeownership Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2025		June 30, 2024	
Current	2,624	95.1%	2,896	95.4%
60-89 Days	42	1.5%	52	1.7%
90-119 Days	24	0.9%	19	0.6%
120+ Days	68	2.5%	69	2.3%
Total count	2,758		3,036	
Total past due	134	4.9%	140	4.6%

The 60+ day delinquency rate as of June 30, 2025, for the entire Minnesota Housing homeownership first lien loan portfolio, excluding those loans not customarily included in foreclosure statistics, exceed by approximately one percentage point the delinquency rates of similar loan data available as of June 30, 2025, from the Mortgage Bankers Association of America for loans in Minnesota (as adjusted to reflect the proportions of insurance types in the Agency's loan portfolio).

GENERAL RESERVE AND BOND FUNDS – STATEMENT OF NET POSITION *(continued)*

Homeownership (MP 2nd) Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2025		June 30, 2024	
Current	8,894	94.7%	8,842	95.4%
60-89 Days	103	1.1%	92	1.0%
90-119 Days	47	0.5%	64	0.7%
120+ Days	346	3.7%	270	2.9%
Total count	9,390		9,268	
Total past due	496	5.3%	426	4.6%

The MP 2nd loans were made in conjunction with first lien mortgage loans that were pooled into MBS including, in part, the MBS portfolio the delinquency characteristics of which are described on a preceding page.

Home Improvement Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2025		June 30, 2024	
Current	5,551	97.1%	5,584	97.7%
60-89 Days	14	0.2%	20	0.3%
90-119 Days	14	0.2%	7	0.1%
120+ Days	138	2.4%	106	1.9%
Total count	5,717		5,717	
Total past due	166	2.9%	133	2.3%

Due to the unique program characteristics of the Minnesota home improvement loan portfolio, the Agency has determined that delinquency data from other available sources is not directly comparable. The table above excludes inactive home improvement loans defined as delinquent loans for which the Agency has a valid lien, but active collection efforts have been exhausted.

FHA/VA insurance claims, net consist of non-performing homeownership loans that are FHA insured or VA guaranteed. These loans are reclassified as claims receivable at the time the Agency files a claim. FHA/VA insurance claims was zero at June 30, 2025.

Real estate owned; net consists of properties acquired upon foreclosure of homeownership loans. There was a net decrease in real estate owned of 19.5% to $0.5 million at June 30, 2025.

GENERAL RESERVE AND BOND FUNDS – STATEMENT OF NET POSITION *(continued)*

While the delinquency rates and foreclosures in the Agency's loan portfolio remained above historical norms during fiscal year 2025, the combined net total of FHA/VA insurance claims and real estate owned remains immaterial compared to total loans receivable at June 30, 2025, being less than 1.0% of total net loans receivable.

Management believes that reserves for loan losses are adequate based on the current assessment of asset quality.

No loans reside in General Reserve.

Interest receivable on loans and investments is a function of the timing of interest payments and the general level of interest rates. Combined loan and investment interest receivable increased 24.3% to $29.0 million at June 30, 2025.

Bonds payable is the largest single category of liabilities, resulting primarily from debt issued to fund housing-related lending. Bonds payable increased 21.1% to $5,956.1 million at June 30, 2025, because new bond issuance related to lending activities outpaced scheduled redemptions and early bond redemptions of existing debt.

The companion category of interest payable increased 42.4% to $105.8 million at June 30, 2025, largely due to an increase in the amount of outstanding debt and higher market interest rates.

While there is no debt issued in General Reserve, there is a significant liability for funds held for others. These funds are routinely collected and held in escrow on behalf of multifamily borrowers pursuant to loan documents and are used for future periodic payments of real property taxes, casualty insurance premiums, and certain capital expenditures. Funds held for others in General Reserve, Pool 2 and HOMES℠ increased 6.9% in fiscal year 2025 to $84.1 million.

On the Statement of Net Position there are three accounts that report the overall pension and other post-employment benefits (OPEB) picture. As of June 30, 2025, the Net Pension Liability and OPEB decreased to $2.6 million, the Deferred Pension Expense decreased 16.1% to $7.1 million, and the Deferred Pension Credit increased 36.5% to $9.0 million. This increase was due to Minnesota State Retirement System (MSRS) making changes to the assumptions that were used for the plans actuarial reports. GASB 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, prescribes how these accounts are recorded and how income and expense are recognized. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, prescribes that OPEB are now included in these numbers. The net result of the pension entries is an overall increase of $2.6 million to the net position.

Accounts payable and other liabilities increased 122.1% to $170.6 million at June 30, 2025.

Interfund payable/receivable exists primarily as a result of interfund borrowing and pending administrative and program reimbursements between funds. Most administrative expenses are paid from General Reserve, with the bond funds and appropriated funds owing an administrative reimbursement to General Reserve for the respective fund's contribution to those administrative expenses.

GENERAL RESERVE AND BOND FUNDS REVENUES OVER EXPENSES

Operating revenues over expenses of General Reserve and bond funds increased 43.2% to $258.6 million.

Total operating revenues increased 28.4% to $363.1 million. The largest impact on revenue is the result of increased interest rates on investments-program mortgage-back securities.

Total operating expenses increased 2.2% to $104.4 million.

The largest revenue component, interest earned on MBS and investments increased 35.6% to $261.6 million. This is primarily due to higher market interest rates in fiscal year 2025. Loan interest revenue increased 5.8% to $43.4 million as repayments and prepayments decreased the size of the homeownership loan portfolio, interest rates increased in the overall portfolio. Administrative reimbursements to General Reserve from bond funds were $62.2 million in fiscal year 2025 compared to $53.3 million during the prior fiscal year. General Reserve also incurs overhead expenses to administer state and federal appropriated housing programs. General Reserve received overhead reimbursements of $22.1 million from the State and Federal Appropriated funds to recover certain overhead expenses incurred during fiscal year 2025 compared to $20.1 million during the prior fiscal year.

Other fee income to General Reserve and bond funds increased 11.3% to $26.3 million compared to the prior fiscal year. The primary components are service acquisition fees earned from the sale of mortgage servicing rights, fees earned from the federal low-income housing tax credit program, Section 8 contract administration, federal Housing Assistance Payments (HAP) administration, and various loan programs.

The net gain on the sale of mortgage-backed securities held for sale was $0.3 million a slight increase over prior fiscal year. Components of the net gain, in addition to the gain or loss on the security itself, include the cost of hedging activities that seek to minimize interest rate risk through forward sale contracts, certain trustee fees, and service release premiums.

Net appreciation/depreciation in fair value on investment securities for fiscal year 2025 are $121.9 million compared to $45.7 million of losses for fiscal year 2024. The net appreciation/depreciation in fair value on investments arise due to the changes in fair value and mark-to-market in accordance with GASB Statement 31. The fair value adjustments are booked quarterly and fluctuate based on market conditions. Of these net appreciation/depreciation in fair value on investments, a majority of the unrealized losses are related to the program MBS portfolio pledged to bond holders for payments of debt service. The Agency will hold these MBS until all requirements of the Residential Housing Finance and Homeownership Finance Bond resolution are satisfied. The Agency is not permitted by the bond resolution to sell the program MBS at this time. This value fluctuation is booked as required by GASB; however, analysis performed on income normally excludes the net appreciation/depreciation in fair value on investment securities as the Agency does not plan to sell investments prior to maturity and realize gains or losses.

GENERAL RESERVE AND BOND FUNDS REVENUES OVER EXPENSES *(continued)*

Interest expense increased 38.0% to $207.8 million compared to the prior fiscal year as a result of higher interest rates impacting new bond issues.

Financing costs increased 4.0% to $12.6 million; this is primarily related to hedge gains in prior year.

Expenses for loan administration and trustee fees in the bond funds increased 12.0% to $4.3 million for current fiscal year. Of the total administrative reimbursement revenue in General Reserve of $62.2 million, the interfund charge to the bond funds and State Appropriated fund of $59.9 million was eliminated for purposes of financial reporting in the Agency-wide financial statements.

Salaries and benefits in General Reserve of $42.3 million decreased 2.0% from the prior year.

Other general operating expense in General Reserve and bond funds was $12.5 million, an increase of 31.0% over prior year.

Reductions in carrying value of certain low interest rate deferred loans in the bond funds decreased from $9.8 million to a credit of ($0.3) million in current fiscal year.

The provision for loan loss expense in the residential housing bond funds increased from $2.6 million to $2.9 million.

The provision for loan loss expense for the multifamily homeownership loan portfolio for current and prior fiscal year is ($.01) million.

The provision for loan loss expense for the rental housing loan portfolio was at $2.5 million compared to prior year of ($0.9) million. Non-operating transfers occur as a result of bond sale contributions related to new debt issues, the periodic transfer of assets to maintain the Pool 1 requirement, periodic fiscal year end transfers to the Pool 3, if any, and periodic transfers from the bond funds of amounts in excess of bond resolution requirements. During fiscal year 2025, $27.4 million of Pool 1 funds in excess of requirements were transferred to Pool 2. Revenues over expenses in General Reserve that are in excess of the Pool 1 requirement are transferred periodically to Pool 2 for use in housing programs. Per the Rental Housing Bond Resolution requirement, funds must be transferred to General Reserve when they are removed from the Rental Housing Bond Resolution. Revenues over expenses plus non-operating transfers in Pool 2 may be transferred periodically, with approval of the Board, to Pool 3 for use in more highly subsidized housing programs. Board investment guidelines establish required balances for Pool 1 and Pool 2. In addition, Pool 2 made $0.62 million in bond sale transfers to the Homeownership Finance and Rental Housing Funds.

GENERAL RESERVE AND BOND FUNDS REVENUES OVER EXPENSES *(continued)*

Total combined net position of General Reserve and bond funds increased 28.8% to $850.9 million as of June 30, 2025. The net position of General Reserve and bond funds is divided into two primary categories. Restricted by Bond Resolution is pledged to the payment of bonds, subject to bond resolution provisions that authorize Minnesota Housing to withdraw funds in excess of the amounts required to be maintained under the bond resolutions. Restricted by Covenant is subject to a covenant with bondholders that the Agency will use the money in General Reserve, and money that would otherwise have been released to General Reserve, only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including the creation of reserves for the payment of bonds and of loans made from the proceeds thereof and will accumulate and maintain therein such a balance of funds and investments as will be sufficient for the purpose. The Board of the Agency has established investment guidelines for these funds to implement this covenant.

STATE AND FEDERAL APPROPRIATED FUNDS – STATEMENT OF NET POSITION

Assets of the appropriated funds are derived from the appropriation of funds by the State of Minnesota and funds made available to Minnesota Housing by the federal government for housing purposes. Housing preservation and development typically requires appropriations received in the current period to be expended over several future years of planned development. This timing difference is the primary reason for the presence of investments, cash, and cash equivalent assets in the appropriated funds and for the balance of net position restricted by law. In fiscal year 2018, the Agency added a new line called Unrestricted - State Appropriation-backed Bonds. This line shows the amount of outstanding Appropriation-backed Bonds issued by the Agency.

Investments, cash, and cash equivalents combined are the largest category of assets in the appropriated funds. The June 30, 2025, combined balance increased 1.7% to $1,153.3 million as a result of the combined appropriations received and other revenues being more than the combined disbursements for programs, loans, and expenses during the fiscal year.

Certain state appropriations are expended as housing loans which are in a first lien position and with near- or below-market interest rates, resulting in net loans receivable. At June 30, 2025, State Appropriated fund net loans receivable increased 41.5% to $143.9 million.

Interest receivable in appropriated funds is a function of the timing of interest payments and the general level of interest rates on investments. Interest receivable on appropriated funds was $4.5 million at June 30, 2024 and June 30, 2025, no change. Accounts payable and other liabilities represent amounts payable to program participants as of year-end. The balance of payables at June 30, 2025, was $16.0 million compared to $10.9 million at June 30, 2024. Interfund payable occurs in the Federal Appropriated fund as a result of overhead expense and indirect cost recoveries owed to General Reserve. Interfund payable occurs in the State Appropriated fund because of accrued overhead expense payable to General Reserve. At June 30, 2025, the combined net interfund receivable was a $3.1 million.

STATE AND FEDERAL APPROPRIATED FUNDS – STATEMENT OF NET POSITION *(continued)*

At June 30, 2025, the balance in funds held for others was zero compared to $0.1 million on June 30, 2024.

The appropriated net position is broken into three categories. Restricted and unrestricted by law is for use with housing programs only and is not pledged or available to secure bonds issued under any of the Agency's bond funds or other obligations of the Agency or its general obligation pledge in respect thereof. Unrestricted - State Appropriation-backed shows the amount of state appropriation-backed bonds outstanding. These bonds are backed solely by the standing appropriation by the State of Minnesota and the Agency's resources are not pledged or available to secure the bondholders. Per GASB, as the issuer, the Agency is required to show these bonds as bonds payable. The combined net position of the appropriated funds increased from $729.0 million as June 30, 2024, to $798.6 million as of June 30, 2025. This increase is predominately due to state appropriated legislative awarded funds in fiscal year 2025. The balance in restricted by law at June 30, 2025, was $1,196.9 million. There was an increase in restricted by law net position of 12.5% for fiscal year 2025. The principal amount outstanding of the state appropriation-backed bonds payable was $448.8 million as of June 30, 2024, and $483.8 million as of June 30, 2025. Refer to Note 10. State and federal appropriated funds are recorded as revenue in the period in which such appropriations are earned. Funds are spent for eligible program activities as defined by Minnesota Housing, the State of Minnesota, or agencies of the federal government. Unexpended appropriations are invested and the interest income on the investments is recorded as it is earned, except for interest earned on certain unexpended federal appropriations, which is recorded as funds held for others. Similarly, interest income on certain State Appropriated fund loan receivables is recorded as it is earned.

STATE AND FEDERAL APPROPRIATED FUNDS – REVENUES OVER EXPENSES

Historically, the largest revenue category is appropriations received, and is a function of the fiscal, legislative, and political environment of the State of Minnesota and the federal government. The combined appropriations received decreased from $1,196.6 million in fiscal year 2024 to $644.1 million in fiscal year 2025. State appropriations received decreased by $564.6 million in fiscal year 2025. The decrease is attributed to a majority of the appropriations received for new programs for fiscal 2024 and 2025, were received in fiscal 2024.

The combined interest income from investments decreased 1.6% to $59.9 million for fiscal year 2025.

Loan interest income from state appropriations loan assets continues to be minimal at $1.2 million as relatively few loans bear interest.

Fees earned and other income, in the amount of $23.1 million were recorded in the State Appropriated Fund during fiscal year 2025.

Combined unrealized losses was a loss of $0.2 million for fiscal year 2025 and 2024. The unrealized gains and losses arise due to the changes in fair value and mark-to-market in accordance with GASB. The fair value adjustments are booked quarterly and fluctuate based on market conditions.

STATE AND FEDERAL APPROPRIATED FUNDS – REVENUES OVER EXPENSES *(continued)*

Administrative reimbursements to General Reserve of overhead expenses to administer State Appropriated Fund programs increased 51.4% to $22.1 million compared to the prior fiscal year. The Agency incurs the overhead expense in General Reserve. General Reserve is reimbursed for these overhead expenses by the state appropriated funds to the extent of investment earnings on unexpended state appropriations.

Combined appropriations disbursed increased 13.7% to $518.1 million compared to the prior fiscal year, reflecting state appropriations disbursed of $212.0 million and federal appropriations disbursed of $306.2 million.

Increased expenditures of state appropriated funds for fully reserved below-market and zero-percent interest rate loans impacted expense from reductions in carrying value of certain loans. Net reductions of carrying value increased 24.7% to $139.1 million compared to the prior fiscal year.

Other general operating expenses in the State Appropriation Fund represent fees for professional and technical support to implement and administer certain housing programs and disbursements of funds. Other general operating expenses in the State Appropriation Fund increased 12.6% to $0.6 million at June 30, 2025.

Combined operating expenses were more than combined operating revenue of the appropriated funds by $13.5 million at June 30, 2025. Historically, the entire existing state restricted by law and federal appropriated funds' net position is likely to be expended for housing programs. In fiscal year 2024, the legislature appropriated $832.0 and in fiscal year 2025 $237.6 million for new programs for the Agency. The majority of the programs were being developed in fiscal year 2024 and in fiscal 2025 disbursements increased by $390.0 million.

CAPITAL ASSETS AND SIGNIFICANT LONG TERM DEBT ACTIVITIES

The Agency's net capital assets balance at June 30, 2025, was $6.3 million, as compared to $8.2 million on June 30, 2024. Included in this amount were $24.7 million of depreciable assets and $18.3 million of accumulated depreciation. The Agency had capital asset additions of $2.0 million and $1.8 million in fiscal year 2025 and 2024, respectively. Refer to note 5 for table.

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 $9.0 billion by State statute.

Minnesota Housing issues a significant amount of bonds, having outstanding at June 30, 2025, not including state appropriation-backed bonds, long-term bonds totaling $5,956.1 million. Bond proceeds and related revenues are held by a trustee, who is responsible for administration of bond resolution requirements including payment of debt service. The bond resolutions may require funding debt service reserve accounts and insurance reserve accounts. At June 30, 2025, amounts held by the trustee in principal, interest, redemption, and reserve accounts represented full funding of those requirements as of that date. In addition, at year-end the Agency had $483.8 million in state appropriation-backed bonds outstanding.

CAPITAL ASSETS AND SIGNIFICANT LONG TERM DEBT ACTIVITIES *(continued)*

Minnesota Housing continually investigates and utilizes financing and debt management techniques designed to achieve its goals of reducing interest expense and efficiently utilizing bonding authority while managing risk and responding to changing capital markets. During 2025 fiscal year, Minnesota Housing issued thirty-eight series of bonds aggregating $1,437.8 million (excluding state appropriation-backed housing bonds, limited obligation drawdown index bank note, and short-term borrowing against a line of credit), compared to the issuance of thirty-three series totaling $1,388.3 million the previous fiscal year. Long-term bonds are issued as capital is needed for program purposes and as opportunities arise to economically refund outstanding bonds. Short-term bonds and notes and other indebtedness may be issued to preserve tax-exempt bonding authority for future program use and to warehouse purchases of mortgage-backed securities in advance of permanent financing. A total of $13.0 million in state appropriation-backed bonds were issued in fiscal year 2025.

A total of $417.3 million in bond principal repayments and $204.6 million of bond-related interest expense occurred during fiscal year 2025 not including state appropriation-backed bonds. Of the total bond principal repayments, $236.7 million were repayments made on bonds prior to the scheduled maturity date using a combination of optional and special redemption provisions. A total of $18.1 million in bond principal repayments for state appropriation-backed bonds were made in fiscal year 2025.

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

While most of the Agency's bonds are tax-exempt, taxable bonds have been issued to supplement limited tax-exempt private activity bond volume cap in order to meet demand for financing single family mortgage loans. Taxable bonds may also be issued to refund existing debt or to finance lending programs where federal tax-exempt bond restrictions are inconsistent with program goals. Variable-rate demand bonds and interest-rate swaps were incorporated into Minnesota Housing's financings from fiscal year 2003 through fiscal year 2010, and again in fiscal years 2016 through fiscal year 2020 and in fiscal years 2022 through 2025, and two financings originally issued in fiscal years 2018 and 2019 as interest-rate swaps were converted from floating rate term bonds to variable rate demand bonds in fiscal year 2024 and a 2019 issue was remarketed in fiscal year 2025. Interest-rate swaps help to hedge the mismatch between fixed-rate loans and variable-rate bonds.

STATE LEGISLATIVE ACTIONS THAT MAY IMPACT FINANCIAL CONDITIONS AND/OR OPERATIONS

At the State Capitol, the odd-numbered year of the biennium typically focuses on establishing the two year biennial budget, policy initiatives and a smaller capital investment bill. The session dynamics this year included a $456.0 million budget surplus for the fiscal year 2026-27 budget, but a projected shortfall of $6.0 billion in fiscal year 2028-29. The DFL and GOP split control of the House, 67-67, for only the second time in the state's history, and the Senate DFL held a one-seat majority in the Senate, 34-33. Both bodies had finance committees exclusively focused on housing finance, policy and homelessness prevention issues. The legislative session started on January 14, 2025, but officially got underway in early March after a special election in the House.

On May 18, 2025, the Legislature passed the two-year housing bill with the votes of 108-26 in the House and 36-31 in the Senate. The bill appropriated $183.9 million across all the agency's state-appropriated programs and included $50.0 million in new Housing Infrastructure Bond authority. In a session where agreement was hard to come by, housing found strong bipartisan support and was the first major bill to be passed in both bodies.

The Legislature provided an additional $18.4 million in increased appropriations to existing agency programs for fiscal year 2026-27, with $8.4 million to the Family Homeless Prevention and Assistance Program (FHPAP) and $2.0 million for the following programs: Challenge, Workforce Homeownership, First-Time Homebuyer Downpayment Assistance, First-Generation Downpayment Assistance (administered 2025 State Legislative Session Summary 2 through Community Development Financial Institutions) and Greater Minnesota Housing Infrastructure. All the increased appropriations are one-time except for FHPAP, which received a nearly $1.0 million increase for fiscal year 2028-29. Two million dollars of the resources in fiscal year 2026-27 came from a reduction to the Single Family Community Stabilization program.

The Legislature convened a one-day special session on June 9, 2025, to pass a tax bill, capital investment bills and several budget bills that did not get resolved during the regular session. The capital investment bills included $26.0 million in public housing rehabilitation, $3.0 million for cooperative manufactured housing public infrastructure, and $2.4 million for a new program to develop local public housing.

ADDITIONAL INFORMATION

Questions and inquiries may be directed to Ms. Debbi Larson at Minnesota Housing Finance Agency, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651-296-8183 or 800-657-3769 or if T.T.Y. 651-297-2361).

AGENCY-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION (in thousands)
As of June 30, 2025 (with restated summarized comparative totals as of June 30, 2024)

	Agency wide Total as of June 30, 2025	Agency wide Total as of June 30, 2024 (as restated)
Current Assets		
Cash and cash equivalents	$1,494,231	$ 748,080
Investments-program mortgage-backed securities	94,516	86,506
Investment securities-other	511,121	674,089
Loans receivable, net	62,149	95,765
Interest receivable on loans and program mortgage-backed securities	25,802	20,705
Interest receivable on investments	7,908	7,207
Federal Housing Administration/Veterans Affairs insurance claims, net	(11)	(2)
Real estate owned, net	474	591
Other assets	10,989	11,350
Total current assets	2,207,179	1,644,291
Noncurrent Assets		
Investments-program mortgage-backed securities	4,966,310	4,062,784
Investment securities-other	91,549	330,240
Loans receivable, net	1,230,508	1,038,384
Interest rate swap agreements	40,447	48,457
Capital assets, net	6,344	8,180
Other assets	974	690
Total noncurrent assets	6,336,132	5,488,735
Deferred loss on interest rate swap agreements	6,860	61
Deferred pension and other post-employment benefits (OPEB) expense	7,064	8,421
Total deferred outflows of resources	13,924	8,482
Total assets and deferred outflows of resources	$8,557,235	$7,141,508

continued

AGENCY-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION (in thousands) *(continued)*

As of June 30, 2025 (with restated summarized comparative totals as of June 30, 2024)

	Agency wide Total as of June 30, 2025	Agency wide Total as of June 30, 2024 (as restated)
Current Liabilities		
Bonds payable, net, current	$ 204,767	$ 258,278
Interest payable	113,930	82,476
Net pension liability and OPEB	144	140
Accounts payable and other liabilities	62,034	20,963
Funds held for others	22,186	16,926
Lease Liability, net	1,550	1,437
Subscription Liability, net	415	424
Total current liabilities	405,026	380,644
Noncurrent Liabilities		
Bonds payable, net, noncurrent	6,235,154	5,154,410
Interest rate swap agreements	6,860	61
Net pension liability and OPEB	2,624	8,823
Accounts payable and other liabilities	124,624	67,006
Funds held for others	61,955	61,907
Lease liability, net	1,940	3,490
Subscription liability, net	1,084	1,499
Total noncurrent liabilities	6,434,241	5,297,196
Deferred gain on interest rate swap agreements	40,447	48,457
Deferred service release fee	18,886	19,186
Deferred discount on loan interest	152	-
Deferred pension and OPEB credit	9,040	6,623
Total deferred inflows of resources	68,525	74,266
Total liabilities and deferred inflows of resources	$6,907,792	$5,752,106
Restricted by bond resolution	499,479	460,896
Restricted by covenant	659,885	558,005
Restricted by law	1,196,945	1,063,895
Unrestricted - State Appropriation-backed Debt	(381,473)	(355,809)
Unrestricted	(326,748)	(338,915)
Net Investment in capital assets	1,355	1,330
Total net position	$1,649,443	$1,389,402

See accompanying notes to financial statements.

AGENCY-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES (in thousands)

As of June 30, 2025 (with restated summarized comparative totals as of June 30, 2024)

	Agency wide Total for Year Ended June 30, 2025	Agency wide Total for Year Ended June 30, 2024 (as restated)
Operating Revenues		
Interest earned on loans	$ 44,554	$ 41,898
Interest earned on investments-program mortgage-backed securities	231,108	164,797
Appropriations received and appropriation recoveries	644,070	1,161,417
Administrative reimbursement	-	5,549
Fees earned and other income	49,401	32,925
Total operating revenues	969,133	1,406,586
Operating Expenses		
Loan administration and trustee fees	4,415	3,957
Salaries and benefits	42,334	43,202
Other general operating	13,306	10,123
Appropriations disbursed/grants and program expense	518,148	455,526
Reduction in carrying value of certain low interest rate deferred loans	138,721	121,317
Provision for loan losses	7,101	1,428
Total operating expenses	724,025	635,553
Operating Income (Loss)	245,108	771,033
Nonoperating Revenue (Expenses)		
Interest earned on investments-other	90,361	87,111
Appropriations received	37,053	35,204
Net appreciation/depreciation in fair value on investments	122,111	(45,932)
Interest	(221,803)	(165,372)
Financing, net	(12,789)	(12,399)
Total nonoperating expenses	14,933	(101,388)
Income (loss) before transfers and contributions	260,041	669,645
Change in net position	260,041	669,645
Total net position, beginning as previously reported	1,391,896	719,757
Adjustments (Note 23)	(2,494)	-
Total net position - Beginning, as restated	1,389,402	
Total net position, end of year	$1,649,443	$1,389,402

See accompanying notes to financial statements.

AGENCY-WIDE FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS (in thousands)
As of June 30, 2025 (with restated summarized comparative totals as of June 30, 2024)

	Total for Year Ended June 30, 2025	Total for Year Ended June 30, 2024 (as restated)
Cash flows from operating activities:		
Principal repayments on loans and program mortgage-backed securities	$ 525,139	$ 340,176
Investment in loans/loan modifications and program mortgage-backed securities	(1,531,040)	(1,609,142)
Interest received on loans and program mortgage-backed securities	279,293	206,793
Fees and other income received	46,410	35,346
Salaries, benefits and other operating	(55,627)	(52,456)
Appropriations received and appropriation recoveries	644,683	1,153,567
Appropriations disbursed	(521,633)	(453,816)
Administrative reimbursement from funds	-	4,019
Deposits into funds held for others	35,315	38,881
Disbursements made from funds held for others	(33,916)	(38,445)
Interfund transfers and other assets	246	(422)
Net cash provided (used) by operating activities	(611,130)	(375,499)
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds and notes	1,901,301	3,140,191
Principal repayment on bonds and notes	(852,182)	(1,978,490)
Interest paid on bonds and notes	(210,838)	(144,953)
Financing costs paid related to bonds issued	(13,356)	(13,116)
Appropriations received and appropriation recoveries	37,053	35,204
Net cash provided (used) by noncapital financing activities	861,978	1,038,836
Cash flows from capital financing activities:		
Interest expense on leases and subscriptions	(231)	(307)
Principal payments on leases and subscriptions	(1,862)	(2,255)
Purchases of capital assets	(2,248)	(2,107)
Net cash provided (used) by capital financing activities	(4,341)	(4,669)
Cash flows from investing activities:		
Investment in real estate owned	(96)	(699)
Interest received on investments	65,500	59,913
Net gain on Sale of MBS	512	(22)
Proceeds from sale of mortgage insurance claims/real estate owned	1,286	2,639
Proceeds from maturity, sale or transfer of investment securities	1,129,728	1,335,202
Purchase of investment securities	(697,286)	(2,110,312)
Net cash provided (used) by investing activities	499,644	(713,279)
Net increase (decrease) in cash and cash equivalents	746,151	(54,611)
Cash and cash equivalents:		
Beginning of period	748,080	802,691
End of period	$ 1,494,231	$ 748,080

See accompanying notes to financial statements.

continued

AGENCY-WIDE FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS (in thousands) *(continued)*

As of June 30, 2025 (with restated summarized comparative totals as of June 30, 2024)

	Total for Year Ended June 30, 2025	Total for Year Ended June 30, 2024 (as restated)
Reconcilation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	$ 245,108	$ 771,033
Adjustments to reconcile operating income/loss to net cash provided (used) in operating activities:		
Amortization of premiums (discounts) and fees on program mortgage-backed securities	8,984	6,812
Amortization of proportionate share-Pension	185	153
Depreciation	3,803	3,199
Salaries and Benefits-Pensions	(2,606)	(258)
Provision for loan losses	7,101	1,428
Reduction in carrying value of certain low interest rate and/or deferred loans	138,721	121,317
Capitalized interest on loans and real estate owned	(328)	(335)
Changes in assets and liabilities:		
Decrease (increase) in loans receivable and program mortgage backed securities, excluding loans transferred between funds	(1,005,901)	(1,268,966)
Decrease (increase) in interest receivable on loans	(5,097)	(6,379)
Increase (decrease) in accounts payable	(2,860)	2,977
Increase (decrease) in interfund payable, affecting operating activities only	151	122
Increase (decrease) in funds held for others	1,399	436
Other	210	(7,038)
Total	(856,238)	(1,146,532)
Net cash provided (used) in operating activities	$ (611,130)	$ (375,499)

See accompanying notes to financial statements.

INDEX TO NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

NOTE 1 – NATURE OF BUSINESS AND FUND STRUCTURE

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

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

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

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

General Reserve

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

Rental Housing

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

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

Residential Housing Finance

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

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

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

Assets of the Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2025, this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before these securities are permanently financed by issuing bonds or sold into the to be announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans. The fund may also provide interim financing for construction and rehabilitation of single-family housing and may be used to advance funds to retire Agency high interest-rate debt to provide tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes, and to develop new affordable housing.

Assets of the Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include but are not limited to no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2025, funds from Pool 3 were used for down payment and closing cost assistance for first-time homebuyers for capital costs and rental assistance for

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

permanent supportive housing, for advances for certain multifamily housing developments in anticipation of permanent funding through state appropriation-backed housing bonds, and to provide deferred, subordinated multifamily loans.

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

Homeownership Finance

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

Multifamily Housing

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

Home Ownership Mortgage-backed Exempt Securities (HOMES[SM])

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

State Appropriated

The State Appropriated fund was established to account for funds received from the Minnesota legislature which are to be used for programs for low- and moderate-income persons and families in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, down-payment assistance, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs. The net position of the State Appropriated fund is not pledged or available to secure bonds issued under any of the Agency's bond funds, nor available to creditors of the Agency. State appropriations received for debt service

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

State Appropriated (continued)

payments on State appropriation-backed bonds are restricted for that use only and are not pledged or available for any other purpose. The unrestricted – state appropriated-backed bonds will be retired through future appropriations from the State.

Federal Appropriated

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

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

Proprietary fund operating revenues result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency' enterprises are investment and loan related revenues, appropriations received, and administrative reimbursements. The principal operating expenses of the proprietary funds are administrative reimbursements, salaries and benefits, appropriations disbursed, and reduction in carrying value of certain low interest rate deferred loans. All revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The accompanying financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a dual year presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2025, from which the summarized information was derived.

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

Accounting Principles Generally Accepted in the United States (GAAP)

The financial statements of the Agency have been prepared in conformity with GAAP as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The following are GASB statements adopted during fiscal 2025.

GASB Statement 101 – Compensated Absences. The requirements of this Statement are effective as follows:

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

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

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement 102 – Certain Risk Disclosures. The requirements of this Statement are effective as follows:

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

Future Accounting Pronouncements

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

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

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

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidie*s be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

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

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Cash and Cash Equivalents

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

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

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

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

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

Loans Receivable, Net

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

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

Generally, the Agency provides an allowance for loan losses for multifamily loans after considering the specific known risks: adequacy of collateral and projected cash flows; past experience; amount of federal or state rent subsidies, if any; the status and amount of past due payments, if any; the amount of deferred maintenance, if any; and current economic conditions.

For homeownership, monthly payment seconds (MP2nds) and home improvement loans, the Agency establishes varying amounts of reserves depending upon the number of delinquent loans, the estimated amount of loss per delinquent loan, the number of days delinquent and the type of insurance coverage in force, if any: FHA insurance, RD guarantee, VA guarantee, or private mortgage insurance. Actual gains and losses are posted to allowance for loan losses. Management believes the allowances for loan losses adequately reserve for probable losses inherent in the loan portfolios as of June 30, 2025.

Interest Receivable on Loans and Program Mortgage-Backed Securities

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

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

FHA/VA Insurance Claims, Net

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

Real Estate Owned, Net

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

Interest Rate Swap Agreements

Agency interest rate swap agreements with a positive fair value as of the end of fiscal year 2025 are recorded here as a noncurrent asset.

Capital Assets

Capital assets are recorded at cost and estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). The Agency defines capital assets as assets with an initial cost of more than $2,000. Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment five years and software two to five years. Statement No. GASB 87, right to use lease asset for our long-term building lease with a term of 10 years is included as a capital asset. Statement No. GASB 96, subscription-based information technology (SBITA) assets for contracts that convey control of the right to use another party's information technology software are also included in capital assets and are amortized over life of contract.

Other Assets

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

Deferred Loss on Refunding

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

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

Deferred Gain on Interest Rate Swap Agreements

The Agency's interest rate swap agreements all have a positive fair value as of the end of fiscal year 2025. Because these agreements have been determined to be effective hedges under applicable accounting guidance, the positive fair value is recorded as a deferred gain.

Deferred Pension and OPEB Expense

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

Bonds Payable

Bonds payable are carried at their unpaid principal balances. Principal balances scheduled to be paid within one year subsequent to year-end, mandatory pass-through redemptions and optional redemptions of bonds exercised before June 30, 2025, are reported as current liabilities. Because the Agency is the issuer of the state appropriation-backed bonds they are included in this category, but amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Interest Payable

The interest payable represents interest payable on bonds, notes, and swaps as of end of fiscal year 2025 and are recorded as a current liability.

Net Pension, Total OPEB and Compensated Absences Liability

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

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

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

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

As of June 30, 2025, the Agency adopted GASB Statement No. 101, Compensated Absences. The provision of this standard modernizes the types of leaves that are considered compensated absences and guides a consistent and accurate measurement of the compensated absence liability. This appropriately reflects when the obligation is incurred and enhance the reliability of information about the liability. As a result of this implementation, the Agency was required to restate the fiscal year 2024 beginning balances for compensated absences liability in fiscal year 2025 in General Reserves. This restatement increased the compensated absences liability and the Salaries and Fringes accounts, offsetting the Adjustment to Beginning Fund net position in the General Reserves fund by $2.494 million, which in turn affected the beginning Pool 2 balance by the same amount. The effect of the implementation of this standard on beginning net position is disclosed in note 18.

Accounts Payable and Other Liabilities

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

Interfund Payable (Receivable)

Interfund payable (receivable) primarily reflects current pending transfers of cash and assets between funds. The more significant activities that flow through this fund may include funds advanced for purposes of optionally redeeming bonds when economically advantageous; funds advanced for loan warehousing; administrative fees receivable and payable between funds; non-operating transfers among the Housing Endowment Fund (Pool 1), the Pool 2, and the Pool 3; and certain mortgage payments received but not yet transferred to their respective funds.

Funds Held for Others

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

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

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

Lease Liability

On September 1, 2017, the Agency entered in a lease for 60,982 square feet of office space. The term of the lease is September 1, 2017 – August 31, 2027, with total lease payments over the life of the lease of $15,432,390, payable monthly, with incremental increases on September 1st of each year during the term of the lease. The lease liability was initially recorded at the present value of the future lease payments using an incremental borrowing rate of 5.11 percent and is being amortized using the effective interest method over the life of the lease.

Subscription Liability

On July 1, 2022, the Agency implemented GASB 96, *Subscription-Based Information Technology Arrangement (SBITAs)*. The Agency's SBITAs generally consist of vendor Information Technology (IT) software license fees, application and service transaction fees, technology-based subscriptions such as cloud services and other services based on the contracts. The Agency has acquired several SBITAs where the terms of the assets are valued at over one year. The Agency has implemented an internal process and procedure to examine whether a SBITA is subject to GASB 96 thoroughly and to ensure the classification of such SBITAs complies with GASB 96.

The classification process factors in the three stages of a SBITA during the preliminary, implementation stage, (including all ancillary charges associated with putting the asset in place, which are included in the initial asset amount), and the operational and additional implementation stages, are factored into our considerations. SBITAs with variable costs driven by volume and usage are exempted from the statement and excluded.

On June 30, 2025, FY24, the assets have an ending balance of $3.9 million, accumulated amortization of $1.7 million, and an ending subscription liability balance of $1.5 million. The subscription liability was initially recorded at the present value of the future lease payments using an incremental borrowing rate determined by the Agency's advance rates and is being amortized using the effective interest method over the life of the subscription terms.

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

Deferred Service Release Fees

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

Deferred Pension and OPEB

The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences, changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Fair Value Reporting

Minnesota Housing's investments are generally recorded at fair value as of June 30, 2025. GASB No. 72 *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

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

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

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

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

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

Restricted by Bond Resolution

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

Restricted by Covenant

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

Restricted by Law

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

Unrestricted – State Appropriation-backed Bonds

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

Unrestricted – Other

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

Net Investment in Capital Assets

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

Order of Net Position Used

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

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

Agency-wide Total

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

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2024, from which such summarized information was derived.

Appropriations Received and Disbursed

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

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

Administrative Reimbursement

The largest source of funding for the Agency's administrative operations is a monthly transfer from each of the bond funds to General Reserve based on adjusted assets. Adjusted assets are defined as total assets excluding the reserve for loan loss, proceeds of limited obligation debt and unrealized appreciation and depreciation on investments including all mortgage-backed securities. Additional funding for the Agency's administrative operations is provided by a monthly transfer from Pool 2 based on a portion of the net gain on the sale of mortgage-backed securities held for sale.

For programs funded by state appropriations, the Agency recovers the cost of administering the programs but only to the extent of interest earnings on unexpended state appropriations.

For programs funded by federal appropriations, the Agency recovers the cost of administering programs through an approved federal indirect cost recovery rate but only to the extent that funds are available.

Certain other direct costs are also recovered. Total direct and indirect costs recovered from the federal government in the amount of $2.3 million are reflected as administrative reimbursement revenues in the General Reserve. Administrative reimbursements in the amount of $59.9 million between the Agency's funds have been eliminated from the respective administrative reimbursement revenues and expenses line items for purposes of presentation in the Agency-wide statement of activities.

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

Fees Earned and Other Income

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

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

The carrying value of certain Pool 3 loans and State Appropriated loans which are originated at below market interest rates and for which repayment is deferred for up to 30 years, is written down to zero at the time of origination by providing for a reduction in carrying value of certain low interest rate deferred loans because of the nature of these loans and the risks associated with them. Certain of these loans may be forgiven at maturity.

Non-operating Transfer of Assets Between Funds

Non-operating transfers occur as a result of bond sale contributions related to new debt issues; transfers between the Pool 1, the Pool 2, and the Pool 3 to maintain the Pool 1 required balance, and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Non-Cash Activities

Transfers from loans receivable to FHA/VA insurance claims receivable and real estate owned for fiscal year 2025 were $0.8 million in Residential Housing Finance.

Use of Estimates

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

Income Taxes

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

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

Rebatable Arbitrage

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

Measurement Focus

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

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENT SECURITIES

Cash and Cash Equivalents

Cash and cash equivalents are generally stated at cost, which approximates fair value. The balances were composed of the following at June 30, 2025 (in thousands):

Cash and Cash Equivalents

Funds	Deposits[1]	Money Market Funds	State Investment Pool (ITC)	Investment Agreements	Combined Totals
General Reserve Account	$ -	$ -	$ 97,469	$ -	$ 97,469
Rental Housing	30	95,981	-	-	96,011
Residential Housing Finance	1,095	599,594	-	216	600,905
Homeownership Finance Bonds	-	45,890	-	-	45,890
Multifamily Housing Bonds	-	2,338	-	-	2,338
State Appropriated Accounts	29	78,190	537,969	-	616,188
Federal Appropriated Accounts	5	2,541	32,884	-	35,430
Combined Totals	$1,159	$824,534	$668,322	$216	$1,494,231

[1] Deposits may be in Cash or Cash Equivalents.

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

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

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

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

Interest Rate Risk – Investments

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

Concentration of Credit Risk – Investments

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

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

Investment Securities

Investment securities (comprising U.S. Treasury securities, U.S. Agency securities, mortgage-backed securities, and municipal bonds) are recorded at fair market value and were allocated to the following funds at June 30, 2025 (in thousands):

Funds	Investment Securities-Other at Amortized Cost	Program Mortgage-backed Securities	Unrealized Appreciation (Depreciation)	Estimated Market Value
General Reserve Account	$ 12,655	$ -	$ -	$ 12,655
Rental Housing	17,518	-	(333)	17,185
Residential Housing Finance	70,325	4,416,692	(154,086)	4,332,931
Homeownership Finance Bonds	-	886,311	(90,534)	795,777
HOMES[SM]	3,698	-	(390)	3,308
State Appropriated Accounts	501,640	-	-	501,640
Combined Totals	$605,836	$5,303,003	$(245,343)	$5,663,496

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

Investment securities are subject to credit risk. The following table classifies investment securities, except certain U.S. Treasuries, by their lowest Standard & Poor's/Moody's rating. Investment securities' credit rating categories (without qualifiers) at June 30, 2025, were (in thousands):

Credit Rating of Investment Securities			
Type	Fair Value	AA+/Aa1	AA/Aa2/Not rated
US Agencies	$5,149,201	$5,149,201	$-
Municipal Bonds	-	-	-
Agency-wide Totals	5,149,201	5,149,201	-
US Treasuries	514,295	514,295	
Agency-wide Totals	$5,663,496	$5,663,496	

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

Examining the weighted average maturities of the Agency's investment securities can reveal information about interest rate risk. Cash, cash equivalents and investment securities (excluding unrealized depreciation) of $245.33 million and net discount of $42.7 million, along with the weighted average maturities (in years) as of June 30, 2025, consisted of the following (in thousands):

		Fair Value of Investment Maturities (in years)			
Type	Fair Value	Less than 1 year	1-5 years	5-10 years	Greater than 10 years
Money market fund	$ 824,534	$ 824,534	$ -	$ -	$ -
ITC	668,322	668,322	-	-	-
Investment agreements	216	-	-	-	216
US Agencies	5,149,201	-	17,474	2,015	5,129,712
US Treasuries	514,295	514,295	-	-	-
Municipals	-	-	-	-	-
Agency-wide Totals	$7,156,568	$2,007,151	$17,474	$2,015	$5,129,928

Investments in any one issuer, excluding $2.4 million of investments issued or explicitly guaranteed by the U.S. Government, that represent five percent or more of the fair value of total investments, as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*,as of June 30, 2025, were as follows (in thousands):

Investment Issuer	Amount
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, U.S. Agencies	$2,903,000

The Agency maintained certain deposits and investments throughout fiscal year 2025 that were subject to custodial credit risk. As of June 30, 2025, the amounts subject to this risk consisted of the following (in thousands):

	Amount
Deposits not covered by depository insurance and uncollateralized (including $824,534 in a money market fund and $668,322 in the ITC)	$1,494,015
Investment securities uninsured, uncollateralized.	5,588,712
Agency-wide total	$7,082,727

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

Certain balances are required to be maintained under the various bond resolutions. These balances represent debt service and insurance reserves. The required balances at June 30, 2025, were as follows (in thousands):

Program Funds	Amount
Multifamily Housing Bonds	$479
Rental Housing	8,371
Residential Housing Finance	4,857
Combined Totals	$13,707

The following table summarizes Minnesota Housing's investments within the fair value hierarchy at June 30, 2025 (in thousands):

Investments (at fair value)	Level 1	Level 2	Level 3	Total
US Agencies	$ 2,015	$5,147,186	$-	$5,149,201
US Treasuries	501,607	12,688	-	514,295
Municipals	-	-	-	-
Fair market value	$503,622	$5,159,874	$-	$5,663,496

NOTE 4 – LOANS RECEIVABLE, NET

Loans receivable, net at June 30, 2025, consisted of (in thousands):

Funds	Outstanding Principal	Allowance for Loan Losses	Loans Receivable, Net
Rental Housing	$ 294,309	$ (5,973)	$ 288,337
Residential Housing Finance	864,635	(16,587)	848,048
Multifamily Housing	12,467	(62)	12,404
State Appropriated	145,594	(4,831)	140,763
Federal Appropriated	3,120	(16)	3,105
Agency-wide Totals	$1,320,125	$(27,468)	$1,292,657

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

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

In addition to the loans in the table above, certain loans are carried at below-market interest rates and repayment is deferred for up to 30 years. These loans are generally in either a second or more subordinate mortgage position or may be unsecured. Given the nature of these loans and the risk associated with them, at the time of origination they are fully reserved resulting in a net carrying value of zero. The principal amount of loans with such characteristics originated during fiscal year 2025 aggregated $4.053 million in Pool 3, $0 in Rental Housing, $230.134 million in State Appropriated and $109.432 in Federal Appropriated. Loans with net carrying values of $0 are excluded from the tables above and below. The Agency also has deferred and/or forgivable loans with net carrying values of $0 in the Federal Appropriated, HOMES[SM], National Housing Trust Fund (NHTF) and Housing Opportunities for Persons with Aids (HOPWA) programs. These loans are tracked for affordability by staff. The balance of these loans at June 30, 2025, was $72.6 million compared to $70.6 million on June 30, 2024.

Loans receivable, net and gross in Residential Housing Finance at June 30, 2025, consist of a variety of loans as follows (in thousands):

Description	Net Outstanding Amount	Gross Outstanding Amount
Residential Housing Finance Bonds:		
Homeownership, first mortgage loans	$144,601	$144,952
Other homeownership loans, generally secured by a second mortgage	84,626	87,601
Alternative Loan Fund, Housing Investment Fund (Pool 2):		
Home Improvement loans, generally secured by a second mortgage	128,781	131,249
Homeownership, first mortgage loans	55,648	56,623
Other homeownership loans, generally secured by a second mortgage	64,384	66,375
Multifamily, first mortgage loans	241,827	244,883
Alternative Loan Fund, Housing Affordability Fund (Pool 3):		
Other homeownership loans, generally secured by a second mortgage	126,189	130,874
Multifamily, first mortgage loans	1,993	2,078
Residential Housing Finance Totals	$848,048	$864,635

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

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

Capital Assets Rollforward

A summary of capital asset activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated/amortized:				
Furniture and equipment	$ 3,542	$ 51	$ -	$ 3,593
Software	7,766	1,250	(1,529)	7,487
Right to use - lease - building	9,739	-	-	9,739
Right to use - Subscription	4,049	666	(857)	3,858
Total capital assets, being depreciated/amortized	25,096	1,967	(2,386)	24,677
Less accumulated depreciation for:				
Furniture and equipment	(3,255)	(133)	-	(3,388)
Software	(6,309)	(1,657)	1,529	(6,437)
Right to use - lease - building	(5,436)	(1,359)	-	(6,795)
Right to use - Subscription	(1,916)	(654)	857	(1,713)
Total accumulated depreciation/amortization	(16,916)	(3,803)	2,386	(18,333)
Capital assets, net	$ 8,180	$(1,836)	$ -	$ 6,344

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

Other Assets

Other assets, including receivables, at June 30, 2025, consisted of the following (in thousands):

Funds	Receivables Due from the Federal Government	Other Assets and Receivables	Total
General Reserve Account	$3,254	$ 43	$3,297
Rental Housing	-	6	6
Residential Housing Finance	-	1,260	1,260
Homeownership Finance	-	15	15
Multifamily Housing	-	-	-
Federal Appropriated	667	-	667
Combined Totals	$3,921	$1,324	$5,245

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE

Summary of bonds, note and line of credit payable activity, at June 30, 2025, is as follows (in thousands):

Funds	June 30, 2024 Balance Outstanding	Issued	Repaid	Premium/ Discount/ VRD Fees Amortization	June 30, 2025 Balance Outstanding	Balance Due Within One Year
Rental Housing	$ 79,545	$ 189,855	$ 59,390	$ -	$ 210,010	$ 11,470
Residential Housing Finance	3,728,295	1,274,590	279,530	-	4,723,355	128,280
Homeownership Finance Bonds	947,801	-	76,166	-	871,635	6,956
Multifamily Housing Bonds	12,280	-	240	-	12,040	240
HOMES[SM]	4,245	-	547	-	3,698	-
2018 Index Bank Note	17,348	93,720	103,659	-	7,409	7,409
General Purpose Bonds	60,000	-	1,395	-	58,605	2,905
Total	$4,849,514	$1,558,165	$520,927	$ -	$5,886,752	$157,260
Bond premium/ discount-Residential Housing Finance	41,697	43,049	-	15,418	69,328	24,154
State Appropriation-Backed Bonds	448,780	12,960	18,055	-	443,685	19,220
State Appropriated Premium	44,497	1,107	-	5,448	40,156	4,133
Revolving Line of Credit	28,200	285,000	313,200	-	-	-
Total Net	$5,412,688	$1,900,281	$852,182	$20,866	$6,439,921	$204,767

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

NOTE 6 – BONDS, NOTES AND LINE OF CREDIT PAYABLE

Bonds payable at June 30, 2025, were as follows (in thousands):

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Rental Housing Bonds				
2013 Series A-1	4.875% to 5.30%	2049	$ 3,710	$ 3,200
2013 Series B-1	5.00% to 5.30%	2044	2,040	1,645
2023 Series E	3.875%	2025	5,720	5,720
2024 Series A-1	3.95% to 4.90%	2066	5,530	5,530
2024 Series A-2	3.875%	2026	4,060	4,060
2024 Series B-1	3.95% to 4.85%	2066	2,415	2,415
2024 Series B-2	3.250%	2026	5,640	5,640
2024 Series C-1	3.95% to 4.50%	2044	4,625	4,625
2024 Series C-2	3.300%	2026	5,195	5,195
2024 Series D	4.628% to 6.00%	2054	87,530	87,530
2024 Series E-1	3.85% to 4.65%	2066	3,235	3,235
2024 Series E-2	3.400%	2026	7,930	7,930
2024 Series FG-1	3.75% to 4.60%	2067	6,955	6,955
2024 Series F-2	3.250%	2027	9,350	9,350
2024 Series G-2	3.250%	2027	8,350	8,350
2025 Series A-1	4.00% to 4.85%	2067	2,580	2,580
2025 Series A-2	3.353%	2027	7,300	7,300
2025 Series B	3.100%	2027	7,195	7,195
2025 Series C	4.000%	2027	7,600	7,600
2025 Series D-1	4.45% to 5.15%	2067	1,020	1,020
2025 Series D-2	3.700%	2027	8,845	8,845
2025 Series E-1	4.35% to 5.25%	2067	1,730	1,730
2025 Series E-2	3.75%	2027	5,985	5,985
2025 Series F-1	4.375% to 5.10	2066	1,710	1,710
2025 Series F-2	3.700%	2026	4,665	4,665
			$ 210,915	$ 210,010

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds				
2007 Series M	6.345%	2038	$ 70,000	$ 7,410
2013 Series C	3.60% to 3.90%	2043	42,310	12,245
2014 Series B	4.00%	2038	50,000	520
2014 Series C	4.00%	2045	143,145	6,115
2014 Series D	3.00% to 3.10%	2026	$ 6,585	$ 2,320

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2014 Series E	3.10% to 3.50%	2032	$ 76,000	$ 21,805
2015 Series D	Variable	2046	18,225	13,460
2015 Series E	3.50%	2046	96,930	2,555
2015 Series G	Variable	2034	35,000	27,710
2016 Series A	2.50% to 3.20%	2033	63,135	8,640
2016 Series B	3.10% to 3.50%	2046	74,985	11,045
2016 Series C	3.35% to 4.20%	2037	15,590	1,565
2016 Series E	4.00%	2047	75,005	1,825
2016 Series F	Variable	2041	50,000	34,640
2017 Series B	4.00%	2047	37,390	3,885
2017 Series C	Variable	2038	40,000	29,395
2017 Series E	4.00%	2048	63,075	8,610
2017 Series F	Variable	2041	40,000	31,860
2018 Series B	4.00%	2048	43,680	4,990
2018 Series D Remarket	Variable	2045	19,625	19,625
2018 Series E	4.25%	2049	65,200	14,790
2018 Series G	3.8% to 4.73%	2049	35,000	505
2018 Series H Remarket	Variable	2041	28,820	28,820
2019 Series B	4.25%	2049	98,195	19,755
2019 Series C	3.237% to 4.204%	2042	37,500	310
2019 Series D	Variable	2042	45,000	32,425
2019 Series E	1.75%	2025	13,225	250
2019 Series F	1.50% to 3.75%	2050	96,775	43,020
2019 Series H Remarket	Variable	2050	39,590	38,175
2020 Series A	1.55% to 1.70%	2026	20,850	3,300
2020 Series B	1.45% to 3.50%	2050	149,150	83,820
2020 Series C	2.087% to 3.337%	2050	60,000	29,605
2020 Series D	1.40% to 1.80%	2027	19,300	3,795
2020 Series E	1.20% to 3.50%	2050	130,700	85,920
2020 Series F	1.10% to 1.70%	2028	15,630	5,225
2020 Series G	1.45% to 3.00%	2051	109,370	80,510
2020 Series H	0.85% to 1.50%	2028	16,525	5,875
2020 Series I	1.15% to 3.00%	2051	$ 108,475	$ 85,730

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2021 Series A	0.875% to 1.95%	2030	$ 23,060	$ 13,605
2021 Series B	0.60% to 3.00%	2051	101,940	84,050
2021 Series C	0.875% to 1.45%	2028	24,020	10,250
2021 Series D	0.95% to 3.00%	2052	154,145	126,830
2021 Series E	0.75% to 1.25%	2027	15,695	6,285
2021 Series F	0.625% to 3.00%	2052	134,305	118,000
2021 Series G	1.00% to 2.40%	2033	22,690	20,200
2021 Series H	0.90% to 3.00%	2052	127,310	113,985
2021 Series I	1.55% to 2.77%	2035	25,000	16,720
2022 Series A	1.40% to 3.00%	2052	75,000	69,415
2022 Series B	1.80% to 2.57%	2031	24,990	17,225
2022 Series C	1.600% to 3.50%	2052	100,000	81,755
2022 Series D	Variable	2052	50,000	48,945
2022 Series E	3.185% to 4.707%	2041	100,000	85,920
2022 Series F	Variable	2052	50,000	50,000
2022 Series G	3.478% to 4.947%	2047	100,000	84,010
2022 Series H	Variable	2052	50,000	50,000
2022 Series I	2.70% to 5.00%	2053	40,000	31,650
2022 Series J	4.219% to 5.263%	2045	34,990	31,745
2022 Series K	Variable	2053	25,000	25,000
2022 Series L	4.050% to 5.350%	2036	24,290	22,295
2022 Series M	4.85% to 6.00%	2053	75,710	66,845
2022 Series N	4.943% to 6.345%	2053	50,000	47,035
2023 Series A	3.250% to 4.10%	2033	11,570	10,305
2023 Series B	2.75% to 5.750%	2053	55,420	51,670
2023 Series C	4.608% to 5.591%	2053	33,000	31,785
2023 Series D	2.85% to 5.50%	2053	60,000	55,620
2023 Series E	4.757% to 5.593%	2053	60,000	57,695
2023 Series F	3.250% to 5.750%	2053	60,000	55,365
2023 Series G	5.194% to 5.575%	2053	90,000	86,280
2023 Series H	5.113% to 6.00%	2053	70,000	63,160
2023 Series I	Variable	2050	30,000	30,000
2023 Series J	5.241% to 6.00%	2054	$ 130,000	$ 121,925

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2023 Series K	Variable	2050	$ 20,000	$ 20,000
2023 Series L	5.217% to 6.250%	2053	70,000	62,960
2023 Series M	Variable	2050	30,000	29,530
2023 Series N	3.950% to 4.750%	2034	10,995	9,850
2023 Series O	3.50% to 6.00%	2053	49,005	46,290
2023 Series P	5.380% to 5.726%	2048	60,000	58,450
2023 Series Q	Variable	2053	30,000	29,890
2023 Series R	6.25%	2054	48,750	45,750
2023 Series S	5.685% to 6.328%	2049	82,500	81,250
2023 Series T	Variable	2054	43,750	43,625
2023 Series U	5.742% to 6.500%	2054	48,750	41,205
2023 Series V	Variable	2050	26,250	26,175
2024 Series A	6.25%	2054	31,395	30,430
2024 Series B	4.718% to 5.960%	2051	73,605	72,770
2024 Series C	Variable	2054	20,000	19,980
2024 Series D	4.938% to 6.250%	2054	60,000	55,920
2024 Series E	Variable	2050	20,000	19,950
2024 Series F	3.800% to 4.600%	2039	11,125	10,775
2024 Series G	6.50%	2054	26,780	26,380
2024 Series H	4.827% to 5.850%	2050	62,095	61,490
2024 Series I	Variable	2054	25,000	24,975
2024 Series J	4.741% to 6.50%	2054	60,000	59,885
2024 Series K	Variable	2051	15,000	14,970
2024 Series L	3.40% to 6.50%	2055	80,000	79,540
2024 Series M	4.763% to 6.018%	2051	105,000	104,720
2024 Series N	Variable	2055	40,000	39,995
2024 Series O	6.25%	2055	75,000	74,975
2024 Series P	4.468% to 5.958%	2044	110,000	110,000
2024 Series Q	Variable	2055	40,000	40,000
2024 Series R	4.237% to 6.00%	2055	60,000	59,160
2024 Series S	Variable	2050	15,000	15,000
2024 Series T	3.650% to 4.450%	2039	19,100	19,100
2024 Series U	3.20% to 6.25%	2055	$ 78,350	$ 78,205

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Residential Housing Finance Bonds *(continued)*				
2024 Series V	4.977% to 5.925%	2049	$ 92,550	$ 92,550
2024 Series W	Variable	2055	60,000	60,000
2025 Series A	4.438% to 6.125%	2055	70,000	69,990
2025 Series B	Variable	2050	15,000	15,000
2025 Series C	6.25%	2055	69,565	69,565
2025 Series D	5.249% to 6.00%	2051	90,435	90,435
2025 Series E	Variable	2055	40,000	40,000
2025 Series F	3.50% to 6.25%	2056	87,560	87,560
2025 Series G	5.211% to 6.034%	2050	52,440	52,440
2025 Series H	Variable	2056	35,000	35,000
			$6,338,120	$4,723,355

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Homeownership Finance Bonds				
2012 Series A	2.60%	2042	$ 50,000	$ 5,090
2012 Series B	2.25%	2042	75,000	11,114
2013 Series A	2.35%	2043	75,000	13,695
2013 Series B	2.70%	2041	85,149	10,418
2013 Series C	3.00%	2043	37,000	6,270
2014 Series A	3.00%	2044	38,527	3,073
2014 Series B	2.95%	2044	18,868	2,489
2014 Series C	3.25%	2044	13,663	1,802
2014 Series D	2.875%	2044	39,934	4,691
2015 Series A	2.80%	2045	60,013	10,882
2015 Series B	3.00%	2045	54,530	8,210
2015 Series C	3.05%	2045	40,226	5,794
2015 Series D	2.90%	2045	52,365	9,574
2016 Series A	2.95%	2046	97,274	19,619
2016 Series B	2.70%	2046	50,971	11,257
2016 Series C	2.33%	2046	35,390	8,315
2016 Series D	2.73%	2046	35,390	8,258
2016 Series E	2.35%	2046	35,495	8,722
2016 Series F	2.68%	2046	65,918	17,092
2016 Series G	2.30%	2046	$ 20,445	$ 6,270

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Homeownership Finance Bonds *(continued)*				
2016 Series H	2.65%	2046	$ 30,668	$ 9,430
2017 Series A	2.93%	2047	24,966	6,047
2017 Series B	3.25%	2047	24,966	6,684
2017 Series C	3.08%	2047	23,904	7,172
2017 Series D	3.43%	2047	23,904	7,121
2017 Series E	2.85%	2047	39,283	9,143
2017 Series F	3.20%	2047	19,348	4,574
2017 Series G	2.65%	2047	84,998	21,455
2017 Series H	3.00%	2047	64,998	16,407
2017 Series I	2.80%	2047	69,238	19,583
2017 Series J	3.10%	2047	46,159	13,077
2018 Series A	3.30%	2048	38,247	10,582
2018 Series B	3.65%	2048	38,247	11,334
2018 Series C	3.30%	2048	30,326	8,879
2018 Series D	3.65%	2048	20,218	5,894
2018 Series E	3.45%	2048	47,757	10,989
2018 Series F	3.80%	2048	52,573	12,099
2018 Series G	3.75%	2048	31,784	8,181
2018 Series H	4.10%	2048	31,784	8,149
2018 Series I	3.60%	2049	22,971	5,524
2018 Series J	4.00%	2049	37,500	9,017
2019 Series A	3.45%	2049	35,630	8,561
2019 Series B	3.80%	2049	30,351	7,293
2019 Series C	3.15%	2049	13,728	4,627
2019 Series D	3.55%	2049	30,555	10,300
2019 Series E	3.25%	2049	45,949	11,338
2019 Series F	3.23%	2049	59,851	18,348
2019 Series G	3.02%	2049	90,295	34,594
2019 Series H	2.47%	2050	48,324	16,526
2020 Series A	2.50%	2050	43,964	24,388
2020 Series B	2.35%	2050	18,000	9,944
2020 Series C	2.45%	2050	37,979	20,975
2020 Series D	1.92%	2050	$ 100,000	$ 64,167

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

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
Homeownership Finance Bonds *(continued)*				
2020 Series E	1.68%	2050	40,067	$ 27,738
2021 Series A	1.58%	2051	83,328	60,414
2021 Series B	1.93%	2051	49,022	34,159
2021 Series C	2.05%	2051	61,764	48,797
2021 Series D	2.05%	2051	50,768	42,064
2022 Series A	4.45%	2052	50,000	43,426
			$2,674,572	$ 871,635
Multifamily Housing Bonds				
2009	3.01%	2051	$ 15,000	$ 12,040
			$ 15,000	$ 12,040
HOMES^SM				
2013 Series A-1	3.50%	2043	$ 3,359	$ 294
2013 Series B-1	3.00%	2043	24,471	2,690
2013 Series C-1	3.50%	2043	4,713	714
			$ 32,543	$ 3,698
Drawdown Index Bonds				
2018 Index Bank Note	Variable	2025	$ -	$ 7,409
			$ -	$ 7,409
General Purpose Bonds				
General Purpose Bonds	5.301% to 5.832%	2039	$ 60,000	$ 58,605
			$ 60,000	$ 58,605
Combined Totals (Bonds only)			$9,121,965	$5,886,752
Premium on Bonds				69,328
Notes Payable				-
Total bonds/prem/notes payable				$5,956,080

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

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

The following table summarizes the annual debt service requirements to maturity for bonds outstanding as of June 30, 2025, excluding optional calls known at June 30, 2025 (in thousands). The current portion of bonds payable reported in the statement of net position includes known optional calls as of June 30, 2025.

	Rental Housing		Residential Housing Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 11,470	$ 9,463	$ 79,670	$ 155,120
2027	53,500	8,977	92,805	159,054
2028	24,245	7,093	91,375	156,784
2029	1,885	6,611	93,765	154,254
2030	1,995	6,518	101,180	151,696
2031-2035	11,595	30,980	609,410	709,536
2036-2040	13,985	28,299	744,835	602,330
2041-2045	23,085	24,367	881,890	466,995
2046-2050	24,610	18,096	1,057,545	298,731
2051-2055	31,350	10,877	940,570	98,041
2056-2060	4,520	2,500	30,310	350
2061-2065	5,485	1,297	-	-
2066-2070	2,285	138	-	-
Total	$210,010	$155,216	$4,723,355	$2,952,891

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

	Multifamily Housing		Homeownership Finance	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$240	$359	$-	$23,451
2027	240	352	-	23,450
2028	330	344	-	23,451
2029	350	333	-	23,450
2030	360	323	-	23,450
2031-2035	1,800	1,450	-	117,253
2036-2040	2,190	1,160	-	117,252
2041-2045	2,550	802	83,528	113,751
2046-2050	3,080	376	467,342	77,362
2051-2055	900	18	320,765	8,890
2056-2060	-	-	-	-
2061-2065	-	-	-	-
2066-2070	-	-	-	-
Total	$12,040	$5,517	$871,635	$551,760

	HOMES[SM]		DDIB/IBN & General Purpose	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ -	$ 116	$ 10,314	$ 3,440
2027	-	116	3,055	3,097
2028	-	116	3,210	2,934
2029	-	116	3,380	2,761
2030	-	116	3,560	2,578
2031-2035	-	580	20,990	9,659
2036-2040	-	580	21,505	2,915
2041-2045	3,698	367	-	-
2046-2050	-	-	-	-
2051-2055	-	-	-	-
2056-2060	-	-	-	-
2061-2065	-	-	-	-
2066-2070	-	-	-	-
Total	$ 3,698	$2,107	$ 66,014	$ 27,384

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

	Combined Totals	
Fiscal Year	Principal	Interest
2026	$ 101,694	$ 191,949
2027	149,600	195,046
2028	119,160	190,722
2029	99,380	187,525
2030	107,095	184,681
2031-2035	643,795	869,458
2036-2040	782,515	752,536
2041-2045	994,751	606,282
2046-2050	1,552,577	394,565
2051-2055	1,293,585	117,826
2056-2060	34,830	2,850
2061-2065	5,485	1,297
2066-2070	2,285	138
Total	$5,886,752	$3,694,875

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

The income and assets of each of the bond funds, except for the HOMES[SM] fund, are pledged on a parity basis for the payment of principal and interest on the bonds issued, and to be issued, under the respective resolutions. All but one of the bond resolutions contains covenants that require the Agency to maintain certain reserves. The Agency believes that as of June 30, 2025, it is in compliance with those covenants in all material respects and the assets of all funds and accounts in the bond funds equaled or exceeded the requirements as established by the respective bond resolutions.

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

Call notices were issued on or before June 30, 2025, for the redemption of certain bonds thereafter. See Subsequent Events, Note 22.

On June 30, 2025, the Agency had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with outstanding balance of zero. Draws against the line of credit are required to be collateralized with mortgage-backed securities which reside in Pool 2.

On June 30, 2025, the Agency had in place a revolving line of credit with the Royal Bank of Canada (RBC) of $40.0 million with an outstanding balance of zero. The line of credit is secured by a general obligation pledge and can be used (1) to finance the purchase of mortgage-backed securities prior to the issuance of bonds under the Residential Housing Finance Bond Resolutions and/or the Homeownership Finance Bond Resolution and (2) to finance certain multifamily mortgage loans during the period between loan closing and purchase by the US Treasury's Federal Financing Bank.

NOTE 7 – DEMAND BONDS

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

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

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

FHLB payments are to be quarterly instead of semiannual.

NOTE 7 – DEMAND BONDS *(continued)*

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

The Agency is required to pay each liquidity provider a fee ranging from 0.21 to 0.31 percent per annum of the liquidity provider's available commitment (the outstanding principal amount of the bonds and approximately six months interest on the bonds at the rate of 12% per annum).The Agency has paid $2.133 million to the liquidity providers for fiscal year 2025.

In addition, each remarketing agent receives a fee ranging from 0.070 to 0.1 percent of the outstanding principal amount of the bonds. The Agency has paid a fee of $0.631 million to the remarketing agents for fiscal year 2025.

As of June 30, 2025, the following demand bonds were outstanding:

NOTE 7 – DEMAND BONDS *(continued)*

Variable Rate Series	Principal Amount Outstanding at par	Liquidity Facility Maturity-SBPA[1]	Liquidity Fee	Liquidity Fee
Residential Housing Finance Series 2015D	$ 13,460,000	8/11/27	0.230%	0.100%
Residential Housing Finance Series 2015G	27,710,000	11/17/27	0.230%	0.100%
Residential Housing Finance Series 2016F	34,640,000	1/2/27	0.260%	0.100%
Residential Housing Finance Series 2017C	29,395,000	7/19/29	0.310%	0.100%
Residential Housing Finance Series 2017F	31,860,000	11/17/27	0.230%	0.100%
Residential Housing Finance Series 2018D	19,625,000	6/30/28	0.230%	0.070%
Residential Housing Finance Series 2018H	28,820,000	6/30/28	0.230%	0.070%
Residential Housing Finance Series 2019D	32,425,000	6/29/29	0.260%	0.100%
Residential Housing Finance Series 2019H	38,175,000	7/11/29	0.290%	0.070%
Residential Housing Finance Series 2022D	48,945,000	3/16/27	0.230%	0.070%
Residential Housing Finance Series 2022F	50,000,000	5/12/27	0.230%	0.070%
Residential Housing Finance Series 2022H	50,000,000	7/7/25	0.210%	0.070%
Residential Housing Finance Series 2022K	25,000,000	9/29/25	0.210%	0.070%
Residential Housing Finance Series 2023I	30,000,000	7/27/26	0.250%	0.070%
Residential Housing Finance Series 2023K	20,000,000	8/24/28	0.260%	0.070%
Residential Housing Finance Series 2023M	29,530,000	9/14/28	0.250%	0.070%
Residential Housing Finance Series 2023Q	29,890,000	10/12/28	0.250%	0.070%
Residential Housing Finance Series 2023T	43,625,000	11/30/26	0.250%	0.070%
Residential Housing Finance Series 2023V	26,175,000	12/14/26	0.250%	0.070%
Residential Housing Finance Series 2024C	19,980,000	2/8/27	0.200%	0.070%
Residential Housing Finance Series 2024E	19,950,000	3/28/27	0.230%	0.070%
Residential Housing Finance Series 2024I	24,975,000	5/1/28	0.230%	0.070%
Residential Housing Finance Series 2024K	14,970,000	5/30/28	0.230%	0.070%
Residential Housing Finance Series 2024N	39,995,000	7/2/28	0.230%	0.070%
Residential Housing Finance Series 2024Q	40,000,000	8/29/28	0.230%	0.070%
Residential Housing Finance Series 2024S	15,000,000	9/18/28	0.230%	0.070%
Residential Housing Finance Series 2024W	60,000,000	12/12/28	0.230%	0.070%
Residential Housing Finance Series 2025B	15,000,000	2/20/30	0.260%	0.070%
Residential Housing Finance Series 2025E	40,000,000	3/19/30	0.260%	0.070%
Residential Housing Finance Series 2025H	35,000,000	5/21/30	0.280%	0.070%
Combined Totals	$934,145,000			

[1] SBPA-Standby Purchase Agreement

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

Floating Rate Term Bonds

There were no floating rate term bonds on June 30, 2025.

Derivative Instruments – Interest Rate Swaps

The Agency has entered into certain interest rate swap agreements that are considered to be fair value derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB 53. A consultant was engaged by the Agency to determine the fair value of these agreements and to evaluate their effectiveness as hedges as of June 30, 2025. The fair values approximate the termination payments that would have been due from the Agency, or payable to the Agency, had the swaps been terminated as of June 30, 2025. Under GASB 53, instruments, in whole or in part, such as interest rate swaps and similar transactions that fall under the definition of derivative instruments must be reported on the statement of net position, the classification of which depends on whether they represent assets or liabilities, and derivative instruments generally should be measured at "fair value". Fair values were determined pursuant to GASB 72. The fair value hierarchy of interest rate swap agreements is determined to be level 2. The fair values exclude accrued interest. As of June 30, 2025, all of the Agency's interest rate swap agreements have been determined to be effective hedges, as defined by GASB 53. The fair value is displayed on the statement of net position as asset named "interest rate swap agreements." The inception-to-date change in fair value as of June 30, 2025, is included under deferred outflows of resources as "deferred loss on interest rate swap agreements," or under deferred inflows of resources as "deferred gain on interest rate swap agreements."

Objective of Swaps

The Agency entered into interest rate swap agreements in connection with its issuance of variable rate mortgage revenue bonds under the Residential Housing Finance Bond Resolution from 2003 through 2009, 2015 through 2019, and 2022 through 2024. Using variable-rate debt hedged with interest-rate swaps reduced the Agency's cost of capital at the time of issuance compared to using long-term fixed rate bonds and, in turn, enabled the Agency to reduce mortgage rates offered to the Agency's low- and moderate-income, first-time home buyers.

Swap Payments and Associated Debt

Using rates as of June 30, 2025, debt service requirements of the Residential Housing Finance outstanding variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

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

Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2026	$ 4,735	$ 35,262	$ (2,282)	$ 37,715
2027	-	34,811	(2,094)	32,717
2028	-	35,178	(2,148)	33,030
2029	3,110	35,147	(2,251)	36,006
2030	7,530	34,981	(2,160)	40,351
2031-2035	80,005	169,094	(8,090)	241,009
2036-2040	102,645	159,378	(3,729)	258,294
2041-2045	105,095	147,595	73	252,763
2046-2050	266,265	117,031	2,045	385,341
2051-2055	354,170	50,033	834	405,037
2056-2060	10,590	1,531	2	12,123
Totals	$934,145	$820,041	$(19,800)	$1,734,386

Terms of Swaps

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

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

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

Associated Bond Series	Notional Amount as of June 30, 2025 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2025 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2024 (in thousands)
RHFB 2018D	$ 19,625	6/28/18	1/1/45	3.1875%	70% of SOFR[4] + 0.51014%	$ 1,347	$ (332)
RHFB 2019H	38,175	9/11/19	1/1/47	2.1500%	100% SOFR[4] + 0.11448%	8,280	(1,841)
RHFB 2022D	25,000	3/16/22	1/1/44	2.2050%	100% 1D SOFR[4]	4,373	(791)
RHFB 2022F	10,000	5/12/22	7/1/30	2.5100%	100% 1D SOFR[4]	522	(423)
RHFB 2022F	25,000	5/12/22	7/1/52	3.2375%	100% 1D SOFR[4]	4,298	(79)
RHFB 2023I	30,000	7/26/23	1/1/50	4.5450%	100% SOFR[4] + 0.11448%	1,658	(300)
RHFB 2023K	20,000	8/24/23	7/1/50	4.8975%	100% SOFR[4]+ 0.11448%	941	(218)
RHFB 2023Q	29,890	10/12/23	1/1/48	4.8775%	100% SOFR[4] + 0.11448%	(121)	(615)
RHFB 2024W	60,000	12/12/24	7/1/55	4.9685%	100% SOFR[4] + 0.11448%	(231)	(231)
RHFB 2025H	35,000	5/21/25	7/1/52	4.6725%	100% SOFR[4] + 0.11448%	465	465
Counterparty Total	$292,690					$21,532	$(4,365)

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

Counterparty: Royal Bank Of Canada
Moody's* Aa2 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2025 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2025 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2024 (in thousands)
RHFB 2015D	$ 13,460	8/11/15	1/1/46	2.343%	67% of SOFR[4] + 0.07670%	$ 1,185	$ (198)
RHFB 2015G	27,710	12/8/15	1/1/34	1.953%	67% of SOFR[4] + 0.07670%	1,134	(747)
RHFB 2016F	34,640	12/22/16	1/1/41	2.175%	67% of SOFR[4] + 0.07670%	2,043	(1,001)
RHFB 2018H	28,820	12/12/18	7/1/41	2.8035%	70% of SOFR[4] + 0.08014%	1,075	(568)
RHFB 2019D	32,425	4/11/19	1/1/42	2.409%	70% of SOFR[4] + 0.08014%	2,034	(745)
RHFB 2022H	50,000	10/1/22	1/1/49	3.7395%	100% 1D SOFR[4]	5,411	(728)
RHFB 2022K	25,000	9/29/22	7/1/53	4.1775%	100% 1D SOFR[4]	2,423	(115)
RHFB 2023M	29,530	9/14/23	1/1/50	4.8455%	100% SOFR[4] + 0.11448%	(110)	(598)
RHFB 2025B	15,000	2/20/25	7/1/35	4.2535%	100% SOFR[4] + 0.11448%	(492)	(492)
RHFB 2025E	40,000	3/19/25	1/1/54	5.109%	100% SOFR[4] + 0.11448%	(5,024)	(5,024)
Counterparty Total	$296,585					$ 9,679	$(10,216)

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

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

Associated Bond Series	Notional Amount as of June 30, 2025 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2025 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2024 (in thousands)
RHFB 2017C	$29,395	1/1/19	1/1/38	2.180%	67% of SOFR[4] + 0.07670%	$ 942	$(1,214)
RHFB 2017F	31,860	12/27/17	1/1/41	2.261%	67% of SOFR[4] + 0.07670%	1,976	(682)
RHFB 2025J	-	7/17/25	7/1/50	4.756%	100% SOFR[4] + 0.11448%	(137)	(137)
Counterparty Total	$61,255					$2,781	$(2,033)

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

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

Associated Bond Series	Notional Amount as of June 30, 2025 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value[1] as of June 30, 2025 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2024 (in thousands)
RHFB 2023T	$ 43,625	11/30/23	1/1/54	5.062%	100% SOFR[4] + 0.11448%	$ (558)	$ (695)
RHFB 2023V	26,175	12/13/23	7/1/50	5.084%	100% SOFR[4] + 0.11448%	(476)	(478)
RHFB 2024C	19,980	2/8/24	1/1/54	4.693%	100% SOFR[4] + 0.11448%	382	(224)
RHFB 2024E	19,950	3/28/24	1/1/50	4.623%	100% SOFR[4] + 0.11448%	269	(319)
RHFB 2024I	24,975	5/1/24	7/1/54	4.991%	100% SOFR[4] + 0.11448%	58	(199)
RHFB 2024K	14,970	5/30/24	1/1/51	4.932%	100% SOFR[4] + 0.11448%	(135)	(248)
RHFB 2024N	39,995	7/2/24	1/1/55	5.011%	100% SOFR[4] + 0.11448%	(196)	(342)
RHFB 2024Q	40,000	8/29/24	1/1/54	4.691%	100% SOFR[4] + 0.11448%	721	721
RHFB 2024S	15,000	9/18/24	7/1/49	4.345%	100% SOFR[4] + 0.11448%	526	526
Counterparty Total	$244,670					$ 591	$ (1,258)
Accrued Interest Total[2]						5,864	
Combined Totals	$895,200					$40,447	$(17,872)

[1] A positive fair value represents money due to the Agency by the counterparty upon an assumed termination of the swap
[2] Accrued interest is included in the Statement of Net Position under Swap Interest Payable.
[3] Trade date for a notional amount to be $25,000,000 is June 17, 2025
[4] Secured Overnight Financing Rate
* Moody's Investor Service Inc.
** Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies

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

Termination Risk

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

Credit Risk

A swap potentially exposes the Agency to credit risk with the counterparty. The fair value of a swap represents the Agency's current potential credit exposure to the swap counterparty assuming the occurrence of a termination event. As of June 30, 2025, the Agency did not have a net credit risk exposure to any of its four counterparties because the Agency's respective combined swap positions to each counterparty had a positive net fair value, as set forth in the foregoing tables. Each of the swap agreements requires that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral threshold for each counterparty and the Agency is $50 million if the ratings on the unsubordinated, unsecured long-term indebtedness of the counterparty, in the case of the counterparty, or the hedged bonds, in the case of the Agency, are not less than "AA-" and "Aa3" from Standard & Poor's and Moody's, respectively, $5 million if the ratings are not less than "A+" and "A1", $5 million if the ratings are not less than "A" and "A2", and $0, if either rating is lower. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2025, neither the Agency nor any counterparty had been required to post collateral.

Amortization Risk

The Agency is subject to amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding principal amount of variable rate bonds to decline faster than the amortization of the notional amount of the swap. To ameliorate amortization risk, termination options were structured within most of the outstanding swaps to enable the Agency to manage the outstanding balances of variable rate bonds and notional swap amounts. (See *Terms of Swaps*.) Additionally, the Agency may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

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

Basis Risk

The potential for basis risk exists when variable interest payments on the Agency's bonds do not equal variable interest receipts payable by the counterparty under the associated swap. The variable rate the Agency pays on its bonds resets weekly, but the variable rate received on its swaps was based upon a specified percentage of the one-month taxable LIBOR, or the Secured Overnight Financing Rate (SOFR), plus, in some cases, a specified spread. Upon the cessation of LIBOR on June 30, 2023, the variable rate received by the Agency on all of its swaps with a LIBOR-based rate was converted to a rate based on a percentage of SOFR plus, in some cases, a specified spread. Basis risk will vary over time due to inter-market conditions. As of June 30, 2025, the interest rate on the Agency's variable rate tax-exempt debt ranged from 1.92% to 1.95% per annum while the variable interest rate on the associated swaps ranged from 2.91% to 3.51% per annum, and the interest rate on the Agency's variable rate taxable debt ranged was 4.35% while the variable interest rate on the associated swaps ranged from 4.40% to 4.51%.

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

Tax Risk

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

NOTE 9 – DERIVATIVE INSTRUMENTS – FORWARD SALES CONTRACTS

The Agency has entered into forward sales contracts for the future delivery of GNMA, FNMA and FHLMC securities. The contracts offset the financial impact to the Agency of changes in interest rates between the time of loan reservations and the securitization and sale of such loans as GNMA, FNMA and FHLMC securities. These contracts are considered investment derivative instruments and, accordingly, are recorded as a component of investments in the Statement of Net Position. Therefore, the change in value is reported as net appreciation (depreciation) in fair value on investments. Outstanding forward sales contracts, summarized by counterparty as of June 30, 2025, are as follows: (in thousands):

	Counter Party Short-term Rating	Number of Contracts	Notional Amount	Original Price	Market Price	Fair Value
SouthState/DuncanWilliams	A-1*/F1+**	1	$3,000	$3,036	$3,031	$ 5
South Street Securities	A-1*/F1+**	1	2,000	2,012	2,016	(4)
			$5,000	$5,048	$5,047	$ 1

* Standard and Poor's Rating Services Inc.
** Fitch Ratings, Ltd

The To Be Announced (TBA) trades mitigate the interest-rate risk exposure of the mortgage loan pipeline.

NOTE 10 – STATE APPROPRIATION-BACKED DEBT OBLIGATION

The Agency has outstanding bonds under two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing and other purposes. As of June 30, 2025, $443.7 million of bonds were outstanding. This debt is not a general obligation of the Agency and is not payable from any funds or assets of the Agency including any loan repayments. These bonds are payable solely from the appropriations the Agency receives from the State of Minnesota General Fund pursuant to standing appropriations made by the Legislature as authorized by state laws adopted in 2008, 2012, 2014, 2015 and 2017 through 2025.

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

State Appropriation-backed Bonds at June 30, 2025, consisted of the following (in thousands):

Series	Interest rate	Final Maturity	Original amount	Outstanding amount
State Appropriated				
2009 Series	4.00%	2029	$ 13,270	$ 3,725
2011 Series	5.00% to 5.25%	2031	21,750	10,510
2013 Series AB	3.75% to 5.00%	2033	15,460	7,790
2014 Series AB	5.00%	2035	14,540	9,810
2015 Series A	5.00%	2035	37,570	21,240
2015 Series C	3.25% to 5.00%	2037	31,095	23,430
2016 Series AC	2.00% to 4.00%	2038	18,625	13,035
2017 Series A	3.00% to 5.00%	2037	12,690	9,415
2018 Series ABCD	3.00% to 5.00%	2040	25,295	19,090
2019 Series ABCD	2.00% to 5.00%	2041	26,775	22,115
2020 Series ABCD	3.00% to 4.00%	2043	108,280	95,730
2021 Series ABCD	3.00% to 5.00%	2043	76,970	70,400
2022 Series ABC	4.00% to 5.00%	2044	104,195	98,540
2023 Series AB	4.00% to 5.00%	2044	26,635	25,895
2024 Series A	4.00% to 5.00%	2044	12,960	12,960
Bonds payable			$546,110	$443,685
Premium on Bonds Payable				40,156
Bonds Payable, Net				$483,841

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

State appropriation-backed bond debt service requirements at June 30, 2025, consisted of the following (in thousands):

	State Appropriated	
Fiscal Year	Principal	Interest
2026	$ 19,220	$ 19,066
2027	20,120	18,186
2028	21,025	17,268
2029	21,960	16,338
2030	22,940	15,357
2031-2035	123,965	60,356
2036-2040	126,185	31,654
2041-2045	88,270	7,783
Total	$443,685	$186,008

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

As of fiscal 2025, the Agency recorded the Nonprofit Housing Bonds and Housing Infrastructure Bonds as bonds payable in State Appropriated. These are bonds backed solely by appropriations from the State of Minnesota. The premium income and finance costs associated with the HIB bonds are now recorded when incurred and amortized. The proceeds that have not yet been disbursed and investment income on the proceeds are recorded in cash equivalents and will be reported as other program expense when disbursed. Debt service appropriated by the state is recorded in the appropriations received account.

NOTE 11 – CONDUIT DEBT OBLIGATION

On March 1, 2016, the Agency issued a long-term tax-exempt multifamily revenue note on a conduit basis that was purchased by Freddie Mac under their Tax-Exempt Loan Program. The proceeds of the sale were lent to the owner to pay for a portion of the costs of the acquisition, construction, and equipping of a multifamily senior rental housing development. As of June 30, 2025, $19.183 million of the bonds were outstanding.

On April 20, 2016, and May 11, 2016, the Agency issued long-term tax-exempt multifamily revenue notes on a conduit basis that was purchased by Freddie Mac under their Tax Exempt Loan Program. The proceeds of the sales were lent to the owner to pay for a portion of the costs of the acquisition and rehabilitation of three HUD Section 8 multifamily housing developments. As of June 30, 2025, $28.466 million of the bonds were outstanding.

NOTE 11 – CONDUIT DEBT OBLIGATION *(continued)*

On December 28, 2017, the Agency issued long-term conduit tax-exempt revenue bonds and a short-term conduit tax exempt revenue note. The proceeds of the sales were used to finance the acquisition, rehabilitation and equipping of two multi-family rental housing development projects that will preserve units with federal rental assistance. As of June 30, 2025, $4.802 million of bonds were outstanding.

The total outstanding conduit debt as of June 30, 2025, was $52.451 million.

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

NOTE 12 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities at June 30, 2025, consisted of the following (in thousands):

Funds	Accrued Salaries, Compensated Absences and Employee Benefits	Arbitrage Payable	FFB Loans Liability	Development Loan Disbursements	Other Liabilities and Accounts Payable	Total
General Reserve Account	$9,198	$ -	$ -	$ -	$ 778	$ 9,976
Rental Housing	-	-	-	65,589	191	65,780
Residential Housing Finance	-	244	92,943	-	1,636	94,823
Homeownership Finance	-	-	-	-	50	50
State Appropriated	-	4,503	-	-	6,092	10,595
Federal Appropriated	-	-	-	-	5,434	5,434
Combined Totals	$9,198	$4,747	$92,943	$65,589	$14,181	$186,658

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

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

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

The balance and changes in FFB other liabilities for the years ended June 30, 2025, and 2024 (dollars in thousands):

	2025	2024
Beginning of year balance	$64,326	$59,158
FFB Notes Issued	30,088	6,281
Principal Payments	(1,471)	(1,113)
End of year Balance	$92,943	$64,326
Current Portion	$1,681	$1,226
Noncurrent portion	91,262	63,100
Total	$92,943	$64,326

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

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 1,681	$ 4,167	$ 5,848
2027	1,758	4,090	5,848
2028	1,838	4,010	5,848
2029	1,922	3,926	5,848
2030	2,010	3,838	5,848
2031-2035	11,516	17,723	29,240
2036-2040	14,203	14,850	29,053
2041-2045	17,097	11,318	28,415
2046-2050	16,533	7,329	23,862
2051-2055	13,064	3,853	16,917
2056-2060	8,098	1,601	9,699
2061-2065	3,223	335	3,558
	$92,943	$77,041	$169,984

NOTE 13 – LEASE AND SUBSCRIPTION LIABILITY AND ROLLFORWARD

Principal and interest payments due for the remaining lease arrangement as of June 30, 2025, consisted of the following (in thousands):

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	$1,550	$144	$1,694
2027	1,656	62	1,718
2028	284	2	286
	$3,490	$208	$3,698

Principal and interest payments due for the remaining subscription arrangement as of June 30, 2025, consisted of the following (in thousands):

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	$ 415	$ 5	$ 420
2027	405	3	408
2028	370	2	372
2029	309	1	310
	$1,499	$11	$1,510

Summary of Long-Term Liability Rollforward Schedule for the year ended June 30, 2025, is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Due in FY26 Balance
Governmental activities:					
Lease Liability	$4,927	$-	$1,437	$3,490	$1,550
Subscription Liability	1,923	-	424	1,499	415
Total liabilities	$6,850	$-	$1,861	$4,989	$1,965

NOTE 14 – INTERFUND BALANCES AND TRANSFERS

Interfund balances displayed as Interfund Payable (Receivable) at June 30, 2025, consisted of the following (in thousands):

		Due from								
	Funds	General Reserve	Rental Housing	Residential Housing Finance	Home-ownership Finance	Mutli-family Housing	HOMES℠	State Appro-priated	Federal Appro-priated	Total
Due to	General Reserve	$ -	$-	$-	$-	$-	$-	$2,495	$456	$ 2,951
Due to	Residential Housing Finance	7,135	-	-	-	-	-	-	109	7,244
Due to	Home-ownership Finance	-	-	-	-	-	-	-	-	-
Due to	Agency-wide Totals	$7,135	$-	$-	$-	$-	$-	$2,495	$565	$10,195

All balances resulted from the time lag between the dates that: (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers recorded in non-operating transfer of assets between funds for the year ended June 30, 2025, consisted of the following (in thousands):

		Transfer from								
		General Reserve	Rental Housing	Residential Housing Finance	Home-ownership Finance	Mutli-family Housing	HOMES℠	State Appro-priated	Federal Appro-priated	Total
Transfer to	General Reserve	$ -	$48,476	$ -	$ -	$-	$-	$-	$-	$ 48,476
Transfer to	Rental Housing	-	-	622	-	-	-	-	-	622
Transfer to	Residential Housing Finance	75,870	-	-	6,664	-	-	-	-	82,534
Transfer to	Agency-wide Totals	$75,870	$48,476	$622	$6,664	$-	$-	$-	$-	$131,632

NOTE 15 – NET POSITION

Interfund transfers recorded in non-operating transfer of assets between funds normally result from bond sale contributions to new debt issues in other funds, the transfer of assets to maintain Pool 1 requirement and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Restricted by Bond Resolution

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

Restricted by Covenant

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

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

The $659.9 million restricted by covenant portion of net position is restricted by a covenant made with bondholders authorized by the Agency's enabling legislation. Pool 1 is maintained in the restricted by covenant portion of net position of the General Reserve. Pool 2 and Pool 3 are maintained in the restricted by covenant portion of net position of the Residential Housing Finance fund.

The combined net position of the General Reserve and bond funds (exclusive of Pool 3, accumulated unrealized gains/losses on investments, and realized gains/losses in sale of investments between Agency funds) is required by Board investment guidelines to be not less than the combined net position of the same funds (exclusive of cumulative unrealized gains/losses on investments) as of the immediately preceding fiscal year end. That combined net position was $683.3 million as of June 30, 2025.

NOTE 15 – NET POSITION *(continued)*

The following table describes the restricted by covenant portion of net position, including the balances to be maintained according to the Agency's Board investment guidelines, as of June 30, 2025 (in thousands):

Net Position — Restricted By Covenant	Certain Balances Maintained According to Agency's Board Guidelines	Unrealized Appreciation (Depreciation) in Fair Market Value of Investments	Total Net Position Restricted by Covenant
Housing Endowment Fund (Pool 1), General Reserve			
Pool 1 is an amount equal to 1% of gross loans outstanding (excluding Pool 3 and appropriation-funded loans) and must be invested in short-term, investment-grade securities at market interest rates	$ 10,364	$ -	$ 10,364
Subtotal, Housing Endowment Fund (Pool 1), General Reserve	10,364	-	10,364
Housing Investment Fund (Pool 2), Residential Housing Finance			
An amount that causes the combined net position in the General Reserve and bond funds (exclusive of: Pool 3, unrealized gains/losses on investments, and realized gains/losses from the sale of investments between Agency funds) to be at least equal to the combined net position of the same funds for the immediately preceding audited fiscal year end (after restatements, if any, required by generally accepted accounting principles). There was no transfer during fiscal year 2025 from Pool 2 to Pool 3 in compliance with these Board gudielines. Pool 2 is invested in investment-quality housing loans, as defined by the Agency, or investment-grade securities.	484,234	-	484,234
Unrealized appreciation in fair market value of investments	-	(2,291)	(2,291)
Subtotal, Housing Investment Fund (Pool 2), Residential Housing Finance	484,234	(2,291)	481,943
Housing Affordability Fund (Pool 3), Residential Housing Finance			
Funds in excess of the combined requirement of Pool 1, Pool 2 and General Reserve may be transferred to Pool 3. Assets are invested in deferred loans, zero percent and low interest-rate loans, other loans with higher than ordinary risk factors, or, pending use, investment-grade securities.	167,565	-	167,565
Unrealized appreciation in fair market value of investments	-	13	13
Subtotal, Housing Affordability Fund (Pool 3), Residential Housing Finance	167,565	13	167,578
Agency-wide Total	$662,163	$14,181	$659,885

NOTE 15 – NET POSITION *(continued)*

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law under net position. The $33.6 million balance of restricted by law in the Federal Appropriated fund as of June 30, 2025, is restricted by federal requirements that control the use of the funds. The $1,163.4 million balance of Restricted by Law in the State Appropriated fund as of June 30, 2025, is restricted by the state laws appropriating such funds.

Unrestricted - State Appropriation-Backed Bonds

The $381.5 million balance of unrestricted deficit - State Appropriation-backed Bonds as of June 30, 2025, does not represent a general obligation of the Agency and is not payable from any funds or assets of the Agency. Deficits in State Appropriated are funded by future appropriations.

Unrestricted

The $326.7 million balance of unrestricted net position represents debit balances in the unrestricted by bond, law, and covenant net positions at June 30, 2025. The unrestricted net position deficit was primarily due to the unrealized losses on investments recorded at June 30, 2025. Deficits in Rental Housing, Residential Housing Finance and HFB will be funded by future operating interest income.

NOTE 16 – DEFINED BENEFIT PENSION PLAN

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

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

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

NOTE 16 – DEFINED BENEFIT PENSION PLAN *(continued)*

Benefits Provided

MSRS provides retirement, disability, and death benefits through the SERF. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases or decreases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0% each year through December 31, 2018, 1% January 1, 2019 – December 31, 2023, and 1.5% January 1, 2024, and thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a pro rata increase. Prior to 2002, members who retired under the laws in effect before July 1, 1973, received an additional lump sum payment each year. In 1989, this lump sum payment was the greater of $25 times each full year of allowable service or $400 per full year of service less any Social Security benefits received or annuity from a Minnesota public employee pension plan. In each following year, the lump sum payment was increased by the same percentage increase that was applied to regular annuities paid from the Minnesota Post Retirement Investment Fund. Effective January 1, 2002, the annual lump sum payment was divided by 12 and paid as a monthly life annuity in the annuity form elected.

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members contribute 5.5% and participating employers are required to contribute 6.25% of their annual covered salary in fiscal year 2025. The Agency's contribution to the General Plan for the fiscal year ending June 30, 2025, was $2.0 million. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions

The Agency's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Salary increases were based on a service-related table.

NOTE 16 – DEFINED BENEFIT PENSION PLAN *(continued)*

Mortality rates for healthy pre-retirement on Pub 2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 0.97 for males and 1.06 for females. Mortality rates for healthy post-retirement on Pub-2010 Healthy General Mortality Table, adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. Actuarial assumptions used in the June 30, 2024, valuation was based on the results of actuarial experience study, dated June 29, 2023, and a review of inflation and investment return assumptions dated June 29, 2024.

The long-term expected rate of return on pension plan investments is 7.00%. The rate assumption was selected as the result of a review of inflation and investment return assumptions dated June 29, 2024, and a recent liability study. The review combined the asset class target allocations and long-term rate of return expectations from the SBI.

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

Asset Class	Target Allocation	SBI's Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	33.5%	5.10%
International Stocks	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%

Changes in Actuarial Assumptions

Liabilities for former vested members are increased by 4%, and liabilities for former, non-vested members are increased by 5% to account for the effect of some participants having eligibility for a Combined Service Annuity (2017).

Single Discount Rate

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

NOTE 16 – DEFINED BENEFIT PENSION PLAN *(continued)*

Net Pension Liability

At June 30, 2025, the Agency reported a liability of $0.238 million for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's contributions received by MSRS during the measurement period July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2024, the Agency's proportionate share of the entire plan was 0.7155% an increase of 0.0188% over prior reporting period.

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Agency proportionate share of the net pension liability (asset):	$16,377	$238	($13,167)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2025, the Agency recognized pension expense of ($0.107) million. At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

NOTE 16 – DEFINED BENEFIT PENSION PLAN *(continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,746	$ 19
Changes of assumptions	2,684	4,353
Net difference between projected and actual earnings on investments	-	4,430
Changes in proportion and differences between actual contributions and proportionate share of contributions	151	11
Contributions paid to MSRS subsequent to the measurement date	2,022	-
Total	$6,603	$8,813

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

Amounts reported as deferred outflows of resources related to pensions resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	Pension Expense Amount
2026	$(1,282)
2027	274
2028	(2,110)
2029	(1,114)

Deferred Compensation Plan

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

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

NOTE 17 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Agency's employees participate in the State of Minnesota-sponsored hospital, medical, and dental insurance group. State statute requires that former employees and their dependents be allowed to continue participation indefinitely, under certain conditions, in the insurance that the employees participated in immediately before retirement. The former employees must pay the entire premium for continuation coverage. An implicit rate subsidy exists for the former participants that elect to continue coverage. That subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate greater claims on average than active participants. The Agency's current year active participant count (employees only) for implicit subsidy is 251.

The state does not issue a separate financial report for its OPEB as the state does not fund an OPEB plan and operates on a pay-as-you-go basis. The State of Minnesota obtains an actuarial valuation from an independent firm of its postretirement medical benefits and to determine its OPEB liability. The state intends to fund the OPEB liability on a "pay as you go" basis. The total other postemployment benefit obligation for the Agency is $2.530 million for fiscal year 2025.

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

Total OPEB Liability

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

Schedule of Total OPEB Liability
As of June 30, 2025 (dollars in thousands)

	2025[1]
Total OPEB Liability	
Service cost	$ 132
Interest	88
Difference between expected and actual experience	161
Change in assumptions and other inputs	(120)
Net change in total OPEB liability	261
Total OPEB liability-beginning	2,269
Total OPEB liability-ending (a)	$2,530

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

NOTE 17 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

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

Inflation	2.25% per year
Initial Medical Trend Rate	8.1% per year
Ultimate Medical Trend Rate	3.7%
Salary Increases	1.75% with one year of service to 3.0% with 30 or more years of service
Mortality Rate	Refer Pub-2010 General Employee Mortality Headcount-Weighted Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females
Experience Study Dates	2018–2022

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

OPEB Sensitivity Based on Trend Rate

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

	1% Decrease in Trend Rate (2.68%)	Trend Rate (3.68%)	1% Increase in Trend Rate (4.68%)
Agency proportionate share of the total OPEB liability:	$2,289	$2,530	$2,810

Single Discount Rate

Since the State's retiree health benefits are not funded by assets in a separate trust the discount rate will be based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date, as prescribed by GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State of Minnesota elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.68% as of June 30, 2025.

NOTE 17 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

OPEB Sensitivity Based on Discount Rate

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

	1% Decrease in Discount Rate (2.68%)	Discount Rate (3.68%)	1% Increase in Discount Rate (4.68%)
Agency proportionate share of the OPEB liability:	$2,734	$2,530	$2,341

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

For the year ended June 30, 2025, the Agency recognized OPEB expense of $0.290 million. At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$236	$ 59
Changes of assumptions	85	168
Subsequent Contributions	140	-
Total	$461	$227

Amounts reported as deferred outflows of resources related to OPEB resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

NOTE 17 – POST – EMPLOYMENT BENEFITS OTHER THAN PENSIONS *(continued)*

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

Year ended June 30:	OPEB Expense Amount
2026	$17
2027	22
2028	13
2029	14
2030	17
Thereafter	11

NOTE 18 – COMPENSATED ABSENCES

The accompanying financial statements of the state of Minnesota Housing Finance Agency have been prepared to conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Agency implemented the following GASB statements and Implementation Guides for the fiscal year ended June 30, 2025:

GASB Statement No. 101 "*Compensated Absences*" was issued June 2022. This statement updates the recognition and measurement guidance for compensated absences.

The effect of the implementation of this standard on beginning net position is $2.494 million restatement.

The following schedule reflects the restatement (in thousands):

	6/30/2024 As Previously Reported	Change in Accounting Principle	6/30/2025 As Restated
Government-Wide Activities	$4,281	$2,494	$6,775
Total Primary Government	$4,281	$2,494	$6,775

Compensated absences rollforward schedule (in thousands):

	Balance as of 7/01/2024 (as Restated)	Additions	Payments	Adjustments	Balance as of 6/30/2025	Balance Due Within One Year
Compensated Absences	$6,775	$831	$-	$-	$7,606	$4,087
Total long-term debt	$6,775	$831	$-	$-	$7,606	$4,087

NOTE 19 – RISK MANAGEMENT

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

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

Year ended June 30:	OPEB Expense Amount
Real and personal property loss	$5,147
Business interruption/loss of use/extra expense	500
Bodily injury and property damage per person	500
Bodily injury and property damage per occurrence	1,500
Faithful performance/commercial crime	9,000
Employee dishonesty	320
Cyber Security Insurance:	
Coverage: Aggregate Limit	5,000

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

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

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

As of June 30, 2025, the Agency had approved, either finally or preliminarily, the purchase or origination of future loans or other housing assistance in the following amounts (in thousands):

NOTE 20 - COMMITMENTS

Funds	Amount
Rental Housing	$ 131,041
Residential Housing Finance	220,067
State Appropriated	672,286
Federal Appropriated	47,530
Agency Wide Totals	$1,070,924

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

The Agency has cancellable lease commitments for office facilities through August 2027 and for parking through August 2027, totaling $4.431 million. Combined office facilities and parking lease expense for fiscal year 2025 was $1.683 million.

NOTE 21 - LITIGATION

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

NOTE 22 – SUBSEQUENT EVENTS

The Agency called for redemption or repayment subsequent to June 30, 2025, for the following bonds (in thousands):

Year ended June 30:	Retirement Date	Par
Residential Housing Finance	July 1, 2025	$32,195
Residential Housing Finance	August 1, 2025	16,415
Residential Housing Finance	September 1, 2025	9,875

On July 17, 2025, the Agency delivered its Residential Housing Finance Bonds, 2025 Series IJ, in the aggregate principal amount of $85 million, each for the purpose of providing funds for certain of the Agency's homeownership programs. The Agency's Residential Housing Finance Bonds, 2025 Series KLM, are anticipated to be issued not later than October 2025. The issuance of these bonds was authorized pursuant to series resolutions adopted by the Board of the Agency on May 23, 2024, and January 23, 2025, each authorizing the issuance of fixed interest rate bonds in the aggregate maximum principal amount of $600 million, and on June 27, 2024 and January 23, 2025, authorizing the issuance of variable interest rate bonds in the aggregate maximum principal amount of $150 million.

NOTE 22 – SUBSEQUENT EVENTS *(continued)*

On July 24, 2025, the Board of the Agency adopted a resolution authorizing the issuance of State Appropriation Bonds (Housing Infrastructure) up to an aggregate principal amount of $50 million for the purpose of providing funds to make loans for certain statutory-authorized purposes. The State Appropriation Bonds (Housing Infrastructure), 2025 Series A and Series B, in a maximum principal amount not to exceed $50 million, are anticipated to be issued not later than October 2025.

Per Board resolution 18-004 dated April 26, 2018, extension per Board resolution 20-055 on October 22, 2020, Board resolution 21-007 on February 2, 2021, and extension per Board resolution 21-070 on December 16, 2021, the Agency made, or has committed to issue, draws from the Index Bank notes subsequent to June 30, 2025, as shown in the table below (in thousands).

Program	Series	Advance Date	Par
Index Bank Note	2018 AMT	July 1, 2025	$ 8,714
Index Bank Note	2018 Non-AMT	July 1, 2025	17,038
Index Bank Note	2018 Non-AMT	August 1, 2025	10,306

The Agency has evaluated subsequent events through September 25, 2025, the date on which the financial statements were available to be issued.

NOTE 23 – RESTATEMENT

During the year ended June 30, 2025, the Agency adopted new accounting guidance by implementing the provisions of GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences.

The summarized comparative financial statements for the year ended June 30, 2024, have been retroactively restated for these changes. The impact of these changes in 2024 summarized comparative totals is outlined in the table below.

	Increase/(decrease) in thousands
	Agency-wide Activities
Net position, beginning as previously reported	$1,391,896
Adjustments (Note 18)	(2,494)
Total net position - Beginning, as restated	$1,389,402

Required Supplementary Information

SCHEDULE OF SELECTED PENSION INFORMATION-UNAUDITED (in thousands)

Fiscal Year 2025 Year

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

	2016[1]	2017[2]
Employer unit's proportion of the net pension liability	0.781%	0.822%
Employer unit's proportionate share of the net pension liability	$ 8,979	$76,077
Employer unit's covered-employee payroll	22,438	23,836
Employer unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.017%	319.168%
Plan fiduciary net position as a percentage of the total pension liability	88.320%	47.51%

The measurement date is June 30 preceding each fiscal year.

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

	2016[1]	2017[2]
Contractually required contribution	$ 874	$ 968
Contributions in relation to the contractually required contribution	874	968
Contribution deficiency (excess)	-	-
Employer unit's covered-employee payroll	22,438	23,836
Contributions as a percentage of covered-employee payroll	3.895%	4.061%

*The above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

[1] 2016: Benefit increase of 2.5 precent was projected to start in 2044 instead of 2016

[2] 2017: Benefit increase was changed to 2.0 percent for future years. The discount rate changed from 7.9 percent to 4.17 percent

[3] 2018: The discount rate changed to 5.42 percent

[4] 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.4 percent thereafter. The discount rate changed to 7.5 percent.

[5] 2022: The discount rate changed to 6.5 percent

[6] 2023: The discount rate changed to 6.75 percent

[7] 2024: The discount rate changed to 7.0 percent

2018[3]	2019[4]	2020	2021	2022[5]	2023[6]	2024[7]	2025
0.830%	0.836%	0.820%	0.632%	0.667%	0.686%	0.697%	0.716%
$46,137	$ 8,725	$ 8,740	$ 8,396	$ 544	$11,271	$ 6,694	$ 238
19,693	20,931	21,408	22,555	23,750	25,110	27,782	31,054
234.281%	41.685%	40.826%	37.225%	2.291%	44.886%	24.095%	0.766%
62.73%	90.56%	90.73%	91.25%	99.53%	90.60%	94.54%	99.82%

2018[3]	2019[4]	2020	2021	2022[5]	2023[6]	2024[7]	2025
$ 1,018	$ 1,151	$ 1,264	$ 1,317	$ 1,405	$ 1,549	$ 1,762	$ 2,022
1,018	1,151	1,264	1,317	1,405	1,549	1,762	2,022
-	-	-	-	-	-	-	-
19,693	20,931	21,408	22,555	23,750	25,110	27,782	31,054
5.169%	5.499%	5.904%	5.839%	5.916%	6.169%	6.342%	6.511%

Required Supplementary Information

SCHEDULE OF SELECTED PENSION INFORMATION-UNAUDITED (in thousands) *(continued)*

Fiscal Year 2025 Year

State Employees Retirement Fund

	2016	2017
Statutorily Required Contribution as an Employer[1]	$ 8,979	$76,077
Covered-Member Payroll	$22,438	$23,836
Required Employer Contributions as a Percentage of Covered-Member Payroll	0.781%	0.822%

[1] Statutorily required contributions equal actual required contributions

[2] 2019: The required contribution rate for employers increased to 5.875 percent

[3] 2020: The required contribution rate for employers increased to 6.25 percent

2018	2019[2]	2020[3]	2021	2022	2023	2024	2025
$46,137	$ 8,725	$ 8,740	$ 8,396	$ 544	$11,271	$ 6,694	$ 238
$19,693	$20,931	$21,408	$22,555	$23,750	$25,110	$27,782	$31,054
0.830%	0.836%	0.820%	0.632%	0.667%	0.686%	0.697%	0.716%

Required Supplementary Information

SCHEDULE OF SELECTED OPEB INFORMATION-UNAUDITED (in thousands)

Fiscal Year 2025 Year

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

	2018
Total OPEB Liability[1]	$ 144
Service cost	52
Interest	-
Change in benefit term	-
Difference between expected and actual experience	(94)
Change in assumptions - discount rate	-
Change in assumptions - other	-
Change in proportionate share of allocation	
Benefit payments	
Explicit subsidy	(43)
Implicit subsidy	(45)
Net change in total OPEB liability	15
Total OPEB liability-beginning	1,727
Total OPEB liability-ending (a)	$ 1,742
Covered employee payroll	$19,963
Employer's total OPEB liability as a percentage of covered employee payroll	8.72%

*These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

The state does not fund this plan and operates on a pay-as-you-go basis.

[1] Amounts represent the total of the Agency's proportionate share.

[2] 2019: The discount rate changed from 3.58 percent to 3.87 percent

[3] 2020: The discount rate changed to 3.50 percent.

[4] 2021: The discount rate changed to 2.21 percent

[5] 2022: The discount rate changed to 2.16 percent

[6] 2023: The discount rate changed to 3.54 percent

[7] 2024: The discount rate changed to 3.65 percent

2019[2]	2020[3]	2021[4]	2022[5]	2023[6]	2024[7]	2025
$ 135	$ 124	$ 119	$ 121	$ 144	$ 123	$ 132
66	65	59	41	48	79	88
-	-	-	-	-	-	-
-	(40)		-	149	19	161
(84)	-	165	7	(230)	(18)	(56)
(42)	(102)	(128)	-	35	32	(10)
-	-	-	-	247	-	84
(48)	(45)	(47)	(55)	(63)	(67)	(70)
(51)	(46)	(48)	(28)	(53)	(57)	(68)
(25)	(43)	121	86	278	112	261
1,742	1,716	1,672	1,793	1,879	2,157	2,269
$ 1,716	$ 1,672	$ 1,793	$ 1,879	$ 2,157	$ 2,269	$ 2,530
$20,931	$21,408	$22,555	$23,750	$25,110	$27,782	$31,054
8.20%	7.81%	7.95%	7.91%	8.59%	8.17%	8.15%

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

	2018
Actuarially required contribution	
Explicit subsidy	$ 43
Implicit subsidy	45
Contributions in relation to the actuarially required contribution	
Explicit subsidy	43
Implicit subsidy	45
Employer unit's covered-employee payroll	$19,963
Contributions as a percentage of covered-employee payroll	
Explicit subsidy	0.215%
Implicit subsidy	0.225%

*These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

The state does not fund this plan and operates on a pay-as-you-go basis.

[1] Amounts represent the total of the Agency's proportionate share.

[2] 2019: The discount rate changed from 3.58 percent to 3.87 percent

[3] 2020: The discount rate changed to 3.50 percent.

[4] 2021: The discount rate changed to 2.21 percent

[5] 2022: The discount rate changed to 2.16 percent

[6] 2023: The discount rate changed to 3.54 percent

[7] 2024: The discount rate changed to 3.65 percent

	2019[2]	2020[3]	2021[4]	2022[5]	2023[6]	2024[7]	2025
	$ 48	$ 45	$ 47	$ 55	$ 63	$ 67	$ 70
	51	46	48	28	53	57	68
	48	45	47	55	63	67	70
	51	46	48	28	53	57	68
	$20,931	$21,408	$22,555	$23,750	$25,110	$27,782	$31,054
	0.229%	0.210%	0.208%	0.232%	0.251%	0.241%	0.225%
	0.244%	0.215%	0.213%	0.118%	0.211%	0.205%	0.219%

FUND FINANCIAL STATEMENTS – STATEMENT OF NET POSITION (in thousands)
PROPRIETARY FUNDS

As of June 30, 2025 (with summarized comparative totals for year ended June 30, 2024)

	General Reserve	Rental Housing
Current assets		
Cash and cash equivalents	$ 97,469	$ 96,011
Investments-program mortgage-backed securities	-	-
Investment securities-other	12,655	6,695
Loans receivable, net	-	14,766
Interest receivable on loans and program mortgage-backed securities	-	1,164
Interest receivable on investments	360	374
Interfund receivable	-	-
Federal Housing Administration/Veterans Affairs insurance claims, net	-	-
Real estate owned, net	-	-
Other assets	3,297	6
Total current assets	113,781	119,016
Noncurrent assets		
Investments-program mortgage-backed securities	-	-
Investment securities-other	-	10,490
Loans receivable, net	-	273,571
Interest rate swap agreements	-	-
Capital assets, net	4,269	-
Other assets	-	-
Total noncurrent assets	4,269	284,061
Total assets	118,050	403,077
Deferred loss on interest rate swap agreements	-	-
Deferred pension and OPEB expense	7,064	-
Total deferred outflows of resources	7,064	-
Total assets and deferred outflows of resources	125,114	403,077
Deferred loss on interest rate swap agreements	-	-
Deferred pension and OPEB expense	7,064	-
Total deferred outflows of resources	7,064	-
Total assets and deferred outflows of resources	$125,114	$403,077

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES^{SM}	State Appropriated	Federal Appropriated	Total as of June 30, 2025	Total as of June 30, 2025
$ 600,905	$ 45,890	$ 2,338	$ -	$ 616,188	$35,430	$1,494,231	$ 748,080
71,929	22,587	-	-	-	-	94,516	86,506
1,768	-	-	137	489,866	-	511,121	674,089
44,883	-	261	-	2,090	149	62,149	95,765
21,895	2,652	45	-	42	4	25,802	20,705
2,545	138	8	10	4,463	10	7,908	7,207
-	-	-	-	-	-	-	-
(11)	-	-	-	-	-	(11)	(2)
474	-	-	-	-	-	474	591
286	15	-	-	6,718	667	10,989	11,350
744,674	71,282	2,652	147	1,119,367	36,260	2,207,179	1,644,291
4,193,120	773,190	-	-	-	-	4,966,310	4,062,784
66,114	-	-	3,171	11,774	-	91,549	330,240
803,165	-	12,143	-	138,673	2,956	1,230,508	1,038,384
40,447	-	-	-	-	-	40,447	48,457
1,454	-	-	-	-	621	6,344	8,180
974	-	-	-	-	-	974	690
5,105,274	773,190	12,143	3,171	150,447	3,577	6,336,132	5,488,735
5,849,948	844,472	14,795	3,318	1,269,814	39,837	8,543,311	7,133,026
6,860	-	-	-	-	-	6,860	61
-	-	-	-	-	-	7,064	8,421
6,860	-	-	-	-	-	13,924	8,482
5,856,808	844,472	14,795	3,318	1,269,814	39,837	8,557,235	7,141,508
6,860	-	-	-	-	-	6,860	61
-	-	-	-	-	-	7,064	8,421
6,860	-	-	-	-	-	13,924	8,482
$5,856,808	$844,472	$14,795	$3,318	$1,269,814	$39,837	$8,557,235	$7,141,508

continued

FUND FINANCIAL STATEMENTS – STATEMENT OF NET POSITION (in thousands) *(continued)*
PROPRIETARY FUNDS
As of June 30, 2025 (with summarized comparative totals for year ended June 30, 2024)

	General Reserve	Rental Housing
Current liabilities		
Bonds payable, net	-	11,470
Interest payable	-	3,874
Net pension liability and OPEB	144	-
Accounts payable and other liabilities	6,457	35,937
Interfund payable	4,184	-
Funds held for others	22,168	-
Lease liability, net	1,550	-
Subscription liability, net	12	-
Total current liabilities	34,515	51,281
Noncurrent liabilities		
Bonds payable, net	-	198,540
Interest rate swap agreements	-	-
Net pension and OPEB liability	2,624	-
Accounts payable and other liabilities	3,519	29,843
Funds held for others	62,345	-
Lease liability, net	1,940	-
Subscription liability, net	-	-
Total noncurrent liabilities	70,428	228,383
Total liabilities	104,943	279,664
Deferred gain on interest rate swap agreements	-	-
Deferred service release fee	-	-
Deferred discount on loan interest	-	-
Deferred pension and OPEB credit	9,040	-
Total deferred inflows of resources	9,040	-
Total liabilities and deferred inflows of resources	113,983	279,664
Restricted by bond resolution	-	123,716
Restricted by covenant	10,364	-
Restricted by law	-	-
Unrestricted - State Appropriation-backed Debt	-	-
Unrestricted	-	(303)
Net Investment in capital assets	767	-
Total net position (deficit)	$11,131	$123,413

See accompanying notes to financial statements

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES℠	State Appropriated	Federal Appropriated	Total as of June 30, 2025	Total as of June 30, 2025
162,748	6,956	240	-	23,353	-	204,767	258,278
99,939	1,955	30	10	8,122	-	113,930	82,476
-	-	-	-	-	-	144	140
3,561	50	-	-	10,595	5,434	62,034	20,963
(7,244)	-	-	-	2,495	565	-	-
-	-	-	-	-	18	22,186	16,926
-	-	-	-	-	-	1,550	1,437
403	-	-	-	-	-	415	424
259,407	8,961	270	10	44,565	6,017	405,026	380,644
4,695,949	864,679	11,800	3,698	460,488	-	6,235,154	5,154,410
6,860	-	-	-	-	-	6,860	61
-	-	-	-	-	-	2,624	8,823
91,262	-	-	-	-	-	124,624	67,006
-	-	-	(390)	-	-	61,955	61,907
-	-	-	-	-	-	1,940	3,490
1,084	-	-	-	-	-	1,084	1,499
4,795,155	864,679	11,800	3,308	460,488	-	6,434,241	5,297,196
5,054,562	873,640	12,070	3,318	505,053	6,017	6,839,267	5,677,840
40,447	-	-	-	-	-	40,447	48,457
15,790	3,096	-	-	-	-	18,886	19,186
152	-	-	-	-	-	152	-
-	-	-	-	-	-	9,040	6,623
56,389	3,096	-	-	-	-	68,525	74,266
5,110,951	876,736	12,070	3,318	505,053	6,017	6,907,792	5,752,106
355,641	17,397	2,725	-	-	-	499,479	460,896
649,521	-	-	-	-	-	659,885	558,005
-	-	-	-	1,163,365	33,580	1,196,945	1,063,895
-	-	-	-	(381,473)	-	(381,473)	(355,809)
(259,272)	(49,661)	-	-	(17,131)	(381)	(326,748)	(338,915)
(33)	-	-	-	-	621	1,355	1,330
$745,857	$(32,264)	$2,725	$-	$764,761	$33,820	$1,649,443	$1,389,402

Supplementary Information

FUND FINANCIAL STATEMENTS – STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (in thousands)

PROPRIETARY FUNDS

As of June 30, 2025 (with summarized comparative totals as of June 30, 2024)

	General Reserve	Rental Housing
Operating Revenues		
Interest earned on loans	$ -	$ 13,259
Interest earned on investments-program mortgage-backed securities	-	-
Appropriations received and appropriation recoveries	-	-
Administrative reimbursement	62,238	-
Fees earned and other income	18,650	863
Total operating revenues	80,888	14,122
Operating Expenses		
Loan administration and trustee fees	-	176
Administrative reimbursement	-	1,879
Salaries and benefits	42,334	-
Other general operating	8,814	6
Appropriations disbursed	-	-
Reduction in carrying value of certain low interest rate deferred loans	-	1,063
Provision for loan losses	-	2,481
Total operating expenses	51,148	5,605
Operating income (loss)	29,740	8,517
Nonoperating Revenue (Expenses)		
Interest earned on investments-other	1,170	2,142
Appropriations received	-	-
Net appreciation/depreciation in fair value on investments	-	623
Interest	(223)	(7,828)
Financing, net	-	(832)
Total nonoperating expenses	947	(5,895)
Income (loss) before transfers and contributions	30,687	2,622
Non-operating transfer of assets between funds	(29,888)	(47,854)
Non-operating expenses	-	-
Change in net position	799	(45,232)
Total net position, Beginning as previously reported	10,332	168,645
Adjustments (Note 23)	-	-
Total net position - Beginning, as restated	10,332	168,645
Total net position (deficit), end of year	$ 11,131	$123,413

See accompanying notes to financial statements

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES℠	State Appropriated	Federal Appropriated	Total as of June 30, 2025	Total as of June 30, 2025
$ 29,567	$ -	$ 549	$ -	$ 1,157	$ 22	$ 44,554	$ 41,898
199,680	31,428	-	-	-	-	231,108	164,797
-	-	-	-	327,885	316,185	644,070	1,161,417
-	-	-	-	-	-	62,238	53,341
5,787	1,033	-	-	23,068	-	49,401	32,925
235,034	32,461	549	-	352,110	316,207	1,031,371	1,454,378
3,753	364	4	-	118	-	4,415	3,957
32,257	5,928	89	-	19,756	2,329	62,238	47,792
-	-	-	-	-	-	42,334	40,708
3,703	19	-	-	617	147	13,306	10,123
-	-	-	-	211,992	306,156	518,148	455,526
(1,443)	-	-	-	85,821	53,280	138,721	121,317
2,982	-	(1)	-	1,698	(59)	7,101	1,428
41,252	6,311	92	-	320,002	361,853	786,263	680,851
193,782	26,150	457	-	32,108	(45,646)	245,108	773,527
25,066	1,839	101	124	57,171	2,748	90,361	87,111
-	-	-	-	37,053	-	37,053	35,204
100,831	20,409	-	-	248	-	122,111	(45,932)
(174,923)	(24,365)	(365)	(124)	(13,975)		(221,803)	(165,372)
(11,785)	-	-	-	(172)	-	(12,789)	(12,399)
(60,811)	(2,117)	(264)	-	80,325	2,748	14,933	(101,388)
132,971	24,033	193	-	112,433	(42,898)	260,041	672,139
81,912	(6,664)	-	-	-	-	(2,494)	23,328
2,494	-	-	-	-	-	2,494	-
217,377	17,369	193	-	112,433	(42,898)	260,041	672,139
530,974	(49,633)	2,532	-	652,328	76,718	1,391,896	719,757
(2,494)	-	-	-	-	-	(2,494)	-
528,480	(49,633)	2,532	-	652,328	76,718	1,389,402	719,757
$ 745,857	$(32,264)	$2,725	$ -	$ 764,761	$ 33,820	$1,649,443	$1,391,896

Supplementary Information

FUND FINANCIAL STATEMENTS – STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

As of June 30, 2025 (with summarized comparative totals as of June 30, 2024)

	General Reserve	Rental Housing
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$29,740	$ 8,517
Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities:		
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(853)
Amortization of proportionate share-Pension	185	-
Depreciation	3,246	-
Salaries and Benefits-Pensions	(2,606)	-
Provision for loan losses	-	2,481
Reduction in carrying value of certain low interest rate and/or deferred loans	-	1,063
Capitalized interest on loans and real estate owned	-	-
Decrease (increase) in appropriated disbursed (received)	-	-
Changes in assets and liabilities:	-	-
Decrease (increase) in loans receivable and program mortgage backed securities, excluding loans transferred between funds	-	25,036
Decrease (increase) in interest receivable on loans	-	(456)
Increase (decrease) in accounts payable	1,126	140
Increase (decrease) in interfund payable, affecting operating activities only	4,042	17,030
Increase (decrease) in funds held for others	1,541	-
Other	(554)	-
Total	6,980	44,441
	$36,720	$52,958

See accompanying notes to financial statements

Bond Funds				Appropriated Funds			
Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES℠	State Appropriated	Federal Appropriated	Total as of June 30, 2025	Total as of June 30, 2025
$ 193,782	$ 26,150	$457		$ 32,108	$ (45,646)	$ 245,108	$ 771,033
8,169	1,668	-	-	-	-	8,984	6,812
-	-	-	-	-	-	185	153
410	-	-	-	-	147	3,803	3,199
-	-	-	-	-	-	(2,606)	(258)
2,982	-	(1)	-	1,698	(59)	7,101	1,428
(1,443)	-	-	-	85,821	53,280	138,721	121,317
(328)	-	-	-	-	-	(328)	(335)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(894,909)	76,812	251	-	(165,277)	(47,814)	(1,005,901)	(1,268,966)
(4,877)	239	1	-	(4)	-	(5,097)	(6,379)
493	(1,030)	1	-	488	(4,078)	(2,860)	2,977
(21,988)	5,000	-	-	(2,721)	(1,212)	151	122
-	-	-	-	-	(142)	1,399	436
152	-	(1)	-	414	199	210	(7,038)
(911,339)	82,689	251	$-	(79,581)	321	(856,238)	(1,146,532)
$ (717,557)	$108,839	$708		$ (47,473)	$ (45,325)	$ (611,130)	$ (375,499)

Supplementary Information

FUND FINANCIAL STATEMENTS – STATEMENT OF CASH FLOWS *(continued)*

PROPRIETARY FUNDS

As of June 30, 2025 (with summarized comparative totals as of June 30, 2024)

	General Reserve	Rental Housing
Cash flows from operating activities:		
Principal repayments on loans and program mortgage-backed securities	$ -	$ 62,225
Investment in loans/loan modifications and program mortgage-backed securities	-	(37,189)
Interest received on loans and program mortgage-backed securities	-	11,950
Fees and other income received	18,092	921
Salaries, benefits and other operating	(49,197)	(70)
Appropriations received and appropriation recoveries	-	-
Appropriations disbursed	-	-
Administrative reimbursement from funds	66,280	(1,879)
Deposits into funds held for others	35,315	-
Disbursements made from funds held for others	(33,774)	-
Interfund transfers and other assets	4	17,000
Net cash provided (used) by operating activities	36,720	52,958
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds and notes	-	190,221
Principal repayment on bonds and notes	-	(59,390)
Interest paid on bonds and notes	-	(5,387)
Financing costs paid related to bonds issued	-	(782)
Appropriations received and appropriation recoveries	-	-
Interest paid/received between funds	-	194
Agency contribution to program funds	-	622
Transfer of cash between funds	(25,523)	(48,476)
Net cash provided (used) by noncapital financing activities	(25,523)	77,002
Cash flows from capital financing activities:		
Interest expense on leases and subscriptions	(223)	-
Principal payments on leases and subscriptions	(1,461)	-
Purchases of capital assets	(1,618)	-
Net cash provided (used) by capital financing activities	(3,302)	-
Cash flows from investing activities:		
Investment in real estate owned	-	-
Interest received on investments	4,382	2,021
Net gain on Sale of MBS	-	-
Proceeds from sale of mortgage insurance claims/real estate owned	-	-
Proceeds from maturity, sale or transfer of investment securities	13,208	7,961
Purchase of investment securities	(12,148)	(6,675)
Purchase of loans between funds	-	(80,440)
Net cash provided (used) by investing activities	5,442	(77,133)
Net increase (decrease) in cash and cash equivalents	13,337	52,827
Cash and cash equivalents:		
Beginning of period	84,132	43,184
End of period	$ 97,469	$ 96,011

See accompanying notes to financial statements

	Bond Funds				Appropriated Funds			
	Residential Housing Finance	Home-ownership Finance	Multifamily Housing	HOMES℠	State Appropriated	Federal Appropriated	Total as of June 30, 2025	Total as of June 30, 2025
	$ 357,020	$ 76,812	$ 251	$ -	$ 17,139	$ 11,692	$525,139	$ 340,176
	(1,251,929)	-	-	-	(182,416)	(59,506)	(1,531,040)	(1,609,142)
	232,283	33,335	550	-	1,153	22	279,293	206,793
	4,329	-	-	-	23,068	-	46,410	35,346
	(5,246)	(380)	(3)	-	(731)	-	(55,627)	(52,456)
	-	-	-	-	328,299	316,384	644,683	1,153,567
	-	-	-	-	(211,508)	(310,125)	(521,633)	(453,816)
	(32,257)	(5,928)	(89)	-	(22,477)	(3,650)	-	4,019
	-	-	-	-	-	-	35,315	38,881
	-	-	-	-	-	(142)	(33,916)	(38,445)
	(21,757)	5,000	(1)	-	-	-	246	(422)
	(717,557)	108,839	708	-	(47,473)	(45,325)	(611,130)	(375,499)
	1,697,013	-	-	-	14,067	-	1,901,301	3,140,191
	(697,784)	(76,166)	(240)	(547)	(18,055)	-	(852,182)	(1,978,490)
	(160,950)	(24,538)	(366)	(125)	(19,472)	-	(210,838)	(144,953)
	(12,402)	-	-	-	(172)	-	(13,356)	(13,116)
	-	-	-	-	37,053	-	37,053	35,204
	(251)	57	-	-	-	-	-	-
	(622)	-	-	-	-	-	-	-
	77,099	(3,100)	-	-	-	-	-	-
	902,103	(103,747)	(606)	(672)	13,421	-	861,978	1,038,836
	(8)	-	-	-	-	-	(231)	(307)
	(401)	-	-	-	-	-	(1,862)	(2,255)
	-	-	-	-	-	(630)	(2,248)	(2,107)
	(409)	-	-	-	-	(630)	(4,341)	(4,669)
	(91)	-	-	-	(5)	-	(96)	(699)
	24,314	1,850	102	125	29,925	2,781	65,500	59,913
	512	-	-	-	-	-	512	(22)
	1,273	-	-	-	13	-	1,286	2,639
	179,681	17	-	547	928,314	-	1,129,728	1,335,202
	(176,027)	-	-	-	(502,436)	-	(697,286)	(2,110,312)
	42,210	-	-	-	38,230	-	-	-
	71,872	1,867	102	672	494,041	2,781	499,644	(713,279)
	256,009	6,959	204	-	459,989	(43,174)	746,151	(54,611)
	344,896	38,931	2,134	-	156,199	78,604	748,080	802,691
	$ 600,905	$ 45,890	$2,338	$ -	$ 616,188	$ 35,430	$1,494,231	$ 748,080

Supplementary Information
SCHEDULE OF NET POSITION (in thousands)
GENERAL RESERVE AND BOND FUNDS
Year ended June 30, 2025 (with summarized comparative totals for year end June 30, 2024)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Cash and cash equivalents	$ 97,469	$ 96,011	$ 483,537	$ 79,300
Investments-program mortgage-backed securities	-	-	4,265,049	-
Investment securities-other	12,655	17,185	2,664	63,859
Loans receivable, net	-	288,337	229,226	490,640
Interest receivable on loans and program mortgage-backed securities	-	1,164	19,996	1,867
Interest receivable on investments	360	374	1,700	686
Interest Rate Swap Agreements	-	-	40,447	-
FHA/VA insurance claims, net	-	-	(11)	-
Real estate owned, net	-	-	568	(94)
Capital assets, net	4,269	-	-	1,454
Other assets	3,297	6	266	989
Total assets	118,050	403,077	5,043,442	638,701
Deferred loss on refunding	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	6,860	-
Deferred pension and OPEB expense	7,064	-	-	-
Total deferred outflows of resources	7,064	-	6,860	-
Total assets and deferred outflows of resources	$125,114	$403,077	$5,050,302	$638,701
Bonds payable, net	$ -	$210,010	$4,792,683	$ 66,014
Interest payable	-	3,874	98,258	1,681
Interest rate swap agreements	-	-	6,860	-
Net pension and OPEB liability	2,768	-	-	-
Accounts payable and other liabilities	9,976	65,780	1,358	93,238
Interfund payable (receivable)	4,184	-	(120)	(7,124)
Funds held for others	84,513	-	-	-
Lease liability	3,490	-	-	-
Subscription Liability	12	-	-	1,487
Total liabilities	104,943	279,664	4,899,039	155,296
Deferred gain on interest rate swap agreements	-	-	40,447	-
Deferred service release fees	-	-	14,447	1,343
Deferred discount loan interest	-	-	-	152
Deferred pension and OPEB credit	9,040	-	-	-
Total deferred inflows of resources	9,040	-	54,894	1,495
Total liabilities and deferred inflows of resources	$113,983	$279,664	$4,953,933	$156,791
Restricted by bond resolution	$ -	$123,716	$355,641	$ -
Restricted by covenant	10,364	-	-	481,943
Unrestricted	-	(303)	(259,272)	-
Net investment in capital assets	767	-	-	(33)
Total net position	$ 11,131	$123,413	$ 96,369	$481,910

Bond Funds							
Home-ownership Finance	Multi-family Housing	HOMES℠	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2024 (as restated)	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2024 (as restated)
$ 45,890	$ 2,338	$ -	$ 804,545	$ 510,718	$ 38,068	$ 842,613	$ 513,277
795,777	-	-	5,060,826	4,149,290	-	5,060,826	4,149,290
-	-	3,308	99,671	96,755	1,359	101,030	104,879
-	12,404	-	1,020,607	900,431	128,182	1,148,789	1,032,500
2,652	45	-	25,724	20,629	32	25,756	20,663
138	8	10	3,276	2,705	159	3,435	2,761
-	-	-	40,447	48,457	-	40,447	48,457
-	-	-	(11)	(2)	-	(11)	(2)
-	-	-	474	589	-	474	589
-	-	-	5,723	8,042	-	5,723	8,042
15	-	-	4,573	4,040	5	4,042	4,042
844,472	14,795	3,318	7,065,855	5,741,654	167,805	7,233,124	5,884,498
-	-	-	-	-	-	-	-
-	-	-	6,860	61	-	6,860	61
-	-	-	7,064	8,421	-	7,064	8,421
-	-	-	13,924	8,482	-	13,924	8,482
$844,472	$14,795	$3,318	$7,079,779	$5,750,136	$167,805	$7,247,048	$5,892,980
$871,635	$12,040	$3,698	$5,956,080	$4,919,411	$ -	$5,956,080	$4,919,411
1,955	30	10	105,808	74,305	-	105,808	74,305
-	-	-	6,860	61	-	6,860	61
-	-	-	2,768	8,963	-	2,768	8,963
50	-	-	170,402	76,724	227	170,629	77,064
-	-	-	(3,060)	20,069	-	(3,060)	(6,993)
-	-	(390)	84,123	78,697	-	84,123	78,697
-	-	-	3,490	4,927	-	3,490	4,927
-	-	-	1,499	1,923	-	1,499	1,923
873,640	12,070	3,318	6,327,970	5,185,080	227	6,328,197	5,158,358
-	-	-	40,447	48,457	-	40,447	48,457
3,096	-	-	18,886	19,186	-	18,886	19,186
-	-	-	152	-	-	152	-
-	-	-	9,040	6,623	-	9,040	6,623
3,096	-	-	68,525	74,266	-	68,525	74,266
$876,736	$12,070	$3,318	$6,396,495	$5,259,346	$ 227	$6,396,722	$5,232,624
$17,397	$2,725	$ -	$ 499,479	$460,896	$ -	$499,479	$460,896
-	-	-	492,307	388,439	167,578	659,885	558,005
(49,661)	-	-	(309,236)	(359,737)	-	(309,236)	(359,737)
-	-	-	734	1,192	-	734	1,192
$ (32,264)	$ 2,725	$ -	$ 683,284	$ 490,790	$167,578	$ 850,862	$ 660,356

Supplementary Information

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)
GENERAL RESERVE AND BOND FUNDS

Year ended June 30, 2025 (with summarized comparative totals for year end June 30, 2024)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Operating Revenues				
Interest earned on loans	$ -	$ 13,259	$ 8,873	$ 20,361
Interest earned on investments-program mortgage-backed securities	-	-	199,680	-
Administrative reimbursement	62,238	-	-	-
Fees earned and other income	18,650	863	3,591	2,146
Total operating revenues	$ 80,888	$ 14,122	$ 212,144	$ 22,507
Operating Expenses				
Loan administration and trustee fees	$ -	$ 176	$ 2,068	$ 1,653
Administrative reimbursement	-	1,879	26,622	3,901
Salaries and benefits	42,334	-	-	-
Other general operating	8,814	6	88	1,231
Reduction in carrying value of certain low interest rate deferred loans	-	1,063	(110)	(316)
Provision for loan losses	-	2,481	2,018	727
Total operating expenses	$ 51,148	$ 5,605	$ 30,686	$ 7,196
Operating revenue income (loss)	$ 29,740	$ 8,517	$ 181,458	$ 15,311
Nonoperating Revenue (Expenses)				
Interest earned on investments-other	$ 1,170	$ 2,142	$16,566	$ 7,541
Net appreciation/depreciation in fair value on investments	-	623	98,105	2,686
Interest	(223)	(7,828)	(169,723)	(5,200)
Financing, net	-	(832)	(11,758)	(27)
Total nonoperating expenses	947	(5,895)	(66,810)	5,000
Income (Loss) Before Transfers and Contributions	30,687	2,622	114,648	20,311
Non-operating transfer of assets between funds	(27,394)	(47,854)	2,106	79,806
Non-operating expenses	(2,494)	-	-	2,494
Change in net position	799	(45,232)	116,754	102,611
Total net position, beginning of period	10,332	168,645	(20,385)	381,793
Adjustments (Note 23)	-	-	-	(2,494)
Total net position - Beginning, as restated	10,332	168,645	(20,385)	379,299
Total net position, end of Year	$ 11,131	$123,413	$ 96,369	$481,910

Bond Funds							
Home-ownership Finance	Multi-family Housing	HOMES^{SM}	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2024 (as restated)	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2024 (as restated)
$ -	$ 549	$ -	$ 43,042	$ 40,699	$ 333	$ 43,375	$ 40,987
31,428	-	-	231,108	164,797	-	231,108	164,797
-	-	-	62,238	53,341	-	62,238	53,341
1,033	-	-	26,283	23,635	50	26,333	23,649
$ 32,461	$ 549	$ -	$ 362,671	$282,472	$383	$363,054	$282,774
$ 364	$4	$ -	$4,265	$3,816	$32	$4,297	$3,835
5,928	89	-	38,419	31,469	1,734	40,153	33,204
-	-	-	42,334	43,202	-	42,334	43,202
19	-	-	10,158	7,531	2,384	12,542	9,575
-	-	-	637	(430)	(1,017)	(380)	9,770
-	(1)	-	5,225	2,274	237	5,462	2,559
$ 6,311	$ 92	$ -	$ 101,038	$ 87,862	$ 3,370	$104,408	$102,145
$ 26,150	$ 457	$ -	$ 261,633	$194,610	$ (2,987)	$258,646	$180,629
$1,839	$ 101	$ 124	$29,483	$ 27,352	$ 959	$ 30,442	$ 28,156
20,409	-	-	121,823	(45,663)	40	121,863	(45,684)
(24,365)	(365)	(124)	(207,828)	(150,579)	-	(207,828)	(150,579)
-	-	-	(12,617)	(12,126)	-	(12,617)	(12,126)
(2,117)	(264)	-	(69,139)	(181,016)	999	(68,140)	(180,233)
24,033	193	-	192,494	13,594	(1,988)	190,506	396
(6,664)	-	-	-	(15,000)	-	-	-
-	-	-	-	2,076	-	-	2,076
17,369	193	-	192,494	670	(1,988)	190,506	2,472
(49,633)	2,532	-	493,284	490,120	169,566	662,850	657,884
-	-	-	(2,494)	-	-	(2,494)	-
(49,633)	2,532	-	490,790	490,120	169,566	660,356	657,884
$(32,264)	$2,725	$ -	$ 683,284	$490,790	$167,578	$850,862	$660,356

Supplementary Information

STATEMENT OF CASH FLOWS (in thousands)

GENERAL RESERVE AND BOND FUNDS

Year ended June 30, 2025 (with summarized comparative totals for year ended June 30, 2024)

			Residential Housing Finance	
	General Reserve	**Rental Housing**	**Bonds**	**Pool 2**
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:				
Revenues over (under) expenses	$29,740	$ 8,517	$ 181,458	$15,311
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:				
Amortization of premiums (discounts) and fees on program mortgage -backed securities	-	(853)	8,131	38
Amortization of proportionate share-Pension	185	-	-	-
Depreciation	3,246	-	-	410
Salaries and Benefits-Pensions	(2,606)	-	-	-
Provision for loan losses	-	2,481	2,018	727
Reduction in carrying value of certain low interest rate and/or deferred loans	-	1,063	(110)	(316)
Capitalized interest on loans and real estate owned	-	-	(301)	(27)
Changes in assets and liabilities:				
Decrease (increase) in loans receivable and program mortgage backed securities, excluding loans transferred between funds	-	25,036	(857,149)	(29,934)
Decrease (increase) in interest receivable on loans	-	(456)	(5,018)	139
Increase (decrease) in accounts payable	1,126	140	280	329
Increase (decrease) in interfund payable, affecting operating activities only	4,042	17,030	55,256	(77,244)
Increase (decrease) in funds held for others	1,541	-	-	-
Other	(554)	-	119	33
Total	6,980	44,441	(796,774)	(105,845)
Net cash provided (used) by operating activities	$36,720	$52,958	$(615,316)	$(90,534)

Bond Funds						
Home-ownership Finance	Multifamily Housing	HOMES[SM]	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2024 (as restated)
$ 26,150	$457	$-	$ 261,633	$ (2,987)	$ 258,646	$ 183,123
1,668	-	-	8,984	-	8,984	6,812
-	-	-	185	-	185	153
-	-	-	3,656	-	3,656	3,111
-	-	-	(2,606)	-	(2,606)	(258)
-	(1)	-	5,225	237	5,462	2,559
-	-	-	637	(1,017)	(380)	9,770
-	-	-	(328)	-	(328)	(335)
76,812	251	-	(784,984)	(7,826)	(792,810)	(1,108,857)
239	1	-	(5,095)	2	(5,093)	(6,357)
(1,030)	1	-	846	(116)	730	307
5,000		-	4,084	-	4,084	(9,781)
-	-	-	1,541	-	1,541	438
-	(1)	-	(403)	-	(403)	812
82,689	251	-	(768,258)	(8,720)	(776,978)	(1,101,626)
$108,839	$708	$-	$(506,625)	$(11,707)	$(518,332)	$ (918,503)

continued

Supplementary Information

STATEMENT OF CASH FLOWS (in thousands)

GENERAL RESERVE AND BOND FUNDS *(continued)*

Year ended June 30, 2025 (with summarized comparative totals for year ended June 30, 2024)

			Residential Housing Finance	
	General Reserve	Rental Housing	Bonds	Pool 2
Cash flows from operating activities:				
Principal repayments on loans and program mortgage-backed securities	$ -	$ 62,225	$ 257,444	$ 88,988
Investment in loans and program mortgage-backed securities	-	(37,189)	(1,114,593)	(118,922)
Interest received on loans and program mortgage-backed securities	-	11,950	211,437	20,511
Fees and other income received	18,092	921	12	4,267
Salaries, benefits and other operating	(49,197)	(70)	1,703	(4,417)
Administrative reimbursement from funds	66,280	(1,879)	(26,622)	(3,901)
Deposits into funds held for others	35,315	-	-	-
Disbursements made from funds held for others	(33,774)	-	-	-
Interfund transfers and other assets	4	17,000	55,303	(77,060)
Net cash provided (used) by operating activities	36,720	52,958	(615,316)	(90,534)
Cash flows from noncapital financing activities:				
Proceeds from sale of bonds and notes	-	190,221	1,318,293	378,720
Principal repayment on bonds and notes	-	(59,390)	(279,530)	(418,254)
Interest paid on bonds, notes and leases	-	(5,387)	(156,918)	(4,032)
Financing costs paid related to bonds issued	-	(782)	(12,378)	(24)
Interest paid/received between funds		194	629	(1,253)
Principal paid/received between funds	-	-	-	-
Agency contribution to program funds	-	622	2,429	(3,051)
Transfer of cash between funds	(25,523)	(48,476)	-	50,099
Net cash provided (used) by noncapital financing activities	(25,523)	77,002	872,525	2,205
Cash flows from capital financing activities:				
Interest payments on leases and subscriptions	(223)	-	-	(8)
Principal payments on leases and subscriptions	(1,461)	-	-	(401)
Purchases of capital assets	(1,618)	-	-	-
Net cash provided (used) by capital financing activities	(3,302)	-	-	(409)
Cash flows from investing activities:				
Investment in real estate owned	-	-	(79)	(12)
Interest received on investments	4,382	2,021	16,139	7,600
Net gain (loss) on Sale of MBS Held for Sale and HOME Certificates	-	-	-	512
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	862	411
Proceeds from maturity, sale or transfer of investment securities	13,208	7,961	90	172,816
Purchase of investment securities	(12,148)	(6,675)	-	(176,027)
Purchase of loans between funds	-	(80,440)	(62,491)	92,208
Net cash provided (used) by investing activities	5,442	(77,133)	(45,479)	97,508
Net increase (decrease) in cash and cash equivalents	13,337	52,827	211,730	8,770
Beginning of year	84,132	43,184	271,807	70,530
End of year	$ 97,469	$ 96,011	$ 483,537	$ 79,300

Bond Funds						
Home-ownership Finance	Multifamily Housing	HOMES[SM]	General Reserve & Bond Funds Excluding Pool 3 Total for the Year Ended June 30, 2025	Residential Housing Finance Pool 3 Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2025	General Reserve & Bond Funds Total for the Year Ended June 30, 2024 (as restated)
$ 76,812	$ 251	$ -	$ 485,720	$ 10,588	$ 496,308	$ 325,023
-	-	-	(1,270,704)	(18,414)	(1,289,118)	(1,433,880)
33,335	550	-	277,783	335	278,118	205,904
-	-	-	23,292	50	23,342	26,070
(380)	(3)	-	(52,364)	(2,532)	(54,896)	(51,870)
(5,928)	(89)	-	27,861	(1,734)	26,127	15,489
-	-	-	35,315	-	35,315	38,881
-	-	-	(33,774)	-	(33,774)	(38,443)
5,000	(1)	-	246	-	246	(5,677)
108,839	708	-	(506,625)	(11,707)	(518,332)	(918,503)
-	-	-	1,887,234	-	1,887,234	3,111,562
(76,166)	(240)	(547)	(834,127)	-	(834,127)	(1,961,825)
(24,538)	(366)	(125)	(191,366)	-	(191,366)	(125,856)
-	-	-	(13,184)	-	(13,184)	(12,843)
57	-	-	(373)	373	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,100)	-	-	(27,000)	27,000	-	-
(103,747)	(606)	(672)	821,184	27,373	848,557	1,011,038
-	-	-	(231)	-	(231)	(306)
-	-	-	(1,862)	-	(1,862)	(1,874)
-	-	-	(1,618)	-	(1,618)	(2,107)
-	-	-	(3,711)	-	(3,711)	(4,287)
-	-	-	(91)	-	(91)	(699)
1,850	102	125	32,219	575	32,794	26,972
-	-	-	512	-	512	(22)
-	-	-	1,273	-	1,273	2,639
17	-	547	194,639	6,775	201,414	953,248
-	-	-	(194,850)	-	(194,850)	(904,686)
-	-	-	(50,723)	12,493	(38,230)	13,000
1,867	102	672	(17,021)	19,843	2,822	90,452
6,959	204	-	293,827	35,509	329,336	178,700
38,931	2,134	-	510,718	2,559	513,277	334,577
$ 45,890	$2,338	$ -	$ 804,545	$ 38,068	$ 842,613	$ 513,277

Other Information

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

	2021	2022	2023	2024	2025
Loans Receivable, net (as of June 30)					
Multifamily programs	$ 363,128	$ 382,833	$ 428,939	$ 464,829	$ 544,561
Homeownership programs	447,542	447,134	469,287	445,109	475,447
Home Improvement programs	82,216	86,139	100,285	122,563	128,781
Total	$ 892,886	$ 916,106	$ 998,511	$1,032,501	$1,148,789
Mortgage-backed securities net, at par (as of June 30)					
Program mortgage-backed securities	$2,698,923	$2,987,314	$3,492,698	$4,510,690	$5,303,004
Warehoused mortgaged-backed securities	121,849	99,768	84,961	50,908	34,401
Total	$2,820,772	$3,087,082	$3,577,659	$4,561,598	$5,337,405
Bonds Payable net (as of June 30)					
Multifamily programs	$ 72,880	$ 62,110	$ 82,245	$ 91,825	$ 222,050
Homeownership programs	3,287,503	3,414,180	3,699,631	4,827,586	5,734,030
Home Improvement programs	-	-	-	-	-
Total	$3,360,383	$3,476,290	$3,781,876	$4,919,411	$5,956,080
Mortgage-backed securities purchased, at par and loans purchased or originated during fiscal year					
Multifamily programs	$ 89,947	$ 65,696	$ 74,071	$ 112,427	$ 98,940
Homeownership programs	58,696	91,309	80,221	48,497	46,330
Program and warehoused mortgage-backed securities	791,619	913,030	661,214	591,615	99,678
Home Improvement programs	36,198	28,316	31,102	41,801	29,680
Total	$ 976,460	$1,098,351	$ 846,608	$ 794,340	$ 274,628
Net Position (as of June 30)					
Total Net Position	$ 868,414	$ 619,861	$ 492,196	$ 493,284	$ 683,284
Percent of total assets and deferred outflows of resources	19.3%	14.2%	10.7%	8.6%	9.7%
Revenues over expenses for the fiscal year	$ (27,573)	$ (237,848)	$ (94,391)	$ 16,088	$ 192,494

CONTACT INFORMATION (unaudited)

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LOCATION

Minnesota Housing is located at 400 Wabasha Street North, Suite 400, Saint Paul, Minnesota 55102.

For information, please write, call, or visit our web site.
(651) 296-7608 (general phone number)
(800) 657-3769 (toll free)
(651) 296-8139 (fax number)
https://www.mnhousing.gov

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400 Wabasha Street North, Suite 400, St. Paul, MN 55102
651.296.7608 | 800.657.3769 | mnhousing.gov